

U.S. Congressman Scott Garrett  
Addresses Ridgewood AM Rotary Club  
April 5, 2005

### **Congressman Scott Garrett Updates Ridgewood AM Rotarians on Legislative Issues**

Congressman Scott Garrett (R) of New Jersey's Fifth District in the U.S. House of Representatives, updated Ridgewood AM Rotarians on House and Senate actions at the Club's regular meeting on Thursday, April 5, 2007.

In introducing the congressman, Club President Carleton Clinch pointed out that Ridgewood AM Rotarian Paul Aronsohn was the Democratic challenger for the Fifth District in the 2006 congressional election, demonstrating that Club members emphasize leadership roles in their professions and the community.

Following his first term, as a member of the majority party, Garrett noted that his second term has embarked on a "different phase" in Washington. "It's a whole new world when you're in the minority," he said.

Since Garrett is a member of the House Financial Services and Budget Committees, much of his update focused on legislative issues before those committees.

#### **\$3 Trillion Budget Proposal**

Last week, he said, a \$3 trillion budget package was passed out of committee and onto the House floor. "If it becomes law, it will be the largest tax increase in U.S. history," requiring \$392 billion in additional taxes, Garrett reported. He added that *The New York Times* has estimated that the average New Jersey family of four earning \$70,000 a year would see their taxes increase about \$1,800. Americans for Tax Reform, a taxpayer advocacy group, has cited a higher number, or \$3,780 for the average New Jersey taxpayer. Garrett said he hoped that the Senate would allow more of the Bush Administration's tax cuts to be implemented.

#### **Sarbanes-Oxley**

The Financial Services Committee is considering proposed changes to the Sarbanes-Oxley Act, enacted in 2002 in response to a number of corporate and accounting scandals. The act requires publicly traded companies to provide greater transparency of their internal checks and balances in guarding against fraud. Garrett called Sarbanes-Oxley well-intentioned, but "we need to put more sanity into it." New accounting and reporting requirements associated with Sarbanes-Oxley compliance have cost companies an estimated \$35 billion, he said, and U.S. stock exchanges are getting fewer new listings while London exchanges, for example, have expanded significantly, generating 13,000 new jobs.

“We need to strike a balance between protecting investors and hurting the market value of companies,” he said.

### **Raising AMT ceiling**

The congressman also has proposed making permanent a cost-of-living increase (COLA) to the alternative minimum tax (AMT), which has caught up many middle-income taxpayers as wage levels have risen. Congress, he said, has periodically put in a “patch” to raise the AMT ceiling, but “I want to permanently put in a COLA that would rise as wages do.”

### **Bringing troops home**

In the question-and-answer session, Iraq and Homeland Security topped the list of concerns. Garrett said there was bipartisan support to have soldiers come home from Iraq as soon as possible. “It depends on how the security situation is over there,” he added. While acknowledging that “tactical errors were made in not having enough ground forces initially,” Garrett commented, “that’s hindsight and, unfortunately, we can’t undo it.”

He said he was opposed to the 18-month deadline in the supplemental war budget and felt that “the surge was helping to some degree.” Garrett commented that he had once suggested that Iraqis vote on the continued American presence, an idea voiced by the latest GOP presidential candidate, former Wisconsin Governor Tommy Thompson.

To the question, “How much is the war really costing on an annual basis,” Garrett responded, “No one knows. You would need to add into that the long-term healthcare costs of soldiers and the Veterans Administration has no estimates on that.” On Homeland Security, he said that costs are trending up about 4.5% a year “because we are still making an initial investment, but those should level off in time.”

### **Unfunded mandates**

Several members were concerned about unfunded mandates that have pressured the budgets of many smaller municipalities.

Garrett responded that education is the largest unfunded mandate and comprises 70% of property taxes. He said, “Education has gone up significantly in this administration. The problem with education is that, out of every dollar New Jersey spends, only three cents come from the federal government. Even if the federal government doubled that amount, it wouldn’t mean all that much. The real problem is on the state side.”

The congressman added that he is “not in favor of a lot of federal programs because we in New Jersey will end of paying for them and not realizing many of the benefits.”

**Social Security and Medicare**

On Social Security and Medicare, Garrett said that, if the U.S. government were to do nothing about the funding of these programs, within 20 years, they would “consume most of the federal government.” Medicare funding, he noted, has risen by about 6.7% a year. The previous congress, he said, lowered this funding by one-tenth of a percent a year. The current congress’s approach, Garrett added, is to include a reserve account for Medicare in the budget proposal but to date “there is no money in it.”