

# Frist: Senate will pass pension bill 'as is'

## Rules out adding tax measures to long-sought bill

By [Mark Cotton](#) & [William L. Watts](#), MarketWatch

Last Update: 11:16 AM ET Aug 1, 2006

**WASHINGTON (MarketWatch) -- Senate Majority Leader Bill Frist on Tuesday insisted that the chamber will pass legislation designed to shore up the nation's defined-benefit pension system this week without any alterations, despite anger within his own Republican Party and opposition from top Democrats.**

"Pensions will get done without amendment," the Tennessee Republican said on the Senate floor. The House late last week passed a bill that would require most companies to fully fund their pension plans within seven years, and would require firms with severely underfunded plans to take additional steps to make up shortfalls.

House action came after Frist and House Republican leaders decided to abort long-running House-Senate negotiations designed to iron out differences between versions of the bill passed by each chamber. Final bills produced by such negotiating committees can't be amended and face up-or-down votes on the House and Senate floors.

The negotiators had come to agreement on most of the bill's pension measures. The conference committee's House and Senate Democrats and a majority of Senate Republicans were in favor of including a package of unrelated tax breaks, including the already-expired research-and-development credit and a college tuition credit, in the pension package.

Frist and House Republicans, however, sought to hold back the tax measures, opting instead to combine them with legislation to raise the minimum wage, permanently reduce the estate tax and the other less-controversial tax measures.


If the pension bill were amended on the Senate floor, it would have to go back to the House or another conference committee. Since the House left town on Saturday for a five-week recess and the Senate plans to recess at the end of this week, a bill wouldn't make it President Bush's desk until after Labor Day.

That leaves no choice but for the Senate to pass the bill, Frist said, charging that billions of dollars in debt would likely be added to the Pension Benefit Guaranty Corp., the employer-funded federal agency that serves as a backstop to the defined-benefit pension system. Delta Air Lines and Northwest Airlines have both warned they will be forced to dump their pension plans unless funding rules are changed soon.

Frist didn't say how he would seek to block amendments, though he could use complicated parliamentary tactics in an effort to do so.

Senate Minority Leader Harry Reid, D-Nev., said it was disingenuous for Republicans to claim the bill shouldn't be subject to amendments after GOP leaders chose to make an end-run around the conference committee.

"The conference was agreed to, Democrats and Republicans were ready to sign ... Somebody said 'no, we're not going to do the conference,'" Reid said.

The decision to pull the bill out of the conference negotiations angered many of the committee's Senate Republicans, including Finance Committee Chairman Charles Grassley, R-Iowa, who likened the maneuver to a double-cross given that he had promised fellow lawmakers and constituents that the tax measures would be part of the pension package. [See earlier story.](#) 

**Minium wage and estate tax developments**

Meanwhile, the Senate will also take up the House-passed bill to boost the minimum wage by \$2.10 an hour to \$7.25 in three phases, which is tied to the reduction in the estate tax and the other tax measures.

On the estate tax, the bill would exempt \$5 million of an individual's estate and \$10 million of couple's taxes by 2005. In addition, estates valued at \$25 million would be taxed at the current capital gains rate of 15%, a rate that is scheduled to rise to 20%. The remainder of the estate would be taxed at a rate targeted to fall to 30% by 2015.

Under the current law, the estate tax is due to be phased out completely by 2010, only to be reinstated in 2011, with a tax rate of 55% on estates larger than \$1 million.

For Republican leaders, the move marks a last chance to deliver on the estate-tax reduction before this fall's midterm elections. The House has previously passed measures to eliminate or reduce the estate tax, but they've been unable to overcome Democratic-led filibusters in the Senate. "If the Senate kills the [tax] bill, we will not return to it this year," Frist said.

Frist was three votes short of the 60 needed to overcome a procedural hurdle to considering a full repeal of the estate tax in June.

Democrats have vowed to block the measure, describing the coupling of the minimum wage and estate tax legislation as a cynical ploy.

"It's political blackmail to say the only way that minimum wage workers can get a raise is to give tax giveaways to the wealthiest Americans," said Sen. Edward Kennedy, D-Mass. ■

*Mark Cotton is a reporter for MarketWatch in New York.  
William L. Watts is a reporter for MarketWatch.*