

Wyden's Narrow Agenda and Broad Outlook

By Alan K. Ota, CQ Staff

As the new chairman of the Senate Finance Committee, Ron Wyden is picking up a gavel that has been wielded by some of the Senate's giants. Henry Clay, Russell Long, Lloyd Bentsen and Bob Dole once presided over the committee, which for decades seemed to carry the word "powerful" almost as a part of its formal name.

This is the panel, after all, that set the framework for Social Security during the Great Depression, helped build some of the major pillars of the modern welfare system, oversaw major changes in trade policies and pushed far-reaching changes in the tax code during the past century.

The committee has seen its powers diminished by the fiscal wars of recent years and by shifts in legislative strategies that have funneled more power to leadership offices. Senate Finance is now the tax-writing committee that has not led a significant stand-alone tax bill to passage since 2004.

"It's the least functioning committee that I have served on," says Jay Rockefeller, a West Virginia Democrat and the chairman of the Commerce, Science and Transportation Committee.

Wyden, 64, is stepping into the chairmanship with ambitions of restoring some of the Finance Committee's luster. The Oregon Democrat says he hopes to do that not by trying to force through the sort of sweeping changes that figure so famously in the committee's history, but by taking measured steps on targeted priorities and jump-starting some plans with a little help from an old West Coast ally: Silicon Valley. Wyden says he will turn to pragmatic bills designed to aid the technology industry, starting with the extension of expired business tax breaks, such as the research and development tax credit.

"I'm going to look at ways to work with my colleagues to preserve and grow an area where America is in the lead," Wyden says.

It's not that Wyden lacks larger ambitions. He says it will be more effective to take cautious steps on measures with limited scope, and thus build a "bridge to tax reform."

"We can come up with a better, more growth-oriented, fairer tax code than simply filling it up with an alphabet soup of breaks," Wyden said in a speech at the University of Southern California on Feb. 10.

Whereas his predecessor, Democrat Max Baucus of Montana, focused this past year on trying to engineer the first major overhaul of the tax code since 1986, Wyden expects to look at targeted plans, including bills he believes can gain bipartisan support because they support innovation and business.

Besides the basic work on the package of tax breaks known as extenders — the temporary breaks, large and small, that expire every year unless specifically extended by Congress — Wyden is looking at technology-related themes: a renewal of his signature moratorium on Internet access levies, possible repeal of the 2.3 percent medical-device tax, incentives for health information technology and curbs on restrictions on online data and businesses.

If it sounds like a narrow agenda, it's also a realistic plan, particularly because Wyden would hold the gavel for only a few months if Republicans should regain control of the Senate after this fall's elections.

Orrin G. Hatch of Utah, the ranking Republican on Finance, says that a few shared victories could lead to bigger things next year, no matter which party holds the majority.

"It could lead to power on his part," Hatch says. "And it could lead to a better committee for both Republicans and Democrats."

Pivot to Extenders

Majority Leader Harry Reid of Nevada began the move away from grand bargaining on taxes in December. Hours after word spread that Baucus would be named ambassador to China, Reid sought to bring a one-year extension of 55 expired tax breaks to the floor, only to be greeted by Republican objections.

That set Wyden to work on extenders as his main priority, and he immediately began rallying the support of a coalition of businesses, led by technology companies.

That is hardly a surprise for an iconoclastic legislator.

Wyden emerged as a champion for Silicon Valley when he put together a 1996 law to shield service providers from liability for online content and a 1998 ban on taxes for new Internet access. He has thrived as a maverick, as did his mentor, Sen. Wayne Morse, an archenemy of the Vietnam War and national security wiretapping. The wonky son of a journalist and industrial economist, Wyden once worked as an organizer for the Gray Panthers, an advocacy group for the elderly, and is known for being a civil liberties gadfly.

Wyden helped technology companies and consumer groups block Hollywood-backed curbs on online piracy in 2012 and criticized the National Security Agency for data mining.

Wyden has at times unsettled Democrats with his forays across the aisle, such as the 2011 “bipartisan options” outline for changes in Medicare that he fashioned with the chairman of the House Budget Committee, Wisconsin Republican Paul D. Ryan.

Wyden says he hopes to follow the bipartisan team approach on Finance that he used as Energy and Natural Resources chairman with ranking Republican Lisa Murkowski of Alaska. “The past is prologue,” Wyden says.

But Finance has a lineup of influential Republicans, such as Michael B. Enzi of Wyoming and John Thune of South Dakota, dedicated to blocking any Democratic initiatives that would increase taxes. And Wyden’s reputation as a party maverick means he will need to convince Democrats as well as Republicans that his efforts have leadership support.

“I hope that Sen. Wyden can persuade Sen. Reid to make the committee relevant again,” says Republican John Cornyn of Texas, a Finance member and the minority whip.

Reid dismisses such talk, making clear in an interview that Wyden would have great leeway to set and sell priorities. “It’s his committee,” Reid says. “I don’t run the committee. He’ll do what he thinks is right.”

Wyden says he intends to restore regular order on Finance, allowing Republicans to offer plans and amendments, but first he would vet issues with his caucus and with Reid’s team. Democrat Sherrod Brown of Ohio says Wyden would need to win allies to any initiatives. “He works for the caucus,” Brown says.

Close associates say they expect Wyden to work closely with Charles E. Schumer of New York, the third-ranking Democrat and the broker of the 2010 payroll tax cut with Hatch. Wyden calls Schumer a master of “sensible policy and good politics.” Still, he makes that he shares priorities with his 1980 House freshman classmate but also has differences.

Working to Yes

For his part, Wyden says he holds to principles while proposals evolve. Despite Republican doubts about Wyden’s flexibility, Dan Coats of Indiana says Wyden’s calls for smaller deals will be hard to resist.

“He has to do some things,” Coats says. “They will be smaller things.”

Wyden may already be having an impact in one area: Although he has backed free-trade deals in the past, he wants greater transparency from the administration on its Trans-Pacific Partnership negotiations.

His legacy as chairman, though, will rest on the outcome of a tax overhaul. To pull it off, says Rep. Chris Van Hollen of Maryland, the ranking Democrat on the House Budget panel, the parties first have to agree on an approach. “The committee can put meat on the bones,” he says, “but first there has to be a skeletal framework.”

Prospects for such frameworks in 2015 will depend on which party controls the Senate and whether Wyden or Hatch holds the Finance Committee gavel. If Democrats keep control of the Senate, Wyden might have an edge in writing his goals into the party’s fiscal 2016 blueprint, Mark Begich of Alaska says, just as Budget Chairwoman Patty Murray of Washington brokered a budget deal last year.

If Republicans win control, Wyden would be positioned as a bridge. Ryan, who has an eye toward succeeding Dave Camp of Michigan as the top Republican on Ways and Means, and others say Wyden would be a valuable partner.

“Ron’s a good guy,” Ryan says. “He’s a guy that works to get to yes and is not a stick in the mud, who tries to always stay at no.”

FOR FURTHER READING: *Small deals, CQ Weekly, p. 12; tax revenue, 2013 CQ Weekly, p.1807; Baucus retires, p. 773.*