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## Bush Ally in House Alters Social Security Debate Strategy

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With President Bush's top domestic priority fading fast, Republicans once again have turned to one of their least liked but most effective colleagues: Rep. Bill Thomas, chairman of the House Ways and Means Committee.

The California Republican saved President Bush's tax cut in 2003, has never lost a vote on the floor and, despite resistance among other House GOP leaders, is poised once again to try to revive the president's proposal to add personal investment accounts to Social Security.

Thomas's aggressive grab for control of Social Security legislation marks a major shift in legislative strategy. The White House and House leaders had wanted the Senate Finance Committee to craft legislation first -- a narrow bill based largely on the president's proposal. Bush aides had figured that the Finance panel would have more luck attracting bipartisan support while House leaders did not want to force their rank and file to vote on a measure that had no chance of Senate passage.

But Thomas, a mercurial lawmaker and former college professor who relishes a challenge, "wants to get in the game," whether or not the GOP leadership wants him to, said one corporate lobbyist with close ties to House leaders. A Republican leadership aide said House leaders were caught by surprise Friday when Thomas announced he would draft legislation in early June that would enlarge the bill considerably to include a grab bag of popular retirement savings provisions and tax incentives. But those who have worked with the chairman were not so surprised.

"Thomas does seem to get all sides mad," said Dan Danner, the top lobbyist for the National Federation of Independent Business. "But at the end of the day, he gets something through. He delivers."

"If anybody can come up with a proposal that could pass both houses of Congress and solve the problem, it's Bill Thomas," agreed David C. John, a Social Security analyst at the conservative Heritage Foundation and a White House ally.

Thomas opted for his approach because he believes Congress should address broader issues confronting an aging society, and because only a bill adorned with long-sought sweeteners can attract enough support to reach the president's desk.

His maneuver has undercut White House and House hopes that Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) would assume the pivotal role in drafting changes to the Social Security program and has ignited a lobbying frenzy.

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Life insurers are determined to prevent the legislation from being so generous with its savings incentives that it reduces the market for life-insurance products. Airlines want Thomas's measure to include pension-law changes that would make it easier for them and other troubled industries to get out from under huge retirement responsibilities from their former employees. And retailers are busy making sure that a sales or value-added tax is not part of the section in Thomas's legislation that pays for the Social Security and savings incentive sections.

"The good news is the battle has begun; reform is in play," said Dirk Van Dongen, president of the National Association of Wholesaler-Distributors, a supporter of Bush's personal accounts plan. "Now you have to watch out for the 'be-careful-what-you-wish-for' rule. At the end of the day, we want a package that has private accounts but doesn't increase taxes."

Observers agree that Thomas will include popular, bipartisan pension measures in his bill from the House Education and the Workforce Committee that are designed to bolster traditional corporate pensions without imposing tough new funding requirements. The measures are advocated by large corporate -- and therefore Republican -- interests, especially airlines and automakers. The provisions are also seen as vital to labor unions and their Democratic allies.

Thomas has also been negotiating with insurance companies on provisions, initially written by Ways and Means member Nancy L. Johnson (R-Conn.), that would provide new tax breaks for long-term health care insurance. The provisions would allow the end-of-year balances in corporate flexible spending accounts to be rolled over each year and to accumulate over time to finance chronic health problems of the elderly.

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