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House of Representatives

The House was not in session today. Its next meeting will be held on Monday, June 2, 2003, at 2 p.m.

Senate

FRIDAY, MAY 23, 2003

The Senate met at 8:30 a.m. and was called to order by the President pro tempore [Mr. STEVENS].

The PRESIDENT pro tempore. Once again, today's prayer will be offered by the guest Chaplain, Father Charles V. Antonicelli of St. Joseph's Catholic Church on Capitol Hill.

PRAYER

The guest Chaplain offered the following prayer:

Almighty God, we bow before Your majesty this day. You are God: we praise You; You are the Lord: we acclaim You; You are the eternal Father: all creation worships You.

We give You thanks, Lord, for the many blessings You have bestowed upon us and our families. Continue to guide us in the ways of Your justice and peace. Help us to be compassionate and caring to others, especially those most neglected, those most forgotten.

Bless the men and women of this Senate in their deliberations today, Lord. Be their constant guide and protection, so that they may shine forth Your glory to Your people.

We ask this in Your holy Name. Amen.

The PRESIDENT pro tempore. May I ask the distinguished chairman of the Finance Committee, Senator GRASSLEY, to lead us in the Pledge of Allegiance.

PLEDGE OF ALLEGIANCE

The Honorable CHARLES E. GRASSLEY, a Senator from the State of Iowa, led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The Senator from Iowa is recognized.

SCHEDULE

Mr. GRASSLEY. Mr. President, I have the opening script that the majority leader would usually give. I will do it in his stead.

The Senate will begin debate in relation to the conference report to accompany H.R. 2, the jobs and economic growth bill. Under the previous order, the Senate will vote on the adoption of the conference report at 9:30 a.m.

Following the disposition of the conference report, the Senate will consider H.J. 51, the debt limit extension legislation. Amendments to the measure are expected throughout the day. Therefore, rollcall votes will occur into the afternoon. If Members show restraint in the number of amendments offered, the Senate could complete action on this necessary measure early in the afternoon.

Following completion of the debt limit extension, the Senate will take up the unemployment insurance extension.

RESERVATION OF LEADER TIME

The PRESIDENT pro tempore. Under the previous order, leadership time is reserved.

JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT, 2003—CONFERENCE REPORT

The PRESIDENT pro tempore. Under the previous order, the Senate will proceed to the consideration of the conference report to accompany H.R. 2, which the clerk will report.

The legislative clerk read as follows:

The Committee of Conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2), to provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2004, having met, have agreed that the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, signed by a majority of the conferees on the part of both Houses.

The Senate proceeded to consider the conference report.

(The conference report is printed in the RECORD of May 22, 2003)

The PRESIDENT pro tempore. Under the previous order, there is 1 hour of debate.

The Senator from Nevada is recognized.

Mr. REID. Mr. President, the only thing I want to say is that there is a limited amount of time. If people are not here to use their time, they just don't get that time. The two managers are here. As I indicated late last night, the order was entered for a certain amount of time for individual Senators. If they are not here, they will not be able to use that time later on today.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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I would like to refer to the capital gains provisions of the compromise bill. I discussed last night the benefits of seeing capital gains reduced to 15 percent, and 5 percent for low-income families and individuals. But I also want to emphasize the simplification that we are bringing to the capital gains rates. While we still have the 1-year division between short-term and long-term capital gains, we have eliminated the 5-year holding period and the 18-percent rate.

It is a small but very important step in actually eliminating lots of lines and lots of calculations that taxpayers face in their annual returns. The Joint Tax Committee has stated that there is much need for simplification of capital gains. The Joint Tax Committee notes that Congress has received continual testimony that capital gains is a source of enormous complexity. So in this compromise, we make a very good start on an important source of complexity in the Tax Code.

Let me make clear for my colleagues that for many middle-and low-income families, we make capital gains as simple as possible. At the end of the time period of this bill, middle- and low-income families will pay zero capital gains. Of course, it doesn't get much simpler than that because zero brings it down to nothing.

I now would like to deal with the issue of corporate governance that was a significant part of the Senate bill.

The Senate bill contained several major provisions that seek to put an end to the Enron abuses and corporate shell games that we have all learned so much about recently. These con artists who had keys to the executive washrooms have devastated the lives of millions of workers and shareholders.

I am proud to have worked closely with my colleague, Senator BAUCUS, on so many of these provisions with the goal of addressing and reforming corporate governance. While I very much wish we could have seen these reforms incorporated in the House-Senate conference committee, let me be very clear that the snake oil salesmen should not be celebrating. I intend to continue to work very hard to press to have these provisions incorporated into other tax legislation and ultimately placed into the statute books.

For example, some of the critical corporate tax shelter provisions that were in the Senate bill are already included in the Charitable Giving Act—what we call the CARE Act—because these are used for ''pay-fors'' in this legislation. The CARE Act will soon go to conference with the House.

In addition, I expect us to soon revisit provisions regarding corporate inversions where corporations set up overseas offices, basically simply a file drawer. They do this simply to escape taxation.

Other legislation that I expect we will have a chance to consider again would include the Baucus-Grassley provisions dealing with fines and penalties—ending the loopholes that allow Wall Street firms to escape the real costs of their own wrongdoing.

I am very proud of the bipartisan efforts of the Senate Finance Committee to shut down corporate tax shelters and promote proper corporate governance.

I apologize to my colleagues if it is immodest. But I suggest the legislation contained in the Senate finance bill probably represents the most sweeping tax reforms in a generation to seek to clean up corporations and shut down the pin-striped con artists.

I will continue to push for these needed reforms, and I expect that we will have step-by-step success in stopping corporate shelters and providing greater protection to the shareholders and workers.

I yield the floor and reserve my time.

The PRESIDENT pro tempore. The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from Minnesota, Mr. DAYTON.

The PRESIDENT pro tempore. The Chair recognizes the Senator from Minnesota for 10 minutes.

Mr. DAYTON. Thank you, Mr. President. I thank my colleague from Montana.

Mr. President, this tax bill is one of the most dangerous, destructive, and dishonorable acts of Government that I have ever seen. It is a shameful looting of the Federal Treasury by the rich and powerful in America—compliments of their friends in Congress. It uses every trick in the budget book to line the pockets of the upper class. It cuts the top tax rates immediately, retroactively, and permanently. It lowers the top rate by almost twice as much as the next three. That gives the most rate reduction to people who are making over $370,000 a year, only half of that rate reduction to people making over $150,000 a year, and no rate reduction at all to people in the bottom two brackets—the 10 and 15 percent rates. There is just a tweaking of the bottom 10-percent bracket, which provides $100 a year to couples and $50 a year to individuals. That is also the only change to a tax bracket which is temporary. The top rate cuts are all permanent.

So let me repeat. An individual with an annual income of less than $35,000 gets a tax cut of $50 a year. A married couple, without dependents, with an annual income of less than $50,000 gets a tax cut of $100. A person with an annual income of over $1 million receives a tax cut averaging over $93,000 in the first year alone.

Now, one of the very few good provisions in the bill is an increase in the child tax credit of $400 per child. That is the one provision of any real benefit to middle-income families. But the conference report drops the Senate provision to improve the part of the child tax credit going to families making $10,000 to $30,000 a year. There evidently was not enough room in this $350 billion tax giveaway to help them. They get nothing so the rich get more.

The conferees also threw out the Senate's elimination of tax avoidance loopholes, as the chairman of the Finance Committee just described, and he deserves great credit for making the best effort possible, along with his Senate conferees, to keep these good Senate provisions in the final report but they did not make it.

So Americans working overseas are continued to be allowed to pay no taxes on their first $80,000 of income—$80,000 tax free off the top, regardless of expenses or circumstances. They kept the loopholes allowing many corporations to move offshore and pay little or no taxes on their income.

You see how perverse this tax bill is. Every part of it is carefully constructed to give as much as possible to the rich and as little as possible to everyone else.

According to the Brookings Institution Tax Policy Center, over half of all American households will get a tax cut of $100 or less. The households in the middle-income range will get tax cuts averaging $217, and households with incomes above $1 million will get tax cuts averaging $93,500 a year.

It is like the White House is having a big banquet for the gobbling up of America and everybody is invited—except there is one menu for the rich of America and there is another one for the rest of America. The rich start with oysters on the half shells. After they are done, the rest get the shells. Then the rich are served prime rib and filet mignon. The rest get Hamburger Helper. The rich wash it down with Dom Perignon champagne, and the rest with Boone's Farm. Then the rest are asked to leave before dessert because it is too rich for them.

Dessert is a dividends and capital gains tax cut. The unearned income of the rich and super-rich is to be taxed at only 15 percent rather than between 20 and 35 percent, although, in fact, many of the rich and super-rich will pay even less than that.

Yesterday's Wall Street Journal had a headline: ''Some Investors Could Cut Tax to Zero or Close.'' Ronald Pearlman, a tax law professor at Georgetown University, is quoted in the Wall Street Journal as saying of the conference report:

> I guarantee it produces very, very low tax rates, possibly even zero.

So the wealthiest Americans will pay little or no personal income taxes. This tax bill ends this country's progressive Tax Code, and it replaces it with a perverse Tax Code.

It was said earlier that lower and lower-middle income taxpayers are going to get a zero-percent rate on their dividends and capital gains—for all three of them who can use it. While we are at it, why don't we eliminate their taxes on private jets, ski chalets, and gifts of over $500,000?

Most lower income or middle-income taxpayers have their dividends in tax-free accounts today. There is no additional benefit to them. Very few of them have capital gains of any sizable amount to benefit from this reduction. These are reductions targeted right toward the rich and the super-rich, the wealthiest 5 percent, the wealthiest 1 percent of Americans and their unearned income, the income they did not work for every day—get out of bed, go to work, punch a clock, work, come out, and go home to their families—they pay at a lower rate on their unearned income than working Americans pay on their earned income.

There is something wrong here—very wrong here. This conference report is also dishonest. It is intentionally deceptive. It was required to be limited to a cost of $350 billion. That is what the Senate said: $350 billion; that meant of reduced revenues over 10 years. Well, evidently that was not nearly enough for the House conferees to feed the greed of everyone lined up at the public trough over there. So the conferees and the White House officials decided to cheat on the rules, not just a little but a lot.

They created these fictions, transparently ridiculous pretenses, that these big tax cuts would take effect there, run for 2 or 3 years, and then stop—end entirely.

Well, I guarantee you—because everyone here knows—Congress will act next year to make those new tax cuts permanent, just as this tax bill that we are passing today—I expect we will—contains an additional tax cost of $1.3 trillion over the next 10 years. That is the cost during that time of making tax cuts in the 2001 tax bill—the one 2 years go—permanent. If and when these new tax cuts that are in this bill today are made permanent, then their 10-year cost will be another $1 trillion.

Where will that extra $2.3 trillion come from? From raiding the surplus of the Social Security trust fund for the next 10 years and then so-called ''borrowing'' the rest of it. But ''borrowing'' isn't really the right term, because we have no intention of paying it all back ourselves. If we did, we would not be behaving this way. No, most of our borrowing will be paid by the generation who are children today and by generations yet unborn.

Borrowing money from future generations without their knowledge or their consent—reducing their future incomes and standards of living—is not borrowing. There are a lot of people now in American prisons who are doing serious prison time for that kind of borrowing.

This is a tax bill that will cost about $2.3 trillion during the next 10 years that we do not have, so the rich and the super-rich can have their taxes reduced or eliminated. No wonder we can't get a copy of it. I have not seen a copy. I couldn't get a copy last night of the conference report. They don't want anybody to see it. They shouldn't. It shouldn't be passed, either.

When I arrived in the Senate almost 2½ years ago, I was so optimistic that we would make lives better throughout America by sharing our abundance. President Clinton and Congress, at that time, with an expanding economy, produced the first budget surplus in the on-budget account in 40 years, and the surpluses were projected to continue for each of the next 10 years.

The other big fund of the Federal Government, the Social Security Trust Fund, was also expected to run sizeable surpluses for the next decade. What a great opportunity. There could be prescription drug coverage for seniors, the long-promised Federal share of 40 percent funding for special education, and more important work, and still be fiscally responsible. Now it has all been thrown away—or given away—to those who do not need it and kept away from those who do.

This year's combined Federal budget deficit will be around $400 billion, even though the Social Security Trust Fund will be running a $160 billion surplus. That means the non-Social Security account of the Federal Government, the so-called on-budget account, which is almost all the rest of the Federal Government's operations, will run a deficit of about $550 billion—after running a surplus just 3 years ago.

The PRESIDENT pro tempore. The Senator from Minnesota has used his 10 minutes.

Mr. DAYTON. Mr. President, I ask unanimous consent that I be given 1 minute more.

The PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

Mr. DAYTON. Thank you, Mr. President.

In fiscal year 2000, the Federal on-budget revenues, which come almost entirely from personal and corporate income taxes, from estate taxes, capital gains taxes, and excise taxes, totaled 101 percent of expenditures. This year, they will scarcely cover two-thirds of expenditures.

The tax base of the Federal Government is being destroyed. Who will tell the American people? It is hard for anyone to discern the truth from all of the conflicting words and numbers; but the American people must learn the truth. They also must act, because the looting of America will not stop until Americans stop it.

It is not too late. It is almost, but not quite, too late.

I yield the floor.

The PRESIDENT pro tempore. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I yield 5 minutes to the Senator from Texas.

The PRESIDENT pro tempore. The Senator from Texas is recognized for 5 minutes.

Mrs. HUTCHISON. Mr. President, I thank the distinguished chairman of the committee for a job well done. This has been difficult. When I hear people talking about the tax bill and saying it is really amazing that we sunset some of these taxes and then bring them back—no one wanted to do that. The reason we have to sunset some of these taxes is that we had to work within an artificial constraint of $350 billion. That is why we have sunsets. What we certainly hope to do is not to sunset these tax cuts, the tax relief for hard-working American families, but instead to allow these to go forward. We will have to pass new legislation to do it.

Even with these modest tax cuts, we are going to spur the economy. People seem to forget that the purpose of this bill is to stimulate the economy. Eighty percent of the benefit of lowering the top rate to 35 percent goes to small businesses, and small businesses are going to reap the benefits. Small business is the job creator of America. It is small business we want to spur to create jobs. We want to put people back to work. The purpose of the legislation is to put people back to work and, in addition, to bring a little equity into the system.

Why in the world would we have a penalty on marriage? Why would a couple in Abilene, TX, who make $65,000 a year pay $1,000 more in taxes just because they got married? We go a long way toward eliminating the marriage penalty tax with this bill, and we are going to do everything we can to keep that in place from now on. There should not be a penalty for marriage. We should treat everyone equally. The marriage penalty bill was mine. It is a part of this legislation. I am going to do everything in my power to keep it forever, doubling the standard deduction and doubling the 15 percent bracket when people get married. That is for the lowest income and moderate-income people.

We are making a giant leap for child tax credits, from $600 to $1,000, because it is our families who are suffering so much today. We are going to do everything in our power to make the child tax credit absolutely permanent.

I want to discuss the State aid package because as we speak this morning, the Texas Legislature is in the last days of its regular session. They meet every other year for 6 months. They are in the last days of that session, and they are grappling with over $500 million. I spoke to Lt. Gov. David Dewhurst yesterday. He and the Speaker of the House, Tom Craddick, are working diligently to cut the budget, to try to be fair, try not to cut services too much.

Help is on the way. My State of Texas is going to receive more than $1.2 billion in aid over the next 2 years. Under this proposal we are going to pass today, more than $510 million will go for Medicaid help. That is one of the biggest problems my State and many others have. $710 million will go in block grants for essential government services so they will be able to put this money where it is most needed—$510 million for Medicaid, $710 million in block grants. And it is going to be this year and next year. I hope this will resolve the problems of my State, as it has done as much as it can right now. The legislature is grappling with it. We are going to help my State and every State in America.

We understand the hard times because the Federal Government is feeling it, too. We have increased national defense responsibilities, increased homeland security, and our States have as well. So help is on the way.

I am very pleased to have been part of the group who worked on the State aid package to try to help. I have been reading the Texas papers. I see the problems we face.

The committee did an outstanding job. I commend the House. I commend the President of the United States for his leadership. The President didn't just sit on his laurels after doing a great job in Iraq, a wonderful job protecting the young men and women of our country; he said: We are going to put people back to work. The President deserves credit. The Senate and House deserve credit. We will put people back to work in this country.

The PRESIDING OFFICER (Mr. BENNETT). Who yields time?

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. I thank the ranking member.

Mr. President, this bill I call the policy of the three Ds. This is a policy of debt, deficits, and decline.

This policy is reckless and irresponsible as fiscal policy. It will hurt, not help, economic growth and it is totally unfair. In terms of irresponsibility, nothing says it better than this chart.

Two years ago, the President told us we would virtually pay off the debt of this country by 2008. Now instead we see, by adopting his policy, we will have a debt of over $5 trillion by 2008. That is just the beginning of the story because that is the publicly held debt. The gross debt of the United States is skyrocketing as well, from over $6 trillion at the end of this year to $12 trillion at the end of this budget period, and all of this occurs at the worst possible time. We are about to see a demographic time-bomb hit this country called the baby boom generation.

This chart shows the Medicare and Social Security trust funds and the cost of the tax cuts. What it shows is that when the trust fund goes cash negative in the next decade as the baby boomers retire, at that very time the cost of these tax cuts explodes, driving us deep into deficits and debt at levels that are utterly unsustainable.

The irony of this package is that it is looting the Social Security trust fund of virtually every dime over the next 10 years to pay for these tax cuts. Of the $2.7 trillion in surpluses in Social Security over the next decade, this policy takes $2.698 trillion to pay for tax cuts and other expenses—again, at the worst possible time.

The news from the Treasury Department is that things are getting much worse. Already this year, revenue is running $100 billion below forecast. If that continues, we will have the lowest revenue as a percentage of gross domestic product since 1959. Two years ago, the President justified the tax cuts on the basis that revenue was high as a percentage of GDP. Now it is low, and yet his answer is the same.

On this very day when our colleagues on the other side are pushing a tax plan that, without gimmicks, would cost $1 trillion, they are also advocating nearly a $1 trillion increase in the national debt—much higher than the last increase in the national debt of $450 billion. This is the biggest increase in the national debt in our history—all at the same time they are advocating a tax cut which they say will cost $350 billion but which we have already heard from colleagues in the Chamber is disguised in its true cost. It will cost up to $1 trillion if the gimmicks are eliminated.

It is ineffective as stimulus because very little of this plan is effective this year. Only $55 billion is effective this year. That is about 16 percent of the advertised cost. It is only about 5 percent of the real cost if the gimmicks are eliminated.

This plan is grossly unfair. Those who earn over $1 million get a $93,000 tax break this year on average. Those in the middle income range get $217. Our colleagues on the other side will say: The rich pay more in taxes, so they should get more of a tax break. They don't pay that much more. This is what the wealthiest among us pay in terms of all Federal taxes. They pay 23 percent. But under this plan, they get 38 percent of the benefit. It is a pretty good investment for them. And, unfortunately, unfair to the vast majority of Americans. Our colleagues say it is a growth plan, a jobs plan. No, it is not. This is not a jobs-and-growth plan. In fact, the people who have been hired by the White House and the CBO to do that kind of analysis tell us this plan is worse than doing nothing after 2004. You get a little bit of a bump in 2003 and 2004—just a little bit—one-half of 1 percent of GDP, which is about half as much as you would get with a well-designed stimulus package.

But the outyear effect is negative because it is all borrowed money. Here are what the economists are telling us. Ten Nobel laureates:

> The tax cut proposed by President Bush is not the answer to our problems.

It is not just 10 Nobel laureates. It is the Joint Committee on Taxation saying:

> The simulations indicate that eventually the effect of the increasing deficit will outweigh the positive effects of the tax policy. . . .

Mr. President, this thing is so loaded with gimmicks that it is a now-you-see-it-now-you-don't tax policy.

On dividends, it goes from 38.6 percent down to 15 percent. It stays there for 6 years and then jumps up to 35 percent. There is no consistency. The same on small business exemptions. That goes from $25,000 to $100,000 in 3 years and then back down to $25,000. It's the same thing on the 10 percent bracket. It wanders around and goes down to nothing in 2011, 2012, 2013—all to hide the true cost of this plan. Here is the child tax credit. It goes up to $1,000 for 2 years. Then it goes back to $700 for 4 years, then up to $800, then up to $1,000, and then back down to $500 for the last 3 years.

Mr. President, this gives credibility a bad name.

Marriage penalty. For 2 years, it is at $9,500 to eliminate the marriage penalty, and it drops down to $8,265, giving people a big tax increase in the third year. Then it goes back up to $9,500 in 2009 and in 2010, and then it plunges to $7,950.

Even a mother could not love this child. This is a bad plan—bad for the economy, bad for the fiscal future of the country. It is going to weaken America, not strengthen it.

I urge my colleagues to think twice. People are going to be held accountable for this vote. This is a scandal in the making. We are going to read that there are perverse results from this tax policy.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, I yield myself such time as I might consume. I want to respond to the statements just made because it brings up the issue of the Federal debt.

We have heard from the other side that we are unconcerned about the Federal debt, as if they are concerned about it. I want to remind my colleagues—particularly those on the other side of the aisle—of how many amendments we had during the budget debate and during the omnibus appropriations bill debate back in January where there was amendment after amendment after amendment on the other side of the aisle to spend more money—spend more money.

When it came to the budget, there was amendment after amendment after amendment to take money away from the part of the budget of giving authority for tax relief and reducing that amount of money. Did it go against the bottom line? No. They took the money they wanted to take away from tax relief and spent it someplace else.

So don't give me this sort of lesson that they are concerned about the deficit and we are unconcerned about the deficit. If they were concerned about the deficit and they wanted to cut the amount of money we are going to give for tax relief and put it against the bottom line, then I would believe them. But it is just the opposite. When they want to spend it someplace else, the bottom line stays the same, the bottom line of the budget is not reduced.

The problem here is they don't want any tax relief because they want to spend it. They think they know better how to spend it than the taxpayers. It isn't going to do as much economic good if the 535 members of Congress decide how to spend it. If the people back home spend it, it is going to turn over more times in the economy and create more jobs.

They think the American taxpayers are undertaxed and that is why we have a budget deficit. The American people are not undertaxed, and it is not undertaxation that is the cause of the deficit. The cause of the deficit is the overspending, and that overspending is best exemplified by amendment after amendment. Two times this year we have had those vote-aramas, with amendment after amendment to spend more money.

This is about giving money back to the American taxpayers. If we are worried about the deficit, we will express that worry by spending less.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

Mr. CONRAD. Mr. President, let me take on the spending argument because I have heard it over and over, and it is the biggest canard offered on this floor. We have heard before that on our side we offered $500 billion of amendments on the supplemental. We did not. They have taken 1-year amendments that were offered singly and accumulated them and made them 10-year amendments. We offered $32 billion of amendments separately. They were not offered as a package.

Interestingly enough, what our Republican colleagues did is they went into conference committee—which they excluded us from—and they added $60 billion in spending. Who are the big spenders? Let's set the record straight. On the budget resolution, we did offer a series of amendments to do things such as fund the war, which wasn't in the budget, and to fund homeland security, which was inadequately funded in the budget. But we offset every one of those amendments. We paid for them, and the overall budget we offered was $1.2 trillion less in debt than the President's budget plan.

Let's talk about who is serious about fiscal responsibility. Who offered the serious plans to reduce the growth of deficits and debt? I say to my friends, they told America 2 years ago they had a plan to pay off virtually all of the debt by 2008. Do you know what we see now? We have adopted their plan and, instead of paying off the debt, it is going to be $5.2 trillion of publicly held debt by 2008.

The gross debt of the U.S. is going to double during this budget period—at the worst possible time, right before the baby boomers retire. The outcome is as clear as it can be; as clear as it can be. We have record deficits now. The President's budget increases spending by $600 billion above the baseline, cuts revenue by $1.6 trillion. There can only be one result: deeper and deeper deficits and debt, and at the worst possible time, right before the baby boomers retire.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, he just admitted I was right. He said every time they took money away from our tax cut allotment in the budget, they took it to offset spending someplace else. That is exactly my point. They never did take any money away from it to put against the bottom line. They took it away because they wanted to spend it someplace else. They want to continue that money coming into Washington. They want more money to spend. I will take them seriously when they want to reduce the amount of money in the budget for tax cuts and put it against the bottom line.

Mr. CONRAD. Will the Senator yield for question? Mr. President, may I have 30 seconds.

Mr. BAUCUS. I yield 30 seconds more to the Senator from North Dakota.

Mr. CONRAD. Mr. President, facts are stubborn things, I say to the chairman of the Finance Committee. The budget we offered on our side did exactly what you were challenging us to do. We had $1.2 trillion less in deficits in our plan than the plan offered on your side. You said you want to cut back on the tax cuts, bring it to the bottom line. That is what we did. As a result, we would have had $1.2 trillion less in deficit if our plan had been adopted.

The PRESIDING OFFICER. Who yields time?

Mr. GRASSLEY. Mr. President, I yield 5 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, on occasion it sounds as if we are redebating the budget. That is not what we are debating. We are debating a growth package. The fact is, last year we did not have a budget. This year we do have a budget. This year we have a tax bill to help grow the economy.

Some of my colleagues on the Democratic side offered a tax bill as well. It was $152 billion. This tax bill is $316 billion. It is not even $350 billion. I keep hearing it is $350 billion, but there is about $34 billion in spending. One of the amendments passed with 97 votes. It did not have my vote.

My point is, it is a $316 billion tax cut over 10 years. Over those 10 years, we are going to have revenues of about $25 trillion, $26 trillion. We did load it upfront because we want to have as much economic impact as we possibly can. The economy is very soft, and we wanted to grow the economy. We did things to help encourage investments and jobs. We were taxing capital investment far too much. We tax dividends higher than any country in the world. That is absurd.

Basically, we are cutting the dividend tax a little bit more than half. We did not do as well, in my opinion, as we did in the Senate. That is part of the compromise. We took part of the House provision. We are going to tax capital gains at 15 percent and tax dividends at 15 percent. I think there is common sense in taxing both at that level.

I heard someone say there is nothing in here for low-income people. That is not true. A couple who have two kids get $800 additional in child credit. If they have a combined income of $56,000, they get another $1,200 in marriage penalty relief. That is $2,000. So if someone says that is nothing, that may mean their tax bracket, one, does not exceed 15 percent and also, percentagewise, it is probably well over half their tax liability. I just make those points.

We also accelerated the rates, as we should. I keep hearing this is a tax cut for the wealthy. The maximum tax rate in 1992 was 31 percent. When we are done with this, the maximum tax rate is going to be 35 percent—still significantly higher, still about 13 percent higher than it was in 1991. We hear all this demagoguery of class warfare and people trying to play on other people. I disagree.

The State aid program is $20 billion. I want to make sure everybody understands that this is a temporary program—I want that in the RECORD for—for the States. I have a feeling States may be coming a year from now saying: We need this to be extended, either the FMAP portion or assistance going directly to the States.

All persons who sponsored this and were critical for getting it in this bill said it is temporary. It is temporary. It shall not be extended. Everyone agreed to that—House and Senate. The House did not want it in. Many on this side did not want it in. We agreed to have it in have as a temporary program. I wanted to allude to that. Finally, I compliment Senator GRASSLEY for his leadership because, without his leadership, we would not have had this bill. We might not have had a budget. Frankly, we have a budget, and we have a bill. Many people are throwing rocks and stones saying this is terrible. We do have a budget, and we are trying to do a growth package. We are doing a growth package just about double what the Democrats proposed, except the Democrats in their growth package proposed almost all spending. I think three-fourths is spending. This package has real incentives for growth, investment, and jobs. Let's help the economy. The economy is far too soft. We want to encourage the economy to grow. I think this proposal will do that. Again, I thank my colleague from Iowa for his leadership in making that happen. I also thank our leader, Senator FRIST. This has been a challenging process to get both the budget and reconciliation through. We did the budget on time, almost in record time, and this reconciliation bill is the earliest I have seen Congress act. We should act because the economy is soft now. It needs assistance.

Mr. President, I yield the floor.

Mrs. BOXER. Mr. President, this bill is called the ''Jobs and Growth Tax Relief Reconciliation Act.'' That name is wrong. This bill is not about creating jobs and stimulating economic growth. It is about helping the elite few with large tax cuts, while burdening the majority of Americans with a huge debt.

Fairness is an American value. And this bill is far from fair.

Those making $1 million per year will get a $93,000 tax cut—more than twice the annual income of the typical working family. Meanwhile, 53 percent of Americans will get less than $100. The average tax cut in 2003 for those in the middle of the income spectrum will be $217. And married couples with two children and incomes between $10,000 and $21,000 receive no tax cut at all.

To make matters worse, the marriage penalty relief that was in this bill—something that would have helped most working families—was scaled back in order to provide larger tax cuts on dividends and capital gains—something that helps only the elite few. Only about 25 percent of Americans receive taxable dividends. And, according to the Center on Budget and Policy Priorities, 39 percent of the benefits of that initiative would go to millionaires; another 44 percent would go to the top 10 percent of taxpayers; and only 17 percent of the benefit would go to the bottom 89 percent of taxpayers.

If most Americans are not getting tax relief in this bill, what are most Americans getting? Debt. This bill is fiscally irresponsible. The federal budget deficit stands at $400 billion—the largest deficit ever. And our national debt is spiraling upward. In fact, later today, the Senate will vote on a bill to increase the debt limit by nearly $1 trillion.

These numbers sound abstract. But they have an impact on all Americans. Because of the higher long-term interest rates that will result, economists have estimated that the rising deficits and debts will, by 2012, take $1000 every year out of the pockets of working Americans.

And, the Republican leadership has indicated that they intend to come back and extend the tax cuts that are sunset in this bill. If those provisions are extended, the cost through 2013 will be between $807 billion and $1.06 trillion—even more deficit and even greater debt.

This robs Social Security and Medicare surpluses and borrows from our children's future. And it denies us the resources we need to defend our homeland from terrorists and educate our children.

In these bad economic times—times of high unemployment, slow growth, and fragile consumer confidence—our first priority should be to stimulate the economy. That is why I believe we need a tax and growth bill. The problem is, this bill does not do it.

In fact, the one provision in the Senate-passed bill that would have provided a big boost to our economy—the Ensign-Boxer amendment—was taken out of the bill.

Our amendment would have lowered the tax rate, for one year only, on the earnings of the foreign subsidiaries of American companies—if those earnings were brought back to the United States and invested in jobs and the economy. Current official estimates conclude that between $140 and $300 billion in domestic foreign subsidiary income would have been brought back into the American economy during the one-year period. These funds would have helped create American jobs and American opportunities with billions of dollars currently left overseas.

But that provision, even though it had broad bipartisan support and passed the Senate 75–25, was stripped from the bill. The one provision that would have done the most to stimulate the economy was dropped from the bill.

I am also disappointed that this bill drops my amendment to require those who fail to pay the child support they owe, to add the amount they owe to their taxable income. It was the morally right thing to do.

The conferees also failed to close the business tax loophole for giant Sport Utility Vehicles (SUVs). In fact, this bill quadruples that loophole. Under this bill, small businesses will be able to deduct up to $100,000 of the cost of these huge passenger vehicles in one year at least through 2005. Smaller SUVs and cars are limited to a deduction of $7,660 in the first year, and $4,900 in the second year after the purchase. This cap is not changed in the bill. But the SUV cap is. As a result, people who do not need a giant SUV for business purposes will buy giant SUVs to take advantage of the much larger tax break.

We should scrap this bill and start over. We should pass a bill that would cut taxes for every working American, providing an average benefit of over $1,600 to a family of four making $50,000 a year. We should pass a bill that would provide real assistance to the 8.8 million Americans who are currently unemployed. We should accelerate the refundability of the child tax credit, accelerate the elimination of the marriage penalty, and extend and expand unemployment insurance for those looking for work, including the one million people who have already exhausted their benefits.

We should pass a bill that really sparks economic growth. It should include the Ensign-Boxer Invest in the U.S.A. proposal. It should, as the Democratic plan did, assist small businesses with their health care expenses by providing a 50 percent tax credit in 2003. And very important for California, it should provide $40 billion in immediate aid to state and local governments.

That would be a good bill to stimulate the economy, provide help to the vast majority of working Americans, and not plunge this nation deeper into debt or plunder the Social Security surpluses. That is a bill we should pass.

This bill before us should be defeated.

Mr. ROCKEFELLER. I have said from the beginning of this debate that my guiding principle would be the best interests of the people of West Virginia. I cannot support the deal that has been reached because it is so clearly designed to benefit the elite members of our society at the expense of average taxpayers in West Virginia and across the Nation. Proposals that could have stimulated the economy and helped working families got shortchanged to make room for enormous tax cuts for wealthy investors. I have little hope that this bill will stimulate economic growth; on the other hand, our national debt will be guaranteed to grow if we pass the bill.

I would also like to comment briefly on the process that has brought us to this point. I am extremely disappointed that this deal was struck behind closed doors in an entirely partisan manner. Since it adds hundreds of billions of dollars to our national debt, it affects every American now and for the next generation. Whenever we are considering something of such tremendous importance, the process ought to be bipartisan and inclusive. This is not how Americans expect us to conduct business.

For 2 years, I have fought to ensure adequate fiscal relief to States that are struggling with crippling budget deficits. I am pleased that this bill provides $20 billion in State aid. Our most vulnerable citizens are at risk when States cut Medicaid and other services. And any effort that we make to stimulate economic growth would be futile if States are forced to cut spending and increase taxes. Yet this legislation still falls well short of what 80 Senators voted for during debate on the budget resolution earlier this year. I am disappointed that we did not fulfill our commitment to $30 billion in State aid.

If we were truly interested in stimulating economic growth and creating jobs we would have not only provided more aid to States, we would have focused tax relief on working families who are the most likely to immediately spend any tax cut. But tax cuts that help working families got squeezed to make room for more tax cuts for wealthy investors. The proponents of this bill may talk a lot about the acceleration of the child tax credit, marriage penalty relief, and the expansion of the 10 percent bracket. But all of these provisions are set to expire after next year, and they pale in comparison to the new tax breaks provided to millionaire stockholders.

I fought to expand the child tax credit to serve more families, and to provide a greater benefit to those families who currently qualify for only a partial credit. I am disappointed that no such provisions are included in this final bill. While I am pleased that the size of the child tax credit increases from $600 to $1,000, albeit for only the next 2 years, I am still worried about the 130,000 children in West Virginia who will see no benefit from this increase. We should be doing more to help our neediest families.

I am also disappointed that we are spending $35 billion, 10 percent of the cost of the bill, to reduce the highest marginal income tax rate. Only Americans with more than $312,000 of annual income are affected by the highest rate. That is less than 2 percent of our taxpayers nationwide, and in my State of West Virginia it is less than 1 percent of taxpayers. The income tax cut that had the most potential to help hard-working people in my State is the expansion of the 10 percent bracket. But this provision, like so many other good ideas, was reduced in order to make room for other things. The expansion of the 10 percent bracket expires after next year, while the income tax cuts for the wealthiest few stay in place much longer. I cannot condone such misplaced priorities.

The most expensive part of this bill is the tax cuts for investors, estimated to cost more than $150 billion. These tax cuts are the least likely to help average Americans. While many Americans today are invested in the stock market, they typically hold these assets in retirement accounts that already enjoy preferential tax treatment. Only one-quarter of America's taxpayers will get any benefit from tax reductions on dividends or capital gains. And for the vast majority, the benefit will be very small. So why then does it cost so much? Because the wealthy few will receive enormous tax cuts. More than 40 percent of all dividend income is claimed by the top 2 percent of taxpayers. Capital gains are even more concentrated among wealthy Americans. I cannot justify huge cuts in dividends and capital gains taxes when the benefits to average Americans are so small.

Too many important proposals have been completely left out of this package. Despite the fact that more than 8 million Americans are currently out of work, many of them for extended periods of time, this bill provides no assistance for the unemployed. Incentives for investment in the construction of new schools or the deployment of broadband services—proposals that could have created new jobs immediately—are completely absent. For a bill euphemistically referred to as a ''Jobs and Growth Package'' there is very little here that will create jobs or growth.

Finally, this bill cannot be justified in the contest of our Government's current fiscal situation. Later today, Congress will be asked to increase the debt limit by almost $1 trillion, an unprecedented increase. Yet we are about to approve a tax package that will increase the deficit by $350 billion over the next 10 years—more when interest expenses are included. If this legislation really had the potential to help working families and reinvigorate our economy, we could justify increasing deficits. But instead we have short-changed the most important provisions to make room for $150 billion in tax cuts to investors. It is unconscionable to ask the next generation of Americans to foot the bill for this legislation. I cannot support it.

Mr. KENNEDY. Mr. President, this conference report reflects the real priorities of the Republican Party. It cuts back tax relief for working families in order to expand tax breaks for the wealthiest taxpayers. The child credit and marriage penalty relief were both reduced so that more money could be spent on dividend and capital gains tax cuts. As a result of this backroom Republican deal, an average family of four will face a tax increase of $850 in 2005, right after the election; while tax breaks for the wealthy continue for additional years. The bill employs so many gimmicks to help the rich that even the Wall Street Journal called it ''the Great Tax Shelter Act'' of 2003. No wonder this legislation was put together behind closed doors and is being rushed through Congress with little time for scrutiny. The Republican leaders who authored it know that this bill could not survive in the light of day. Clearly, their priorities are not the American people's priorities.

The Bush administration apparently believes that the biggest problem in today's economy is that the rich are not rich enough. Republicans think that if you give tax breaks to the wealthiest taxpayers, they will invest more and the economy will grow. It is called ''trickle-down'' economics. The problem with this theory is that the wealthy may not use the money in ways that create jobs and expand production. If there is no demand because consumers are not buying, companies will not produce more. They will just wait until the economic climate improves.

Democrats believe that tax relief and public resources should go to America's working families. They are the ones who are struggling most in this brutal economy, and they will quickly spend the money. That will create a demand which is needed to get the economy moving again.

Two very different approaches to stimulating the economy. Republicans keep making the same mistake. If ''trickle-down'' economics worked, the economy would not be stagnating today. In 2001, at President Bush's insistence, Congress passed one of the largest tax cuts in history, and wealthy taxpayers got the lion's share of the tax benefits. America has lost more than two and a half million jobs since the first Bush tax cut passed. The Republican response is more of the same. This conference report provides more of the same. But the American people want a new approach.

Over 400 respected economists—including 10 Nobel laureates—say the Bush plan is the wrong way to go. Unfortunately, the President has repeatedly rejected the pragmatic advice of mainstream economists, and opted instead for an ideologically rigid and ineffective strategy.

His single-minded commitment to ever larger tax cuts for the wealthy as the cure for every economic ailment has made a bad situation worse. The administration has ignored remedies that would provide a significant stimulus this year, while implementing policies that will undermine our future economic strength. As a result, the economy continues to stagnate, and the number of families facing hardship continues to grow.

Unemployment is still on the rise. It climbed to 6.0 percent in April. There are now 8.8 million men and women unemployed across America. The economy has lost more than half a million jobs in just the past 3 months, and there is no end in sight. In the absence of an effective stimulus from the Federal Government, the economy is not likely to improve quickly.

Behind such disturbing statistics are people who need our help. A strong economy allows working men and women to have greater control over their lives, and more opportunity to pursue their personal dreams. A stagnate economy takes much of that control out of their hands, leaving families vulnerable to circumstances they cannot control.

Across America, in the last 2 years, workers have lost their job security. As layoffs mount, they live in fear of being the next to be let go. There are 2.7 million fewer private sector jobs in America today than there were in January 2001. Those looking for a job are finding it increasingly difficult to obtain one. The number of long-term unemployed has tripled. The average time it takes an unemployed worker to find a new job is the longest it has taken in 19 years. Yet this bill does nothing to directly help these unemployed men and women and their families.

The pain caused by this destructive wave of economic stagnation is not limited to those who have lost their jobs.

Health insurance is becoming less and less affordable for workers and their families across the country. The Congressional Budget Office now estimates that over the course of a year, 60 million Americans go without health insurance. Nationally, the average cost of health insurance is rising at double digit rates—up by 11 percent in 2001 and another 12.7 percent in 2002—nearly four times the rate of inflation. The health care squeeze on working families is getting tighter and tighter.

Senior citizens who desperately need prescription drug coverage are suffering, too. The cost of prescription drugs is escalating at double digit rates—increasing an average of 16 percent each year.

Children who are being asked to do more in school are receiving less support. School districts, faced with declining local tax receipts and the failure of the Federal Government to provide promised resources, have been forced to increase class sizes, cut weeks from school calendars, and lay off teachers.

The cost of higher education is rising beyond the reach of more families. The gap between the cost of college tuition and the tuition assistance provided by the Federal Government has grown by $1,900 in the last 2 years.

Millions of families have seen their retirement savings seriously eroded. The value of savings in 401(k) plans and other defined contribution plans has declined by $473 billion in the last 2 years.

These are the realities American families face today.

It is imperative that the National Government respond to the growing economic crisis. There is much that Government can do to stimulate economic growth in the near-term without generating huge deficits that will undermine prosperity in the long term. Unfortunately, the Bush administration has consistently refused to follow such a course of action.

The Republican plan does not maximize the economic impact in 2003. Only 17 percent of the $350 billion cost of their legislation would reach the economy this year, when it is needed to jumpstart a sluggish economy. We could create many more jobs sooner by better targeting the resources provided in the legislation.

The conference report spends $150 billion reducing dividend and capital gains taxes and $35 billion lowering the tax rate on the highest incomes. These cuts, which constitute more than half of the entire cost of the bill, do not provide effective stimulus and they take resources away from proposals that would. It is incredible that Republicans could not find the dollars to extend unemployment benefits and to provide tax relief for low-income workers, but they could find the money to pay for these tax breaks benefitting the wealthiest taxpayers.

According to an analysis by the Urban-Brookings Tax Policy Center, the provisions in the conference report would provide an average tax cut of $93,500 to taxpayers with an annual income over $1 million. In stark contrast, 53 percent of American households would receive a tax cut of $100 or less. The Republican conferees plan is even more tilted to the wealthiest taxpayers than the original Bush plan.

The few provisions that benefit middle-class families have been limited to just 2 years, while the dividend and capital gains tax cuts extend much longer. The conferees also eliminated a Senate provision that would have benefitted 11.9 million low-income children and their families, one of every six children in the Nation.

The richest 5 percent of taxpayers would receive 75 percent of the tax benefits from the dividend and capital gains tax cuts. All of the tax benefits from reducing the tax rate on the top income bracket will go to the richest 1 percent of taxpayers. They are certainly not the ones who are struggling to make ends meet in the faltering economy. They are not the ones who need our help. Nor are they the ones who will quickly spend the money they receive, creating an immediate economic stimulus.

The Republican plan is simply not an effective stimulus. The reduction of the income tax on corporate dividends, the centerpiece of their plan, is one of the least effective forms of stimulus, generating less than a dime of stimulus for every dollar of Federal revenue lost.

A well-designed stimulus plan could generate far more economic activity at a small fraction of the cost of the Republican conference report. The Senate Democratic plan would inject $125 billion into the economy this year, and is designed to maximize the stimulus effect of each dollar. That is more than twice as much in 2003 as the conference report, and three times as much as the Bush administration's plan.

Three widely respected economic models all show that the Democratic plan would generate substantially more growth in 2003 and create a half million more jobs this year than the President's plan.

One of the few positive provisions in the conference report is the $20 billion in assistance to States, $10 billion through the Medicaid Program, and $10 billion in general financial aid. The current fiscal crisis in the States is the most severe in decades.

It is important to remember that more people need to rely on State and local programs in an economic downturn. The number of people eligible for Medicaid grows substantially in times of recession, and many other costs rise as well. Without jobs and without health care, families have nowhere else to turn. We have an obligation to make certain that the needed resources are available to them. While the $20 billion of financial assistance to the States is a step in the right direction, the level of aid is clearly inadequate. Congress should be providing at least double this amount. A number of States will also lose significant State tax revenue due to the impact of tax cuts contained in the conference report. Thus, the net amount States will receive will be below even the $20 billion.

The Republican authors of the dividend and capital gain tax cuts in the conference report intend those tax breaks to be permanent. They have repeatedly said so. If not arbitrarily sunsetted after 2008, the dividend and capital gains provisions alone would exceed the $350 billion which is supposed to be the total cost of the entire bill over the next 10 years. The real cost of the bill before us is far in excess of $350 billion. If all its provisions were extended for the full decade, as our Republican colleagues intend, the real cost would be closer to $1 trillion.

The conferees have resorted to this "sunsetting" subterfuge in order to evade the requirements of the Budget Act. But, what they cannot evade is the adverse economic impact their one-trillion-dollar raid on the public Treasury would have. It will not stimulate the economy. In fact, it could well prolong the recession by leading to an increase in long-term interest rates, harming the ability of businesses to create new jobs. It will add enormously to the deficit, making it much more difficult for us to effectively address the Nation's urgent needs in job creation, in education, in health care, and in homeland security. Those are the real priorities of the American people. Unfortunately, they are obviously not the priorities of the Bush administration and the Republican majority.

An NBC News/Wall Street Journal public opinion survey conducted over the past week shows that a substantial majority of the American people do not believe these tax cuts are the way to create jobs. By a margin of 64 percent to 29 percent, they think there are better ways to improve the economy than to cut taxes. Sixty-eight percent believe the President's economic policy "relies too heavily on tax cuts and not enough on direct job creation"; and 66 percent believe his plan "benefits the wealthy more than average people." The American people are not being fooled by this bill. They know precisely what it will do—benefit the wealthy; and what it will not do—stimulate the economy. They also understand that extravagant tax breaks for the rich mean that the resources will not be available to address America's real needs. By a margin of 55 percent to 36 percent, they would prefer to use limited public dollars to help pay for health care than to finance a tax cut.

The conference report which the Senate is about to pass by the narrowest of margins does not reflect the priorities of the American people. Unfortunately, their voices were unable to penetrate the closed room where the Republican leadership wrote this irresponsible bill. If a majority of Senators would have the courage to vote no, we could defeat it and begin work on a genuine stimulus bill.

Mr. LEAHY. Mr. President, I rise today to oppose the tax reconciliation bill conference report that is being considered by the Senate today because this tax cut bill is not fiscally responsible. When President Bush entered the White House, our country enjoyed a record budget surplus, but the fiscal irresponsibility of this administration has quickly turned that surplus into record deficits. And now this bill that was cooked up in secret between the White House and Congressional Republicans without any input from Congressional Democrats will bring our country further into debt, lead to more hard-working Americans losing their jobs, and put a greater share of the tax receipts in the pockets of the Nation's most privileged.

I voiced several concerns about this tax bill when the Senate voted on it last week. Now that the conference report is finished, I have even more. First, while I am pleased to see that this bill does contain $20 billion in financial assistance to ailing State and local governments, I am very concerned that the tax cuts in this bill will once again wreak havoc on our already disastrous State budgets around the country. In my home State of Vermont, the State legislature stopped basing its State income tax on the Federal rates because of the costly cuts called for in the 2001 tax bill. Now, Vermont is going to be faced with somehow making up an additional $35 million in revenue because of the dividends and capital gains rate reductions in this bill. This is a very large amount of money for a State whose population is only 609,000. How will Vermont and the other States possibly make up these lost revenues without massive cuts to essential health, education, and homeland security services?

Second, these tax cuts are tilted even more heavily to the very wealthy than the tax cuts the President championed in 2001. Just look at the rate reductions. For the middle three income brackets in this country, rates would drop by 2 percentage points, but the top rate will fall by 3.6 percentage points. And according to the Center on Budget and Policy Priorities, 80 percent of dividend income goes to households with incomes over $100,000. Sadly, this administration has chosen to support tax policies where affluent people will reap enormous benefits, while working families will receive very little tax relief.

Third, this plan is riddled with Enron-like tax gimmickry by pretending that most of the provisions will sunset or expire at some arbitrary date in the future—dates chosen not to make good tax policy, but rather to make all the revenue losses fit into the $350 billion pot. The income tax rates and business expensing provisions will expire in 2006, and the dividends and capital gains rates will expire in 2009. By doing so, this bill attempts to jam in as much of the President's misguided dividend tax proposal as possible into the Senate's $350 billion limit at the expense of more reasonable tax reform provisions aimed at low- and middle-income working families. It is obvious that proponents of these tax cuts have no intention of allowing any of these provisions to expire and, in fact, will come back to the floors of the House and Senate again and again asking for them to be made permanent. Instead of acting in a fiscally responsible manner, they are masking from the American people the true, astronomical costs of this bill.

And fourth, these cuts will push our country deeper in debt. Earlier this month, the nonpartisan Congressional Budget Office increased its Federal budget deficit projections for fiscal year 2003 from $246 billion to a record $304 billion. When the Bush administration came into office, there was a projected $5.6 trillion 10-year surplus. Before this latest irresponsible tax bill, the $5.6 trillion surplus had shrunk to $20 billion. If this bill is enacted, that $20 billion will become a $1.8 trillion deficit—a fiscal swing in the wrong direction of $7.3 trillion in just 2 years.

Passing another enormous tax cut this year will only amplify this trend of growing deficits and add to the economic burdens our children and grandchildren will inherit. Increasing deficits will decrease national savings and increase long-term interest rates—effectively lowering the incomes of working Americans. At the same time the Bush administration is pushing for Congress to pass a $1 trillion increase in the Federal debt limit—the largest single jump ever—that does not account for the $350 billion in additional tax cuts that are part of this tax bill. I just do not think we can afford another large tax cut at this time until we get our own fiscal house in order.

Clearly, this tax cut plan is not about growing the economy or creating jobs. It is about starving the Government and wooing some voters. In fact, leading economists have stated repeatedly that the elimination of taxes on dividends paid to investors—the centerpiece of the President's tax cut proposal—would do very little to spur economic growth or reduce the Nation's jobless rate. Even Federal Reserve Chairman Alan Greenspan has questioned the long-term implications of the President's proposal by stating in testimony before the Senate Banking Committee in February: "I am one of the few people who still are not as yet convinced that stimulus is a desirable policy at this particular point."

In 2001, I voted against the Bush tax cut bill because it was too skewed toward the wealthiest Americans and too fiscally irresponsible. Since then, we have gone from record surpluses to record deficits, and the economy is still floundering. In fact, over 2,200 jobs have been lost in Vermont since the beginning of the Bush administration. Passing another enormous tax cut this year will only continue this trend and increase the economic problems that our children and grandchildren will inherit.

Earlier this year, the President said we should not pass our fiscal problems on to future Presidents, Congresses, and generations. I agree with him. Unfortunately, this tax cut bill will drive us deeper into debt and will do exactly what the President says we should avoid, burden our children.

As I said when this bill passed the Senate, I have two of the world's most perfect grandchildren. And while the promise of another tax cut sounds great, I am not going to ask my grandchildren and everyone else's grandchildren to pay for it. It is not right. It is not fair. And it is not the American way.

Mr. HATCH. Mr. President, I rise to speak in support of the growth and jobs tax bill conference report before the Senate today. I first wish to congratulate and thank the chairman of the Finance Committee and the majority leader for their tireless efforts in working out a very difficult compromise. Their hard work made it possible for us to vote on this major tax cut legislation today—legislation that will make a big difference in the lives of Utahans and Americans across the Nation.

The conference report before us is a major accomplishment, for the U.S. economy, for the American people, and for President Bush and Vice President CHENEY. It is the culmination of months of very hard work that began with the President's release of his jobs and growth plan late last year. This was a bold and brilliant plan designed to help our economy over the next year while also removing long-standing barriers to long-term growth.

At the heart of the plan was one overriding objective—to kick our sputtering economic engine into high gear so we could finally shake off the listlessness that has lingered since the double whammy when recession hit in 2000 and terrorists struck our homeland in September 2001. Although we have emerged from recession, the recovery has been very slow and new job creation has not kept up pace with jobs that have been lost.

I am seeing this in Utah, where our State's economy has been hit harder than many by the downturn. My State has a highly educated workforce, and we have more high-tech jobs, more commercial construction jobs, and more tourism jobs than many other States. Those sectors have suffered. Utah's unemployment rate was 5.3 percent last month. Compared to the 3 percent unemployment rate we had just a couple of years ago, this is unacceptable. Along with the President and many of our colleagues, I have been calling for a strong prescription to help get our economy, in Utah and across the country, back to its full potential.

To accomplish this, the Bush plan focused on three actions—accelerating the already enacted but yet to be phased in tax cuts from 2001, increasing incentives for businesses to invest in productive equipment and grow, and addressing the debilitating and unfair effects of taxing the profits of corporations twice. I am happy to report that all three of these elements are present in the conference report.

The conference report speeds up the tax rate cuts that Congress, on a bipartisan basis, passed just 2 years ago. The small amount of rate reduction from the 2001 Tax Act that has already taken effect has served to lessen the blow of the recession. These across-the-board rate reductions were the right remedy, but their phase-in has been too slow. By accelerating the remainder of these cuts, effective this year, we can put the full dosage of medicine to work on what remains a sick economy.

This tax bill will cut taxes for practically every American who pays income tax. This will provide great assistance to our economy in two ways. First, it will put cash into the pockets of American workers immediately. Almost as soon as this bill is signed into law by the President, the Internal Revenue Service will release new tax withholding tables that will reflect the lower tax rates. This means an immediate raise in pay for almost every U.S. worker.

Second, lower tax rates will encourage Americans to work harder, to save more, and invest a higher amount of their income. This serves us will both in the short run and over the longer term.

We cannot forget the huge effect these tax rate reductions will have on the small businesses of America. It seems that many of our colleagues on the other side of the aisle refuse to recognize the fact that about 80 percent of small businesses pay taxes at the individual tax rates. Rather than being the giveaway to the so-called ''wealthy'' that opponents of this tax cut accuse it of being, this is a first-class jobs creation bill.

Moreover, the bill before us includes significant tax relief for married couples suffering from chronic marriage tax penalties. While we still cannot say these unconscionable tax effects are totally eliminated from the Internal Revenue Code after the effective date of this measure, we are making major strides in this endeavor.

The acceleration of the child tax credit included in the conference report will make a big difference to families in Utah and all across America. To families struggling to raise their children, this bill spells relief, both immediately and also for 2004.

The second objective accomplished in the Jobs and Growth Tax Act is to spur investment by business entities. Our recent recession was not one born of the lack of consumer spending, but of the dearth of business investment.

Last year's economic stimulus bill included a provision that has proven effective in increasing business investment—a 30-percent bonus depreciation deduction for the first year. The bill before us includes a feature that builds on this provision, and increases the incentive to 50 percent. I have been a strong proponent of bonus depreciation, and despite this not being in the Senate version of the bill, I am pleased that this provision survived in the conference report.

And this is not all. One of the most important elements of the bill before us is the increase in the amount of new equipment purchased that smaller businesses can write off immediately. Not only is the amount of investment allowed to be expensed quadrupled under the bill, but larger businesses can now take advantage of the incentive. This bipartisan and bicamerally supported feature should result in some quick job creation.

The third objective of President Bush's tax plan was to address the onerous and unfair double taxation of corporate dividends. Although the dividend provision in the conference report is not the same as that envisioned by the President, it is a very significant tax cut that will have positive ramifications for the economy and for corporations and their shareholders, for years to come.

The President's original plan called for the elimination of the double taxation of corporate dividends by providing an exclusion for corporate earnings passed through to shareholders to the extent that the corporation paid tax on those earnings. This was a bold and laudable goal that would have far-reaching effects on the very nature of how corporations are established, operated, and governed in this Nation. This was tax reform in the truest sense. And like all real reform, it was met with jeers, criticism, and legitimate concerns.

I want to congratulate many of my Senate colleagues for achieving the difficult task of passing the Senate version of the bill, which included the full exclusion of corporate dividends at the individual level, albeit for a relatively short time. This was a major legislative accomplishment, and Senators NICKLES, KYL, LOTT, and many others deserve our gratitude, along with Chairman GRASSLEY and the leadership, for its attainment.

The complete elimination of the double tax on dividends should remain our long-term goal. It was not achieved in this conference report. The political and time constraints placed on the Senate made this impossible. However, I want to emphasize that our inability to achieve this lofty goal, which has been the objective of policymakers for decades, should not overshadow the huge triumph we have achieved in the conference report—the very substantial reduction of tax on both dividends and capital gains for all taxpayers.

Investors in this country—and this now includes over half of all Americans—will wake up tomorrow to find a far greater reward for their investments, whether it be in stocks, bonds, real estate, or other productive assets. A basic economic axiom is that if we want more of something, we should tax it less. By lowering the tax on the fruits of investment, both in the form of capital gains and of dividends, we will get more investment. This tax cut on investments will bode well for our economy both in the next few months and years, and for decades to come.

The conference report before us cuts the tax on dividends by more than half for taxpayers in the higher tax brackets, and it eventually eliminates the tax altogether for those in the lower two brackets. For taxes on capital gains, it cuts the top rate by 25 percent for most investors, and again, eventually eliminates them for millions of taxpayers in the lower tax brackets, who might be just starting out with their first investments. This is a huge change, and it will have a huge impact on investment in America by lowering the cost of capital and giving a huge boost to the stock market.

We should not underestimate the positive effects these changes will have on our economy. When we lowered the maximum capital gains tax rate from 28 percent to 20 percent in the 1997 tax act, the effect on the stock market, and on receipts to the Treasury, was very significant. In fact, a Standard and Poor's DRI study on the effects of the 1997 capital gains tax cut indicated that 25 percent of the increase in stock prices that was enjoyed after 1997 was due to the cut in the capital gains tax. Treasury receipts soared from capital gains realizations and we were able to balance the Federal budget.

Moreover, the study showed that the 1997 capital gains tax cut also had a significant impact on the lives of average Americans by increasing productivity growth, which caused the standard of living to rise. There is no reason to think that the reductions on taxes on capital gains and dividends included in this bill will not have similar effects in 2003 and beyond.

All in all, we should be very pleased with this bill's dividends and capital gains provisions. They will have a very positive effect on economic growth and serve as a substantial platform from which to seek further progress in the future, even that of the total elimination of the double tax on dividends.

The happiness with which I greet this conference report is not complete. It is not perfect, by any means. Like all of my colleagues, I suppose, I would have written a different bill.

For example, I am disappointed that the conference report does not include the Medicare geographic equity provisions approved by the Senate. These provisions, which I strongly support, would have provided more equitable reimbursement rates to Medicare providers in rural States.

However, I am encouraged that the President has signaled his support for addressing this matter through the Medicare legislation that the Senate will be considering in the next month. To me, it is absolutely critical that Medicare beneficiaries in rural States like Utah have access to quality health care. In my opinion, the best way to accomplish this goal is by passing legislation which ensures that Medicare providers in rural areas are fairly compensated. I will continue to work with my Senate colleagues on this crucial issue until this legislation is signed into law by the President.

Moreover, there are many other tax provisions that were included in the Senate version of the bill that would have made excellent additions to this conference report. Among these are provisions supported in an amendment on which I was joined by a bipartisan group of our colleagues that would have provided significant benefits to small businesses operating under subchapter S of the Internal Revenue Code. I hope we can find a way to address these important issues in another bill later this year.

In conclusion, the recession that began in 2000 was real, and our slow recovery is leaving behind pockets of real suffering, both in Utah and across our Nation. But thanks to our President's policies, the Federal Reserve's aggressive, preemptive, rate-cutting, and the flexibility of our free-market system, our Nation has had unemployment rates much lower than in past recessions. But Congress needs to do more, and to act now, and this conference report is a vital part of the solution.

If we combine this growth and jobs package with some modest restraint on the spending side and some commonsense legal liability reforms, we can grow the economy faster over the next year, and we can set the stage for another decade of record job growth.

Again, I thank Chairman GRASSLEY and the Senate leadership for their hard work, and I urge my colleagues to support the conference report.

Mr. LEVIN. Mr. President, I cannot support the fiscally irresponsible and unfair tax cut which is before the Senate because it is not what our country needs. It is ironic that on the same day that a final vote is being taken on this huge tax cut package, the Republican majority also is bringing to the floor legislation that would raise the limit on the national debt by $984 billion, the largest in our Nation's history.

This tax cut bill has more deceptions in it than an Enron financial statement. It purports to cost only $350 billion over the next 10 years, but its true costs are masked by multiple "now you see them, now you don't" gimmicks that will in reality cost up to a trillion dollars over the next 10 years. With deficits of over $300 billion projected for this year and the next, the last thing we need are huge tax cuts that will serve to dig us that much further into the deficit ditch. Future generations deserve better.

Furthermore, this approach will be largely ineffective in providing our economy the immediate jumpstart it needs. By giving too much to those who need it the least—the average 2003 tax cut for a millionaire will be about $93,500; the average 2003 tax cut for someone in the middle of the income spectrum will be $217—the bill will be far less effective in stimulating the economy than it would be if the tax cuts were directed to taxpayers of more modest means who would spend the tax cut now. In addition, only 17 percent of this package goes into effect in 2003, when we need it, but instead will take place years down the road. Our economy is struggling right now. Eight-and-a-half million Americans are out of work; 2.7 million private sector jobs have been lost since the beginning of this administration. Michigan lost 17,000 jobs just last month, the most of any State in the country. What we need are immediate jobs and relief, not more of the same "trickle-down" policies that have been tried and that failed in the past.

Expert commentators have pointed out that this bill will make it easier for corporate and upper income taxpayers to use tax shelters to even further reduce their tax bills. Instead of ending the so-called double taxation of dividends, this bill provides those with the means to accomplish it a roadmap to no taxation. That's just plain wrong. Providing large tax cuts to the wealthy in the hopes that the benefits with trickle down to everybody else hasn't worked before, and there's little reason to think that it will work now. Following the same approach that failed time and again just doesn't make sense. Just 2 years ago, President Bush was promising that his first massive tax cut of $1.4 trillion would jumpstart the economy and create jobs. It didn't.

Moreover, I am disappointed that the conference report stripped out provisions that were included in the Senate-passed bill that would have cracked down on corporations who engage in sham transactions involving offshore tax havens. Loopholes like these encourage investment overseas, not here in America. We should be closing down corporate loopholes, not preserving them.

While I am pleased that this bill contains some funds to assist our struggling State and local governments, it does not do nearly enough. Our States currently are facing their worst fiscal crisis in over 50 years, with many being forced to raise taxes or cut vital services like Medicaid in order to balance their budgets. Instead of doing all that we should to assist them, this bill includes a dividends reduction provision that will actually strip States of revenues, something which will stimulate neither jobs nor growth.

I supported and voted for an alternative tax package that was about creating jobs now, when we need it, in a way that did not mortgage our future.

The plan I supported was estimated to put more than 1 million people back to work by the end of 2004 at a fraction of this bill's costs. It would have cut taxes for every taxpaying American, providing a tax cut of $1,630 to a family of four through a wage credit, an acceleration of the child tax credit, and an elimination of the marriage penalty. I would have helped small businesses by providing them with a 50 percent tax credit to help employers maintain health coverage for their workers, and would have provided large and small companies with incentives to invest and create jobs by allowing small businesses to immediately write-off more investments and providing bonus depreciation to all companies. It also would have provided unemployment benefits for nearly 4 million laid-off workers, including those who have already exhausted their benefits. What our sagging economy needs right now is immediate jobs, growth, and stimulus, and that's what the plan I supported offered.

Insted, what will pass today is a package that is the wrong medicine for our ailing economy. It will create fewer jobs than what is needed. It will slight middle-class families in favor of the wealthy. And it will dramatically increase the deficit and national debt and drive up interest rates which will make it more expensive in the future to buy a house, pay for college, or pay off credit card debt. This is not what Americans need. I cannot support this legislation.

Ms. SNOWE. Mr. President, I rise today regarding the conference agreement on the jobs and growth tax package that is before the Senate.

I very much regret I am unable to support this final conference report, specifically as it relies on artifical "sunsets" to mask the true size of the tax cuts. Regrettably, it represents neither sound fiscal nor economic policies and could balloon Federal budget deficits even further. Indeed, at its heart, this is a trillion-dollar tax cut masquerading as a $350 billion tax cut, and in keeping with the principles I have outlined from the outset of this debate, I cannot support it.

From the beginning, I have stated my concern not only about the size but also the content of any tax cut package. Because we need a strong stimulus to create jobs and grow the economy—while accomplishing this with sound policy and without creating deficits in perpetuity. While I am pleased this bill technically adheres to the agreement I reached to limit the overall size of the growth package of $350 billion over 10 years, it shortchanges some of the most stimulative aspects with sunsets that could lead to larger Federal deficits.

Even proponents of the package acknowledge that they do not expect the tax cuts to expire or sunset as anticipated, so this package will likely grow to a true 10-year cost of at least $650 billion or even $1 trillion. In other words, with the sunsets, it can be said this is more like $350 billion over 2 years. And indeed, nonpartisan public policy organizations like the Tax Policy Center at the Brookings Institution, and the Center for Budget and Policy Priorities, have estimated the overall 10-year cost of the tax cut legislation ranging from $659 billion to more than $1 trillion.

At a time when we are facing historically high budget deficits expected to exceed $400 billion this year alone—the largest in history—this tax cut may grow deficits to levels economists fear will be unsustainable. As Federal Reserve Chairman Alan Greenspan said again just this week, "deficits do matter", and could reduce future economic growth.

Furthermore, I have made a priority of providing the type of short-term economic boost needed to encourage job creation and spur growth in the economy. I have based my approach to this package on the stimulative portions of the President's jobs and growth package, which totaled $329 billion, and fiscal relief for States and local communities, which totaled $20 billion.

Moreover, the conference package reduces the size and impact of proposals such as acceleration of the child tax credit, marriage penalty relief, and the duration of proposals to spur investment by small business, with hidden costs of between $319 billion and $709 billion if the tax cuts were extended for the life of the bill.

I would also note for the record that the conference agreement eliminates the refundable portion of the child tax credit that I sponsored along with Senator LINCOLN that extends the reach of the tax package to all full-time working families. The elimination of this provision, estimated to cost about $4 billion over the life of the bill, will exclude about 12 million children nationwide, and 40,000 children in Maine, who would otherwise benefit from the legislation.

I have made clear from the start that I agree with President Bush's goal of passing a stimulus plan to encourage growth in the economy and create jobs. I have also discussed my concern that creating unsustainable, long-term deficits would seriously inhibit our ability to address pressing domestic challenges—such as strengthening Social Security and Medicare—as well as subject future generations to the corrosive effects of the higher interests rates that result from deficits.

As a result, I joined with Senators VOINOVICH, BAUCUS, and BREAUX in signing a letter before consideration of the budget resolution to limit the size of the tax package. In that letter, we stated our belief that ''our nation would benefit from an economic growth package that would effectively and immediately create jobs and encourage investment.'' But we also expressed our belief that ''any growth package that is enacted through reconciliation this year must be limited to $350 billion in deficit financing over 10 years and any tax cuts beyond this level must be offset.'' This has been a critical guiding principle for me during this process.

That is why I supported the strong stimulus plan I helped craft in the Senate Finance Committee, which incorporated—within the $350 billion 10-year framework—all of the stimulative aspects of the President's growth package in their entirety, provided significant dividend tax relief that would have reached all investors, and eliminated the double tax on dividends for 84.7 percent of all taxpayers.

Senator GORDON SMITH and I were also able to secure within that Finance Committee package a measure that conveyed $20 billion in fiscal relief to States and local communities—and I am disappointed that this conference report limits this relief to States only, ignoring the needs of our municipalities. Under the conference report, the $20 billion is divided equally between the Federal Medicaid Assistance Percentage, or ''FMAP'', and $10 billion in flexible grants to State governments.

As I have stated in the past, State fiscal relief is crucial to stimulating the economy—as 46 of the 50 States, including Maine, are facing budget shortfalls due to lower than predicted revenues because of the depressed economy and September 11; increased costs associated with Federal mandates; and, increasing health care costs. There is no question the Federal Government must provide fiscal relief—and this will go a long way toward stimulating growth in the economy. Yet I remain distressed that conferees chose to omit aid for local governments.

Finally, this legislation will quadruple the amount a small business can expense, from $25,00 to $100,000. As Chair of the Senate Committee on Small Business, I certainly support this. However, regrettably, this legislation before us will also sunset this provision after just 3 years. I am disappointed there are those who chose to tap this stimulative measure to finance long-term changes to law.

Mr. President, in conclusion, I would like to be able to say I support this package—I would like to vote for it, but I am unable, as it runs counter to the principles I have laid out during this entire process in terms of the size of the cuts and the content of the package. Therefore, I will not be supporting this conference report.

Mr. MCCAIN. Mr. President, I am extremely disappointed for our brave military men and women that the conferees for the Jobs and Growth Tax Relief Reconciliation Act of 2003 decided to omit the Senate-passed Armed Forces Tax Fairness Act of 2003 from the conference report.

I offered an amendment to the tax bill that would add the Armed Forces Tax Fairness Act of 2003, which has been previously passed by the Senate. The amendment was accepted by unanimous consent. Since this legislation has already passed numerous times in the Senate, I believed that the conferees would include this important legislation for our military in the conference report without hesitation. But again, politics ruled the day.

Despite the recent successful war in Iraq, which highlighted the bravery and sacrifice of our military, the conferees provided nothing for them in this so-called growth bill. The only thing growing will be the tax breaks for the wealthiest citizens of this country. And in a time where we are also facing growing deficits and must also pay for the cost of the war, what the conferees did in the interest of ''getting a deal'' was the height of irresponsibility.

What the conferees denied was much-needed tax relief for our men and women in uniform whose sacrifice and commitment are the foundation upon which the freedom we all enjoy has been built. How they can deny these committed men and women who defend our country simple fairness is beyond understanding.

One of the provisions in the legislation that the conferees dismissed from inclusion in the conference report is what is popularly known as the Military Homeowners Equity Act. This legislation would allow service members, who are away on extended active duty, to qualify for the same tax relief on the profit generated when they sell their main residence as other Americans. Secretary of State Colin Powell fully supports this legislation, and this legislation enjoys overwhelming support by the senior uniformed leadership—the Joint Chiefs of Staff—as well as outgoing Office of Management and Budget Director Mitch Daniels, the 31-member associations of The Military Coalition, the American Foreign Service Association, and the American Bar Association.

The average American citizen participates in our Nation's growth through home ownership. Appreciation in the value of a home allows everyday Americans to participate in our country's prosperity. Fortunately, the Taxpayer Relief Act of 1997 recognized this and provided this break to lessen the amount of tax most Americans will pay on the profit they make when they sell their homes. Unfortunately, the 1997 home sale provision unintentionally discourages home ownership among service members and Foreign Service officers.

What we are doing is not creating a new tax benefit. We are merely modifying current law to include the time members of the military are away from home on active duty when calculating the number of years the homeowners has lived in their primary residence. In short, this bill is narrowly tailored to remedy a specific dilemma.

The Taxpayer Relief Act of 1997 delivered sweeping tax relief to millions of Americans through a wide variety of important tax changes that affect individuals, families, investors, and businesses. It was also one of the most complex tax laws enacted in recent history.

As with any complex legislation, there are winners and losers. But in this instance, there are unintended losers: members of the military and Foreign Services.

The 1997 act gives taxpayers who sell their principal residence a much-needed tax break. Prior to the 1997 act, taxpayers received a one-time exclusion on the profit they made when they sold their principal residence, but the taxpayer had to be at least 55 years old and live in the residence for 2 of the 5 years preceding the sale. This provision primarily benefited elderly taxpayers while not providing any relief to younger taxpayers and their families.

Fortunately, the 1997 act addressed this issue. Under this law, taxpayers who sell their principal residence on or after May 7, 1997, are not taxed on the first $250,000 of profit from the sale, joint filers are not taxed on the first $500,000 of profit they make from selling their principal residence. The taxpayer must meet two requirements to qualify for this tax relief. The taxpayer must, one, own the home for at least 2 of the 5 years preceding the sale, and, two, live in the home as their main home for at least 2 years of the last 5 years.

The bipartisan cooperation that resulted in this much-needed form of tax relief is commendable. The home sales provision sounds great, and it is. Unfortunately, the second part of this eligibility test unintentionally and unfairly prohibits many service men and women who are deployed overseas from qualifying for this beneficial tax relief.

Constant travel across the United States and abroad is inherent in the military and Foreign Service. Nonetheless, some service members and Foreign Service officers choose to purchase a home in a certain local, even though they will not live there much of the time. Under the new law, if they do not have a spouse who resides in the house during their absence, they will not qualify for the full benefit of the new home sales provision because no one ''lives'' in the home for the required period of time. The law is prejudiced against families who serve our Nation abroad. They would not qualify for the home sales exclusion because neither spouse ''lives'' in the house for enough time to qualify for the exclusion.

This bill simply remedies an inequality in the 1997 law. The bill amends the Internal Revenue Code so that members of the military and Foreign Service will be considered to be using their house as their main residence for any period that they are assigned overseas in the execution of their duties. In short, they will be deemed to be using their house as their main home, even if they are stationed in Iraq, Afghanistan, Bosnia, the Persian Gulf, in the ''no man's land,'' commonly called the DMZ between North and South Korea, or anywhere else they are assigned.

In the wake of September 11, our Armed Forces are now deployed to an unprecedented number of locations. They are away from their primary homes, protecting and furthering the freedoms we Americans hold so dear. We cannot afford to discourage military service by penalizing military personnel with higher taxes merely because they are doing their job. Military service entails sacrifice, such as long periods of time away from friends and family and the constant threat of mobilization into hostile territory. We must not use the Tax Code to heap additional burdens upon our women and men in uniform.

The Taxpayers' Relief Act of 1997 was designed to provide sweeping tax relief to all Americans, including those who serve this country abroad. It it true that there are winners and losers in any tax code, but this inequity was unintended. Enacting this narrowly tailored remedy to grant equal tax relief to the members of our military and Foreign Services restores fairness and consistency to our increasingly complex Tax Code.

Mr. President, the case is clear. The conferees should have included the Armed Forces Tax Fairness Act of 2003 in the conference report for this tax relief bill. If they can look into the eyes of all the men and women in our military who have committed themselves to the defense of this country in Iraq and elsewhere around the world, and justify how they spent billions of Federal dollars to cut taxes for our Nation's wealthiest at their expense, then the process is clearly broken. And that is a disgrace for which they are solely responsible.

Mr. DODD. Mr. President, I rise today to express my opposition to the conference report on the tax cut legislation that the Senate just considered.

I find it regrettable that we were forced to speed through debate on the tax cut bill last week, and were once again forced to hurry through this conference report. This is probably the most important bill that we will be debating and voting on this year. Its repercussions will be felt for years to come, and yet it seems that very little thought has really been given to it.

Regrettably, I could not in good faith support this Reconciliation in its current form for three reasons.

First, it will be ineffective in reviving the economy now.

Second, it is irresponsible insofar as it adds tremendously to the national debt for no compelling purpose.

Third, it is unfair to working families across the country insofar as it drains resources from investments in education and health care to fund tax breaks that overwhelmingly benefit the most affluent.

I will discuss these points in turn.

First, the resolution we have before us fails to effectively address the needs of our country. Instead of investing in a stronger economy for the future, the conference agreement provides little assistance and stimulus to our struggling economy now.

In the nearly 2½ years since the President has come into office, our nation has suffered a dramatic decline. We went from unparalleled job creation, economic growth, and opportunity to skyrocketing deficits and national debt, high unemployment, and uncertainty about the future.

Contrary to the claims of its proponents, it is by no means certain this conference agreement will create jobs or provide millions of working families with the relief they need. What is certain, however, is that it will drastically increase the national debt, and severely weaken key national priorities including homeland security, education, and health care.

According to Economy.com, the massive deficits that will be caused by the administration's tax cut will decrease gross domestic product by 0.25 percent annually beginning in 2005. GDP will be lower by 1.0 percent in 2013 than it would be without the Bush plan. The result is a loss of 750,000 jobs by 2013 according to Mark Zandi, a well-respected, non-partisan economist at Economy.com.

The administration's policies are not considered to be ineffective on a partisan basis, they are considered to be ineffective on a bipartisan basis, as well.

Republican Senators have voiced concern about the ineffectiveness and irresponsibleness of this proposal.

The Chairman of the Federal Reserve has said that these large tax cuts, if not paid for by offsetting cuts in spending, will drive us deeper into deficit and that such high deficits and debt will actually hurt our long-term economic growth.

Other respected conservative economists have also warned us about the direction we are taking. For instance, AEI economist Kevin Hasset stated that the proposal, by cutting taxes in one year and then raising them in another, ''is one of the most patently absurd tax policies ever proposed,'' Similarly, Robert Bixby of the Concord Coalition said that the tax plan passed by the Senate just keeps ''building one gimmick on top of another gimmick.''

However, this administration continues to turn a deaf ear to their warnings, as it pursues its discredited economic theories.

Second, this conference agreement is irresponsible.

Two years ago, economists projected record surpluses; now they forecast record deficits. Recently the Congressional Budget Office raised its estimate of the deficit this year to more than $300 billion. This is the largest federal deficit ever in the history of our country. And it does not include the tax cut that is before us.

It is a fact that high deficits mean an increase in long-term interest rates on small business loans, families' mortgages, and education loans. These deficits therefore act as a hidden tax on working people.

Also the cost of all of the President's tax cuts and the deficits will explode just as baby boomers start to retire. Over the next ten years, more than $2 trillion will be raided from Social Security in order to pay for the President's tax cuts and spending plans. The Social Security surplus is going to be consumed.

Last month, Congressional Budget Office Director Douglas Holtz-Eakin said that the retirement of the baby boomers will drive spending on Social Security, Medicare and Medicaid alone from 8 percent of the economy's output today to 14 percent in 2030, and to 21 percent by 2075. When you also consider national defense, homeland security, education, health care, and other vital national priorities, you are left with a fiscal breakdown. But again, the administration is ignoring these warnings.

At the very time the President is asking for massive tax reductions, he is also asking for the largest debt limit increase in the history of the United States. He is seeking an increase of $984 billion. The President has dug this economy into a debt hole. He needs to stop digging. Yet, instead, he is reaching for a bigger shovel.

From coast to coast, states are facing the most serious fiscal crisis since World War II. States are in need of fiscal relief now. In Connecticut, we know that all too well. While there is a State relief package in the conference agreement, the overall agreement is going to hurt States not help them since this legislation will mean less resources for Connecticut and other States to invest in infrastructure, education, homeland security, and health care for needy children and the elderly.

Americans all over the country have expressed their opinions in poll after poll. They believe that we should not be passing a massive tax cut if it means cutting Medicare, if it means cutting social security, and if it means cutting education. This conference agreement ignores the concerns of the American people.

Third, this tax bill is unfair to working families.

Yesterday's Wall Street Journal had an article that says that through the President's tax proposal, some affluent investors may be able to avoid paying almost any taxes. Their tax bill would be almost near zero. This is unfair to middle-class Americans.

It is bad enough that we are going to force our children and grandchildren to shoulder the costs of this tax cut.

It is bad enough that this costly and irresponsible tax cut will bring about an average tax cut of $93,500 to tax filers who earn more than $1 million, while those households in the middle of the income spectrum, which includes the average family in Connecticut, would receive a tax cut of about $217.

It is bad enough that according to an analysis done by the Tax Policy Center, 36 percent of all U.S. households would receive no tax cut whatsoever in 2003 under the conference agreement, and 53 percent of households would receive a tax cut of $100 or less.

This bill also fails to address a crisis affecting Americans and small businesses—the burden of the high costs of health insurance. In the past year alone, health care premiums for businesses have risen more than 13 percent. This is extremely burdensome for small businesses, which employ 50 percent of the workers in this country. The Democratic alternative to the tax bill, which did not pass, provided small businesses with a 50 percent tax credit in 2003 to help pay their share of insurance premiums. This conference agreement that is before us contains nothing to assist small businesses that are struggling to keep their employees insured during these times when cash is tight and health care costs are rising.

In order to fit the massive tax breaks for the most privileged into the $350 billion limit that was agreed upon, the marriage penalty relief and the child tax credit increase will expire next year, which means a tax increase of $850 for a family of four with an income of $40,000 in 2005. Also, the small business expensing and bonus depreciation provisions, which would encourage business investments and provide them with needed relief, will also expire. This is essentially increasing taxes on small business owners.

In closing, I believe that the conference agreement before the Senate fails the test of common sense. It also fails the test of common decency. At a time of war, at a time of economic stagnation, at a time of rising national debt, and of rising national concern about how we will educate America's children and care for the health needs of our people, one might expect our national leaders to pursue policies calling for shared sacrifice to achieve shared benefits. Regrettably, that is not the case. This administration has a clear vision: to benefit the privileged few even if it means sacrificing the hopes and aspirations of the rest of the people. We can do better as a Senate, and do better for our country.

CEO SIGNATURE LEGISLATION

Mr. MILLER. Mr. President, as you know I have had a longstanding interest in an issue that requires chief executive officers to sign their company's tax returns. My amendment has been made part of the corporate inversion provisions as well as the CARE Act. I am hopeful to have this provision enacted into law because I believe that if Joe Sixpack is required to sign his tax return for his family and sign the oath that says "Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements and to the best of my knowledge and belief they are true, correct and complete", why shouldn't Josepheus Chardonnay be required to sign that same oath for his big corporation?

I understand my CEO provision came into the current tax bill when the underlying corporate shelter language was included and that it has been taken out at the same time that the corporate inversion language was taken out of the tax bill.

I would just like to reiterate that I am still interested in getting this CEO signature provision enacted into law. I think it is an important tool for improving corporate accountability. I would like to ask my colleague Senator GRASSLEY if we may continue to work with the Committee on Finance to get this amendment enacted in either the CARE Act or the next best legislative opportunity.

Mr. GRASSLEY. Mr. President, I am very much aware of Senator MILLER's interest in this provision. As you know, the Finance Committee has supported his provision by including it in two separate pieces of legislation that our committee considered this year. We had hoped to include it in this bill, even if the corporate shelter language was not included. Unfortunately, this measure has a negligible revenue effect and could possibly violate the Byrd rule. Accordingly, we were obliged to remove it from the bill. I give Senator MILLER my commitment, however, that we will continue to work with him on opportunities to get this amendment enacted into law this year. I would also add that I discussed this provision with Mr. THOMAS, the chairman of the House Ways and Means Committee, and his staff, and they indicated a willingness to examine and explore the measure in conferences on future bills.

Mr. MILLER. I thank the Senator and look forward to having this measure brought back to the Senate floor before the end of this year.

CHILD CARE FUNDING WITHIN STATE AID

Mr. HATCH. Mr. President, the Senator from Iowa has shown remarkable leadership abilities by stewarding through the Senate a tremendous economic stimulus bill, the Jobs and Growth Tax Relief Reconciliation Act of 2003. I recognize this was no easy task and I want to compliment the Senator on his hard work and successful negotiations in getting the bill through a difficult conference with the House. The Nation and the economy will benefit from this great work.

I understand the final version of this bill we are considering today contains $20 billion for State aid, with $10 billion of that aid going to States to help them pay for a state's essential government services. I believe the States will be very grateful for Congress' willingness to provide these funds.

Although the bill clearly says that States may spend these funds on "essential government services," I believe that the States would appreciate some clarification as to the definition of "essential government services." I refer specifically to whether these funds may be used to pay for child care. In my home State of Utah, there is a great need for child care funding to help parents in or near poverty have a safe place for their children to stay while they work to provide money for their families. However, I believe this need is not a Utah-specific issue, but a nationwide problem that needs to be addressed.

I understand the distinguished Senate Finance Committee chairman has a long history of supporting initiatives which not only help children, but help families who may be on the cusp of self-sufficiency and I thank you for your efforts in this regard.

To this end, I would just like to clarify for the record that it is the intent of Congress to include child care expenses as an acceptable expense under the "essential government services" clause in the legislation, ensuring that States may use the $10 billion provided in the bill for child care expenses?

Mr. GRASSLEY. I would say that as my good friend, the Senator from Utah, knows, the Jobs and Growth Tax Relief Reconciliation Act of 2003 is first and foremost an economic stimulus bill. The most effective aid the Federal Government can give to States or individuals is a healthy economy with a robust job market. Without jobs, families with children won't need child care services and won't have any way to pay the family bills.

I thank the good chairman of the Judiciary Committee and understand his concern over the State aid portion of the legislation. We have tried to provide as much leeway as possible to the

States. However, it would be impossible to list all of the acceptable activities for which a state could use his money. Therefore, the Congress has broadly defined the allowable activities for which States could spend their temporary fiscal relief dollars.

Therefore, my answer to the question posed to me from the Senator from Utah is yes. We did intend for child care expenses to be included as an element of ''essential government services'' provided that a state is currently operating a child care program and expenditures for child care were permitted under the most recently approved budget for the State.

Mr. HATCH. I am very appreciative to the Senator from Iowa for this clarification. I know it will be very helpful to those families who rely on these services. I thank the distinguished Finance Chairman for his time.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, as this debate on the budget reconciliation bill comes to a close, I congratulate the chairman of the Finance Committee, CHUCK GRASSLEY. He has done a very good job with a very difficult task. For him, the race has not been easy. Even though some may not have thought it possible, he has come to the finish line today.

In some ways, the conference report has responded to the debate in the Senate. For example, the conference report did move roughly three-fifths of the benefits of the package into the first 2 years. That is clearly more stimulative than the structure of the bill that went to conference.

I also wish to commend Senator GRASSLEY, Senator VOINOVICH, and Senator SNOWE for doing what they could to restrain the total size of the bill. Senator VOINOVICH kept his promise and forced the conferees to keep the conference report, on its face, within the $350 billion Senate agreement.

Unfortunately, this tax bill busts through the $350 billion with a series of gimmicks to hide the true cost of the bill. In this time of increasing deficits, we must live within limits. This conference report fails to do so. Instead, it uses a series of sunsets to shoehorn large tax cuts into a small budget window. In the words of a conservative tax cut advocate, Stephen Moore, ''It's bigger than it looks.''

The conferees have designed a tax cut that is one big yo-yo. Now you see it, now you don't. Child credit is increased for 2003 and 2004. Then it is taken away. Part of the marriage penalty is eliminated for 2003 and 2004, and then the penalty comes back. The 10-percent tax bracket is expanded for 2003. Then it reverts back. Even the dividend tax cut disappears after 2008. If accounting gimmicks and financial statement manipulations were intolerable for corporate America, then why not for the Congress?

Further, this conference report is not fair to working Americans or to our military personnel. The benefits of this bill are skewed heavily to the elite. One of the beauties of America is that we work to treat people equally, but this bill does not treat all Americans alike. We are not being brought together as Americans.

The bill lowers the rate for dividends, it lowers the tax on capital gains, and it increases the tax on 1.6 million more Americans by forcing them into the alternative minimum tax in 2005. The bill says it is a priority to ensure that only the people who pay full freight are those hard-working Americans who earn their income in wages.

The bill that returned from conference also stripped out provisions to provide tax relief for those serving our country in the armed services—those serving in Iraq, Afghanistan, and across the globe.

This conference report does less than it could to rebuild the American economy. It misdirects its tax breaks to those more likely to save them and less likely to spend them immediately.

The bill increases the budget deficit and lays the bill at the door of our children and our grandchildren, it fails to follow in the American tradition of fairness, and the bill is simply not structured to be effective in rebuilding the American economy.

This week, Alan Greenspan expressed his dismay at the lack of budget discipline in Washington, especially with the failure to take seriously the significant budget problems looming because of the aging and baby boom generations. In his words, ''The silence is deafening.'' I will not be part of that silence.

I urge Senators to consider what they are doing today. I urge my colleagues to vote against this conference report.

I reserve the remainder of my time, Mr. President.

Mr. GRASSLEY. Mr. President, I yield 1 minute to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I thank the chairman and the ranking member for the hard work they have done. We can go into great details. We have been doing that for weeks. The point is, we have a problem with the economy. Our purpose here is to do something to stimulate that economy. This bill will do that.

We have been through all the details. We have been through it in committee. We have been through it on the floor. We have been through it on the conference committee. Now we are back. It is time to do something to create jobs in this country. This bill will do it.

I thank the leadership for their help.

The PRESIDING OFFICER. Who yields time?

The Senator from Iowa.

Mr. GRASSLEY. I yield myself such time as I might consume.

As we wind down debate on this bill, it is very important that I give appropriate thank-yous to people who have worked so hard on putting this bill together. I am talking about the staff of the Finance Committee and the Joint staff, both Republican and Democrat: Chief tax counsel, Mark Prater; chief of staff, Kolan Davis; Ed McClellan, Dean Zerbe, Christy Mistr, Diann Howland, Elizabeth Paris, and Brad Cannon; members of the health staff of the Finance Committee: Colin Rosky, Jennifer Bell; members from the Budget Committee staff: Chief of staff, Hazen Marshall; Cheri Reidy, Beth Felder, and Rachel Jones; Staff of Majority Leader FRIST and Assistant Majority Leader MCCONNELL, including Lee Rawls, Eric Ueland, Rohit Kumar, Bill Hoagland, and Mike Solon.

All of the staff of the Joint Committee on Taxation worked through the night on many occasions. As one who was caught in the crossfire on this bill, I can appreciate when they take the heat from both sides on revenue estimates.

I would especially like to thank George Yin, Mary Schmitt, and Bernie Schmitt of the Joint Tax Committee. I wish more of the participants in the tax legislative process realized how tough the Joint Tax's job is; conferee staff, including Evan Liddiard and Garett Jones with Senator HATCH's office; Laura O'Neill with Senator LOTT's office; Lisa Wolski and Lawrence Willcox of Senator KYL's staff.

Senate legislative counsel, these folks, of course, are true legal wizards who do excellent work under amazing pressure. This group includes Jim Fransen, Mark Mathiesen, and Ruth Ernst. Then a team of people who worked on the State aid issue so much: Ted Totman, Steve Robinson, Becky Shipp, Leah Kegler, Michaela Sims, and Amy Tejra with BEN NELSON's staff, and Michael Bopp with Senator COLLINS; Treasury Department staff, including Pam Olson, Greg Jenner, J.T. Young, and Drew Lyon; the administration staff, including Ziad Odjakli, O. Jack Lee, Christine Burgeson, Candi Wolff, and David Hobbs.

Finally, I would like to thank Senator BAUCUS's Finance Committee staff who assisted in the creation of a better product during times when we were able to work collaboratively: Jeff Forbes, Bill Dauster, Russ Sullivan, Matt Jones, Pat Heck, Anita Horn-Rizek, Liz Liebschutz, and Jonathan Selib. I really appreciate all of that.

I am very pleased with the bill that is before us today. We have given the country some very good tax relief and investment incentives. But there is one provision in the bill that I intend to change, and that is to let the inverters of the world know they better be on notice, as far as I am concerned.

The new 15 percent tax rate applies to dividends paid by foreign corporations to their U.S. shareholders. That is good policy.

What is not good policy is when those dividends are paid by a phony foreign shell corporation created by a U.S. corporate inversion. In an inversion, a U.S. corporation pretends to move its headquarters to a phony shell corporation that is nothing more than a folder in a filing cabinet or a post box in a tax haven. With this phony tax haven parent corporation in place, the U.S. company is positioned to rip its taxable income out of the United States through artificial interest payments to the tax haven shell, which are legally deductible on its U.S. return. This structure also allows the corporate inverter to move U.S. assets offshore and outside the reach of the IRS on a tax-free basis.

I question whether it is proper to allow a tax cut for dividends from a corporate inversion. The House blocked my efforts to insert this ban in today's legislation. Because the President wanted the Jobs & Growth bill on his desk by Memorial Day, I chose not to block the legislation over this issue.

I acknowledge that it is the shareholders who would be denied the rate reduction, and not the corporate management that engineered the inversion. But an inversion requires shareholder consent. Usually around 60 percent must approve of the inversion. So do not let it be said that all shareholders are innocent bystanders in an inversion. Those who disapprove of the transaction are always free to sell their shares.

We should not give a tax cut that benefits an inversion, and I will continue to examine this issue and hopefully put a stop to it.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I commend the chairman for raising this issue at conference. It is a very serious issue; that is, whether corporations that invert should enjoy the privileges of some of the provisions of the bill about to be passed and soon signed by the President.

I say to my good friend that I want to work with the chairman in defining what the proper way is to deal with dividends paid by corporations who invert. I hope to find a good solid solution.

I yield back the remainder of my time.

Mr. GRASSLEY. Mr. President, how much time remains on my side?

The PRESIDING OFFICER. The chairman and the ranking member have both consumed all of their time.

The Democratic leader.

Mr. DASCHLE. Mr. President, I know we are about to vote. Prior to the time we cast our vote, I wanted to make some final comments on this bill. We have been debating this issue now for several months. Above and beyond anything else, economists from virtually all philosophical backgrounds have urged us to be responsible. They have said if you are going to do anything regarding fiscal policy, make sure you do not make the problem worse. They advised us to be immediate, make sure we have the greatest impact immediately.

Finally, they said whatever you do, make sure you attempt to be effective. There are a lot of ways to cut taxes. Some are effective in stimulating the economy and others are not.

I firmly believe this bill fails on all counts. What is more remarkable is that this bill represents, in my view, a strategy that was employed just 2 years ago, with disastrous results. In the name of economic stimulus, the administration demanded that we pass a tax bill to stimulate jobs 2 years ago, and the result, of course, is now obvious to us all: 2.7 million jobs have been lost since 2001.

Economy.com, one of the prestigious analytical firms that has looked at this bill, predicts this bill might create 600,000 jobs for 2004, but then, according to Economy.com, we could see the loss of 750,000 jobs as a result of the passage of this bill during the next 9 years.

Not only is this bill grossly ineffective, I believe it is irresponsible, unfair, and duplicitous. First, it is irresponsible because the money for this plan comes directly from Social Security. How many businesses would borrow from pension funds to pay a dividend? Yet that is exactly what this bill does. It borrows the money to pay out tax cuts in large measure just as pension funds would be borrowed to pay a dividend.

It is irresponsible because we are cutting taxes by approximately $800 billion, if there were no sunset, with a $400 billion deficit this year. It is irresponsible because just as we pass this bill, we will be asked to vote on a debt limit increase of $984 billion sometime later today. It is irresponsible because this tax cut means less investment in education, less investment in homeland security, less investment in prescription drug coverage.

Second, this bill is remarkably unfair. It is steeply tilted against the middle class and toward the elite few but provides little or no benefit to the vast majority of Americans. A typical South Dakotan, according to all the analyses I have seen, would receive less than $100 when this bill passes.

Finally, this bill is duplicitous. The gimmickry in this bill has enough sleight-of-hand budget tricks to make an Enron accountant blush. Economists say the now-you-see-it, now-you-don't kind of tax cut is the worst kind. What they want is stability. What they want is certainty. What they want is an absolute assurance that they are not going to see changes year in and year out with the Tax Code. That is exactly what this Tax Code does. I believe our colleagues did the tax equivalent of a triple back flip off the high dive and they belly-flopped. It is a belly flop we will all feel.

Americans have said in poll after poll we ought to be very careful about passing tax breaks if it means cutting Medicare; that they oppose new tax breaks if it means cutting Social Security; that we ought not have new tax breaks if it means cutting homeland security; that we should not see new tax breaks if it means cutting education. This bill turns its back on the American people. That is why I will vote no.

I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. FRIST. Mr. President, I take this opportunity prior to this important, significant vote to thank and congratulate the chairman of the Finance Committee, Chairman CHUCK GRASSLEY, and his staff on the tremendous work they have done over the past several days but really over the past 30 days to bring the Senate to this conclusion in 3 minutes or so. I also thank the ranking member and his staff and especially the staff of the Joint Tax Committee for the long hours and work they have devoted to legislation that is straightforward in what it accomplishes, to create jobs and grow the economy, which is quite complex when you look at the moving parts where we have had to marry the House bill with the Senate bill.

In many ways, in large part because of a number of discussions that seem a long time ago, it was just 2 weeks ago the Finance Committee met its instructions under this year's budget resolution to report a tax reconciliation bill to the Senate, a bill complying with this year's budget instructions to craft an economic tax stimulus bill. That was just 2 weeks ago. It was just 1 week ago last night that the full Senate passed and sent to conference a revised tax reconciliation bill.

We are here this morning with an opportunity to pass and send to the President a bill that will provide immediate relief to millions of American families, businesses and, indeed, States. And it will create jobs.

Economists say again and again our economy in this country is like a great ship that cannot be turned around quickly, but while our economy today is moving in the right direction and it does not need to be turned all the way around, it clearly needs to pick up pace. We need to stoke those boilers in that ship, that ship being the economy, in order to create those jobs.

Of the $350 billion stimulus and growth provided in the bill before the Senate this morning, nearly 60 percent, or $200 billion of this tax and fiscal relief is provided this year and next. It is immediate. It is short-term stimulus to grow the economy and jobs. I add that this is more stimulus in the first few years than either the President's original proposal or the House bill or the Senate bill. This is a major stoking of those boilers in that economy, in that ship of the economy.

In a few moments I believe we will pass what is the third largest tax relief package in history. This is a great victory for the American people. Why? We talk about the big numbers and I talked about the $350 billion, but the wonderful thing is it boils down to greater job security for people who may be listening at this moment, people who are looking for jobs or want jobs. It elevates that sense of security for them. Why? Because it creates jobs. It grows the economy. It means if you do not have a job and you wake up and open the newspaper and you are looking through those classified ads, you are more likely to get a job after passage of this bill. It means if you have a job today but you feel insecure about it because the economy is not moving quite as fast or quite as quickly, it is more likely you will be able to keep that job and it will be with you long term and you do not have to worry every morning when you wake up about losing that job. The bill stimulates the economy and it stimulates job creation. What we have been able to fashion after a lot of negotiation, a lot of compromise on both sides of the aisle and in this body, with the other body, and in addressing the President's initial proposal, is a bill that does it now; it moves the stimulus up to now when people want it.

If you are a schoolteacher, you will this year have more money to spend on your children's clothes or you will be able to make those mortgage payments a little bit easier than you did 6 months ago or last year. If you are a mom and dad and you have three children, it means you will receive $3,000 this year. You will receive $3,000, if you have 3 children, in child tax credits to spend on their needs. Maybe you will be able to buy them each that computer they need, that they deserve, to stay in tune with what we can provide in education today.

Twenty-five million Americans will receive this child tax credit this year, now, with passage of this bill. If a policeman and a teacher are married and are unfairly paying more in taxes—you are paying more in taxes because you are married than if you were not married—relief is on the way when we pass this bill.

As we all know, most jobs—probably 70 percent or 80 percent is the figure we use—most jobs are created by small businesses. That is a fact. It is not the large corporations that provide jobs; it is the small businesses. It is the small businesses where ideas arise, where innovation takes place, where capital is consumed, is invested, where expansion takes place, and jobs are created. They are the engines of economic growth and will be in this bill we will pass in a few moments. The small businesses are directly and specifically stimulated in terms of growth, investment, and expansion. They will hire more people, they will create more jobs.

With passage of this bill, if you have a job, no matter what the job is, whether it is a low-paying job or a high-paying job, you will be better off. Your family will be better off. You will have more money. Our Government is simply saying, We trust you with the money you earn. We are saying, once again, It is your money. We are saying, You are the best steward of the resources that you earn, to save, to invest, to spend on your family, on your small business. Today, after the President signs this bill that was passed by the House last night and will be passed by the Senate today—and you can say this to every single American—you will have more money and will pay less in taxes.

In closing, I thank the President of the United States and the Vice President. The President has shown remarkable leadership in putting forth this jobs-and-growth package, in promoting it in every step long the way. True leadership.

I also thank the Vice President, our own leader in the Senate, who has worked literally nonstop over the last several days to help us marry the original House proposal with that Senate proposal. We thank them for their leadership.

Indeed, this bill accomplishes the goals we all share in this body; that is, to move America forward, to grow the economy, and to create jobs and job security for all Americans. Now let's move to pass this bill that will, indeed, benefit all Americans.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the conference report accompanying H.R. 2.

The clerk will call the roll.

The legislative clerk called the roll.

The yeas and nays resulted—yeas 50, nays 50, as follows:

[Rollcall Vote No. 196 Leg.]

YEAS—50

Alexander	Dole	Miller
Allard	Domenici	Murkowski
Allen	Ensign	Nelson (NE)
Bennett	Enzi	Nickles
Bond	Fitzgerald	Roberts
Brownback	Frist	Santorum
Bunning	Graham (SC)	Sessions
Burns	Grassley	Shelby
Campbell	Gregg	Smith
Chambliss	Hagel	Specter
Cochran	Hatch	Stevens
Coleman	Hutchison	Sununu
Collins	Inhofe	Talent
Cornyn	Kyl	Thomas
Craig	Lott	Voinovich
Crapo	Lugar	Warner
DeWine	McConnell	

NAYS—50

Akaka	Dayton	Kohl
Baucus	Dodd	Landrieu
Bayh	Dorgan	Lautenberg
Biden	Durbin	Leahy
Bingaman	Edwards	Levin
Boxer	Feingold	Lieberman
Breaux	Feinstein	Lincoln
Byrd	Graham (FL)	McCain
Cantwell	Harkin	Mikulski
Carper	Hollings	Murray
Chafee	Inouye	Nelson (FL)
Clinton	Jeffords	Pryor
Conrad	Johnson	Reed
Corzine	Kennedy	Reid
Daschle	Kerry	

Rockefeller	Schumer	Stabenow
Sarbanes	Snowe	Wyden

The VICE PRESIDENT. On this vote, the yeas are 50, the nays are 50. The Senate being equally divided, the Vice President votes in the affirmative, and the conference report to accompanying H.R. 2, to provide for reconciliation pursuant to section 201 of the concurrent resolution on the budget for fiscal year 2004, is agreed to.

Mr. GRASSLEY. I move to reconsider the vote.

Mrs. HUTCHISON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, before we turn to the debt limit bill, I just have a couple of remarks to make.

Putting this tax bill together that was just passed has been a difficult task and made more difficult by the politics involved. Nonetheless, the Finance Committee staff—both Democrats and Republicans—worked very well together, I think in a bipartisan fashion, to help get us where we are.

I thank the Finance Committee staff for their counsel and for their hard work. They spent many long hours on this legislation.

I appreciate the cooperation we received from the Republican staff, particularly Kolan Davis, Ted Totman, Mark Prater, Christy Mistr, Ed McClellan, Elizabeth Paris, Diann Howland, and Dean Zerbe.

I also thank my staff for their hard work and dedication, including Jeff Forbes, Russ Sullivan, Bill Dauster, Matt Jones, Liz Liebschutz, Patrick Heck, Anita Horn Rizek, Jonathan Selib, Lara Birkes, Liz Fowler, Alan Cohen, Tom Klouda, and Kate Kirchgraber.

I also thank our dedicated fellows: Alisa Blum, Mark Kirbabas, Rhonda Sinkfield, and Renee Johnson.

Finally, I thank our intern, Mike Wiedrick, who joined the Finance Committee the week of the markup of this bill and did not miss a step.

Particularly, I thank the staff of the Joint Committee on Taxation for their invaluable service. They worked very hard under very difficult circumstances. I know I speak for all Members in commending them.

Mr. KOHL. Mr. President, the Senate voted today on a so-called ''jobs and growth'' package. I voted against this package, Mr. President, because I'm still looking for the part of the package that will result in jobs and economic growth. In fact, I would like to take this opportunity to explain to my colleagues, and the people of Wisconsin, what exactly it is that I have found in this package, and what it's lacking.

As I look through the conference report before us, I have found proposals that fall far short of helping to boost our economy and creating jobs for the American people. The cost of this package, which is much higher than estimated due to the gimmick of sunsetting provisions, will only increase our already record-setting debt. As great an economic authority as Alan Greenspan has made it clear that growing debt and increasing interest rates will do nothing to create jobs or benefit the economy. In fact, just the opposite will result.

In addition, this package includes provisions that will overwhelmingly benefit the wealthy, again to the detriment of the economy and the jobless. How do you create consumer demand by giving money to those least likely to spend it? How do you create jobs by rewarding those who are so rich they obviously have high paying jobs or don't even need them?

Those are a few of the provisions that are included in this bill. What is not included? There is not enough money going to help the States out of their fiscal crises. My State of Wisconsin is facing a budget gap of nearly $300 million. How can I vote for a package that does so little to close that? While I support the meager amount that was included in the final bill, I am disappointed when I compare it to what we could and should have done. In addition, I strongly oppose the dividend tax provisions that, in States such as Wisconsin, which tie their definition of taxable income to the federal definition, will suck back over half of the state aid the bill includes. Our struggling States don't need that kind of legerdemain—sending a small, temporary cash infusion while enacting a long-term erosion in their tax base.

In addition, I am equally disappointed that many of the provisions that would have actually helped middle and lower class families will sunset after 2004, providing little or no benefit to the families who need it the most. The bill drops a Senate provision to accelerate a component of the child tax credit that would have directly benefited working families across the country. The bill does not have real relief from the alternative minimum tax, a provision that will increasingly affect middle class families over the coming years. Finally, in the long list of examples of what this bill lacks, several of the loopholes that would have been closed under the Senate bill have been left out of the conference report, allowing companies to continue to use a myriad of tax shelters.

As I review what is in this bill, and what isn't, I am confident that the majority of the people of Wisconsin will not benefit from what we have done here today. It is for their interests that I have to work, and I cannot in good conscience support a bill that will not benefit them.

Mrs. FEINSTEIN. Mr. President, I rise in strong opposition to the final version of the reconciliation bill, which has emerged from conference committee.

Last week I came to this floor to express my opposition to the tax cut which emerged from the Senate. And I believe that the bill which passed the House was no better. Unfortunately, this conference report has even less to recommend it than either of those bills.

This bill will add an additional $350 billion to our deficit over the next 5 years, all of which will be paid for by future generations of taxpayers. Even worse, it contains so many sunsets and phase-outs that it makes a mockery of our tax code.

Some provisions last only through the end of next year and others phase out in each subsequent year, until the whole tax cut is finished by the end of 2008. This bill is a patchwork quilt of temporary cuts and provides neither short-term stimulus nor long-term structural tax relief. Indeed, all it provides is a great deal of uncertainty to the average American taxpayer.

Rather than view the reluctance of the Senate to pass a large tax cut as a sign of concern over our historic federal budget deficits, the conferees used a grab-bag of tricks to stuff a $1.1 trillion tax cut into a $350 billion package. Many of those cuts are likely to become permanent, which will further increase deficits and the federal debt.

Quite frankly, I am not fooled by this slight of hand, and I am sure that the average American will not be either.

By lowering tax rates on both dividends and capital gains, the Conferees ensured that this bill is even more regressive than the President's original proposal, because capital gains income is skewed even more to the wealthiest Americans than dividend income.

Between now and 2006, the period during which the majority of the tax cuts are in effect, 54 percent of the tax cuts will go to the 5 percent of Americans who earn over $150,000 annually. The top one percent of Americans, who earn an average of just over $1 million annually, will take away 37 percent of the tax cuts.

In those areas that count most, this bill provides very little relief. It provides $20 billion in state aid, which is a start, but which is much less than the $40 billion which is required to have a meaningful impact on state budget deficits, which in many cases have reached crisis proportions.

At the same time, this bill strips out a provision in the Senate-passed bill which would accelerate the refundability of the Child Tax Credit for families earning $10,000 to $30,000 per year. In fact, 29 percent of married and head of household filers will receive no tax cut in 2003 under the bill, while higher-earning families will receive a $400 rebate check this year.

And this bill preserves the most regressive portion of the tax cut—the cut to taxes on dividends and capital gains—through 2008, while cuts targeted at middle income families, such as marriage penalty relief, are only provided for 2 years.

Mr. President, this tax cut makes no sense—no sense at all. It provides little benefit to those taxpayers who are likely to generate new consumer demand, and instead boosts the income of wealthy taxpayers who will spend little if any of it on goods or services.

Keep in mind that the 2001 tax cuts are only now coming into full effect. In June of 2001, I voted in favor of a $1.35 trillion tax cut, which remains the largest tax cut in history. That tax cut will return $300 billion to American taxpayers by the end of next year, and will provide $90 billion in tax relief this year alone.

The top 1 percent of taxpayers, who will receive 37 percent of the benefits included in the Reconciliation bill, are already scheduled to receive an average of $11,300 in tax relief this year.

There is simply no reason to add another tax cut on top of what was already the largest cut in history, particularly when every dollar in tax cuts must be paid for by new debt.

Gross Federal debt currently stands at $6.7 trillion. If the provisions in this tax cut are permanently extended, as this Administration intends, then our federal debt will rise to $12 trillion by the end of the decade.

The President claimed that any deficits created by his fiscal policy would be ''small and short-term.'' It does not take an accountant to understand that the deficits now projected by the Congressional Budget Office are neither small, nor short-term, and, in fact, will not fall below $300 billion before 2013, if the Social Security surplus is excluded.

Our on-budget deficit in 2003 alone will exceed $500 billion. That means that nearly one-quarter of our $2.2 trillion in gross Federal spending is financed through deficit spending. There is nothing cyclical about a deficit of one-quarter of your total spending—rather, it is a structural deficit that cannot be sustained.

Deficits of the magnitude we are now incurring will drive up long-term interest rates and stifle economic growth.

If you or I were to walk into a bank and ask for a loan, and we told our bank officer that we expected to earn $30,000 per year for the next decade, but spend $40,000 per year over the same period, we would be laughed out of the building. But that is exactly what our Federal Government is now planning to do.

This is unconscionable, and this is why I have voted against this tax bill.

The fact that, later today, we must vote to increase the Federal debt limit stands as a clear indication of the very grave fiscal straits in which we now find ourselves.

It has taken just 2 years to squander our hard won budget surplus, and we are forced to vote to increase the debt limit because this administration, along with this Congress, are placing irresponsible tax cuts ahead of fiscal discipline and common sense.

In this year's State of the Union message, President Bush stated: ''We will not deny, we will not ignore, we will not pass along our problems to other

Congresses, to other presidents, and other generations.''

Well, Mr. President, by voting to increase our debt limit, we are now handling an additional $984 billion dollar debt as our gift to those future generations.

This is why I am voting for an amendment offered by Senator BAUCUS that would increase the Federal debt limit by $350 billion, an amount which will ease the current pressure on our Treasury but force us to review our fiscal policy within the next 9 months.

This, to me, is the prudent course given our current fiscal straits. To increase the debt limit by $984 billion all at once is to write ourselves a 2 year free pass at the expense of regular review. It is, without question, the wrong thing to do.

Mr. FRIST. Mr. President, putting this bill together has been a challenging task. Many Senators have played important roles in this legislation but it could not have been done without the contributions of our staff. Without the aid of these individuals, the work of this institution would be impossible to accomplish. I would like to recognize the hard work and dedication of those staff members whose contributions to this legislation have been critical and without whom we would not have been able to pass this very important bill.

On the Finance Committee, I want to recognize the contributions of Chairman GRASSLEY's staff. On the tax side, I want to especially thank the committee's chief tax counsel, Mark Prater, the committee's staff director Kolan Davis as well as Ed McClellan, Dean Zerbe, Christy Mistr, Diann Howland, Elizabeth Paris, and Brad Cannon. I also want to thank Ted Totman, Steve Robinson, Leah Kegler, and Becky Shipp for their work on the State aid provisions.

I would also like to acknowledge the contributions of Chairman NICKLES' Budget Committee staff, including Rachel Jones, Hazen Marshall, Beth Felder, and Cheri Reidy. I should also thank Lisa Wolski and Lawrence Willcox of Senator KYL's staff, whose efforts were integral to the success of this bill.

Also integral to our efforts was the work of the entire staff of the Joint Committee on Taxation and the Senate Legislative Counsel's office. Specifically, George Yin, Mary Schmitt, and Bernie Schmitt of the Joint Committee and Jim Fransen, Mark Mathiesen, and Ruth Ernst at Legislative Counsel. They have all put in long hours to help bring this bill to completion.

I would also like to acknowledge the efforts of those individuals from the administration, all of whom dedicated significant time and effort to this bill. From the White House, I would like to thank Ziad Ojakli and Christine Burgeson from the Legislative Affairs Office and Pam Olson, J.T. Young, John Kelly, and Greg Jenner from the Department of Treasury. Without their efforts and cooperation, this bill could not have come to pass.

Finally, I would like to thank my staff and Senator MCCONNELL's staff for their work in getting both a bill and then a conference report through the Senate in just over a week's time. From Senator MCCONNELL's office, I would like to especially thank Kyle Simmons and Michael Solon. From my office, I would like to thank Lee Rawls, Eric Ueland, Bill Hoagland, and Rohit Kumar.

These staff members have worked diligently and largely in anonymity. Given all that they have done in service to their country, I think it is appropriate to recognize their work publicly so the rest of the country knows, as we all know, how well we are served by our staff.

The VICE PRESIDENT. The Democratic leader.

ORDER OF PROCEDURE

Mr. DASCHLE. Mr. President, having passed the tax cut, our attention now turns to increasing the debt limit. We will have a number of amendments. I just thought it would be helpful for Senators to know we will not stack these votes. We will offer them, and there will be short time limits, maybe 10 minutes per amendment.

The first one will be offered by the distinguished Senator from Montana, the ranking member, Mr. BAUCUS. Senator KENNEDY will have one on unemployment. I will have a sense of the Senate on Social Security. There will be a couple of others. But these amendments will be offered and debated and then voted on as we go through the morning. So Senators will probably want to stay close to the floor in order to be here to vote so we can expedite consideration of these amendments.

Mr. President, I ask unanimous consent that the Baucus amendment be limited to 10 minutes equally divided, with no second degrees.

The VICE PRESIDENT. Is there objection?

Mr. THOMAS. No objection.

The VICE PRESIDENT. Without objection, it is so ordered.

INCREASING THE STATUTORY LIMIT ON THE PUBLIC DEBT

The VICE PRESIDENT. The clerk will report the next order of business.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 51) increasing the statutory limit on the public debt.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from Montana.

Mr. BAUCUS. Mr. President, today we are discussing legislation to raise the statutory limit on the Federal debt, the ceiling on how much the Treasury Department can borrow. It is a very important matter.

The Federal debt is like the family credit card. Sooner or later you have to pay down the debts that you have already incurred. If you don't, your credit rating will suffer. The way the Government raises the debt limit is also like a family who just keeps calling the bank every time they hit the credit limit and asks the bank over and over again for an increase in their credit limit without regard to anything else. Rather than pay down their debt, they just keep on asking for a higher debt limit.

When the credit card bill comes, it is a time to reassess the family's budget. It is a time to review the debts and to control the future spending. The fiscally responsible approach is that of the typical Montana family who, rather than just ask for an increase in their credit limit, sits down at the kitchen table and reassesses their budget. And so should we.

Let's put this in perspective. This debt limit increase is one big bill. This bill calls for an increase of almost $1 trillion. I have a chart behind me that shows the increase of the debt limit. This bill calls for an increase of $984 billion in the debt ceiling, nearly $1 trillion. This will be the largest debt limit increase in history. This will be an increase of about $3,400 in debt for every man, woman, and child in America. That is signified by the column on the right, which is the debt limit increase being asked for here.

That is just the increase. The debt subject to limit is already more than $22,000 per person. This $3,400 increase would come on top of that. Before this bill, the largest increase was in 1990, under the first Bush administration. Then the Government increased the debt limit by $915 billion.

Since 1990, the Government has increased the debt limit five times. The average of those five increases was about $450 billion. So $984 billion is a very large number. It is out of line with the most recent precedents. It is too large a number for us to make now.

As this debt limit increases, it is just the tip of the iceberg. The budget resolution lays out the fiscal course on which we are headed. Page 4 of the budget resolution says in black and white: If we follow the budget resolution, the debt will grow to $12,040,000,000,000 in 2013. That is page 4 of the budget resolution Congress passed. That would be $39,000 in debt for every man, woman, and child in the country in 2013, 10 years from now. Following the budget resolution, of course, would leave a legacy of nearly $40,000 in debt for every American child coming into the world about the time the baby boomers arrive.

I come from a State where the average income per person is about $22,000. So these are large numbers. This large debt means that the Federal Government has to spend the first dollars it receives to pay interest on past debts. Before the Government can spend a cent on national defense, education, it would have to set aside $157 billion a year on net interest on the debt. More