



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 109th CONGRESS, SECOND SESSION

Vol. 152

WASHINGTON, WEDNESDAY, FEBRUARY 1, 2006

No. 10

Senate

The Senate met at 9:15 a.m. and was called to order by the President pro tempore (Mr. STEVENS).

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Spirit of love, enlarge our horizons. Give to us this day vistas that lie beyond pessimism and negativity. Enable us to lift our eyes to You, our provider, sustainer, and friend. May we never permit today's challenges to make us forget how powerfully You have led us in the past.

Bless our legislative branch today with Your wisdom. Help our Senators to follow the path that leads to the fulfillment of Your purposes. Inspire them to focus on the priorities that will accomplish the most good for Your glory. Strengthen them to labor with such faithfulness that Your will may be done on Earth as it is done in heaven.

Take war and strife from our world and hasten the day when nations will live in friendship with each other, united by Your sovereignty.

We pray in Your marvelous Name. Amen.

PLEDGE OF ALLEGIANCE

The PRESIDENT pro tempore 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.

RESERVATION OF LEADER TIME

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

TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005

The PRESIDENT pro tempore. Under the previous order, the Senate will pro-

ceed to the consideration of H.R. 4297, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4297) to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006.

Mr. FRIST. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. FRIST. Mr. President, today, in just a short while, we will begin consideration of the House-passed tax reconciliation bill. As Senators remember, the Senate passed our bill, the Senate bill on November 18. We considered the bill for 3 days and after 17 votes, passed the bill with a 64-to-33 vote. With the two bills now complete, we would normally reach agreement to send them to conference to produce a final conference report. I have had a number of conversations with the Democratic leader on this matter. I know Members on his side of the aisle will object and desire to start the House bill with the 20 hours remaining under the statute. That is their right and that is what we will be doing.

We have already considered the Tax Relief Act of 2005, and it is not my desire to take up any more of the Senate's time on this bill. We do need to move forward and get both bills to conference in order to reach an agreement on final language. That would take unanimous consent and, with objection from the other side, we have no choice but to proceed in the manner that we will, under statute over the next 20

hours. I do ask that Senators on both sides of the aisle use restraint and try not to use their entire block of time.

Much of the discussion that carried on in the quorum call is how we can organize that in such a way to consider amendments appropriately and in a reasonable way. But we should not have to use all 20 hours. We have a lot of other important issues to consider.

In the meantime, we will be on the reconciliation bill throughout the day and the evening and the rest of the week until we finish the measure.

I ask unanimous consent that after the House bill is reported, we begin a period of morning business, as under the order from last night, and further, that following the scheduled morning business period, the bill be open for debate only until later today when either I or the assistant majority leader is recognized.

The PRESIDENT pro tempore. Is there objection?

Mr. REID. Reserving the right to object, I haven't talked specifically to either one of the Republican leaders about this, but I would like that to be amended. We did not clear time for Senator DURBIN to speak as in morning business. I ask unanimous consent that he be allowed to speak in morning business for 15 minutes, and another 15 minutes would be added to the time of the majority, and that the only thing that would be out of the ordinary is that Senator DURBIN would be recognized. The Republicans are to have the first half hour. I ask that Senator DURBIN be recognized for 15 minutes. He has to give a speech. He could be recognized to use his additional 15 minutes when we start morning business.

The PRESIDENT pro tempore. Is there objection?

Mr. REID. We understand that additional half hour would come out of the time on the resolution.

Mr. FRIST. As I understand it, all morning business time, including this additional 30-minute increment, would be part of the 20 hours.

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



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The PRESIDENT pro tempore. Is there objection to the request of the Democratic leader?

Mr. FRIST. Reserving the right, the recognition prior to Senator DURBIN would be to Senator BOND?

Mr. REID. I am trying to get to Senator DURBIN so he can go downtown and give a speech. How long will the Senator from Missouri be talking?

Mr. FRIST. We have the initial 30 minutes. Is the request made to talk within our 30 minutes?

The PRESIDENT pro tempore. The Chair understands the request is for Senator DURBIN to speak before the 30 minutes commences.

Mr. REID. Through the Chair to the Senator from Missouri, how long will you be speaking?

Mr. BOND. Mr. President, responding to the distinguished minority leader, I plan to speak about 10 minutes. I would be happy to allow Senator DURBIN to go first. I have some obligations.

Mr. REID. I am wondering if after you complete your speech, could he go ahead and do his?

Mr. FRIST. Mr. President, reserving the right to object, we had 30 minutes. Our people are not here, but they were lined up. The plans had been scheduled. I request that the Senator from Illinois speak right after our 30 minutes, the first part.

Mr. REID. That is OK. I didn't want to use leader time, but we will work it out. We have an extra 15 minutes on each side.

The PRESIDENT pro tempore. The agreement is to add 30 minutes to the original hour?

Mr. REID. That is correct.

The PRESIDENT pro tempore. Is there objection?

Mr. REID. And the Republicans' 45 minutes is first.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The PRESIDENT pro tempore. Under the previous order, there will be a period for transaction of morning business for up to 90 minutes, with the first half of the time under the control of the majority leader or his designee, and the second half of the time under the control of the Democratic leader or his designee, with the time counted against the underlying statutory time limitation on the bill.

Who yields time?

The Senator from Missouri is recognized.

COMMENDING OUR MILITARY OVERSEAS

Mr. BOND. Mr. President, I rise today to recognize and commend the valiant efforts of our men and women who are serving overseas. Almost 4½ years after the dreadful events of September 11 seized our Nation, brave Americans continue to serve overseas in our response to those attacks. During the past 2 months, I have visited with our troops, agency operators, and aid workers in two areas I believe are the two fronts of the war on terrorism, the Near East and Southeast Asia. Those I met with in the Philippines, In-

onesia, Thailand, Iraq, Afghanistan, and Pakistan all relayed to me, on the whole, very encouraging reports. In Iraq, our congressional delegation, which included Senator BAYH, Senator OBAMA, Representative FORD, and I, was told by intelligence officials that in spite of the increasing numbers of IEDs, improvised explosive devices, attacks, they see more reason for optimism this year than they did in the previous year, and they see it as no small achievement that many of the insurgent groups are joining the political process. From Iraqi President Jalal Talabani, to U.S. Ambassador Zalmay Khalilzai, to U.S. military commanders, intelligence officials, aid workers, and the Iraqi people themselves, everyone told us that this year will be a bellwether year for Iraq in which we see the potential for great achievements. But we need to make progress in three key areas:

First, the Iraqis must ensure that a national unity government reigns in Baghdad. This was emphasized by President Talabani. The Sunni, Shia, and Kurds have to work together to incorporate all three parties in one governing structure. We were all greatly encouraged by the 77-percent voter turnout in the December general elections, as it evidences that more and more Iraqis are buying into the wonderful concept of democracy. Now they need to show us they are willing to work together as we provide them assistance and stability.

Second, we need to focus our primary efforts in standing up Iraqi police and domestic forces this year. Civilian authority must reign in Iraqi cities for citizens to gain confidence in their new democratic form of government.

Third, we must continue to provide maximum assistance for reconstruction efforts so that more Iraqis may gain access to electrical power, use water and sewer systems, and drive safely on their roads.

This is not to say we have not already made significant gains in these areas, for everywhere I went our troops and workers expressed to me their disappointment that the tremendous achievements we have made have gone largely unreported in the U.S. media. One phrase I heard used often in our major networks is: If it bleeds, it leads. They talk about the tragedies and the losses, but they somehow fail to talk about the progress we have made. A few suicide bombings per day executed by wayward individuals, mindless terrorists, who are willing to sacrifice themselves, is apparently a higher priority in the media than acts of sacrifice, courage, and commitment by several hundred thousand coalition workers and over 26 million Iraqis. To be sure, Iraq is a dangerous place—the day before we arrived at one base, five of their marines had been killed—but it is also a place of tremendous transformation, and over the past year our progress is often crowded out on the evening news.

But we must not lose our resolve. As the President said last night:

In all these areas, from disruption of terrorist networks, to victory in Iraq, to the support of freedom and hope in troubled regions, we need the support of friends and allies. To draw that support we must always be clear in our principles and willing to act. The only alternative to American leadership is a dramatically more dangerous and more anxious world.

The President also addressed his terrorist surveillance program. He said:

This program has helped prevent terrorist attacks in our country. It remains essential to the security of America. If there are people inside our country who are talking with al-Qaida, we want to know about it because we will not sit back and wait to let it happen again.

That is what I hear from the people I talk to in my home State.

In Afghanistan, also, phenomenal progress has been made. Yet what we hear about on the daily news are the incidents of terrorism that grab headlines. Today in London, the international community is coming together to chart the course for Afghan assistance for the next few years. This is a vital meeting where peace-loving nations will commit to invest in Afghanistan's newfound democracy. Afghanistan is in a very different situation from Iraq, yet it currently has two of the same pressing needs: the standup of strong, reliable, civil-controlled interior security forces and infrastructure development.

I also heard from our leaders on the ground, including President Karzai of Afghanistan and our commander of that region, General Eikenberry, that Afghanistan desperately needs a viable agriculture and farm credit system. We need to get the farmers back on their feet so they do not turn to poppy production to feed their families. We have tremendous agricultural resources in our country, as the occupant of the chair knows. We can leverage these resources to help gain leverage for international security in Afghanistan. I have written the U.S. Secretaries of State, Defense, and Agriculture to encourage their cooperation in developing a joint venture to put Afghan farmers back on their feet. I envision a corporate venture between State, USAID, the Defense Department, the Department of Agriculture, land grant colleges and universities, and private sector volunteers, working together to provide Afghans with viable forms of agriculture. This endeavor would counter the significant drug problems in Afghanistan and destroy the incentive that many farmers face in deciding to grow poppy. Existing counter-narcotics funds in the Defense budget would be well spent in this area by giving farmers a way out of drug production. I am more than willing to encourage assistance from the colleges and universities in Missouri and to work legislatively with my colleagues on a proposal to move this initiative forward.

In Afghanistan, there is now enough security in many areas to put less of an

emphasis on warfighting and more emphasis on the livelihoods of the Afghan people we are there to serve. This is one of the most effective ways to invest in our national security for the future—making an investment in their infrastructure and assisting them to develop a viable economic means of earning a living, without turning to the production of poppy, which leads to the production of dangerous drugs.

Finally, I will address an issue of great frustration to me. Over the past year, there seems to have arisen in our national security community an apparent absence of fear of punishment in regard to the arbitrary and senseless divulging of our most secret and classified intelligence information. I am talking about individuals who have taken solemn vows to protect our Nation, who are breaking these vows for their own particular purposes. In taking a vow to protect classified information, one must acknowledge that he or she will be privy to information that, if divulged, could be very harmful to their fellow Americans. They acknowledge a solemn trust by the people of the United States to protect classified information and thereby to protect their neighbors and themselves. I myself am under an obligation as a member of the Senate Intelligence Committee, to protect classified information. I believe the access I have to such information is a privilege and a solemn trust, and how I handle that information has repercussions.

For example, it has come to my attention from a variety of intelligence officials on the ground, on the front lines, who have told us that the leaks in the past year have adversely and significantly affected our intelligence operations and thus diminished our national security. It is my view that we are much less safe in our homeland because of some of the actions we have taken, some by legislation, but primarily by individuals disclosing information that has been classified for good reason. Potential sources in the regions I have visited are now refusing to speak with U.S. officers or to cooperate with them for fear of their information leaking. They see some of our most sensitive programs on the front pages of our newspapers and conclude that we are a nation that has no respect for classified information. As a result, we are less likely to get information we need because sources are rightfully fearful that disclosure of their information could lead to their identification and the assassination of the sources themselves and probably their families.

Would you or I want to put our lives and the lives of our families in the hands of a nation that we believed could not keep a secret? Of course not. Last month, the Arab news network al-Jazeera aired a tape by Osama bin Laden warning the U.S. of future terrorist attacks planned for our Nation. On Monday of this week, his deputy,

the infamous and deadly Ayman al-Zawahiri, taunted President Bush on videotape for not killing him at Damadola, a village in Pakistan—in the ungovernable and unreachable areas of Pakistan. These tapes demonstrate that the threat from al-Qaida is present and very real. From my personal visit to that area, I can tell you that that area of Pakistan, the tribal areas in which they operate, is truly a hostile environment to all foreigners, and not just to the United States, or British, or Australians, but to representatives of the Pakistan Government. When we drove out toward the tribal areas, we were faced with a sign that said “foreigners not allowed.” When we drove up to that checkpoint, five men with AK-47s stepped out in the road in front of us. I thought this was a good signal to turn back.

We have a great difficulty in getting information on what is going on in that area. But leaks of our secrets and our top sensitive programs are killing one of our last lines of defense against pending terrorist attacks. I think any reasonable person would agree.

This is an election year. Some may be content to play politics with our national security. I am not one of them. I don't think the people of America appreciate that. For me, I will do all in my power to ensure that we move forward in the work that needs to be done to strengthen our national security. I invite my colleagues, no matter their political persuasion, to join me in this endeavor. This, to me, is a very significant challenge, a challenge from which we cannot retreat. We must persevere and we must remedy the costs to our intelligence gathering that is so essential in a war against terror. We must help countries develop strong economies and democratic structures, recognizing human rights and civilian control of forces. This is a challenge that is ours to keep and we must not slack from that effort.

Mr. President, I yield the floor.

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

STATE OF THE UNION SPEECH

Mr. SANTORUM. Mr. President, I congratulate the Senator from Missouri for his excellent comments. I join with him in talking about some of the issues the President brought up with respect to the State of the Union and, in particular, some of the issues confronting us overseas.

Before I do that, I congratulate the President for focusing like a laser beam on the crucial issues we have to deal with on the domestic side—the issues of health care, doing something to curb health care costs, improving the efficiency of the system through technology, expanding access through both health savings accounts and tax credits to those health savings accounts to let more people who do not have employer-provided health care purchase health insurance; his initiatives on competitiveness and edu-

cation, preparing all of our students, K-12 as well as in college, for the new technology jobs that will be available; and an emphasis on improving the quality of education through teacher training, as well as providing opportunities and incentives for folks who get into the areas of math and science—very important initiatives.

Obviously, there was a lot of focus on energy. It has profound national security implications, as the President laid out.

The President cited our addiction to oil and laid out a charge for us to reduce our dependency. It is a great aspirational goal for a President to lay out and charge all of us, on both sides of the aisle, to come forward with our best ideas to create more energy in the United States using the great minds and the technologies being developed in our university communities and in our laboratories.

We are going to work very diligently on trying to address energy again in this session of Congress, to build on what we did last year.

We bring up the tax bill, what I call the Tax Increase Prevention Act, which is to continue the presence of progrowth policies that have resulted in dramatically increasing revenues to the Federal Government because we have seen dramatic improvement in the health of the economy, more jobs being created, stronger investment, more capital investment which has led to more capital gains taxes than otherwise anticipated. We actually have seen an increase in capital gains taxes over what was anticipated prior to reduction. Here we reduced the rate and got more revenue. It is something many of us here have been arguing for a long time, and we see it borne out with the issue of capital gains.

Again, one of the hindrances of our economic system right now is lawsuit abuse and the horrific trauma some of these unscrupulous trial lawyers—there are a lot of good trial lawyers, but there are some unscrupulous ones, a small percentage, who are wreaking havoc on our society, which we will deal with after the Tax Increase Prevention Act, and also medical liability, frivolous lawsuits in a whole host of other areas, obesity lawsuits and the like. We need to get our arms around that and have a much more rational system. The President called for that.

Finally, there is the issue of fiscal responsibility, tighter spending. I think he is going to propose a very tough budget for next year. It will be tough to get done, but I think many of us are looking forward to the kind of fiscal discipline we believe this country needs as we enter a period of time when the baby boomers are going to start to retire and the pressure on us is going to grow dramatically, exponentially.

U.S. SERVICE MEMBERS' SUCCESS IN IRAQ

Mr. SANTORUM. Mr. President, the reason I have come to the Chamber to

speak is because I received a letter recently, which was passed on to me, from a soldier in Iraq. This was passed on to me by his parents. This is not a letter he sent to me; he sent it to his parents and his friends telling about his experience in Iraq.

The letter was written on December 15 of last year. His parents wanted me to see it to share their son's experience of what is going on and to juxtapose that with what some in this Chamber have been saying is going on in Iraq, as certainly many in the national media say. It dovetails nicely with what the President said last night and the advances and the progress that are being made in Iraq. Instead of hearing my words, I will read what this fine soldier—this fine Pennsylvania soldier—said to his friends in writing from Baghdad. It says:

Friends, I apologize in advance for this mass email. I felt I had to gather every email address I had and send a message. . . . I am writing this from outside of Baghdad, and this is how I see the war from my small corner. This is my opinion only, and not the position of the U.S. Army or government (I think I have to say it).

The bottom line is that I have witnessed enormous progress in just my short four months in Iraq. We are on the right path, and we must complete our mission here.

Democracy is Winning:

The election today was a great success with more voters and less violence than anyone imaged. I sat in our operations center watching reports come in. I think the biggest emergency was getting a busload of students to the polls despite the ban on driving (Iraqi police escorted them). Building democracy is a slow process that must be shepherded along the way, but clearly the majority of Iraqis want to participate in a democratic process and have a democratic government. This is evident all the way from the neighborhood councils to these national elections. The choice is between terrorism and democracy . . . and 15 million chose democracy.

We are Defeating the Enemy:

Our battalions in our area have routed out much of our enemy, forced them to ground, or forced them to flee. The Marine and Army actions in the west have cut off new recruits and supplies. If a bad guy does something, nine out of ten times, he pays for it. The threat is shifting from terrorism to one that is more criminal in nature, but make no mistake, the insurgency is not over. This is driven by the casualties we have taken in our unit, though they have been gratefully few. The insurgency will continue even as Iraqis take over the fight, and it may continue for years, but it is waning, there is no doubt.

The Iraqi Army is Effective:

I can only speak for our area, but here the Iraqi Army units are motivated and effective. We continue to turn over more and more of the city to the Iraqi Army and they have done well at continuing to defeat the insurgents. The Iraqi Army and police successfully provided all of the security for the elections in our area, with our units acting only as a quick reaction force if required. We continue to partner U.S. soldiers with Iraqi units and they continue to improve. It is inevitable that they will be able to carry the full burden securing their country in the near future.

Consequences:

The consequences of pulling out too early are enormous. It would likely lead to a civil war and terrorist haven in Iraq, possibly

dragging the entire region into further turmoil. Al Qaeda would be encouraged to continue to attack America, at home and abroad. Staying to finish this fight, though more soldiers will lose their lives, is a much smaller price to pay. The benefits of creating a modest democracy in Iraq are also enormous. The people of Iran, Syria, and Saudi Arabia will witness the benefits of an open democracy and, hopefully, pressure the governments to change. What was a swelling of jobless, dissatisfied Arab young men, easily recruited to the ideology of terror just a few years ago, will soon have nonviolent outlets through democracy and an economic future through open markets.

Negative Political and Media Comments are Damaging our Efforts:

I want to make it unequivocally clear that political comments about pulling out of Iraq or losing this war does hurt soldier morale and absolutely gives hope and encouragement to our enemies. The only way the terrorists can win in Iraq is if the American people lose the will to finish what we started and withdraw early. Now our battered enemies have been given a sliver of hope by weak politicians, so they will fight on and gain additional recruits. This political mistake will cost more blood than any military error yet made in this war. Of course the crime is worsened by an alarmist media always willing to tell everyone the sky is falling. Well, it is not. The great thing is that the support regular American citizens show for their soldiers is overwhelming and counters the negative political and media comments. Care-packages, cards, e-mails, and letters are abundant, and send a strong message to those of us in the fight.

There is a Plan:

And the plan is that we pull U.S. soldiers out as Iraqis become strong enough to secure themselves. We are doing this little by little, slowly withdrawing and turning security over to the Iraqis. Slow and methodical is the key, not a rushed abandonment of our allies and friends. A vacuum in the wake of a rapid U.S. pullout would only be filled by chaos.

Like almost all soldiers here, I would like to go home. For me it would be to see my young children and wife. However, in the end I would prefer to stay until the job is done, or return for a second tour. I say this because I recognize that we are making progress, and that we will win . . . and I recognize the cost of failure. I do not want my family to be a target of terrorism in my homeland, nor do I want my son to have to fight the war I should have finished.

Thank you for taking the time to read this. I hope it helps balance what you are hearing in the media.

This soldier wrote this letter on his own. No one called him or wrote him or asked him to write this letter. He did it, obviously, because he cares a lot about his country, his family, and the future security of our country.

I can tell you that this is not an unusual letter I have received or an unusual comment I have been given by soldiers who have returned from their duty in Iraq. It is almost unanimous. The sentiments expressed in this letter are the sentiments I hear, whether it is talking to folks back in Pennsylvania, talking to folks at Walter Reed or Bethesda. I hear it over and over—the optimism, the high morale, the sense of accomplishment, and the fact that we are, in fact, winning this conflict in Iraq.

I will tell you that I agree with him, that we are making progress, that we

have a plan, that democracy is winning, we are defeating the insurgents, the Iraqi army is becoming more capable and effective each day, and, as he said, there are real consequences of losing, of withdrawing before the job is finished, and that the defeatist rhetoric and the media bias do have an impact on our ability to accomplish this task.

It is far too often in this country, now that we are 4½ years removed from the events of 9/11, that we forget what happened there and what happened before; that we were not antagonizing our enemy, we were not out there riling up the insurgency, we were not threatening terrorists around the world. We were “minding our own business,” and they hit us and hit us hard.

My wife and part of my family watched the A&E special the other night on flight 93. I encourage every American to watch that just to be reminded of, obviously, the incredible heroism of the members of that ill-fated flight but also of what we are up against and what they are willing to do to take down our way of life.

We have a job to do, and we need to finish it, and that includes we have a job to do in the U.S. Congress. We have to pass the PATRIOT Act. It is absolutely irresponsible for us to have every few months or few weeks the PATRIOT Act potentially not being extended, out there hanging over our law enforcement people. We need to improve the PATRIOT Act, pass it, improve both civil liberties and our ability to protect ourselves, and we need to do it now.

We also need to stand behind our President in his efforts to make sure we are intercepting communications between suspected al-Qaida terrorists and those who want to coordinate from places all over the world.

I hear often in reference to the events of 9/11 that the critics of the administration are saying they failed to connect the dots. I don't know how many times I have heard that the President or the administration or the intelligence community failed to connect the dots. And these very same people today want to erase the dots. They don't even want us to have the dots to connect. They don't want us to get the intelligence so we can, in fact, proceed in having those dots a little closer together so we have an idea of in what direction they are going.

This is not a political folly of the President, to track down enemies of the administration and eavesdrop on them. This is a targeted program run by professional people of suspected al-Qaida terrorists who are communicating overseas. I find it almost incredible that this has become a political football in this overtly and, I believe, extreme political environment we are in right now.

I am hopeful that the rhetoric will back off and that we will focus again on what this soldier said. We have a mission to accomplish—to protect

America and to secure our freedom in the future—and we need to do so together, in a bipartisan manner, without snipping at each other's heels trying to get political advantage. Simply support the mission that is best for the long-term future of our security.

I have one final comment on the NSA program of trying to uncover terrorists who are potentially planning and plotting further destruction in America.

It came from an op-ed that I read in the Wall Street Journal the other day, from the sister of Charles Burlingame. He was one of the pilots on American Airlines flight 77. He was from my State. I had the opportunity to meet his wife and members of his family.

Debra Burlingame writes in the Wall Street Journal this week:

NBC News aired an "exclusive" story in 2004 that dramatically recounted that how al-Hazmi and al-Mihdhar, the San Diego terrorists who would later hijack American Airlines flight 77 and fly it into the Pentagon, received more than a dozen calls from an al Qaeda "switchboard" inside Yemen where al-Mihdhar's brother-in-law lived. The house received calls from Osama Bin Laden and relayed them to operatives around the world. Senior correspondent Lisa Myers told the shocking story of how, "the NSA had the actual phone number in the United States that the switchboard was calling, but didn't deploy that equipment, fearing it would be accused of domestic spying." Back then, the NBC didn't describe it as "spying on Americans." Instead, it was called one of the "missed opportunities" that could have saved 3,000 lives.

It is a classic case in point where people complained about connecting the dots, but in this case we simply did not have the dots because we were afraid to go out and find the information we needed to prevent the loss of lives in America.

Don't hamper our ability to do that in the future. Quit playing politics with the safety and security of the American public.

I yield the floor.

The PRESIDING OFFICER (Mr. VITTER). The Senator from Alaska is recognized.

Ms. MURKOWSKI. Mr. President, how much time remains on the majority side?

The PRESIDING OFFICER. There remain 12½ minutes on the majority side.

AFFORDABLE ENERGY

Ms. MURKOWSKI. Mr. President, I want to take a few minutes this morning to speak to the issue of affordable energy that the President raised last night in his State of the Union Address. He said that keeping America competitive requires affordable energy. I think all of us across the country are certainly keying in to the terminology that he used, "affordable energy."

Right now what we are seeing is causing us to choke a little bit at a time when world oil prices are back up to nearly \$68 a barrel for crude oil. Yesterday, it was \$67.95 for a barrel of crude oil. This is after even an unusually warm winter in the Northeast.

Gasoline prices nationally are averaging \$2.34 a gallon. This is up nearly a

quarter in the past several weeks, according to the Automobile Club of America. So when we are talking about energy supplies, it is the prices that people in the United States are really focused on. It is not just when it comes to paying the price at the pump, it is also a very heavy reminder to us as we receive our utility bills every month and as we look at the ever-increasing price of natural gas and what it is costing to heat our homes. The cost of home heating fuel in my State of Alaska is through the roof. We have families, we have whole communities that are struggling to make their payments, wondering how cold this winter is really going to be and what it is going to mean to them in terms of the availability of fuel and their ability to pay. It might be warm here, but it is the coldest January that interior Alaska has seen in probably 30 or 35 years or so. The average temperature in Fairbanks this past month has been—I think it was 22 degrees below zero, but that is just the average. So it is cold there. So when we talk about the cost of home heating fuel and what it means to people, it really does hit home.

The President said last night that we must reduce our reliance on Middle Eastern sources of oil. He is setting a goal for us to reduce that reliance by 75 percent. He suggests the way we need to do it, the way we have to get there, is to utilize technology to promote new energy sources and new efforts at energy efficiency. But, really, it comes down to the technology.

As we all know, just last year we finally were successful in moving forward a comprehensive energy bill that promotes ethanol production, promotes hydrogen fuel cell development, promotes energy from biomass, ocean currents, new generation of nuclear power—we took positive steps last year through that bill. The President has clearly recognized that and is seeking to move forward on that agenda and improve on that. He spoke specifically to enhanced wind, solar, ethanol through saw grass. He is looking to that technology that will reduce our reliance on foreign sources of oil.

He said, further, we must also change how we power our automobiles. This is significant. It is important. We agree we must work toward this particular goal. We must change how we power our automobiles. But we also have to keep in mind that it is not just the automobiles that are using the oil that we consume as a nation. Think about how we get here, through the airplanes, the aviation fuel, the diesel products, the petrochemical products that we consume as a nation—whether it is Band-Aids or CDs or cosmetics. So much of what we utilize in our daily products is petroleum based.

While we must be honest and say we must figure out another way to power, to fuel our vehicles, we have to recognize that to a certain extent we will still need oil in our society. We will still need these petroleum-based prod-

ucts. We will still need aviation fuel for our aircraft.

So how do we get to where the President wants to get, which is a reduced reliance on foreign sources? It is all about what we do domestically. It is all about what we do with our innovation to provide for additional resources domestically so we are not reliant on Middle Eastern oil, we are not reliant on the OPEC countries. We have to do more in a balanced way to use the new technology to increase the domestic energy production from conventional sources. This means producing more oil, more natural gas, and more coal from American land.

Last night, the President specifically mentioned coal and the use of zero-emissions coal. This is what we need to be doing, where we need to be going. But when it comes to oil production, you have heard me on the floor of the Senate, and Senator STEVENS on the floor of the Senate, talking about what the potential is up north in Alaska on a tiny portion of Alaska's coastal plain; the opportunity on the Arctic National Wildlife Refuge for additional sources of oil that could help America reduce its reliance on foreign sources.

When the President talked about the key to America ending its addiction to oil, often imported from unstable parts of the world, it is through utilizing this new technology. He said: Go there. He might just as well have used ANWR. He didn't use it. All the newspaper articles this morning noted the fact that he didn't use that. But we have already developed and continue to develop a host of new technologies that will permit oil development from the Arctic coastal plain without harm to the environment or the wildlife.

There was an energy conference in Anchorage just a couple of weeks ago where the industry unveiled this new directional extended-reach drilling. It is technology that will be tested this year. It should permit the oil deposits to be tapped from up to 8 to 10 miles away from a well site, 8 to 10 miles away from that well site. This is almost double the 4 miles that drilling currently accesses oil at the nearby Alpine field up on the North Slope. So the technology is moving at an incredible rate.

Further improvements in extended-reach drilling—what this does is allows us to have less disruption on the surface. This means that potentially you are looking at almost a 100-square-mile area that is going to be absolutely undisturbed on the surface so animals can range freely, undisturbed by drilling sites. A 100-mile area is a lot of room, whether you are a caribou or muskoxen—or a lot of caribou. We have also new three-dimensional and four-dimensional drilling technology that will identify small oil pools without the disturbance to wildlife that once was caused by the old seismic technology. We have new equipment that allows oil wells to be drilled within a few feet of one another, thus reducing

the size of the pads by as much as 88 percent. Compare this to what we are currently doing on the original Prudhoe Bay oilfield, which is about 90 miles to the west. It is something worth seeing. I hope to have the opportunity yet again this year to invite other Senators to come up north to see for themselves what the technology means as far as reducing disturbance to the land, preventing pollution, and preventing any environmental degradation.

With this new technology—this is according to the latest estimates that we received last year from the USGS—we can develop the nearly 10 billion barrels of oil that we anticipate will be found on the coastal plain. When you look at the prices we are at now and you estimate \$55 a barrel, the opportunity for us as a nation to provide for America's needs, and thus reduce reliance on foreign sources, is incredibly significant.

When we look at where we are receiving our oil from now, America today is importing 4.7 million barrels of oil a day from OPEC nations—1.47 million from Saudi Arabia, 1.43 million from Venezuela. These are just the names of the OPEC nations on which we are relying now. ANWR production—given the estimates I just cited from USGS, given the estimates I have of the prices—we estimate we would likely see 1 million barrels per day, potentially as much as 2 million barrels a day. This, again, is according to USGS estimates. This will dramatically reduce our dependence in the future on OPEC and should help to lower world oil prices.

We understand that the President is going to have more to say on several of the measures that he discussed last evening, including energy and his proposal for the national security as well as economic security when it comes to reliable, affordable energy. He understands our concerns and understands that in order to be a competitive nation in a global economy, we must have reliable, affordable energy; an energy source that does not cause us to be vulnerable.

Some may think that ANWR was settled just a few weeks ago at the end of December when we missed by just several votes in the Senate from breaking a filibuster on the issue. But I want to assure Senate Members that the issue of ANWR is far too important for us as a nation to not bring forward again. For the good of this Nation we need a balanced energy solution, one that both increases domestic production of conventional sources and that produces new energy from alternative sources and improves efficiency, improves energy conservation. It has to be all three. I will not stand before you and say it just is the production piece.

That is not a balanced approach. That is not the approach for the future. The approach for the future is to make sure we use our technology and our innovation to get us to the point where

we have energy independence. That ought to be a goal for us as a nation, energy independence, and we can get that. But it does have to be a solution that is comprehensive and balanced.

For the good of the Nation, we need to get moving forward quickly in utilizing our new technology to produce more energy from both ANWR and new energy sources.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Mr. President, I ask unanimous consent to speak as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. BYRD, Mr. REID, and Mr. ROCKEFELLER pertaining to the introduction of S. 2231 are printed in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER (Mr. GRAMHAM). The Senator from Iowa.

Mr. GRASSLEY. Mr. President, we are back at taxes once again. What the people of this country are going to be hearing in the debate for the most part is very similar to what we discussed in this Chamber back in the second and third week of November of last year. Thinking of how to give a picture to this debate, I picked as a starting point the fact that tomorrow is Groundhog Day. I think you see a portrait of Punxsutawney Phil, the famous groundhog. Tomorrow, is he going to see his shadow? If he does, then we have 6 more weeks of winter. If he doesn't, then spring is here. I guess that is the way it has been for 100 years or maybe longer.

Punxsutawney is in Pennsylvania, and Phil is the name of the groundhog. In thinking of Phil and his impending weather report, I also thought of a popular film entitled "Groundhog Day," which starred Bill Murray, in which a man relives the same day, Groundhog Day, over and over and over. This film has taken on greater significance for me as I seem to be in a similar situation. More than just a sense of *deja vu*, I feel I am reliving a past experience because starting this hour, we are going to begin debate on a Senate tax reconciliation bill. Yet I seem to remember that we had this debate. I referred to these debates in the first words of my time when I said that we did this starting Wednesday, November 16, 2005. That was at 3:35 Wednesday afternoon. We took up S. 2020, the Tax Relief Act of 2005. I want to hold this up here. This isn't just any little document we took up; it is a tax bill, expiring provisions. Everything in this, when we were discussing this on November 16, was reenacting provisions that sunset December 31, 2005, so that there would not be an automatic tax increase on the American people. We are in a situation that if we don't get this done pretty soon and a year from now people are filing their taxes for 2006 and 2007, they are going to have

big tax increases. One that is very obvious to everybody is the alternative minimum tax, which I will discuss in a minute. The alternative minimum tax is going to hit no fewer than 14 million people and maybe as many as 19 million people who would not otherwise be paying the alternative minimum tax. All these people would be basically middle-income Americans. The alternative minimum tax was meant to hit very wealthy people who took advantage of every tax relief available or every tax loophole that was legally available within the Tax Code and still didn't pay any taxes, that they ought to pay some tax. So it was referred to as the alternative minimum tax so that everybody, regardless of how wealthy they might be or how high their income might be, paid a little something into the income tax fund for the privilege of living in America. That privilege is a constitutional right, but everybody contributes something to it. That was the theory behind it.

Well, that was not indexed. And since that wasn't indexed, we have to change the Tax Code from time to time so it doesn't apply to more people. Actually, the thing ought to be repealed because it is not serving the purpose it was intended to serve.

First of all, it was not meant to hit middle-income taxpayers. Secondly, a lot of people today, because they hire the right people to do their income tax, have legally found ways of avoiding the alternative minimum tax. So it is not even hitting the people it was supposed to hit. Yet it is hitting millions of people it was never intended to hit. How you keep tax policy like that on the books, I don't know. I would like to repeal it. If I could get 51 votes to repeal it, that would be my first amendment. But under the way we do things in the Senate and the points of order that can be made, I am not apt to get that sort of an approach. So what we do is, we kick the can down the road.

I wish to get back to this history—*deja vu*—of seeing the shadow and the Groundhog Day and all that stuff to give you the history of why the question is, Why are we going through this now on February 1 and 2, and it will probably carry over into next week, to February 4, 5, and 6? Why are we going through this when we spent all that time back in November doing exactly the same thing?

The rules of the Senate provide the minority—or maybe I should say not just the minority, every Member, but in this case it looks to me as if it is mostly the minority which is taking advantage of it—certain motions that have to be given to get to conference to iron out the differences between the House and the Senate. In this case, the minority is going to take full advantage of that even if we redo all the debate.

I will bet you can take speeches out of November 2005 and you will read the same speeches today and tomorrow and next Monday and Tuesday in the debate on this bill. If you take out

speeches of a month ago and can repeat them, there is no end to the speech-making you can do in this body. We started this debate at 3:35 on Wednesday, November 16, 2005. We took up this bill, S. 2020. As we were considering this bill, we dealt with 80 different amendments. They were filed. Maybe we didn't deal with 80, but at least there were 80 ideas out there by people who wanted to change this bill. They were filed. Now, seven of them were agreed to. It was a very lively debate. It culminated in 18 rollcall votes about whether amendments ought to be included in the bill or whether there ought to be final passage. We finally got to final passage at 12:05 a.m., Friday, November 18.

According to the Secretary of the Senate, at least 97 of us were there at that midnight hour to vote on this bill, so I am not the only one reliving this experience. There are going to be 97 Senators who were there at midnight on November 18—or I guess you would say that Friday morning at 12:05 a.m. As we considered the Senate amendment to the House version of this bill—the House version is the Tax Relief Extension Reconciliation Act of 2005—I have to ask myself—but in a sense, I am asking each of the Members—why are we still here? Didn't we already go through this exercise? Are we not finished with the Senate debate?

I conclude that there is no rational reason for still being here because, normally, it would be a unanimous consent motion that we ought to go to conference to work out the differences between the House and Senate. Unless you do that, you never get anything to the President. It has to pass both bodies in identical form. That is usually a pro forma operation here. We could have done that in 5 minutes—Senator BAUCUS and I—or the leaders could have done that, but we are still here because maybe people want to slow up the process. Maybe they don't want to get to the asbestos bill next week, which is very important to get to. The fact is, we already went through this exercise, and we ought to be finished with the Senate debate, but we are not.

In the face of a multitude of other important issues this body needs to deal with, does the Democratic leadership really want to reenact recent debates and resuscitate old talking points? Our tax reconciliation bill already passed, and not just by Republican votes because 64 of us voted for that, including 15 Democrats. The only way you get anything done in the Senate, because of protection of minority rights, which the Constitution allows, is by bipartisanship; otherwise, nothing gets done. So we had bipartisanship on this bill.

While I believe this legislation is extremely important, and I will, as chairman of the committee and manager of the bill, debate it as long as is necessary, quite frankly, as I have indicated in my points, I question the necessity of going through a long process

that resulted in the bipartisan passage of the same bill just 2 months ago. So that is my first point.

This is a very curious exercise. It is an exercise with no purpose, no apparent purpose other than simply delay. Is the delay on the part of the Democratic leadership important? The answer is yes. Ask the American taxpayers, and you will get an answer. The answer is yes, if you are one of almost 20 million families waiting for certainty that you are not going to be caught up in the clutches of the alternative minimum tax.

We hear a lot about the AMT, the alternative minimum tax. You will hear about it in this debate over the next few hours. This bill does something about the AMT: it extends the hold-harmless provisions so those 14 million, up to 19 million Americans won't get hit with it. I have a chart here that will tell you exactly the number of people in the respective States, based upon the previous year, 2003, so it doesn't add up to the 14 million to 19 million people we think will be hit by 2006. But the number of people who will be hit by it in my State of Iowa is 65,813.

In the State of Nevada, even more people—68,273 people—are going to be hit by it. Why would anybody from Nevada not want to do something yesterday rather than tomorrow about the alternative minimum tax? As I said, these numbers understate what this problem is today because there are going to be a lot more people getting hit by it.

The basis of the bill the Senate passed, and the bill that is once again before us, is an extension of the alternative minimum tax hold-harmless provision. So every Member who is participating in this deliberate strategy of delaying—delaying our entrance into the conference with the House of Representatives is delaying the certainty these millions of American taxpayers deserve.

I emphasize the word "certainty" as far as the Tax Code is concerned. There is nothing that does more economic good than knowing what the future holds in the way of taxes as it affects spending and investment. So if you want to improve the economy of this country, if you want to keep this economy strong, certainty of tax policy is very important.

These are the facts on the AMT. Look it up in the Internal Revenue Code. The AMT relief provision expired already, on December 31, 2005. I ask my friends in the Democratic leadership to take a look at the calendar. One month now has passed, and the AMT hold-harmless provision has not been extended. That is the cornerstone of this very massive piece of legislation. It also happens to be the cornerstone of a bill the Democratic leadership is delaying. So I don't want to hear folks talk about some sort of AMT problem and at the same time delay real action to help those millions of taxpaying families.

This bill goes way beyond helping people who would be hurt by the AMT. It also includes popular and broadly applicable tax benefits. I wish to talk about some of them and talk about them individually and use charts as I move along.

For instance, the deductibility of college tuition is a very important part of that 2001 tax bill. This is a benefit for families sending their kids to college. By definition, this benefit is geared toward helping middle-income families who always have a hard time educating their kids. They might not qualify for Pell grants or guaranteed student loans, yet they need help to send their kids to college because they are not millionaires. These are not high-income people. They get the full benefit of the deduction if they make up to \$65,000 as a single person and up to \$130,000 as a couple. Beyond these levels, the benefit phases out. A lot of these folks are paying significant Federal, State, and local taxes, and they get no help in defraying the high costs of a college education for their kids. This tax deduction helps provide and helps these hard-pressed, middle-income families with a benefit, and it furthers a very important national goal of supporting higher education—not an end in itself, but to keep America competitive in the global economy.

This deduction runs out at the end of this year. It did run out December 31, 2005, but we have to be ahead of the curve as people plan to send their kids to college. Will this be around for 2007? Not unless this bill passes. So these folks are going to face a tax increase without even a vote of the Congress. Automatically, taxes are going to go up if we don't enact this piece of legislation which we already passed back in November.

Here I have a chart that shows for each Member how many families in their respective States are going to be hit next year if we don't enact this legislation. Again, I will speak to my State of Iowa, where the number is 37,364 taxpayers. In Nevada, it is 25,776 taxpayers. Why would anybody want Nevada taxpayers to pay more taxes? And why would you not want them to know that today rather than tomorrow? Why not get this bill to conference and get this issue behind us so that the taxpayers in Nevada know that in the year 2007, their families are going to be able to take advantage of the college tuition exemption from the income tax? Once again, in that particular State, it is 25,000 families.

There is another benefit that is addressed in this bill, S. 2020. It is called the small savers credit. Here I am talking about a tax credit for low-income people to save through an IRA or a pension plan. We are talking about people who don't know about saving or don't have the ability to save, that we are going to give an incentive to save and can get an ethic for saving because saving for retirement is something not

enough Americans have done and particularly not enough low-income Americans have done. So as a matter of public policy, to encourage savings for people who cannot afford to save or don't have the ethic to save, give them an incentive to save through the small savers credit. We all think that savings is important. We all want low-income people to save for retirement.

I have a chart that shows the number of low-income savers who benefit in this bill on a State-by-State basis, which benefit won't be there if we don't pass this, or it is being delayed by 4 or 5 days because we have to go through the same debate we went through back in November.

Again, in my State of Iowa, there are 95,000 people who could take advantage of this small saver's credit but who will not be able to.

Let's take another State, Nevada. There are 36,923 people who are low income who will not be able to take advantage of this provision.

Again, if you want to establish an ethic for saving, you should not pass tax policy to encourage that ethic for saving and then sunset it and expect people to establish a lifelong pattern of saving. You cannot stop and start tax policy and expect people to develop an ethic to conform to saving, and I believe we all think the ethic of saving is very important.

The bill before us will also extend a tax deduction for teachers who buy their own supplies for their students. I think this provision was developed in the 2002 tax bill by Senators WARNER and COLLINS to give teachers who go that extra mile by paying out-of-pocket expenses some help through the Tax Code.

Who is going to argue with that? One might argue that we ought to pay teachers more, so they don't have to do that. We ought to appropriate more money for schools so they don't have to buy the supplies out of their pockets. But we have 40,000 school districts in the country, and we are not going to be able to make policy here for every school district. We know that some teachers are so devoted to their students that they are going to spend some of this money out of their pockets, so Senators COLLINS and WARNER came up with this idea of a tax credit for teachers who pay for supplies out of pocket.

Again, on a State-by-State basis, I have a chart that shows how many teachers benefit from this provision. I will pick out Nevada again. Nevada has 21,853 teachers who took advantage of this provision. In Iowa, we had 33,812 teachers take advantage of this provision. Why wouldn't you want teachers who devote a life to a profession at relatively low pay—compared to what other people with the same amount of education get in other segments in the economy—because they are devoted to doing good or they wouldn't be teaching in the first place—why would you want to question this so they won't have it this year?

Right now those teachers are buying supplies and probably don't think the least bit that Congress would have sunsetted this legislation on December 31, 2005. So they are going out and buying all these supplies thinking they are getting a deduction, and then when they file their income tax a year from now, they are going to be surprised.

I wish I could tell every one of them that the Democratic leadership won't let us go to conference so we can keep that provision. I am not going to be able to tell all 33,000 teachers in Iowa. They are going to find it out the rude way when they go to file their income tax. I would really like to tell the teachers in Nevada about this as well.

We don't have to have this problem. All we have to do is get to conference. We can get to conference in 5 minutes and work these provisions out, and by next week, we can have this bill to the President of the United States, or give us another week to work out the differences between the House and the Senate. We can get this all worked out, get the bill to the President, and we don't have to worry about that.

There is another point. We all think of small business. There are small business provisions in this bill, S. 2020, that passed the Senate by a bipartisan vote at the midnight hour way back in November, and here we are piddling around with procedural motions to get to conference.

Everybody advocates small business because it creates 70 to 80 percent of the new jobs in America. This bill would extend the small business expensing. Many small businesses use this benefit to buy equipment on an efficient aftertax basis. It is good for small business, it is good for small business workers, and it is good for economic growth.

I have a chart on a very important issue, at least to the people of Alaska, Florida—and Nevada, again, is going to benefit—South Dakota, Tennessee, Texas, Washington, and Wyoming. This is because we established in the tax bill the deductibility of State and local taxes. This bill will help 12.3 million taxpayers in these States—Alaska, Florida, Nevada, Washington, Texas, South Dakota, Tennessee, and Wyoming. Tennessee is involved. It is the home of our distinguished leader. Senator FRIST has worked very hard to get this bill to the floor, and for the second time. He is frustrated because we can't move this along.

Nevada is one of these States. It is the home of my friend, the Democratic leader. Unfortunately, the Democratic leader has fought this bill tooth and nail, even though his constituents benefit from it, particularly in this instance with the deductibility of State and local taxes.

I ask them to focus on the taxpayers of their respective States, whether they are from Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington, or Wyoming, to get this bill passed so their taxpayers will know

their local and State sales taxes can be deducted. I hold out hope that the Democratic leadership will see the light. I hope they will work with me to see their folks in their State will be able to deduct these State and local taxes this year and know they can do it very soon this year.

These provisions are bipartisan and millions of American taxpayers rely on them. Every Senator ought to help us pass this bill for these provisions alone.

The bill before us addresses expiring business and individual provisions that I have not talked about yet, what we call extenders. These provisions include research and development tax credits and the work opportunity tax credit, just to mention a couple.

This bill also includes many of the charitable incentives that were introduced in what we refer to as the CARE Act and which have previously passed the Finance Committee and previously passed the Senate. I appreciate the work of Senator SANTORUM and Senator BAUCUS in working with me to balance these incentives with several of the much needed reforms that are supported by the charitable sector, the Treasury Department, the IRS, the donors, and the taxpayers to make sure charitable giving and the tax exemption for it serves the purpose intended and that charitable organizations use the money that was donated to them for the purpose they asked for it.

Beyond the CARE Act, this bill contains loophole closures and tax shelter fighting provisions that raise revenue.

This bill is bipartisan. I have not thanked my friend and ranking member, Senator BAUCUS, for his cooperation. We had cooperation going way back when we first started working on this bill in the summer of last year so we could be ahead of the curve. He and I, when we first started, were not partners, but we teamed up in the Finance Committee. We teamed up in the first Groundhog Day floor debate and, as always, his cooperation and, more important with something as serious as this, his good humor makes a difference.

I thank those Democratic Senators, and that is 13 others besides Senator BAUCUS, who joined me in a bipartisan effort on our first floor journey. I ask them to help me persuade their leaders to let this bill proceed. I ask them to ask their leaders to focus on taking care of the legislative business and put a damper on the political games that appear to me to be nothing but going through what we went through last November. We waste enough taxpayer money. There is no point wasting it again, duplicating the debate of 3 days back in November.

We can move on to other important items, including a lot of items the Democrats want us to bring up on the floor of the Senate. I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, last evening at 8:30, the Senate assembled as a body to proceed to the House

Chamber to sit together as one Congress. We did so because every year about this time, we meet to hear the President deliver his State of the Union Address. We also meet together in the House—all Members of the Senate and Members of the House of Representatives—for an address to the Congress, for example, by a foreign leader. We did so for the address last July by the Prime Minister of India. But it is the exception rather than the rule when the House and Senate sit together.

Our country's Founding Fathers, in their wisdom, created a bicameral legislative branch; that is, the House and Senate separately. Carrying into practice the ideas of Montesquieu and Madison, our Constitution creates a very separate House of Representatives and Senate, two totally, entirely different bodies.

Oftentimes when confronted with the same task, the House and the Senate come to very different solutions. That is certainly the case with the bill before us today, the tax reconciliation bill.

We have something called a budget resolution which we take up every year. That resolution gave the House and the Senate the same task. On April 28 of last year, the Congress adopted that resolution, and the conference report was adopted by a narrow margin of 52 votes. That budget resolution instructed both the House Ways and Means Committee and the Senate Finance Committee to report legislation that would cut taxes by a net of \$70 billion.

Underlying that budget resolution was the assumption that the two committees—the Ways and Means Committee in the House and the Finance Committee in the Senate—could cut taxes on capital gains, cut taxes on dividends, prevent tax increases by virtue of the alternative minimum tax, otherwise known as the AMT, and extend a series of expiring tax provisions.

The chairmen of the Ways and Means Committee and the Finance Committee each set out to do those things, and each of those able chairmen found that it was not easy to assemble the votes to do all of those things. Faced with that reality, faced with that task, the House and the Senate came to very different solutions.

The Senate is a place where Members often work together across party lines. The Senate is a place that often requires a supermajority, which helps encourage Senators to work together. Chairman GRASSLEY, the chairman of the Finance Committee, often works with me, the senior Democrat. We meet together every Tuesday the Senate is in session, and I might say, those Tuesday meetings are terrific. We get an awful lot done at those weekly meetings. It is essentially bipartisan, working together to get solutions.

Last year, Chairman GRASSLEY worked together with many Democrats and produced the Senate's version of

the reconciliation bill. The Senate reconciliation bill included continued alternative minimum tax relief. The Senate bill included extensions of expiring tax provisions. The Senate bill, however, did not include capital gains and dividends tax cuts. And the Senate included offsets—that is some increases, basically the so-called loophole closers—to pay for some of the bill.

In keeping with the traditions of the Senate, that was also a consensus solution, because in November of last year the Senate passed a bill with 64 votes.

Contrast that with the House of Representatives, which took a different path. The House is a body where the majority rules. There is no requirement of supermajority. And often the majority rules absolutely. It is often a place where the slimmest of majorities rules. Some on the House side of the Capitol, I believe, too conveniently and inappropriately believe any votes more than needed for a majority are wasted votes. That is a mistake. But that is the House. That is their decision.

When the House considered this tax bill that is under the same instructions the Senate considered it, the House did something different. It did include capital gains and dividend tax cuts. The House did not, however, include AMT relief as contained in the Senate bill. And the House bill did not include any offsets to pay for any of the bill for them.

In keeping with the House traditions, that was a partisan solution. In December of last year, the House passed that bill with 234 votes, 16 more than the 218 needed to pass the bill.

Confronted with the very same task, the House and Senate came to very different solutions. At the heart of this debate today is the difference between alternative minimum tax protection for working families and capital gains tax cuts for investors.

What is AMT, alternative minimum tax? For 17 million American families the year 2006 came in with an unwelcome surprise; that is, a stealth tax, a new tax, an additional tax called AMT. The temporary protection from the AMT expired on December 31 of last year. That means 17 million more American families will be subject to this additional tax in the tax year 2006. That is an increase from 3 million people to 20 million people in 1 year alone. Three million last year paid it. This next year, if Congress does not act, 20 million Americans will be paying the additional AMT stealth tax.

Many families will not see this higher tax bill until later this year or next April. But saying, Don't worry, we will fix it, probably will not reassure those families when they hear there is nothing—that is right, nothing—in the House bill to fix the alternative minimum tax; that is prevent that tax from going into effect. The House tax reconciliation bill before us today chooses to extend capital gains and dividends cuts. However, those tax cuts do not expire until January 2009. AMT

protection expired 3 weeks ago. That is why I urge my colleagues to reject the House solution and insist on the Senate version, remembering we have an enforcer here, a limitation of \$70 billion. We cannot lower taxes in the net, the aggregate, more than \$70 billion, so it is almost impossible to do all the provisions lowering taxes so many Members have in mind. We have to choose.

I think the better choice is to prevent the tax going into effect next year rather than worrying about a tax increase that may go into effect in the year 2009. We do not have the luxury to do it all right now, today.

The House proposal says the extension of capital gains and dividends tax cuts is a priority over AMT. If that House proposal fails, then taxpayers will have reason to worry. If Congress does not extend the alternative minimum tax protection, then the AMT will hit a family with three children earning \$63,000 this year. The AMT is a family-unfriendly tax and the AMT creeps deeper and deeper into the middle class each year. Protection from the AMT should be a priority for all in both Houses of Congress, and especially for the American people.

Instead, however, the House has passed a separate AMT bill that is outside the context of the budget resolution. That bill does not have the procedural protections of this reconciliation bill. This other House bill purports to protect families from the AMT, but under that other House bill there would still be 600,000 additional taxpayers paying higher taxes next year due to this stealth AMT tax.

Some called the House AMT tax a hold-harmless provision, but that provision does not hold everyone harmless. Under existing tax law, 3.6 million American taxpayers paid this alternative minimum tax in 2005. Under the House bill, 4.2 million taxpayers would pay the alternative minimum tax in 2006, an increase of 600,000 taxpayers and an increase I hope we can avoid. The House gave alternative minimum tax relief second-class status—not first-class status, second class, although it expired last year. Not only that, the House bill pokes a hole in the patch. Instead, this House bill allocates \$50 billion over the next 10 years in order to extend for 2 years the capital gains and dividends tax cuts—again reminding all present, Senators especially, that need not be done because the current provision with respect to dividends and capital gains, that is the provision that was in effect last year, is also in effect next year and the next year up until, as I mentioned, January 1, 2009.

In summary, I think it makes sense for us to reject the House solution. Let us remember what our priorities are, especially the priorities of the American people, given the limitations we have in the budget reconciliation instructions, and let us protect the millions of working families now subject

to a tax increase courtesy of the alternative minimum tax.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. LOTT. Mr. President, parliamentary inquiry: I don't believe there is any order of speaking rather than the normal trying to rotate back and forth, so I wish to make a few brief remarks now.

Mr. BAUCUS. Sounds good.

Mr. LOTT. Mr. President, I thank Chairman GRASSLEY for his speech this morning. I thought it was extraordinarily good. I thought there was a little bit too much emphasis on Iowa—we need a little more mention of Mississippi in the process—but it was very good. My colleague touched on every important issue I had actually thought I might mention, but I will not belabor those points. He made it very clear that this is tax legislation that has broad support: 64 Senators voted for it back in December and there were at least 2 who missed it who would have supported it, so 66 at least are for this. This is a classic case where there are some people, I guess, who are opposed to moving on to conference because of something they think may be in conference or some other things which I suspect, which I will talk about in a moment. But there has been good leadership. It is time to get into conference.

I thank Senator GRASSLEY's partner and helpmate on most legislation, Senator MAX BAUCUS, for what he has had to say and for the support he has given on good tax policy over the years. They are examples of what can happen in this institution, how we can work together across the aisle, in committees, as individuals. I commend them both for their position on these issues.

Of course, you can go through every bill and find some piece or some portion or some section you don't necessarily agree with or would like to have more or all kinds of arguments. But this one is amazing to me. I will talk a little bit about the substance in a moment, but I want to talk about what is happening here.

Some people have said to me, Why are we doing this? Have we done this in the past? Have we had extended debate and the opportunity for 20 hours of time and a vote-arama at the end and amendments ongoing to confront? No, we have not. This is unusual.

Why are we in this position? This is a case where the Senate got sort of—we didn't want to wait forever on the House. We moved first. Because of the way it was taken up, procedurally, we now have to go through this extra motion to take up the House bill and all of that. I don't want to get into the details because it is irrelevant, but I will make this point: This is an administrative proceeding. This is a question dealing with the fact the Senate acted before the House and usually the House acts first on a tax bill. Maybe we should not do that. Yet we get criticized quite often because the House is

waiting on us. This is a case where we were waiting on the House. We passed good legislation, with broad support. We should go to this conference. We should have done it earlier today. This is a voice-vote thing. There should not be any debate.

So what is happening here? I think it is sort of the sign of the times. We just went through the Supreme Court confirmation of Sam Alito. A lot of us scratched our heads and said, How did it come to this? How low do we go? When do we stop the partisanship?

Some people look at us and say, Why is this? Here is an example. There is no call for this. When are we going to end the tit for tat, and I will get you here or I got you there, delaying the process? Obstructionism—I don't get it. Why we do not have an agreement of how to deal with this now is beyond me. Why our leadership—I am not criticizing either one of them. There is just the fact that there has not been an agreement to do it by voice vote, no agreement to limit the time or agreement to limit the amendments—no agreement.

Here we are, on an administrative proceeding to go to conference on a very important tax package, action if we do not take will cause people's taxes to be raised.

We need to stop. We need to work out an agreement how this is going to proceed. We should be through this by sundown tonight. But, no, what is going to happen is we are now headed—we are going to be on this next week. Some people say we ought to be doing this, we ought to be doing that, why aren't we debating—whatever—because we are messing around like this.

As a Republican and in support of the bill, my attitude is, fine; throw me in the briar patch. I love to talk about this. This is a positive agenda. This will help the economy. This will help the families with children. This will help my State. This will help most Senators' States. Why don't we just do it? If we want to talk about it, we can do that. But I urge both sides of the aisle, find a way to get an agreement on how to do this.

What is going on here beneath the surface is two or three things. It is kind of a general anger right now, unfortunately, between both sides. We need to get over that. But, also, there is a plan, I am sure, to offer other agenda items, nongermane, "gotcha" kind of amendments. That is what is going to happen. I don't like that. I think it contributes to the bad atmosphere around here. But I am a realist. We can deal with that. Tell us what the amendments are and identify a limited number and let's get it on, let's have a vote, and let's be done with it.

We can't even get that done. That is what is going to happen. We are going to have "gotcha" amendments on a whole variety of subjects. I don't want to talk about them right now because I maybe know what they are going to be and maybe I should not know, but that

is OK. If you want to have a debate on some nonrelevant amendment coming out of the stratosphere to put people on the spot, OK, but let's at least agree to how we get that done.

There is another reason behind this. There are some people who fear that, in conference, we might eventually also include something to do with holding down capital gains rates—capital gains taxes and dividend taxes. I hope so. I certainly hope we will do that because it is important to individuals, it is important for the economy. But it is not in this bill. This is another case where we are having a huge argument over what is not in a bill. This is a classic example of why the atmosphere here is so bad. I hope we will find a way to do it. We should all assume some of the blame. We ought to all root around and say to each other, "Can we work this out? Can we find a way to kind of get through this process?" Let's do it and get on to the next subject. I know the next bill we go to is going to cause a fracas—and probably it should.

Asbestos reform? I have been trying to figure a way to do asbestos reform for 20 years and haven't been able to do it. We have not been able to do it.

Do we need it? Yes.

Is the bill which the judiciary reported out a perfect solution? I am not saying it doesn't have some good benefit. I know the committee has worked hard on it, and I know Arlen Specter has worked hard on it. But it is tough. We should at least do that.

If we are going to be attacked by the Democrats, that would be a good place to do it. It will be a bipartisan fight, I am sure.

I don't understand. I wish we could get over it.

This is good legislation. It has been coming for a long time. It is ready for conference. The conference probably won't be that acrimonious, and it probably won't take that long. I hope and expect that it will be bipartisan. It probably will be.

But this procedural, dilatory action which will drag us out for the rest of this week and into next week probably is holding up a number of important issues.

Do the Democrats really oppose the centerpiece of the bill? The biggest chunk of it—\$30 billion—is for ensuring the AMT doesn't hit more than 9 million middle-income families this year. Do they oppose that?

Do Democrats oppose the research and development tax credit, a 1-year extension which costs nearly \$10 billion?

Do they oppose small business expensing?

We all stand here on the floor of the Senate and praise the small businesses in this country as to how important they are to the economy and the jobs they create. They do. It is true. Why wouldn't we want to extend small business spending? Why would we want that to end? It will, if we don't act.

Do Democrats oppose the work opportunity tax credit?

Do they oppose extending the welfare-to-work tax credit?

Do they oppose allowing above-the-line for teacher classroom expenses?

Do they oppose the provisions in here that would be beneficial to States which do not have a sales tax, such as Nevada and Florida?

The answer is no, they don't oppose those things. They are for them. An overwhelming majority support 98 percent of what is in this bill. Yet we are going to ding round here the rest of this week, and we are going to even have to go through an extra motion of sending it back to the House, and having the House kick it back over here. I think we should not be proceeding in this way.

I also want to make it clear that I think it is very important for us to take another look at what is in the House version in conference which would support the progrowth policy of tax and capital gains and dividends at 15 percent or at 5 percent for individuals in the 10- or 15-percent tax brackets.

I am disappointed that we don't have a 2-year extension in this bill. I believe if we did that it would spur and encourage economic growth and would bring in more revenue to the Treasury.

The CBO has indicated that the capital gains and dividends tax relief policies generated an additional unanticipated \$26 billion into the Treasury.

This is not what has caused the deficit. The deficit is caused by us spending more money. A lot of it is justified. We have the war in Afghanistan, the war in Iraq, the war on terror. I have been here pleading with my colleagues to help those of us in the Katrina area. It costs lots of money; both of them hundreds of billions of dollars.

But we also have not been able to check our appetite for spending. There is no offsetting reduction in spending.

If we don't have these progrowth tax incentives, we will have a worse deficit because the revenue they generate will not come in.

I don't want to mislead anybody. I am absolutely hoping that I will be a conferee, and I will be pushing for holding down these capital gains and dividend rates.

We need to look at what is happening in the economy. What is happening is good. It is not perfect. But we need to think about ways to continue the growth we have seen and create the jobs. Millions of jobs have been created in the last 3 years. Unemployment is 4.9 percent. The gross domestic product growth is strong. Household wealth is at an all-time high, reaching \$51.1 trillion in 2005. Seventy percent of Americans now own their homes. The American dream is becoming a reality. Income is rising. Inflation remains in check. There is a lot to be proud of. But that is not good enough.

We need to look at where the problems exist and at how we can provide incentives for growth and create better paying jobs and to pay attention to

people's retirement needs and their health care needs. There is a lot we need to do.

I wish we could find a way to agree more on how we can move legislation in this body—not how we can drag it out or get the drop on each other.

I remember when I used to talk to Tom Daschle when we were in leadership positions. We would get tangled up in arguments—heated ones. And I used to fill up the tree every now and then where amendments could not be offered, which he didn't appreciate, and he said as much. But many times we would come together and say in the end: Good politics means good policy. If you do things that help the people, everybody benefits—Democrats and Republicans.

Do we need to do something about the delivery of health care in America and the accessibility and affordability of it? Yes.

Do we need to find a way to deal with border security and all of the ramifications of immigration? Absolutely.

Do we need to find more ways and better ways to deal with the future energy needs of this country? Yes.

Would it be good if we could find reform on asbestos that would actually help the people who are truly injured and not have all the money go to my friends in the plaintiffs' bar? Yes. We ought to do that. We ought to find a way to do it in a bipartisan way.

I plead again with the leadership of the Democratic side. Let us get an agreement on how to finish this. Let us not have a shootout when it is not even necessary on this bill. There will be plenty of time for a shootout. In fact, let us arrange a time. OK, at 12 noon we are going to meet at the OK Corral next Tuesday and get it over with—but not on this bill.

Can we do a few things together before we fight like cats and dogs because it is an election year? We ought to find a way to do that.

But if we are not going to get an agreement, I will say repeatedly, as long as we are on this bill, this is our territory. I am glad to talk the rest of this year about going to conference on tax relief for working Americans, for teachers, for families with children. Hallelujah. I would just as soon let us stay on this for the rest of this month. I will be a happy camper. Politically, I don't know who is winning. Maybe we are. That suits me fine, too. I have my speech ready to talk about the substance over and over again. We can do that. But we also can go to conference and get this work done, and then we could go on to the next issue.

I thank the Chair and my colleagues for this time. I yield the floor.

The PRESIDING OFFICER (Ms. MURKOWSKI). The Senator from Montana.

Mr. BAUCUS. Madam President, I must say it is delightful to listen to the Senator from Mississippi. I wish sometimes he could come to the floor more often. He makes a good point, that we have to work together. And we

all know that we try hard to work together. At the same time, Senators have the right to offer amendments. We will work together the very best we can.

I want to say how much I appreciate the comments he made and how much I appreciate the addition he is making to the discussion.

As I noted in my opening statement, one of the weightiest differences between the underlying House bill and the pending Senate substitute before us is that the House bill includes capital gains and dividend tax cuts. The Senate didn't include them. The Senate chose instead to favor AMT protection for working families. We couldn't do both. The Senate chose to apply the AMT relief.

There are several reasons the Senate did not include the capital gains and dividend tax cuts. One among the many good reasons is that the Senate's rules make them hard to include.

In a moment, I will propound a series of parliamentary inquiries to the Presiding Officer on this point. But let me first take a moment to explain.

The Senate's Byrd rule—actually, we know there are several Byrd rules—section 313 of the Congressional Budget Act contains what a reconciliation bill can include. The rule is named after the distinguished senior Senator from West Virginia. Senator BYRD and those who joined him in writing the Byrd rule recognized that the budget reconciliation process is a powerful engine. And the Byrd rule keeps reconciliation bills more on the purpose for which they were intended.

One subparagraph of the Byrd rule deals with the worsening deficit in the outyears; that is, years beyond the budget resolution. Section 313(b)(1)(E) of the Budget Act says that a provision is out of order if the title that includes it would worsen the deficit for any future fiscal year after the fiscal years covered by the reconciliation bill. The provision was designed to prohibit legislation that would make our deficit problem worse by hiding the costs in the future.

The capital gains provision in the House bill is one such provision. The dividend provision in the House bill is another. The capital gains provision in the House bill would worsen the deficit by close to \$13 billion in fiscal year 2012 alone. This is because lower capital gains tax rates in the short run will induce holders of property to sell their assets earlier than they otherwise would have. As a result, the U.S. Treasury may realize some increased revenues in the short run as property holders pay capital gains on those sales. But the Treasury will lose revenue in the long run because the property holders will not sell that asset at the later time which they otherwise would have sold the asset. And the Treasury will also lose revenue in the long run because the Government will tax capital gains at a lower rate.

A similar phenomenon takes place with dividend tax cuts. The dividend

tax cuts in the House tax bill would worsen the deficit by more than \$9 billion in 2011 alone.

I have been citing numbers provided by the Joint Committee on Taxation.

I ask unanimous consent that the full table setting forth the Joint Committee's estimated revenue effects of the House bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ESTIMATED REVENUE EFFECTS OF H.R. 4297, THE TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005, AS REPORTED BY THE COMMITTEE ON WAYS AND MEANS—FISCAL YEARS 2006–2015

(Millions of dollars)

Provision	Effective	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006–10	2006–15
I. Extension and Modification of Certain Provisions Through 2006:													
1. Treatment of nonrefundable personal credits under the individual alternative minimum tax (sunset 12/31/06). ¹													
	tyba 12/31/05	-565	-2,250									-2,825	-2,825
2. Tax incentives for business activities on Indian reservations:													
	tyba 12/31/05	-21	-29	-11	-1							-62	-62
	ppisa 12/31/05	-161	-280	-104	23	77	120	98			6	-445	-179
	wopifbwa 12/31/05	-125	-193	-87	-38	-23	-13	-2				-466	-480
3. Extend and modify the work opportunity tax credit (sunset 12/31/06):													
	wopifbwa 12/31/05	-12	-27	-24	-12	-6	-3	-1	(?)			-80	-85
5. Enhanced deduction for qualified computer contributions (sunset 12/31/06):													
	cnd tyba 12/31/05	-66	-55									-121	-121
6. Availability of Archer medical savings accounts (sunset 12/31/06):													
	ppisa 12/31/05	-46	-138	-181	-177	-171	-155	-146	-155	-152	-150	-714	-1,472
7. 15-year straight-line cost recovery for qualified leasehold improvements (sunset 12/31/06):													
	ppisa 12/31/05	-22	-56	-68	-68	-68	-67	-67	-63	-63	-57	-283	-601
8. 15-year straight-line cost recovery for qualified restaurant improvements (sunset 12/31/06):													
	tyba 12/31/05	-46	-25									-70	-70
9. Suspension of 100 percent-of-net-income limitation on percentage depletion for oil and gas from marginal wells (sunset 12/31/06):													
	tyba 12/31/05	-58	-30	-2	-1	-4	-13	-46	-23	-21	-23	-95	-221
10. Tax incentives for investment in the District of Columbia (sunset 12/31/06): ³													
	tyba 12/31/05	-2	-8									-10	-10
11. Possession tax credit with respect to American Samoa (sunset tyba 12/31/06):													
	DOE	-3	-45	-10								-58	-58
12. Party in the application of certain limits to mental health benefits (sunset 12/31/06): ⁴													
	apisa 12/31/05 & tyba DOE	-3,330	-3,219	-1,480	-1,097	-740	-192					-9,866	-10,057
14. Qualified zone academy bonds (sunset 12/31/06):													
	epia 12/31/05	-3	-7	-14	-19	-20	-20	-20	-20	-20	-20	-62	-162
15. Above-the-line deduction for teacher classroom expenses capped at \$250 annually (sunset 12/31/06):													
	pmi tyba 12/31/05	-60	-139									-199	-199
16. Deduction for qualified tuition and related expenses (sunset 12/31/06):													
	tyba 12/31/05	-420	-1,260									-1,680	-1,680
17. Deduction of State and local general sales taxes (sunset 12/31/06):													
	tyba 12/31/05	-525	-1,574									-2,099	-2,099
II. Extensions of Certain Provisions for Two Additional Years, and Other Modifications:													
Total of Extension and Modification of Certain Provisions Through 2006													
		-5,465	-9,345	-1,981	-1,390	-955	-343	-184	-211	-250	-260	-19,135	-20,381
11. Extend and expand to petroleum products the expensing of "Brownfields" environmental remediation costs (sunset 12/31/07):													
	episa 12/31/05	-219	-375	-130	47	54	56	49	44	38	32	-625	-406
2. Controlled foreign corporations:													
	a. Exception under subpart F for active financing income (sunset 12/31/08)		-775	-2,339	-1,682							-4,796	-4,796
	b. Look-through treatment of payments between related CFCs under foreign personal holding company income rules (sunset 12/31/08)		-82	-237	-260							-746	-746
3. Tax capital gains and dividends with a 15%/0% rate structure:													
	a. Capital gains (sunset 12/31/10)			-1,549	-8,375	2,672	54	-12,698	(?)	(?)		-7,252	-20,004
	b. Dividends (sunset 12/31/10)			-860	-4,431	8,008	-3,668	-6,326	-1,224	-450	-112	-13,299	-30,779
4. Credit for elective deferrals and IRA contributions (sunset 12/31/08)													
	tyba 12/31/06		-481	-1,428	-903	-10	-11	-11	-11	-10	-10	-2,823	-2,875
5. Increase section 179 expensing from \$25,000 to \$100,000 and increase the phaseout threshold amount from \$200,000 to \$400,000; include software in section 179 property; and extend indexing of both the deduction limit and the phaseout threshold (sunset 12/31/09):													
	tyba 12/31/07			-2,605	-4,459	-209	2,707	1,772	1,222	826	476	-7,274	-271
III. Other Provisions:													
Total of Extensions of Certain Provisions for Two Additional Years, and Other Modifications													
		-301	-1,868	-9,171	-19,970	-5,501	-6,670	-17,214	31	404	386	-36,815	-59,877
1. Taxation of certain settlement funds (sunset 12/31/10)													
	aafca DOE	-3	-9	-10	-11	-12	-13	-14	-15	-15	-15	-45	-117
2. Modify rules for distributions of controlled corporations (sunset 12/31/10)													
	generally da DOE		-1	-8	-8	-9	-9	-5	-3	-1		-33	-51
3. Expand the qualified veterans' mortgage bond program (sunset 12/31/10)													
	tyba 12/31/05		-1	-2	-4	-4	-7	-8	-9	-9	-9	-14	-25
4. Provide capital gains treatment for certain self-created musical works (sunset 12/31/10)													
	soel tyba DOE		-1	-4	-5	-4	-2	-4				-19	-25
5. Expand the eligibility for the tonnage tax election (minimum of 6,000 deadweight tons) (sunset taxable years ending before 1/1/11)													
	tyba 12/31/05		-2	-3	-4	-4	-4	-3				-17	-20
6. Modification of certain arbitrage rules for certain funds (include 20% State limitation) (sunset 9/31/09)													
	bia DOE			-1	-2	-1	(?)	(?)				-4	-5
Total of Other Provisions													
		-7	-24	-30	-34	-37	-35	-32	-27	-25	-24	-132	-276
Net Total													
		-5,773	-11,237	-11,182	-21,394	-6,493	-7,048	-17,430	-207	129	102	-56,082	-80,534

¹The "Economic Growth and Tax Relief Reconciliation Act of 2001" provides that the child tax credit and adoption tax credit are allowed for purposes of the alternative minimum tax for 2002 through 2010.

²Loss of less than \$500,000.

³The extension of tax-exempt financing is effective for bonds issued after the date of enactment.

⁴This provision will have a negligible effect on penalty excise tax receipts. However it will have an indirect effect on income tax receipts through increases in employer-contributions for health insurance and corresponding decreases in cash wages. The table shows this indirect revenue effect, which was estimated by the Congressional Budget Office.

⁵Effective for taxable years of foreign corporations beginning after December 31, 2006, and before January 1, 2009, and to taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.

⁶Effective for taxable years of foreign corporations beginning after December 31, 2005, and before January 1, 2009, and to taxable years of U.S. shareholders with or within which such taxable years of such foreign corporations end.

Note: Details may not add to totals due to rounding. Date of enactment is assumed to be December 1, 2005. Legend for "Effective" column: aafca = accounts and fund created after; apisa = amounts paid or incurred after; bia = bonds issued after; cnd = contributions made during; da = distributions made during; epia = expenses paid or incurred in; episa = expenses paid or incurred after; epoi = expenses paid or incurred after; epofibwa = wages paid or incurred for individuals' beginning work after.

Mr. BAUCUS. Madam President, under the Budget Act, the Budget Committee is the authority on scoring matters. Section 312(a) of the Budget Act provides in relevant part that “the levels of . . . revenues for a fiscal year shall be determined on the basis of estimates made by the Committee on the Budget . . . the Senate, as applicable.”

In practice, this means that the Presiding Officer will turn to the chair of the Budget Committee for projections of dollars and cents effects of the legislation. In practice, the chair of the Budget Committee tends to rely on the Joint Committee on Taxation for revenue estimates.

I have let the chairman of the Budget Committee know that I was going to propound this inquiry. I believe the chairman of the Budget Committee concurs that the Joint Committee on Taxation estimates that I have just cited are authoritative.

I have a series of parliamentary inquiries. Is it not true that by virtue of section 313(b)(1)(E) of the Budget Act, section 313(b)(1)(E) of the act—part of the Byrd rule—applies to conference reports?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAUCUS. Madam President, if the conference committee on the legislation before us today were to return a conference report that included the capital gains and dividends tax cut provisions in the underlying House bill before us today, is it not true that a point of order would lie under section 313(b)(1)(E) of the Budget Act against both of those provisions?

The PRESIDING OFFICER. The Senator is again correct.

Mr. BAUCUS. Madam President, if a Senator raised that point of order against the provisions just cited, and the Presiding Officer sustained the point of order, is it not true that the offending provisions would be deemed stricken from the conference report and the Senate would then have before it an amendment between the Houses consisting of the rest of the conference report not so stricken?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAUCUS. Madam President, is it not true that a motion to waive a point of order raised under that section of the Budget Act or an appeal of the ruling of the Chair under that section would require the affirmative vote of 60 Senators to succeed?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAUCUS. Thank you, Madam President.

I believe this set of inquiries has established an important point. The capital gains and dividend provisions in the House bill worsen the deficit in the outyears. The conference committee thus must remove those provisions from the bill, pay for them in the outyears, or plan for needing 60 votes to waive the violation of the Budget Act. Those are the alternatives.

I might note that in the waning days of the last session, the Senate demonstrated that it is capable of employing the Byrd rule against reconciliation conference reports. For example, Senator CONRAD raised a point of order under the Byrd rule against several provisions in the spending reconciliation bill, and the Presiding Officer sustained the points of order under the Byrd rule. That is why the House of Representatives, this very day, in 2 or 3 hours, is voting on that spending reconciliation bill again.

So there are good reasons for the conference committee on this bill not to include the capital gains and dividend tax cuts the House bill includes. One of those good reasons is the Senate rules.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Madam President, I thank the Senator from Montana for reviewing for our colleagues the rules that relate to points of order, points of order that may lie because of Byrd rule violations with respect to this legislation. It is critically important we do this within the rules.

I commend the ranking member and the chairman for putting together an excellent package. I have other business now, unfortunately, that will take me away from the Senate, but I intend to come back and at some point offer a substitute that will be paid for with the same package. The chairman and ranking member have done an excellent job of presenting a package that is very much in the interest of the country. Also, I will offer a pay-go provision. I don't think we can give up on the notion that any new spending or any tax cuts need to be paid for. Our deficits and debt are running amok.

I again alert my colleagues what concerns me the most, even though the deficit gets all the attention in the press, the far more serious threat is the exponential growth of the debt. Last year, the deficit was some roughly \$320 billion, but the growth of the debt was \$550 billion.

For this year, when we put back things that have been excluded, we see a deficit in the \$360 billion range, but the growth of the debt we now estimate is more than \$630 billion, every penny of which has to be repaid.

The budget that we are still working on from last year will increase the debt of this country—by the estimates of the authors of the budget—will increase the debt more than \$600 billion a year each and every year of the 5 years of its life. That is a \$3 trillion increase in the debt. The first 5 years of this administration the debt has already increased more than \$3 trillion.

Looking ahead to the next 5 years, there is another \$3 trillion increase. We are now headed, we believe, for a \$12 trillion debt by the end of this 5-year period, a doubling of the debt in a 10-year-period. Foreign holdings of our debt have doubled in 5 years.

It took 42 Presidents 224 years to run up \$1 trillion of debt held abroad, U.S. debt held by foreigners. In the last 5 years under this President, we have doubled that amount—in fact, more than doubled that amount. That is an utterly unsustainable course. It is absolutely incumbent on us to get hold of our budget deficits and our trade deficits that are requiring this unprecedented foreign borrowing. I will have more to say about this when I offer a substitute and when I offer a pay-go provision.

I urge my colleagues to pay close attention. Together we have to deal with this burgeoning deficit and debt. It is threatening our country. It threatens our economic security. It threatens our national security. It certainly threatens our financial security. In my substitute, I alert my colleagues, I will take the very provisions the chairman and ranking member proposed—they have done an excellent job of putting together a package that makes sense for the country. It has the right priorities. They have done an excellent job. I have taken those provisions, and I have added some more pay-fors so we cover the cost.

Again, clearly, some of these tax reductions need to be extended. Goodness knows we have a whole series of things on which the American people rely. We ought to extend them. The chairman and the ranking member have done a terrific job of putting this package together in a bipartisan way. I will offer a substitute that takes their package and adds some pay-fors so the cost is covered.

With that, I indicate to my colleague that we will try to work out with his staff when it is most appropriate to return. I have another obligation at 12:30.

Mr. BAUCUS. Madam President, I very much thank my good friend from North Dakota. More than any other Senator, he is constantly reminding Members that our budget deficit is getting out of control. It is a message I wish more Senators and the public would heed. I hear the problem constantly.

I was in India and China for 10 days earlier this month. We all travel overseas, and we all talk to the leaders privately and publicly worldwide. I heard this constantly. We Americans have to get our fiscal house in order. We have to do it right away. The earlier we begin the better. There is no doubt, all mainstream economists agree, after a while it makes it very difficult for the United States to compete, and we have such a low savings rate, our national savings rate and our personal savings rate.

I thank the Senator again. I want him to know how much I appreciate all he is doing to try to get some attention to this very important subject.

Mr. CONRAD. I appreciate the remarks of the Senator from Montana.

Mr. BAUCUS. Madam President, our personal savings rates are negative. We consume more than we save in America

today. Our national savings rate is low today because our fiscal deficit is so high. Corporate and private debt is high.

We have a great country, no doubt about that, a wonderful country. I am saying as clearly as I can say it, we run a great risk as a country of squandering what we now have as Americans if we do not, sooner rather than later, get our act together and get the deficits down. I am not being partisan.

It was not too many years ago we had projected surpluses. President Clinton bit the bullet. It was tough, very tough. He sent a budget to the Congress which included spending cuts and included some revenue increases only on the most wealthy. It was 50-50, 50 percent revenue cuts and 50 percent revenue raises on only the top 2 percent income earners in America, and it got through the Congress, one vote in each body.

Guess what. As a consequence, we projected surpluses, about \$5 trillion in surplus over the following 10 years. I know that gave a great boost of confidence to businesses, to investors, that we would have a surplus in America, that we would be a strong country. It did not adversely affect the overall economic factors we face today.

With that huge deficit, I remind everyone, who is financing the deficit? Foreigners. Foreign governments by and large are financing this deficit. China's reserves at the end of the year will be \$1 trillion, surpassing Japan's foreign reserves. They are building up their bank accounts to such a great degree, loaning dollars to the United States with treasuries and other instruments. They are financing this.

We have to begin to get this budget deficit down right away. There is no alternative. The sooner we begin the better. I thank the Senator from North Dakota and others who are working very hard to try to get the job done and get our budget deficits reduced.

The Senate is now considering, to remind my colleagues, the House tax reconciliation bill, the bill before the Senate now. The Senate substitute is not yet pending. Thus, I encourage Senators who wish to speak on the tax provisions—that is, the House bill before the Senate—to come to the floor and deliver their statements. At some point in midafternoon we expect the majority leader or the assistant majority leader to offer the Senate substitute and the Grassley-Baucus perfecting amendment, essentially taking the House bill before the Senate now and substituting the Senate-passed reconciliation bill. We hope the Senate will adopt the Grassley-Baucus perfecting amendment by voice vote. Thereafter, I encourage tax-related amendments.

Just to review the situation now, this is a good time to make statements on the bill. I also encourage Senators who have tax-related amendments to offer those first. I would like the tax-related amendments brought before the Sen-

ate, debated, and dealt with. Afterwards, we can deal with the non-tax-related amendments, amendments which will be nongermane and, if offered, against which points of order will be made, we are in a 60-vote situation.

That is where we are today. It is Wednesday noon. We have a total of 20 hours on the whole bill. I am hopeful we will not have to use that 20 hours, but it is 20 hours. The clock is ticking. I urge Senators to come to the Senate now.

Like the budget deficit, earlier is better than later. Senators can offer their amendments now, and they have a better chance of getting full debate. Later, they probably will get squeezed. I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. VOINOVICH. Madam President, I rise out of concern for our generation and also for the generations of our children and grandchildren and the legacy we leave them.

It has been said that the real test for a moral society is the kind of world it leaves to its children. With that in mind, I speak about the reconciliation tax bill before the Senate.

First, I comment on the larger context of what I and others see as a great threat to our future way of life. Comptroller General David Walker has said that the greatest threat to our future is our fiscal irresponsibility.

He also says:

America suffers from a serious case of myopia or nearsightedness both in the public sector and the private sector. We need to start focusing more on the future, we need to recognize the reality that we are on an imprudent and unsustainable fiscal path and we need to get started now.

In November of last year, Alan Greenspan testified before the Joint Economic Committee and told Congress:

We should not be cutting taxes by borrowing. We do not have the capability of having both productive tax cuts and large expenditure increases, and presume that the deficit doesn't matter.

I, for one, am taking this warning very seriously, and I have since I have been a Member of the Senate. I strongly believe deficits do matter. I do not know how anyone can say with a straight face that when we voted to cut spending in December to help achieve deficit reductions, we can now turn around a short while later to provide tax cuts that exceed or cancel out the reduction in spending. I voted to cut spending in the reconciliation bill, but I voted against the tax cuts that were part of the reconciliation effort. In my opinion, it is the only responsible course of action.

There are three reasons we should oppose tax cuts at this time. It is simple. First of all, we cannot afford those tax cuts; two, we do not need these tax cuts; three, we should be working on tax reform rather than tax cuts.

Let's look at some of the looming problems or liabilities that our Federal

Government will have to face in the near future. There is the often quoted but perhaps not recognized statistic that 77 million baby boomers, about whom the President talked last night—he is one of them; so is Bill Clinton—will begin to retire in just a couple of years, and they will be a tremendous drain on our entitlement programs. It has been called a demographic tsunami that will never go away.

By 2030, the Congressional Budget Office projects Social Security spending as a share of the U.S. economy will rise by 40 percent. The bottom line is the predictions are that by 2030 almost the entire budget will be used for Social Security, Medicare, and Medicaid, and we will not have anything left for anything else.

At the size of the Federal budget today, according to the Congressional Budget Office, the prescription drug benefit will cost \$155 billion a year by 2016, and taken together with Medicare and Medicaid will cost us \$1.3 trillion or about one-third of Federal spending.

On top of this, we must consider the pension liabilities taxpayers may soon take on. The Pension Guaranty Corporation has assumed 1.3 million pensions, which adds up to about \$23 billion more in obligations than its premiums can cover. That shortfall could grow to more than \$100 billion in the near future, considering that about 1,100 companies are at high risk of defaulting on their plans. All that may be added to the Government's bill to pay. We are going to have to pick up the tab on that if this happens.

The war on terror has cost us over \$350 billion since it began. This just happens to be the size of the tax cut we enacted in 2003. I took a lot of heat for holding the line on that \$350 billion, but the costs of the war were not clear at that time. Consider where we would be today had we not limited the scope of the tax cuts. Where would we be in terms of our budgets being in balance and our national debt? I voted for funding for the war on terror because it is the Federal Government's primary duty to provide national security. However, considering these large increases in spending, it certainly does not make sense to give away large tax cuts.

The Congressional Budget Office projects that Defense spending will rise from \$420 billion in 2006 to \$461 billion in 2011. This is excluding supplemental appropriations. And, of course, we must look at the Federal spending for Hurricane Katrina. While not as expensive as originally thought, relief spending will amount to about \$101.5 billion—the total cost of the supplemental appropriations, targeted tax relief, and other Katrina-related bills we have passed.

Now add to that we are already operating in a deficit. In case anyone has forgotten, the deficit for fiscal year 2005 was \$319 billion. In October of last year, the gross Federal debt climbed past \$8 trillion. The debt has grown from \$5.5 trillion, when I first came

into office, to a staggering \$8.1 trillion. The debt service alone threatens to gobble up revenues in the near future. According to CBO, in fiscal year 2005, interest on the public debt grew more rapidly than any other major spending category, rising 14 percent above the fiscal year 2004 level.

Let's face it, we have been lucky. Interest rates have been very low so our interest costs to the debt have been relatively modest. But as we move up the chain and interest rates start to rise, they are going to take a much larger share of our expenditures.

Without major spending cuts, tax increases, or both, the national debt will grow by more than \$3 trillion through 2010, to \$11.2 trillion, according to the General Accounting Office. In other words, it is going to grow more than \$3 trillion through 2010. According to the General Accounting Office, that will be nearly \$38,000 for every man, woman, and child. The interest alone would cost \$561 billion in 2010, the same as the budget of the Pentagon. In other words, the interest costs in 2010 are going to be the same cost as to entirely fund our Defense budget.

However, we all know the real problem is our long-term debt. By the General Accounting Office's own estimates, about 35 years from now, when my grandchildren have their own children to care for, balancing the budget could require actions as large as cutting total Federal spending by 60 percent. We had a tough time with our modest reduction in terms of cutting expenses 1 percent. We went through all kinds of furor around here.

By passing these tax cuts into law, I believe we are increasing the deficit and thus the Nation's debt, which results in a future tax on our Nation's children. I believe it is immoral to bequeath trillions of dollars in debt to our children and grandchildren. This will not be politically easy, and I understand that. But the simple, undeniable fact is we cannot have it all. We have to make hard choices. We have to decide we cannot say to them: You pay for things we wanted and were not willing to pay for. We should either pay for them or be doing without them.

I learned this lesson while I was mayor of Cleveland for 10 years and as Governor of Ohio for 8. You have to balance budgets. You have to deal with deficits.

In the words of Robert J. Samuelson in a Newsweek article called "Capitalism vs. Democracy":

So it is that budget deficits persist; any combination of spending cuts and tax increases arouses a coalition of the angry. And so it is that—despite a gradual aging of the population that will require huge and, probably, damaging tax increases—no one has seriously attempted to contain these costs. It is easier to pretend that there will be no ill effects.

It is time to recognize a simple fact, and that is this: Tax cuts do not pay for themselves. We have heard all of this about: Did the tax cuts generate more revenues than what we had ex-

pected? The red bars on this chart show the revenue projected before we cut taxes in 2003. In other words, these are the revenues we expected to get if we had not cut taxes. The blue bars show the revenue projected after we cut taxes. The green bars show the revenue actually collected. The green bar shows the most important thing.

The blue bar shows what we thought we were going to get, and we did get more revenue than we expected in 2003. We expected this, as shown by the blue bar, in 2004, and we got the green. We expected what is shown with the blue bar, as projected, and we were able to get added revenue, as shown by the green bar. The revenue came up, but there is a big debate.

Particularly, we were talking about that yesterday in a meeting, about what caused the increase in revenues. Some were arguing it was because of reducing the tax on dividends and lowering the capital gains tax. I asked the question: Did the lowering of interest rates have anything to do with the fact that we had added revenues? We talk about the stock market. Did the fact interest rates were down impact on the fact that the stock market has gone up?

So there are a lot of things that come into play. I am sorry, but so many of my colleagues say these two tax reductions made the difference for America and fail to realize there were a lot of other things that were happening in our economy. The 2003 tax cuts, yes, were not as expensive as we feared, but the fact is, they still did not pay for themselves in terms of what we projected the revenues to be if we did not have the tax cuts.

The Government Accountability Office and the Congressional Budget Office have both stated we cannot simply grow our way out of the problem. The Congressional Budget Office said last year:

[E]conomic growth alone is unlikely to bring the nation's long-term fiscal position into balance.

What I am saying is we have to make some tough choices around here. I voted for tax cuts in 2001, 2002, and 2003 because the country needed stimulative medicine. It has worked. The economy has grown. But like any other medicine, an overdose of tax cuts can, and in my opinion will, do more harm than the original disease.

In 2003, I said that \$350 billion in tax cuts would be enough to get the economy moving, and it worked. Now I am saying that any more would be an overdose. It is time to put the tax cut medicine back on the shelf, particularly in light of the war in Iraq, our spending on homeland security, Hurricanes Katrina and Rita, and all the other mandatory spending I have mentioned earlier.

The second reason to put the tax cut medicine back on the shelf is that many important tax extensions do not have to happen today. They do not. For instance, the reduced rates on divi-

dends and capital gains do not expire until 2008. As a matter of fact, we could wait until 2009 to deal with it in terms of the 2008 tax year. That is 3 years from now. If we wait to look at these extensions, perhaps it would give us a chance to find offsets to pay for them or even look further at something that is long overdue, tax reform. I am going to discuss that in a moment.

When Alan Greenspan testified before the Joint Economic Committee at the end of last year, a member of the committee asked if he supported extending the current 15-percent tax rate for capital gains and dividends. Former Chairman Greenspan replied he could only support extending these tax cuts if they were paid for. According to Chairman Greenspan, large budget deficits will drive up interest rates over time, raising the Government's debt-service costs, which I referred to 5 minutes ago; that is, interest costs go up, and we end up paying a large portion of our budget on interest costs. Chairman Greenspan said: unless the situation is reversed, at some point these budget trends will cause serious economic disruptions.

The fact is if these taxes are so important, we should pay for them, which is why I supported the pay-go amendment to the budget resolution in March and supported it again in November. We have pay-go that says if you want to spend more, you have to find some way to pay for it. We should do the same thing with tax cuts. No, we decided not to do that.

I also supported the Deficit Reduction Act when it passed the Senate in December because I believe controlling the growth of entitlement spending is essential to dealing with our fiscal challenges. The Deficit Reduction Act has been presented as an important step toward putting our fiscal house in order.

However, adjusting the balances on the pay-go scorecard to reflect the passage of the reconciliation bill would give credence to the criticism that we voted to restrain entitlement spending to allow for larger tax cuts, not to reduce the deficit. In other words, you guys cut your expenses so you could pay for your tax reductions, and you did nothing for the deficit.

Furthermore, even though the budget resolution adopted last April allowed for legislation increasing the deficit by \$75.6 billion, the fiscal and political environment is very different now than it was when the budget resolution was adopted. As I mentioned before, the costs of responding to Hurricane Katrina have had a substantial impact on the budget deficit. Katrina hit the United States on August 29, well after we passed the budget resolution. We had no idea this was coming. This was the worst natural disaster we have had, and we have to say: Well, we will take care of it. We will find some way to fudge it and pay for it. But we know fudging it means our budget for 2006 is going to be more unbalanced and we are going to add to the national debt.

The Office of Management and Budget recently announced that the deficit will exceed \$400 billion once again in fiscal year 2006, \$60 billion higher than projected last summer.

Another important step toward fiscal responsibility is to have honest accounting for the Social Security surplus. We have borrowed over \$1.9 trillion from Social Security to finance the rest of the Government. I want to make this point clear. When I first came to the Senate, we were talking about “unified budget” and “on budget.” All of a sudden, we are now back to the unified budget. In those days, we were saying: We cannot spend the Social Security surplus. Now we do not even talk about the Social Security surplus. The real number is masked by borrowing from the trust funds of other programs. When you add the off-budget surplus of \$175 billion from the Social Security trust fund and Postal Service outlays, the real, or on-budget, number is \$494 billion. The American people do not understand that. We report \$319 billion. The fact is, it cost us almost \$500 billion. The Government’s accounting for total trust fund surpluses is actually \$226 billion. That would increase the total deficit to \$545 billion.

In other words, we talk about the Social Security surplus we spent. We do not tell the American people that we are also spending the other money that is in the trust funds. So if you add them all up, we are talking about a deficit of \$545 billion, when you include spending the money that is in Social Security and the other trust funds.

It is time to stop the raid on Government trust funds. That is why I have introduced the Truth in Budgeting Act. I am happy Senator CONRAD is willing to work with me on this important budget reform. The legislation would stop the Federal Government from using surplus trust fund revenues to hide the true size of the Government’s deficit spending and highlight the true size of the Federal debt by forcing the Government to increase borrowing from the public to cover general fund expenses.

I have introduced this bill not as a Social Security reform measure but as a budget reform measure. It is important to have an honest accounting of where we are and where we are headed from a fiscal perspective.

If you look at a study by the Heritage Foundation on Western European economies, you get a glimpse of where we are going. Many older European nations have been forced to impose large tax increases on workers to fund benefit systems mainly for retirees. Overall government spending in the 15 nations comprising the European Union averages 48 percent of GDP, and tax revenues average 41 percent of GDP, which has placed a significant drag on their economies. Compared to the United States, per capita income is 30 percent lower in these countries. Economic growth rates are 34 percent lower than the United States, and un-

employment is substantially higher. As their populations continue to age, the economies of countries such as Germany and France risk collapsing under the weight of their unrealistically generous retirement and welfare systems. We can’t allow that to happen here.

I am pleased that President Bush, in the State of the Union Address last night, called for a bipartisan commission to examine the full impact of baby boom retirements on Social Security, Medicare, and Medicaid. He said the commission “should include Members of Congress of both parties and offer bipartisan solutions. We need to put aside partisan politics and work together and get this problem solved.” I couldn’t agree more. We have ignored this issue. It is time that we sit down in a bipartisan basis and face up to this pending disaster and deal with it now before it is too late.

My third reason for opposing tax cuts at this time is that the President’s Advisory Panel on Tax Reform released its final report in November of last year. All of us have heard from families and businesses in our States lamenting the complexity and frustration with the current Tax Code. I don’t know about the Presiding Officer, but I know my wife and I spend hours getting our papers together, and we have to take them to an accountant. I used to do my tax return. I am a lawyer. I wouldn’t touch my tax return today with a 10-foot pole.

I am disappointed that the administration seems to have put tax reform on the back burner. Why extend tax reductions, which we are talking about now, piecemeal when we should be considering fundamental tax reform instead? The goal of any government revenue program should be to raise sufficient funds to operate public programs with the least amount of disruption to the economy. Our tax structure should be simple, fair, and honest. Our current Tax Code achieves none of these objectives.

Last year, the Tax Foundation, a conservative think tank, estimated that Americans spent more than 6 billion hours doing their taxes and that complying with the current Federal income tax code costs U.S. individual businesses and nonprofits \$265 billion, which is 22 cents for every dollar of income tax collected. This is equivalent to the combined budgets of the Departments of Education, Homeland Security, Justice, Treasury, Labor, Transportation, Veterans Affairs, Health and Human Services, and NASA.

Individuals and businesses lose money they could otherwise save, invest, spend on their kids’ education, or enjoy an extra evening out with the family. But the Federal Government gains nothing from this atrocious tax system we have. It is the equivalent of stacking money in a pile and lighting a match. It doesn’t do anything for anybody.

We all recognize the need for a simple, fair, and honest Tax Code. This

would be a win-win goal for everyone. We will soon be considering a bill that would cut taxes by about \$60 billion. Simply cutting tax compliance costs in half, from 20 percent to 10 percent, would have the impact of a much larger tax cut in the amount of \$130 billion. In other words, if we could get a fair, simple, understandable Tax Code and eliminate this enormous amount of money it costs all of us to pay our taxes and reduce that by half, we could save the American people \$130 billion. That is real money. This tax cut we are talking about is \$60 billion. We are talking about \$130 billion out there that we have in our pockets. It doesn’t impact the revenues to the Federal Government one iota. However, it would be a tax cut that doesn’t reduce our revenue.

We all know that fundamental tax reform is critical. I cannot understand why some of my colleagues want to make so many provisions of the Tax Code permanent or add new tax cuts when we very well may be eliminating precisely the same provisions as part of fundamental tax reform.

The problem we have is this, if you want to be practical: When I got involved in this whole business in 2003 of the \$350 billion tax reduction to stimulate the economy, and we started talking with some of the high leadership in the House of Representatives, I was saying to them: When I was Governor, what we did is we looked at tax reductions that stimulate the economy, and then we looked at other areas where we could increase taxes that would have less impact on the economy. We had to be concerned about balancing our budget.

What I heard from the leadership on the other side of the Capitol was: We can’t increase taxes because we all took the pledge that we can’t increase taxes.

I said: Even if you could increase taxes that don’t have that much impact on the economy so that you could decrease taxes that would help stimulate the economy?

No way.

Where are we going? If that is the deal, we will never get anything done around here.

It is my opinion that it is not time for piecemeal tinkering. No homeowner would remodel their kitchen and bathroom a year before tearing down the house to build a newer and better one. We need to tear down the house.

If you look at that Tax Code, consider it to be a Christmas tree. If you look at all the ornaments on that tree, you would sit back and say: Who in the devil ever decorated this tree? They must have been under the influence of alcohol or drugs. That is what it is today. We just keep adding things, one after another, another bell, another whistle, this and that. It is time for us to look at this.

I wish to reiterate the three reasons I think we should oppose these tax cuts at this time.

No. 1, we cannot afford them because of our soaring deficit and the national debt. Putting our spending on the credit cards of our kids is unconscionable, particularly because they are going to have to work harder and smarter to compete in a global marketplace just to maintain our current standard of living. Don't think they are not worried about that. And as a parent, don't think I am not worried about the kind of environment in which my kids are going to live. They are going to have to work very hard in this new competitive world. We better wake up to it. It is the most formidable competition we have ever had in my lifetime; from China, India, you name it. What we are basically saying to our kids is: You are going to go into this competitive society and have to work harder than you have ever had to before. And by the way, down the road, you are going to have to pay for things we weren't willing to do without or pay for. God bless you.

I can't do that. I cannot do that. I don't think any of us can do that.

Second, we don't need tax cuts at this time. If this body believes we must have them, then follow Alan Greenspan and David Walker's advice and let's pay for them.

Third, from a public policy point of view, these tax cuts are premature because in the very near future we may well change them as part of fundamental tax reform and simplification.

I thank my colleagues for their attention and urge them to consider the ramifications of additional tax cuts at this time and reaffirm a principle we have held dear over the years and that I have adhered to as mayor of Cleveland and governor of Ohio. That is to balance budgets and reduce deficits and, yes, when the circumstances warrant it, cut taxes, as I did the last 3 years as governor of Ohio.

I yield the floor.

The PRESIDING OFFICER (Mr. THUNE). The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I am informed that it is not appropriate at this point to offer an amendment or to call up my amendment and offer it, but I do wish to speak to one of the amendments, which is at the desk, that I have filed. It is an amendment that is cosponsored by Senators ROCKEFELLER, MURRAY, CANTWELL, CLINTON, KENNEDY, KOHL, LIEBERMAN, SCHUMER, MENENDEZ, KERRY, and LEAHY.

This amendment relates to the prescription drug problem which all of us hear about when we return to our home States. It is an immediate issue and an immediate concern for our constituents. I have an amendment that tries to address a substantial amount of that concern.

On January 1, 2006, just a month ago, senior citizens and people with disabilities were promised and fully expected to begin enjoying savings on their prescription drugs through the Medicare program. For many, the drug bill has been a lifeline and is working. But for

millions of Americans, the transition to this new prescription drug benefit has been nothing short of a disaster.

The sad reality is that implementation problems with the Medicare drug benefit are widespread. What is especially troubling is that the problems are adversely affecting the most vulnerable—low-income beneficiaries who have lost comprehensive drug coverage they previously had under Medicaid and have found themselves without coverage for certain drugs they previously had or have fallen completely through the cracks and have no coverage for any kind of drugs.

It is unacceptable that this benefit is costing taxpayers hundreds of billions of dollars over the next 10 years and yet has left many of our Nation's most vulnerable citizens actually worse off. Consequently, I will offer at the appropriate time this critically important amendment to address the crisis.

The amendment simply ensures that our Nation's seniors and pharmacists and States, many of which have come forward to fill the gap, are not left holding the bag for mistakes and problems caused by the Federal Government's failed implementation of the program.

This legislation ensures that senior citizens and people with disabilities are getting the prescription drugs and services they need and that both States and pharmacists are being compensated for the costs they are absorbing whenever either Medicare or the drug plan has failed to cover those costs.

While it is impossible to know the exact number of senior citizens and people with disabilities who are facing problems, we do know that at least 300,000 low-income seniors are paying far more in drug costs than they are supposed to be paying. We understand that up to 100,000 seniors showed up at their local pharmacy and were not in the new Medicare system at all.

Further, we know that the Health and Human Services Inspector General's Office confirmed last week that millions of the dual-eligible individuals who were automatically enrolled in the new program were placed in drug plans that did not cover the drugs they used. For some senior citizens and for the disabled, it was a cruel lottery that has left them without the drugs they need. Fortunately, as Americans of good conscience always do, both the pharmacists and States all across the Nation have stepped up to fill the gaps. But their good deeds should not be punished. We should make sure they are fully compensated for their effort, and this amendment will, in fact, do that.

I appreciate all that Secretary Leavitt has committed to do to address the multifaceted problems that have been identified. I do believe things are getting somewhat better. However, we are a long way off from having these problems resolved, and promises of better times ahead are not adequate.

A pharmacist in Carlsbad, NM, reported to my office yesterday the prob-

lems, in his words, that are still prevalent. As he says:

We call the processor; they say call Medicare. We call Medicare; they say call the drug plan. It is just a continuous circle of finger pointing with no resolution.

Therefore, I rise today, at the first opportunity we have had in this Congress, to offer this critically important amendment to fix some of these immediate problems with the Medicare prescription drug bill. The language of the amendment comes largely from legislation introduced by my good friend, Senator JAY ROCKEFELLER, in a bill which is entitled the "REPAIR Act." Who are the people we are talking about?

In a New York Times article entitled "Medicare Woes Take High Toll on Mentally Ill," an article published on January 21, a little over a week ago, reporter Robert Pear profiles Mr. Stephen Starnes, who begged for medication he had been receiving for 10 years to combat paranoid schizophrenia. His pharmacy could not get approval for this medication from the new Medicare drug plan. The result was that he was hospitalized, and he was treated by a fee-for-service Medicare provider due to failure of the private drug plan.

So in effect, Medicare pays private drug plans for coverage and then it pays again for their failure to provide that coverage in a much more costly way.

Clearly, immediate action is needed. This is one of dozens and dozens of newspaper reports nationwide. I have a chart that makes the case fairly dramatically. We have taken some of these headlines from around the country: "Medicare Woes Take High Toll" is the one I mentioned before; "Patient Only Remedy For Drug Plan Confusion"; "Pharmacists Deal with Medicare Confusion"; "Pitfalls No Surprise in Drug Benefit Launch"; "Seniors Denied Prescription Drug Benefits." There are is a wealth of these stories throughout country. The problems are legion, and we all hear about them on a daily basis when we are in our home States.

Mr. President, I know that some will likely speak in opposition to this amendment and point out that the underlying legislation on the floor is a tax reconciliation bill. They will raise the objection that the amendment is nongermane. However, this crisis dictates that we should not let Senate procedural motions prevent our Nation's senior citizens from getting the prescription drug benefit they were promised. I urge my colleagues not to take parliamentary steps to keep us from considering and dealing with this issue.

Others might say that the administration has promised to fix the problems. Yet we know they have had the opportunity to fix the problems already, but they have not done so. Here are some examples:

On November 3 of last year, a couple of months ago, our colleague, Senator

MURRAY, traveled around her State and foresaw many of the problems we are witnessing today. Consequently, at that time in November, she offered an amendment that would have provided a 6-month transition during which dual eligibles—people both on Medicaid and eligible for Medicare—could continue to receive drug coverage through Medicaid. This would have given the administration more time to work through the many problems that confront these dual-eligible individuals. Unfortunately, the administration opposed that amendment and it was rejected.

The CMS had a second opportunity when Medicare rights centers and a number of other senior and disability organizations filed suit to compel the Secretary to continue Medicaid drug benefits “for any dual eligible who is not then enrolled in a Medicare prescription drug plan or otherwise receiving Medicare drug coverage.” But again, the administration fought that suit by arguing that the “remedy is unnecessary and it runs counter to the public interest because of the considerable obstacles and confusion it will generate in the few remaining days between January 1, 2006.” They further argued that they would be in a position to quickly rectify any problems that might arise.

I think we can all agree that it is unfortunate that both Congress and CMS failed to take advantage of clear opportunities to slow the transition of the 6 million dual-eligible individuals from the Medicaid system to Medicare and that CMS was clearly way off in its assessment of how smoothly that transition would occur.

Unfortunately, we have missed both of those opportunities that I mentioned. But we have a third chance, and that chance is being presented by this amendment I am offering today to provide immediate help to seniors and people with disabilities who are being adversely impacted by problems that have arisen with the implementation of the drug benefit.

We had a meeting in the Finance Committee this last week. Chairman GRASSLEY asked a question of Secretary Leavitt, who was meeting with us there, and CMS Administrator McClellan. Chairman GRASSLEY asked whether legislation was needed to fix some of these problems. Dr. McClellan simply responded “no.” The administration continues to take the position that Congress is not needed as part of the solution, that legislation is not needed, and that these problems will resolve themselves.

Two weeks ago, CMS announced that States that had stepped into the breach to provide vulnerable citizens with the prescription drugs they needed would not be reimbursed by CMS because they didn’t have the legal authority to help these States. Legislation was introduced immediately in the House and the Senate, and less than a week later CMS reversed itself and said it would

be working to ensure that States would be fully reimbursed.

Public opinion polls indicate that approval ratings for the Congress have sunk to the lowest levels in a decade. Part of that is due to the repeated failure of Congress to act when action is clearly called for. Hundreds of thousands of our citizens are calling out for help to address the many bureaucratic snafus that we are witnessing in the implementation of this Medicare prescription drug program.

I urge my colleagues to support this amendment, when it is offered later today, to ensure that senior citizens and pharmacists and States get the support they need to get through this immediate crisis.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that all quorum calls be counted equally against both sides.

The PRESIDING OFFICER. Without objection, so ordered.

Mr. BINGAMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call roll.

The assistant legislative clerk proceeded to call the roll.

Mr. CARPER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

STATE OF THE UNION MESSAGE

Mr. CARPER. Mr. President, I was joking earlier with the occupant of the chair, and I said I would like to be recognized so I could tell you what I thought of the President’s State of the Union message last night. I appreciate the chance to offer some thoughts and comments.

First of all, the Presiding Officer may recall that when he kicked off his speech, he called for a return to civility. That is called for around here from time to time. Sometimes it is called for earnestly and other times it is something that we just say. I hope that it was offered in earnest and that all of us, Democrats and Republicans, will respond in like kind. I always found that in my old job in Delaware as Governor, I got a lot more done when we were civil to one another. Regarding the kinds of issues before us that the President talked about last night, if we are going to be successful, we need to do that.

One of things I have been calling for, for I guess about a year or 2 now, ever since the President laid out his Social Security reform initiatives, was the notion of, if we are making progress on

something as politically explosive as Social Security reform, it would be helpful to go back in time maybe 23 years to when President Reagan was President and Tip O’Neill was Speaker of the House. At the time, I was elected to the House of Representatives, where the Presiding Officer also served. In 1982, when I got there, we learned that Social Security was about to go bankrupt and that we needed to do something not to ward off the problem in 10, 15, 20, or 25 years but that next year, in 1983, because we were going to run out of money to pay benefits to our seniors. What President Reagan and Tip O’Neill did and maybe the Democratic leader of the Senate, who may have at the time been our colleague, ROBERT BYRD—I am not sure—they created a commission chaired by Alan Greenspan.

The members included people such as Senator Robert Dole, whose wife serves with us now, and Senator Daniel Patrick Moynihan, now deceased. He was chairman of the Finance Committee, either then or at a later time. It also included Claude Pepper, from Florida, chairman of the Aging Committee in the House, and a number of other notable people. So Alan Greenspan chaired the Commission. They went to work in 1982 and came up with a whole raft of ideas. The Commission endorsed them in total.

We endorse all these ideas to raise revenues, to slow the outflow of spending from the Social Security trust funds. Because they embraced the ideas in total, it gave the rest of us cause to believe that maybe there is some merit to them.

Not only that, President Reagan said we are going to take the politics out of this. If you, the House and Senate, pass this package, I will sign it. Ronald Reagan, a Republican President, gave political coverage to the Democrats in the House and Senate. Tip O’Neill and the majority leader of the Senate gave political coverage to the Republicans. I describe it as drinking the Kool-Aid together, holding hands and jumping off the bridge together.

We passed a major overhaul of Social Security, and the President signed it into law. It put Social Security on firm footing, not just in 1983 but for a couple of decades to come. We know, looking down the road in 20, 30 years, we will have a serious problem with Social Security. The sooner we get started on it, the better off we all will be.

It reminds me a little bit of compounded interest. Save a little, and as time goes by, it adds up to a lot of savings. To the extent we can get started on Social Security sooner rather than later, it will help us more quickly than we might imagine.

As worrisome as the Social Security trust funds may be, the Medicare trust fund is an even greater, more urgent problem that needs to be addressed. I was very pleased to hear the President say last night not only a blue-ribbon commission with an eye toward the

boomers and their effect on retirement but also Medicare and Medicaid. As you know, more than half the money we spend in Medicaid ends up with senior citizens in long-term care facilities. So I think that was a very good thing.

Going back to the President's call for civility, a bipartisan approach, unless we have it, this kind of deal may see the light of day, but we will never make any progress on it. And, frankly, we need to make progress on it for the sake of our parents and for the sake of our children and grandchildren, some of whom are the ages of the pages sitting in front of me today.

The President also lamented the fact that we have this terrible addiction to imported oil and that we have to do something about it. That was great. In fact, when JOHN KERRY was running for President, one of the centerpieces of his campaign was energy independence I think by 2020, or something such as that. The President echoed some of the same concerns last night in his speech. I welcome those. People on our side welcome them as well.

It is important we not just say the words but we go forward and make sure we fund the technology initiatives and other initiatives that will help make renewable energy a reality, not just biodiesel and ethanol, but that we do a better job than we are doing now on solar energy, wind, and geothermal.

The President also mentioned last night a new generation, not just encouraging more wind, solar, soy, diesel, ethanol, and so forth, but he also called for a new generation of nuclear powerplants. I know people have concern about the waste, and we should, but I also think we ought to be smart enough to figure out in the next 10 to 20 years what to do with the waste, how to recycle and better control it and reduce the threat that someone will get hold of it and turn it into nuclear weapons. We are too smart a people not to solve that problem.

The President mentioned in his speech—I was kind of concerned by this—I think he said let's replace 75 percent of our oil dependence on the Middle East by 2025. I don't think all our oil comes from the Middle East. I think 60 percent is imported today, not all from the Middle East. A lot comes from other places around the world. To say we are going to reduce our oil from the Middle East is not good enough and I don't think good enough to do it by 2025. It is my hope that we can move up that timetable sooner and maybe eradicate not only our dependence on oil from the Middle East but from other places outside our borders as well.

The President talked about affordable health care. The cost of health care is killing our competitiveness as a nation. One of the reasons—not the only reason—but one of the reasons why GM and Ford are struggling, losing money, laying people off, and closing plants is the huge legacy costs they carry with their pensions and health care costs for their employees today and for people who are retired.

GM alone provides health insurance for about a million people—folks working in the plants and their families, people who used to work in the plants and are retired. It is about a million people. Some folks describe GM and some of these auto companies as basically a health care provider that happens to build cars and trucks on the side. I know they say that with tongue in cheek, but it is not far off the mark.

A couple things the President mentioned I think made a lot of sense. One was electronic records. For a lot of people, it doesn't mean much. I will use an example.

We had hearings this morning on Katrina, a followup to what went wrong and what didn't go wrong on the heels of Katrina in New Orleans. When most people were evacuated—and we spent a fair amount of time this morning talking in our hearing about the evacuation of people who were in nursing homes and how it didn't go well. A lot of times people who were in nursing homes ended up in places outside Louisiana. Frankly, the people who received them in other nursing homes and other hospitals did not have a clue what medicines these folks were taking, they didn't know what their lab tests were, they didn't know the condition they were in. They had no real record of their x-rays or their MRIs. Basically, all these older people were dumped in the laps of these nursing homes and hospitals outside the gulf coast. It was a mess.

Compare and contrast that with the folks who are veterans and are being cared for by the VA in VA nursing homes and hospitals in the same area. When they were transferred to their new sites and other States surrounding the gulf coast, going with them, figuratively and literally, were their electronic health records. When they ended up in a new hospital or nursing home, the receiving entity knew they had the medical history of this veteran. They knew what medicines they were taking. They knew what their lab tests were, MRIs, x-rays. They had a running history of the health care provided to these veterans. The veterans had an electronic health care record.

We have a similar system put in place for Active-Duty folks in the Department of Defense. When I was in the Navy, we carried around manila folders that literally had our health care records. We would take them from station to station, base to base, as we were transferred. We don't do that anymore. Frankly, we do something similar to that in civilian life. We ought not do it.

My little State of Delaware is trying to provide something similar to that. It is called the Delaware Health Information Network. That would allow everybody in our State to have an electronic health record. If you go into a hospital or doctor's office, they can figure out a little bit about your health history and how they can provide better care for you.

We obviously need to do that for our country. The Congress and the President can do something to help that. It is not just money either. It is having standards so we are basically singing off the same sheet of music. People who go to a hospital in South Dakota, North Dakota, or Delaware can have standards that are interoperable, systems that are interoperable and using the same standards so we can get good care, better care because the folks receiving us know something about our medical history.

The President talked about health savings accounts. They are about a year or so old. He talked about ideas to make them better. I know not everybody is crazy about health savings accounts. I know it is not a silver bullet, but it is part of the solution to provide health care help for those who don't have health care insurance, which is about 45 million people. It is an option that we can try to improve.

I want to mention one last point. Here on the Senate floor not too long ago, I was with our colleague, LAMAR ALEXANDER from Tennessee. He is a very thoughtful guy. Senator ALEXANDER shared with me an idea that grew out of the National Academy of Sciences. It is an idea of looking ahead and figuring out how we are going to provide job opportunities for children who are the same age as my children—15, 17, the age of these pages. I guess they are about 15, 16, 17 years old as well.

The folks at the National Academy of Sciences came up with this idea. Senator ALEXANDER was good enough to give this to me, Mr. President. I don't know if you have seen this. It is titled "Rising above the Gathering Storm." It is the executive summary, a quick read. I commend it to everybody. When I heard the President talking about his idea last night of making sure our young people coming out of our high schools are better steeped in math and science and making sure the people teaching in our schools can actually teach math and science—I think the President said double the investments in technology that lead to innovation. I said that sounds vaguely familiar to me.

As it turns out, it is basically in the recommendations shared with me by Senator ALEXANDER that came out of the work done by the National Academy of Sciences. It is good stuff.

As we look forward, trying to figure out how we are going to be competitive with the rest of the world in this century, I am not sure we have all the answers. Part of it is, frankly, making health care more affordable for our people and employers. That is part of it. Part of it also is making sure our kids, our students, our young people who walk out of our high schools and colleges and go off into the world can read, write, think, they can do math, they know science, and are familiar with technology. There are a lot of good ideas in this publication, and I

think the President has embraced this proposal and we, as Democrats and Republicans, might want to do the same.

P.S., sometimes we say things in speeches that sound good and a lot of people stand up and applaud and say: That is right, that is good, I like that. But the followthrough is not always there. It is important, if we are going to go down this road—and we probably should—that the followthrough be there.

What do I mean by that? The President is going to submit a budget proposal to us in about a week or so. It will be interesting to see how the administration funds these initiatives. When we go through the budget process, at the end of the day—we will adopt our appropriations bills later this year—it will be interesting to see how hard the administration pushes for these kinds of provisions outlined in the proposal from last night and from the National Academy of Sciences. It will be interesting to see what the administration proposes next year and the year after that and the year after that and how hard they push for funding.

I will be watching, and to the extent the administration wants to support these proposals, I suspect they will have my support and probably the support of other Democrats and Republicans. It would be nice not just to hear words from the President but deeds as well.

I say to the Presiding Officer, I don't know how he felt about the President's speech last night. I didn't catch his interviews. I know he did them. I did them back in Delaware, and they don't cover much in South Dakota either or in Washington, for that matter. I heard encouraging things in what the President said. I wanted to mention those.

I will close. I know the Senator from North Dakota is waiting for me to get out of his way so he can take the floor as well. I will close with this. Just about every Member of the Senate has been over to Iraq in the last year or so. I was in Iraq in December. I met with our military leaders, I met with our civilian leaders, and I met with Iraqi military leaders and Iraqi civilian leaders. I was encouraged on several fronts.

It was just before they had their elections. It was encouraging we had so many people wanting to run for the parliamentary seats—275 seats and 7,000 candidates. That is a pretty amazing outcome in terms of participation, trying to put a coalition government together, stand it up, rewrite their constitution, build the economy. That is a whole lot to do at once in the middle of an insurgency.

One of the more encouraging comments I had was from GEN George Casey. We were talking about whether the Iraqis are able to stand up, take on more of the fight, cover the responsibilities geographically and otherwise. We got an encouraging report, not one that said we are going to be able to leave in 6 months, 12 months, or even

24 months. But in General Casey's words, what he said with reference to our presence in Iraq is it is time for us, the United States, to start moving toward the door.

Our President has said consistently that when the Iraqis are ready to stand up militarily, we, the United States, will be ready to stand down. He has been pretty consistent in saying that. What I heard from our own military leaders there, and the Chairman of the Joint Chiefs of Staff is that the Iraqis are able to militarily stand up in ways this year that they could not a year ago: Battalions can lead the fight, and there are some that can actually go out and fend for themselves; how the Iraqis control the border with Syria, control roughly one-third of Baghdad; have taken over a bunch of the bases where the United States used to be.

They are standing up, and as they stand up, at least in the words of our own military leaders, maybe it is time for us to head toward the door. The President said last night—this is almost a quote—those decisions as to troop level will be made by our military commanders and not by politicians in Washington, DC. I heard that last night.

Most people applauded, but I thought, what our military commanders in Iraq are telling me is that it is time for us to begin moving toward the door—not to leave, not to close the door, but to begin moving toward the door.

I was a little disappointed last night. I think the President may have missed an opportunity to signal that we are in a position to begin reducing, to some extent, our troop presence there.

In a way, a perverse kind of way, what that is likely to do is, as the Iraqis move up and stand up and the other Arab nations come to support this new government in Iraq, in a perverse kind of way our beginning to reduce our presence undercuts the latent support the insurgency enjoys.

I could not understand why there is this latent support for the insurgency over in Iraq, but one of the reasons is when the Iraqi people hear—or at least a lot of them hear—our President say or us say we are there until we have complete victory, we are there for as long as it takes, what they hear is: The Americans are here for our oil, and they are not going to leave until they get it all or at least control it all. Hence this latent support for the insurgency.

I hope we will look for opportunities—not to pull out lock, stock, and barrel by the end of the year; that doesn't make any sense—we are going to be there for some time—but to find a way for us to be, in the words of one Iraqi I heard over there, less visible and less numerous. To the extent we are able to do that and they stand up and assume the new responsibilities, maybe we will be able to enable them to do a bit more with a bit fewer of us, which would please the American people; I be-

lieve it would please the Iraqi people; it would help reduce, a little bit, our budget deficit and maybe actually promote the day when Iraqis are running the show on their own and making them proud and us proud of them.

I have gone on long enough. Thank you for the opportunity today to share some reflections from last night.

With that having been said, I yield the floor. I see my friend from North Dakota is ready to take the floor and say a few words.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. I thank my colleague from Delaware.

Mr. President, the issue that is going to be debated now and voted on later today and perhaps tomorrow is the revenue piece of the reconciliation bill. I know that sounds a little like a foreign language to some people, but we have a process here called reconciliation. One part of that is spending, and the other part is revenue. This is the revenue side.

For all of us, the question is, As we legislate here, are we gaining ground or losing ground? Are we moving our country ahead, or are we falling behind?

I listened attentively last night to the President's State of the Union Address. He described some of these issues, although he did not describe domestic policy in much detail. The first half hour or so was about foreign policy. There is no question that Iraq is very important. The war on terrorism and national security are issues that are very important to our country. But I also believe it is important as well to begin taking care of things here at home, and we have a lot to take care of.

I have told my colleagues before about a wonderful man in North Dakota called the Flying Farmer from McCody. McCody is a town of about 80 people. The Flying Farmer from McCody goes out to county fairs and State fairs and he takes an old car he fixed up—he works in a machine shop—then he puts up a ramp and jumps other cars; a daredevil kind of thing. The Flying Farmer from McCody. He jumps cars at county fairs.

But he is also in the Guinness Book of Records. John Smith, the Flying Farmer from McCody, is in the Guinness Book of Records. He is in there because he drove a car in reverse 500 miles, averaging 36 miles an hour. I don't know who would want to drive a car in reverse 500 miles or who would want to set a record for a reverse speed of 36 miles an hour for 500 miles, but he owns the record.

That is probably a perfect metaphor for the U.S. Congress—setting records for going backward. The question for us is, Can we move forward? Can we take this country forward, move ahead, and advance this country's interests?

As we talk now about the revenue side of reconciliation, we are talking about taxes. So let me talk a bit about the tax system and where we are.

In recent days, we have had an announcement by Ford Motor Company that they are deciding to cut 30,000 more jobs. They cut 10,000 last year. They are going to cut 30,000 more workers. This follows on the heels of General Motors. General Motors announced it was going to cut 30,000 workers.

By the way, the top guy in General Motors who is in charge of acquiring parts called all the suppliers of General Motors together, some 300 of them, the CEOs of the parts companies, and said to them this last year: You need to start outsourcing your parts production to China to bring your costs down. The parts for General Motors, Ford—shut down the jobs, move jobs to China. Is our country moving ahead or backward when we see these things?

The reason I mention this Ford announcement is Ford announced that at the same time it was cutting 30,000 jobs, from the Washington Post, Ford said:

Repatriation of foreign earnings pursuant to the American Jobs Creation Act of 2004 resulted in a permanent tax savings of about \$250 million.

Let me describe that in English. What Ford said is they picked up a quarter of a billion dollars in tax breaks under the act Congress passed that they called the American Jobs Creation Act. They announced that same day, we are cutting 30,000 people. How is it that Congress passes something called the American Jobs Creation Act and the company that announces it gets a quarter of billion dollars of benefit under that act at the same time tells us it got that benefit that it cuts 30,000 jobs? How does that work? Does that make sense to anybody? Do people who pass this kind of legislation and call it the Jobs Creation Act, do they seem embarrassed when they see this?

It is not just Ford Motor. I should not pick on Ford Motor. But Hewlett-Packard brought \$14.5 billion back from abroad and cut 14,500 workers. Colgate Palmolive, Motorola—I could go on.

What was this little scheme called the 2004 American Jobs Creation Act? Here is what it was. It said for those companies which have parked income overseas and have not repatriated their income yet back to this country—which when they do, they will owe on it with a credit for foreign taxes paid—we will give you a special deal under this Jobs Creation Act. If you bring your money back to this country, you can pay a 5.25 tax rate. That is one half the tax rate of the lowest income American who pays income taxes. So we said to the biggest companies in the world: If you bring your income back, we will give you a deal—5.25 percent. That is the income tax rate you pay.

We now know they repatriated somewhere around \$350 billion. By my calculation, this Congress—not with my vote by the way awarded those companies \$104 billion in tax breaks.

I don't know of anybody who actually stands up and boasts about that here on the floor of the Senate. They do it because they believe in this sort of thing, but they don't want to brag about it. But I hope those who talked on this issue, when this American Jobs Creation Act was passed, would come to the Chamber and recite for us what they said then and what we know now.

They said if we give these biggest companies huge tax breaks, it will create jobs in this country. Now what we know is—and Ford is the best example of it—they announced: We got a quarter of a billion—thank you, Congress—and we are going to cut 30,000 workers. It is right on down the line. I could spend some time talking about these companies. I will not do that, only to say those who believed this was a jobs creation act now should be disabused of that notion.

We talk about our Tax Code and suggest what is the best way to use our money. They decide the best way to use our money would be to go to some of the largest corporations in America that are doing business overseas and say to them: If you bring that money back, you can pay the lowest income tax rate in America—yes, it is lower than your neighbor, lower than the person down the street, lower than the person up the block, lower than the person out on the farm. You get to pay the lowest tax rate in America. That is almost unbelievable. It is stranger than fiction. But that is exactly what the majority in this Congress did. One would think it should be profoundly embarrassing when we see the results.

Let me also say that this is not just about providing big tax cuts to companies. It is a situation where, with these kinds of tax policies, when we say, Put up a slice of bread here and let us slather some butter all over it, what we are saying to these companies is, We want to encourage you to actually take jobs and move them overseas. We want to tell you that, if you will fire your American workers, padlock the front gate on your American manufacturing plant, and move it all to China or India or Sri Lanka or Bangladesh or Vietnam, we will give you a tax cut. I know people must listen to that and say: That cannot be true. That would be absolutely nuts; you cannot possibly be accurate. But I am. I am. We actually offer a tax cut for companies that get rid of their American workers, outsource their production, and then ship the production back into this country for sale on our store shelves in Toledo and Pittsburgh and Los Angeles and Fargo. Produce it in China, sell it back here, and we will give you a tax break.

I want to draw a circle around all this because it all relates. I want to show a picture of a building. I want to show you what is happening because this relates to taxes and jobs.

This building is a little five-story building in the Cayman Islands. It is a white building. It is called the Ugland

House. According to Bloomberg News, this building on Church Street in the Cayman Islands is the official address of 12,748 companies. Let me say that again because someone would say that is kind of crowded. That would be crowded if they were all there. They are not there, of course. This is just their address. 12,748 companies claim this little white building as their official address in the Cayman Islands on quiet Church Street. Why would that be the case? I will tell you why. Because companies these days want to do the following: They want to produce in China by paying people 30 cents an hour, working them 12 to 14 hours a day, 7 days a week; they want to ship the products to the store shelves of the United States of America to sell to American consumers because that is where the money is; and they want to run their income through the Ugland House in the Cayman Islands so they can avoid paying U.S. taxes on their profits. It is perfect symmetry, isn't it?

Of course, it doesn't involve saying the Pledge of Allegiance. You can't really say the Pledge of Allegiance and do this: say, I want all America has to offer, all the protection of our country, the ability to be chartered in America as an American corporation, the ability to be protected by American military might, the ability to be protected by American laws and courts, but I also want this for my company: I want to be able to produce in China, sell in Cincinnati, and run my money through the Cayman Islands. I am telling you, you don't say the Pledge of Allegiance when you do that. You weaken this country. You pull the rug out from American workers. And you also weaken those who are not leaving this country and who are deciding to continue to manufacture here.

There are some wonderful companies that do stay here and do manufacture here. I have told stories of a number of them. I will not do that today. This is not a broad-brush of all companies, but it is increasingly the activities we see in some very large companies that no longer think of themselves in any terms of economic nationalism. They are world enterprises, citizens of the world who want to produce where it is cheap, sell into an established marketplace in the United States, and run their income through a tax haven country. It does not work, in my judgment, in the long term. What do we do about all that?

In addition to talking about the Ugland House, I wish to make sure people understand, from other speeches I have given, that these companies which are leaving America are real companies.

This company, by the way, was a company in this country for over a century. For over 100 years, this company made little red wagons, and I guarantee most American kids have sat in a little red wagon called Radio Flyer. Radio Flyer wagons were originally created by a guy in Chicago, an immigrant. The "Radio"? That was after

Marconi. He was so enthused about Marconi. And the "Flyer"? That is because he loved flying. So he built a little red wagon called Radio Flyer, and I bet every kid in this country at one time has seen it, and most of them have ridden in one.

After 100 years in this country, the Radio Flyer is gone. This is gone. They don't make Radio Flyers in America anymore; they make them in parts of the world where you can pay 30 cents and 40 cents an hour for labor. So the company that makes Radio Flyers still aspired to sell them in the United States, it is just that they don't make them here anymore.

I could go through a list of dozens and dozens of companies that represent exactly the same story.

We have all seen these ads over many years, the guys who are dressed as grapes—you know, green grapes, red grapes. They dance and they sing. What a playful bunch of people. Who on Earth thought you could do a little television commercial with a bunch of people singing dressed like grapes? Fruit of the Loom underwear.

Now Fruit of the Loom underwear is gone. It is all gone. They are in other parts of the world where you can produce shorts and t-shirts and underwear for much less cost. The people who used to work for Fruit of the Loom used to have good jobs, the same as the people who worked for Radio Flyer. They worked there for a lifetime, loved their jobs, but then they were told: You cannot compete with 30 cents an hour. So long. See you later. Yet the grapes still sing, and the workers weep for their jobs.

I only point out Huffy bicycles because Huffy bicycles just announced it was becoming Chinese in nationality, which was, in fact, just a formality because they don't make Huffy bicycles here anymore; they have been making them in China. All the people in Ohio lost their jobs making Huffy bicycles. They lost their jobs because they were told they make \$11 an hour plus benefits, and that is way too much money, and we are going to make Huffy bicycles at 33 cents an hour in China, for people who work 7 days a week, 12 to 14 hours a day.

The last job, by the way, for the folks in Ohio was to put this decal on. This is a decal of the globe. This used to be a decal of the American flag, when Huffy bicycles were made by Americans here in America. They changed that because all the Huffy bicycles workers were fired. Huffy bicycles are made in China, and now the flag decal was the last job those workers performed before losing their jobs and having to drive out of that plant for the last time. They put the decal of the globe on it.

So if you want to buy a Huffy bicycle at Wal-Mart, Kmart, or Sears, understand they used to be made by people in this country making \$11 an hour. No longer. It is all in China. And incidentally, this company also decided it can-

not pay the retirement benefits that were owed to the workers, so now the American taxpayer is going to pay that.

The company declared bankruptcy. Now they have announced it is going to be a Chinese company, a Chinese brand and style of Huffy. It is still a Huffy, of course.

One last thing: Lest some think this doesn't matter, the people at Huffy, I was told by someone who on the last day of work, when they left their parking space, those workers who lost their jobs making Huffy bicycles, on the last day in their jobs, those workers left a pair of shoes in the space where their cars used to park. It was their way of sending a message to the company that you can move our jobs to China but you are not going to fill our shoes. It is what those jobs meant to those people.

It is going on all over this country.

When you hear that Ford is going to lay off 30,000 workers, you don't think much; you think 30,000 jobs is not much; it is too big to understand. But the fact is think this country is losing jobs all over, and they are being replaced by jobs that pay less with fewer benefits.

American workers are now discovering downward pressure on wages because this strategy doesn't pull American workers up. It pushes Americans workers down as it exploits foreign workers.

We are in a situation where we have the largest trade deficit in history—\$740 billion last year, we believe. That is \$2 billion a day, 7 days a week above that which we export from other countries. We are selling America. Every single day, we sell \$2 billion worth of this country to foreigners with this insidious trade strategy.

The people who listen to me talk about this will say this is another protectionist, xenophobic, isolationist stooge who doesn't get it. What I get is the need to stand up for the economic interests of this country.

I support trade, the more the better. But it must be fair trade. If it is not fair trade, and if this country doesn't have the guts to require other countries to pull their standards up, then all we are inevitably going to do is continue to push standards down in our country. That is not what we should aspire to in the long term in this country.

It is my intention to offer an amendment that will once again deal with this perverse tax break that pays people to actually shut American plants down and move their jobs overseas. I hope to do that on this bill.

Let me also say I have offered that amendment four times. Members of the House and Senate decided they wanted to continue a tax break for those companies that ship their American jobs overseas.

I hope that one of these days there is a big, old klieg light that shines on all of these votes so people have to answer to those votes. At the very least, we

ought to have some sort of neutrality. We ought not be giving tax breaks or benefits to those companies that decide to ship their jobs outside of this country.

If I may make one final point, I talked a bit about these tax issues and running income through the Cayman Islands. We ought to shut that down.

By the way, I have introduced a bill that says if your purpose for setting up operations in a tax-haven country is for the purpose of avoiding taxes, we are going to treat you for tax purposes as if you never left this country. You have a responsibility to pay taxes in this country. We can shut all of that down very quickly, if we have the guts to do it.

If you can't take the first baby step in the right direction to shut down tax breaks for people who are getting rid of American jobs and shipping their jobs overseas, how can you do something more complex?

We will have another vote on that. It will be the fifth vote on that. If some have not seen the light, they can perhaps feel the heat and change at some point.

I have described all of this not in terms of Democrats or Republicans. All of us, I think, want this country to do well. I want the President to do well. I want this country to do well. I want there to be less partisanship. I want there to be more cooperation. But I also want us to take a look at public policy that is wrongheaded and change it.

If we say we have a jobs creation act out there and we give \$100 billion in tax breaks and we see fewer jobs as a result of it, something is wrong with that. We ought to understand it.

I want to make one final point about the tax issue. One of the things hanging up the revenue side of the reconciliation bill is the issue of dividends and capital gains, and a 15-percent top tax rate for both dividends and capital gains income.

There are some people who look at the issue of taxation and they think this: We have the opportunity to levy taxes on several different things. We can tax work. We all know what work is. That is when somebody gets up in the morning, puts on a pair of shoes, and clothes, and goes to work. We can tax work. We can tax investment, we can tax rents, and so on. We have people who have decided with respect to dividends and capital gains, that investment income, dividends and capital gains should have a much lower tax rate than tax on work.

Ask the question: Where do you stand on taxation? Some of them say, Well, you know what I think we ought to do. We ought to tax work and exempt investment.

Say you have two people living side by side. One is a multimillionaire who makes all of his or her money on dividends and capital gains. The other one lives next door and wears steel-toed boots and goes to work every day. He

works hard, sweats, comes home and feels he has earned a good day's income. We have people in this Chamber who believe the way that ought to be taxed is the person who works should be taxed, the person who earns it only in capital gains and dividends should have no tax. I know. It is 15 percent. But there are a lot of people in here who would like it to be zero.

We have a circumstance where we say let us tax work, and let us give a benefit to investment. I don't know, what value system is that? Is investment worthy? Of course it is, absolutely. There is no question that people who are investors are good people. They help run this economic engine. I understand that. What value system is it that says work ought to be taxed higher than investment? Work reflects the labor of the American people. I will not go through the list, but it was, I think, in 1943 when Stalin turned to Roosevelt when he was meeting with Roosevelt and Churchill, and he pointed out that we wouldn't have a chance to win this war without American manufacturing. He was talking about the productivity of the American worker. "The Glory and The Dream" by Manchester describes what this country did, what American manufacturing did to turn out massive products in the form of liberty ships, airplanes, tanks, and trucks; unbelievable. The American worker is an unbelievable force in this country.

When we come to the side of taxation, tell me the value system that says, by the way, let us tax work but let us exempt investment. There is a fairness issue here that this Congress has a requirement to confront, in my judgment. I know this issue is actually hanging up this bill between the House and the Senate. The House is insisting no, no, no, you have to substantially extend this lower tax rate for investment income. I do not know.

Who is standing up here on the floor of the Senate saying I am standing up for work, for the people who earn a wage? I am standing up for the person who has to shower after work, people who sweat, work hard, earn an honest day's pay?

Finally, let me say this. Part of this is all about the noise of democracy, about debate, about coming to the same point from several different intersections and different perspectives. I feel passionately and strongly about my perspective about trade. Our trade is way off balance. It is going to injure this country. We are going to become a nation of sharecroppers. Warren Buffet makes that point. He is absolutely dead right. Our fiscal policy is way off track.

People say the budget deficit is only \$340 billion next year. Nonsense. We will borrow \$650 billion in additional debt. That is what our obligation is to our kids.

Trade is out of balance and our fiscal policy is way off track. I am not suggesting there has to be a Republican or

Democratic way to fix it. I am just suggesting that we ought to look truth right in the eye, the President and the Congress, and say we have trouble here and we need to fix it. Let us find a way to come together to fix it, get together with what everybody has to offer, that works for each, but find a way to move this country forward.

I am pleased we are having this discussion today about our fiscal policy, and I wanted to come over at least briefly today and weigh in on some thoughts that I think are very important on trade and fiscal policy, about the economic direction of this country, about the direction we are headed, about things we can do—we, the President and Congress—all of us together can do to fix them so we have a brighter future and a future of expansion, of opportunity not just for some but for all Americans.

I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I wish to respond directly to my friend from North Dakota on a couple of points which he made in the context of the discussion of the legislation before us.

I wish to begin by quoting what the President said last night in his State of the Union Speech, and then I think we will see how it fits into comments just made.

Last night, the President reported in his State of the Union Speech in terms of our economy.

He said:

Our economy is healthy, and vigorous, and growing faster than other major industrialized nations. In the last two-and-a-half years, America has created 4.6 million new jobs—more than Japan and the Europeans Union combined. Even in the face of higher energy prices and natural disasters, the American people have turned in an economic performance that is the envy of the world.

Then he went on to say:

Keeping America competitive begins with keeping our economy growing. And our economy grows when Americans have more of their own money to spend, save, and invest. In the last five years, the tax relief you passed has left 880 billion dollars in the hands of American workers, investors, small businesses, and families—and they have used it to help produce more than four years of uninterrupted economic growth. Yet the tax relief is set to expire in the next few years. If we do nothing, American families will face a massive tax increase they do not expect and will not welcome.

Because America needs more than a temporary expansion, we need more than temporary tax relief.

Part of what is in the bill before us is designed to continue that same tax policy.

There are, for example, funds to do what the President talked about last night to stimulate research and development. There are tax provisions that encourage people to do that. This legislation would continue those tax policies.

The President last night talked about educating our young people. When you pay college tuition, if you

are not an itemizer, we believe you should still have a tax deduction for that. As a result, this bill would continue that tax policy. Those are the kinds of provisions that are embodied in the bill that is before us.

I ask my colleagues, almost two-thirds of us who voted for this very same bill before, has something changed where we would not want to continue those kinds of tax policies, the kind of things that have helped us to stimulate and continue this economic growth? It seems to me we want to continue those policies.

One of the things that has been discussed is not in the bill; that is, the tax on capital gains and dividends my friend from North Dakota talked about. That is not in the bill before us. Nevertheless, it is a good discussion to have because, as the President noted last night, this is part of that tax package that has provided this great economic growth, and it is part of what the House of Representatives has passed.

When the bill goes to conference with the House of Representatives, it is very likely, and I think very desirable, that the continuation of the tax rates on capital gains and dividends be included in the final conference report we will approve. Those rates expire in 2008. When people are making investments today, they want to know what the tax rate is going to be when they invest. Is there a return on the investment, let us say in 4 years—4 years from now is 2010. What we want to do is extend those rates from 2008 to 2010. If we don't, what we are going to find, as the President said, is tax increases the American people do not expect, do not appreciate, and it certainly won't be good for the economy.

My friend from North Dakota said people who work hard and have a tax on their wages get one set of taxes, but presumably people who do not work hard and receive dividends or capital gains should not have a lower tax rate. This is a fundamental misunderstanding of the Tax Code and the way our economy works.

Take the person who put on his boots every day and went to work and for 40 or 50 years paid income taxes, tried to save some money along the way, and when he could invested that money because upon retirement he does not want to be dependent upon Social Security benefits. He has a small pension or he has invested in the stock market. He retires and he is now faced with a situation where he is not receiving a wage anymore that he is paying taxes on. Instead, his income now is coming through the deferred gratification of the investment he made throughout the years when instead of spending money he saved it and invested it. Now there are rewards coming to him in the form of dividends or capital gains—in other words, a return on his investment. That, plus Social Security, is now all he has to live on.

He paid income tax on that money. Make this point very clear: All his

working life he paid his income tax and his aftertax dollars went into these investments. Now he is being taxed a second time on that money when he begins to get the return, when he gets dividends from his investment or capital gains. Yes, the tax rate is a little lower depending upon what his taxable bracket is. It could be the same, but the tax currently is 15 percent. Thank goodness, because the reduction a few years ago from 20 percent down to 15 percent means we have had a tremendous stimulation for the economy. So this person has paid his income tax and now he is paying another tax on capital gains or on dividends.

Actually, this is not just the second time this money is taxed; this money was also taxed when the corporation or the entity that earned the money earned it and had to pay its taxes. So the corporation pays its taxes and then what is left over it either takes as profit or returns part of that profit in the form of dividends to the shareholders—our friend now, the senior citizen we are talking about.

This money has been taxed at least three times now: When the income was earned by the individual, when the corporation paid the tax on the investment, and when it provided the dividend to our senior citizen, the retired fellow living in Sun City, AZ. And he now has to pay 15 percent on that again.

You can only tax this so many times. Yet we have found that by having a Tax Code that tries to keep these taxes as low as possible, we are able not only to continue to stimulate investment, create jobs, and provide a living for people, and then a retirement income, but also to provide enough money for our Government to grow. We are spending a lot of money in this Government now. We are not standing still. We are spending far too much money, according to some—and I put myself in that category. Revenues are not the problem with respect to our deficit; we are spending too much. Our revenues exceeded the projections last year by something like \$270 billion or more. It was \$100 billion more than we assumed at the beginning of last year. So we have gotten far more in revenues than we ever expected. Why? Because our economy is growing so rapidly. What is one of the reasons it is growing? Because of the tax structure we have. That tax structure is part of what the legislation before the Senate intends to continue so we cannot only leave more money in the hands of the people who provide the growth for our country and provide for our families and small businesses but also provide the revenue for the Government to provide what they need, as well.

There was something else my friend from North Dakota said that is quite wrong. That is the comment that we provided tax relief for rich people, that these dividends and capital gains are not for the average working person, and that the tax policy we are pro-

moting in this legislation, therefore, does not help most Americans, that somehow it only helps the wealthy.

I noted before the legislation before the Senate does not even mention the words “capital gains” or “dividends,” but we are assuming when the bill comes back from conference it will have those taxes in it. One of the taxes we are seeking to ameliorate the effect of in this bill is the AMT. Almost everyone believes we either ought to eliminate the AMT, the alternative minimum tax, or significantly reduce its impact on taxpayers. Let's take a look at what the AMT does to the people in the country versus capital gain and dividends since, according to my colleague, the latter two are good ways to raise revenue and the AMT is a bad way.

Of all of the taxpayers in the AMT in 2003, the last year we have statistics, 9.7 percent had an adjusted gross income of under \$100,000. We are talking about relief in the bill before the Senate that presumably most of my friends on the other side of the aisle are very much for, relief here for 9.7 percent of the filers having income of less than \$100,000. The other people we are providing relief for were above that, obviously.

Let's compare that with the people who are paying capital gains or dividends. Of all the taxpayers reporting capital gains income in the year 2003, 67.5 percent had adjusted gross income under \$100,000. Of all the taxpayers reporting dividends income in 2003, more than 70 percent had an adjusted gross income under \$100,000.

If we are talking about trying to provide relief for the average American family—maybe a two-worker family; their income, in any event, is less than \$100,000—the AMT relief we are providing, 9.7 percent of the folks we are providing relief for are in that under \$100,000 category, whereas the relief we would be providing if we included the capital gain and dividends would apply to 67.5 percent with respect to capital gains and 70 percent with respect to dividend income. These are the people, 70 percent, who report incomes of \$100,000.

The fact is we have become a nation of investors. Over half of the American people now are invested in the stock market. When we talk about providing tax relief, we are providing tax relief for average families, for small businesses and investors in America who rely on these kinds of investments in their retirement years. More than half of all Americans own stock either directly or through mutual funds. In the 2003 marginal rate on investment, marginal rate cut on investment income worked by giving these investors an incentive to put more of their money at work in the markets. That is what stimulated the great economic recovery we are enjoying now. At the lower rates, the tax penalty imposed on the additional investment earnings—the reward for taking the additional risk—

the penalty is smaller and thus the risk is more attractive. That is why we have had this great economic recovery because people have been willing to invest more of their money getting a greater return for that investment.

It is interesting that all of the guesses about what kind of income our economy would derive from capital gains, to take one of these taxes, turned out to be incorrect. What we find is instead of the capital gains rate cut cutting revenues, the capital gains rate cut from 20 percent to 15 percent in 2003 has actually increased revenues to the Treasury. In other words, this tax cut has more than paid for itself.

This is not just me saying it; this is according to the Congressional Budget Office, the CBO. Its annual Budget and Economic Outlook, just released, shows the 2003 tax cut on capital gains has more than paid for itself. What the CBO did was compare the estimated revenues from capital gains with the actual revenues from capital gains. The actual liabilities from capital gains were \$71 billion in 2004, \$80 billion in 2005 for a 2-year total of \$151 billion. What was originally estimated to be the return from this tax? The sum of \$125 billion. So there was an actual increase in revenue to the Federal Treasury of \$26 billion. Instead of costing the Government \$27 billion, which was originally estimated, the tax cuts actually earned the Government an extra \$26 billion.

The bottom line is that sometimes raising tax rates does not raise tax revenue. If you want to think of this in simple terms, say we want to bring in the maximum amount of revenue. Say we will put a tax on of 100 percent. One cannot get any higher than that. How many of us would work if 100 percent of our earnings would be taxed? I daresay not very many. How about 90 percent? How about 80 percent? We still will not get many takers. The point is, people will not work or invest, put their capital at greater risk, if the tax penalty is so great it is not worth it. The object is for Government to find that level which produces the most revenue to the Treasury with the least amount of damage to the economy. In other words, it encourages people to work or encourages people to invest to the maximum extent and that extent, then, produces the maximum amount of revenue.

Basically, one thing we found from the tax rate reduction from 20 percent to 15 percent with capital gains is 20 percent was still too high. With 15 percent people were far more willing to invest. It put their money at risk. And because so much of that activity occurred, the revenues, even with lower rates, far exceeded the revenues at the higher rates. That is why the House of Representatives has included in its legislation a 2-year continuation of this same 15-percent rate for capital gain and dividends because it will actually produce more revenues to the Treasury because more Americans will invest

and will save, because this will provide more job creation and provide continued economic growth in our country.

Since over half of Americans are investors in our stock market, since more than 70 percent of those earning \$100,000 or less receive this benefit with respect to capital gains and with respect to dividends, 67.5 percent, clearly this is designed to help most Americans.

I find it ironic my colleagues who are so insistent on doing something to fix the problem of the AMT are talking about only 9.7 percent of the people with adjusted gross incomes under \$100,000. When sometimes people loosely say, your tax cuts are only for the rich, I guess I would say to my friends, your tax cuts are for the rich, if you are focusing mostly on the alternative minimum tax.

Now, I happen to think we should provide relief in all of those areas. That is why I think what we are doing in this legislation—to provide relief from the alternative minimum tax; and then, assuming the House of Representatives includes it in the conference, for dividends and capital gains, when the bill comes back to us—we will ensure that not only will we be able to continue to help our families and our small businesses but also to ensure that we will continue to have economic growth in this country. That is why I encourage my colleagues to support the legislation before us.

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

Mr. BAUCUS. Mr. President, I yield 15 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 15 minutes.

Mr. SCHUMER. Thank you, Mr. President. I thank our leader on the Democratic side on this committee for his leadership on this issue and so many others. I thank also my colleague from Iowa, the chairman of the committee, who always tries to work things in a bipartisan way. In fact, on this issue which I will be speaking about, the alternative minimum tax, we have tried in the Senate to work in a bipartisan way on a proposal that passed earlier.

I rise in support of two amendments that I have filed with my colleague from New Jersey, Senator MENENDEZ, on the important issue of the alternative minimum tax.

It is unclear right now when the majority will let us bring up either of these amendments for a vote. But the issue is an extremely important one. It cannot be swept under the rug. I want to alert my colleagues to what we will do.

AMT relief is a critical part of the Senate's version of this bill, and we all must do everything we can to ensure that this tax—which affects middle-class and upper-middle-class taxpayers, above all—is addressed this year.

In fact, this body will have a choice: whether we take the money we can use

for tax cuts and give it to the person who is in the middle class or slightly above middle class or give it to people whose income is above \$1 million. That is the choice that faces us.

Our first amendment would substitute the Senate-passed AMT relief for the 2-year extension of the tax cuts on dividends and capital gains which were signed into law in 2003 but do not expire until the end of 2008. The amendment contains the necessary offsets so that the overall bill stays within the parameters in the budget resolution.

The second amendment is a sense of the Senate. Senator MENENDEZ and I will be joined, I believe, by Senators FEINSTEIN and KERRY on that one as well. It simply states that providing relief from the alternative minimum tax should be a higher priority for the Congress than providing a tax cut on dividends and capital gains in 2009.

It is simple, straightforward, and, in my view, should hardly be controversial because whatever your views are on the preference of which tax, the alternative minimum tax will go up this coming fiscal year; whereas, the dividends and capital gains do not expire until 2009.

Now, it would be nearly impossible to overstate the AMT issue in its importance and its urgency. The individual alternative minimum tax was enacted in 1969 as a supplemental tax on wealthy tax evaders, but, unfortunately, as incomes have risen, it has evolved into a tax on millions of middle-class working families, particularly families in which both parents work and families with two or more children—hardly people we would want to penalize.

Some people say it has evolved from a “class tax” into a “mass tax.” Other people say it has evolved from a “wealth tax” into a “stealth tax.” But whatever you call it, it is something that catches unsuspecting middle-class families by surprise. And starting next year, it will explode in significance if Congress fails to act.

In fact, by the end of the decade, the AMT will ensnare more than 30 million taxpayers, the majority of whom will have incomes below \$100,000. The National Taxpayer Advocate at the IRS has identified the alternative minimum tax as the most serious problem facing individual taxpayers.

There is an important point I want to make for my colleagues. The AMT is often portrayed as a tax that is most problematic for residents of so-called blue States, such as New York, California, Massachusetts, New Jersey. It certainly affects my State. But that is not the truth, the whole truth, that it just affects “blue” States. There are a whole lot of “red” States or “purple” States that have a significant percentage of taxpayers affected by the AMT, including States of colleagues from across the aisle: Oregon, Virginia, Minnesota, Ohio, Maine, Georgia, North Carolina, and Pennsylvania. So this problem is not a “red” State or “blue”

State issue or a partisan issue. It is simply an issue of national importance.

Here are a few statistics I want to mention to my colleagues. They are quite astounding. The year 2006 is the “tipping point” for the AMT. The number of taxpayers affected will explode from 3.6 million to more than 19 million, if the Congress fails to act. A family with two children will become subject to the AMT at about \$67,500 of income in 2006. That is hardly anybody who is wealthy. People with that income often struggle. I know many of them myself. And a family with five children will start owing in the AMT at about \$54,000 of income this year, if Congress does not act.

In 2004, only 6.2 percent of families earning between \$100,000 and \$200,000 a year were subject to the AMT. It will explode to 50 percent this year. Half of all people making above \$100,000 but below \$200,000 will be affected. They are hardly rich.

And starting in 2008, the average married couple with two children earning \$75,000 will find that more than half of the tax cuts they have been expecting from the laws passed since George Bush became President will be taken back via the AMT, if Congress fails to act.

There are two main reasons why the AMT relief should be a high priority for the Congress rather than extending the cuts on dividends and capital gains. The first has to do with fairness, the second with timing.

If the AMT relief is extended through 2006, about two-thirds of the benefits will be realized by families earning under \$200,000. It affects people whose income is between \$50,000 and \$200,000—not the poorest people in our society but people who get clobbered by taxes, by large expenses, and who do not simply have the necessary income.

More than half of the total benefits will go to families with incomes between \$100,000 and \$200,000. In New York, and many other States, particularly in or near major cities, a combined income of \$100,000 or \$150,000 does not make you rich.

Contrast this with the tax relief for dividends and capital gains, where more than half of the total benefit goes to families with over \$1 million in income. This is more than 50 percent of the benefit going to less than one-half of 1 percent of all the taxpayers in the country. So we are faced with a choice here. This is not our classic tax cuts versus spending. This is, rather, tax cuts for the very wealthy versus tax cuts for the middle- and upper-middle-income range.

Now, some Members say some people do not like it when we point out these lopsided statistics. They say it is “class warfare.” This is not class warfare. This is just the obvious truth of prioritizing tax cuts. And a dividend and capital gains cut put ahead of AMT relief hurts the hard-working middle class. No amount of rhetoric can change that.

I want my colleagues to think about what it means for the AMT to start hitting families with children making \$75,000 or \$100,000. These are the same families facing higher health care costs, higher tuition costs, higher energy costs. And they will soon start to lose their tax cuts to the AMT.

A police officer and a schoolteacher in my city of New York will almost certainly be pushed into the AMT, if they have not been already. A Georgia family, maybe a marine biologist at the new Atlanta aquarium and her insurance broker husband, will pay the AMT, if we do nothing. A computer programmer in Virginia, married to a firefighter; or a professor in Oregon, married to a vintner that makes some of the State's great pinot noir; or two factory workers in Ohio—all these families would be subject to the AMT if we fail to act.

There is something else these families likely have in common; and that is, the dividends and the capital gains cuts passed in 2003 helped them very little, if at all. The reason for this is most middle-class families who own stocks, bonds, or mutual funds have them in either a retirement plan or a savings plan for their kid's education. That is where my family's savings go right now.

These middle-class families probably own very little in terms of taxable investments. Their savings are already growing tax free. So they get very little benefit from the lower rates on dividends and capital gains. That is why these tax cuts benefit the very wealthy. It is because most of the stocks and bonds owned by the middle class—and that is a lot—but they are shielded from tax already.

I know my friends on the other side of the aisle talk about the so-called investor class and point out, correctly, how, for the first time, more than half of all Americans own stock. Senator KYL made this point a moment ago. But the truth is, most middle-class families own very little in the way of taxable investments. More than three-quarters of Americans earn less than \$1,000 a year in taxable income from dividends and capital gains.

Let me repeat this because it may be a surprise to some. More than three-quarters of American families earn less than \$1,000 in taxable income from dividends and capital gains.

So in terms of priorities, in terms of whom it affects, we should prefer the AMT, whatever we feel about dividends and capital gains cuts. And I am not averse to those cuts in a nonbudget-deficit situation.

How about timing? This is even more obvious. Consider the statistics I mentioned and who will become subject to the AMT this year if we fail to act. Now consider when each tax takes effect, when it bites. Capital gains, dividends, not until 2009. AMT, immediately, in the next fiscal year. Many of my colleagues on the other side of the aisle make the argument we need

to extend the relief now since the market is counting on it. They say it is "built" into the market, and the stock market will decline if we do not extend those cuts today. That is simply not true.

If there's one thing I know about investing—and a lot of people in my State make a living at it—it's this: People who are really affected by these rates who buy and sell significant amounts of stocks and bonds are sophisticated investors, and they follow politics. They know that Congress changes tax laws all the time. It is hard to believe people are investing their money today based on what the tax rate might be years from now when they finally sell that investment. Smart businesspeople, smart investors make their investment decisions based on market factors, not on what Congress might or might not do, particularly in this type of situation where it is simply this year or next year.

And, of course, there is the obvious argument that if making all of these tax laws consistent and permanent was so important, then the leadership on the other side should not have pushed for reconciliation protection in the first place. They should have compromised back in 2001 and 2003 and passed less ideological legislation within the Senate's normal rules of procedure.

In conclusion, Mr. President, the Senate was right the first time. After some initial debate in the Finance Committee, we passed out a bipartisan bill that excluded the dividends and capital gains cuts and provided generous AMT relief for 2006 that will keep nearly 8 million families out of the AMT this year. That bill passed the Senate with 64 votes, and I encourage Chairman GRASSLEY to bring a similar bipartisan bill back from conference.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I yield 10 minutes to the Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 10 minutes.

Mrs. CLINTON. Thank you, Mr. President. I thank the Senator from Montana. I commend my colleague from New York for that very eloquent and lucid description of what the challenges facing 8 million families are with respect to the AMT.

I rise to talk about Katrina. I introduced legislation to establish a Katrina commission last year. I am proud to have 17 cosponsors. I intend to offer this legislation as an amendment on this bill or any other bill that is coming before the Senate.

Now, I can imagine some asking: Why are we talking about a Katrina commission on the tax reconciliation bill? The answer is that the White House is stonewalling the ongoing House and Senate investigations, as

many of us feared and warned that they would. And something must be done about it.

I commend our colleagues in the Senate on the Governmental Affairs Committee, led by Senator COLLINS and Senator LIEBERMAN, for their diligent, persistent efforts to try to get information that would answer the questions that people have about what happened.

Stonewalling the investigation into a storm that killed over 1,000 of our fellow Americans, displaced hundreds of thousands, and cost over \$100 billion in damages is something every American should wonder about.

Last week, it was reported that the White House is declining to turn over key documents related to Hurricane Katrina and that senior White House officials will not provide sworn testimony about the failed Federal response to the people in the gulf region. Other reports indicate that the White House Situation Room, which is the nerve center of the White House crisis response, received reports that a storm like Katrina would cause severe flooding and breaching of the levees, but apparently that was not a priority. There are reports that the Department of Homeland Security has attorneys telling witnesses not to talk about any communications whatsoever between the Department of Homeland Security and the White House. In fact, reports indicate that Michael Brown, whom we will remember as "heck of a job, Brownie," the former head of FEMA, is now refusing to provide testimony because FEMA lawyers are advising him not to tell the congressional committees when he talked to the President and what he said, if he did, about damage and destruction on the ground.

Just today the Comptroller General of the United States issued a GAO report which stated that there was a complete failure of leadership at the highest levels of our Government after the storm hit and that there needs to be a single person put in charge.

There are also reports that the Army Corps of Engineers may not be providing adequate information to investigators. We have heard that a team of independent engineering experts, whose work is funded by the National Science Foundation, say they have grown frustrated with the Army Corps. In fact, it has been reported that the Corps has refused to release information needed to fully understand the levee failures that left so much of New Orleans shattered and soaked.

If we don't have an open, broad-ranging inquiry into why the levees failed, if the Army Corps is not responding to independent engineering experts, can we, with any confidence, expect that whatever kind of patchwork is going on now will secure those levees when the next hurricane season comes around starting next summer?

There are separate committees in the House and Senate conducting their own hearings, seeking to establish what happened. We have to be absolutely

unafraid to face the facts, wherever they take us. People's lives are at stake. A great part of our country is devastated. I have been there. I have seen the destruction with my colleague, Senator LANDRIEU. It is heart-breaking.

How do we know that the money we are appropriating, that we are sending somewhere to someone—independent contractors and other recipients, billions of dollars of taxpayer money—is doing what needs to be done when we don't know what was wrong the first time they did it?

I hope we look to the model of the 9/11 Commission. The 9/11 Commission was instrumental in both helping America understand what happened and beginning a process of us coming together to try to make sure it doesn't happen again. We had a dedicated group of citizens who lost loved ones who came to the Congress month after month, who went to the White House and said: We want to know why our husbands, our wives, our children, our parents died. You have to give us answers.

I was heartened when I saw in the last several days a dedicated group of citizens from the impacted gulf coast region, called Women of the Storm, were up here demanding answers and actions. They deserve no less. These are our fellow Americans. These are our brothers and sisters. I commend them for coming to Washington to petition their Government. But if we do not establish this commission, I fear they will not ever get the information they deserve. Even worse, we may make the same mistakes again.

In this GAO report, it refers to a study that was done after Hurricane Andrew in southern Florida. There were a series of recommendations made. The Clinton White House followed the recommendations. People were put in charge. There was a chain of command. Information went up. Decisions were made. FEMA, on the Clinton administration's watch, functioned. It was filled with experts, not cronies. In 5 short years, all that work was undone.

So here we are, after the worst natural disaster in modern times, after having demoralized and defunded FEMA, after having created the behemoth Department of Homeland Security, and no one was in charge. I guess that is what the White House doesn't want anybody to figure out; although, frankly, I think we have a pretty good idea that no one was in charge. But we need to fix our systems.

I will, once again, be offering a Katrina commission amendment. I will, once again, try to help the people of the gulf coast get the answers they deserve. I will, once again, call on us to do what we did after 9/11, put together an independent commission—appointed by Democrats and Republicans—of distinguished people who can concentrate on this issue. They are not in Congress, responding to a million different pres-

ures. Give them the power to get the answers and give us the recommendations that we need in order to make sure that no part of our country, no American ever faces both the natural and manmade disaster that happened on the gulf coast.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, on another matter, I am speaking now because we are waiting for the Senator from North Dakota. I ask unanimous consent to speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL GUARD

Mr. BAUCUS. Mr. President, I rise in support of our National Guard, and I want to express my serious concern for their future.

The National Guard comprises only 45 percent of the entire Department of Defense budget, yet next week when the President's budget and the Quadrennial Defense Review are presented to Congress, the Guard's force structure may be dangerously reduced. There is a grave national security danger in doing this, and quite simply, it just does not make sense.

Last night in his State of the Union Address, the President stated that "we remain on the offensive in Afghanistan and Iraq." At a time when we cannot foresee any cutbacks in our military commitments at home and abroad, why are we proposing cutbacks in our National Guard?

The Guard is now fighting overseas in unprecedented numbers. In the global war on terrorism, over 50 percent of the land combat forces in Iraq are Army National Guard and over 85 percent of available Army National Guard units have been mobilized. The Air National Guard is providing over 50 percent airlift capability.

Since September 11, 2001, about 80 percent of Montana's National Guard members have been deployed to the Middle East, some of them more than once. Our guardsmen have never failed a mission. In fact, they have gone above and beyond, and they have fought with maturity and experience.

Reports estimate that the Department of Defense will be carrying out across-the-board cuts of up to 26,000 Guard personnel. On January 18, the Secretary of the Army confirmed that DoD has proposed making cuts to the number of brigade combat teams. Their ground units are in Pennsylvania, North Carolina, Washington State, Tennessee, Mississippi, Louisiana, Minnesota and Idaho.

In Montana, the National Guard's 1-163rd Infantry Battalion is a subordinate unit of the 116th Brigade Combat Team of the Idaho National Guard. This is one of the units to face troop reduction, and the loss of this unit would mean the loss of 800 of Montana's Army National Guardsmen.

That's one third of the Montana Army National Guard.

The Guard predicts that the payroll losses associated with these jobs could reach \$15.5 million.

Our Governors and adjutant generals should not have to send guardsmen to war without the security that those troops will have jobs and a future when they return home.

We are treating our guardsmen as active-duty members with full time demands, but not in the benefits that they receive. Let me emphasize the danger that this presents to the volunteerism that has kept our guard going. Montana has a proud tradition of serving our country, and we need the resources of our National Guard.

Montana is a rural, northern border State, and it is crucial that we have our guardsmen to fight fires, support law enforcement, and support homeland security initiatives.

I traveled to the Gulf States days after Hurricane Katrina hit, and I saw first-hand the valuable and unique emergency response capabilities of Montana's guardsmen who had been deployed to the region. The Guard has a dual role, and we must have them available to fulfill these requirements at home.

Last night, regarding Iraq, President Bush said, "We must stand behind the military in this vital mission." The President is a former Governor and National Guardsman. So I have no doubt that the President is aware of the Guard's immense contribution to our Nation.

I stand behind our military and I support the National Guard Association, the Governors, and the adjutant generals in their opposition to all reductions in National Guard troop structure.

Last week, I joined Senator BEN NELSON, Senator LINDSEY GRAHAM, and others from both sides of the aisle as an original cosponsor of a resolution which calls for the Department of Defense to consult the Governors and the TAGs whenever there are decisions to make changes to the Guard. I have joined that National Guard Caucus' letter to Secretary Rumsfeld, and I have sent my own letters to Secretary Rumsfeld and the President.

Last summer, I fought hard on behalf of Montana's 120th Fighter Wing when DoD proposed closing their base. I should not be here again.

Our Air Guard last year won the Air Force Outstanding Unit Award, the Maintenance Effectiveness Award, and the Air Force Security Forces Award, while standing alert and deploying to Iraq. Montana's Army Guard has deployed many times overseas and the 1-163rd Infantry Battalion has just returned from an 18 month deployment in Iraq.

Our brave National Guards men and women join the ranks of many other military personnel and lay their lives on the line to help protect the freedoms we enjoy as Montanans and

Americans. At a time when our Guard is already stretched too thin, we should not be sacrificing manpower. We should be boosting it. The National Guard is the backbone of our armed services, and troop reductions of any kind would be detrimental to the Nation and to my home State of Montana.

While I am waiting for the Senator from North Dakota—he wants to speak for about 35 minutes, and he is the ranking member of the Budget Committee—let me again remind Senators of where we are. Essentially, we are still on the House bill. My sense is that the majority leader, in the not too distant future, will offer the Senate amendment as a substitute. It will include the perfecting amendment by Senator GRASSLEY and myself. It is my hope that the perfecting amendment can be adopted by voice vote. I think it is not controversial. Then we will have before us both bills, the House bill, as well as the Senate substitute amendment. I am not sure how much time remains. We have 20 hours on this bill. But it is my expectation and my hope that Senators will come up quickly and offer amendments.

I might say to my very good friend, the chairman of the committee, we face an alternative. Frankly, I hope we can work this out in a way that is amicable to Senators. We have two options. One option is to fill a tree; that is, prevent any amendments from coming up until we get to the expiration of the 20 hours. At that point, Senators can offer amendments because when you get off the bill and pass the bill, we have to start taking down the tree.

When the tree starts coming down, amendments come down, and Senators can offer amendments then. Although we will be in a vote-arama situation, time will not have expired for the purpose of offering amendments. Senators will still be able to offer amendments. The question is, Is it better all the way around to have the tree filled and offer those amendments when we get to the so-called vote-arama, or is it better to let Senators offer their amendments earlier and accommodate Senators a little more because we are going to get the 20 hours one way or the other?

It is my thought that probably if Senators are allowed to offer amendments earlier on—that is, the tree is not filled up—and there is an accommodation made to Senators who are going to offer amendments anyway, that we may be able to proceed more expeditiously because Senators will be accommodated and won't be upset and so forth. On the other hand, if the tree is filled and Senators are not allowed to offer amendments until afterward—I don't know this; I am just saying this because it is a possibility or speculation—that Senators may say: I was denied my opportunity, and I can't offer it now. They didn't give me an opportunity to offer my amendment. Maybe he wasn't going to offer it anyway.

I raise that question for the majority to think about as we decide how to pro-

ceed on this bill. Many Senators have come up to me and said they wanted to offer an amendment. That is a Senator's right. I have said to them I understand that, but I am not sure when they will be able to offer them. They will be able to anyway, but the question is whether they will be able to do it earlier or later. I know that is not a decision that is going to be decided at this point, but it is a decision I think we are going to have to deal with. My general view is it is better to work with people than not. Generally, if you work with people, you are more likely to get matters resolved more expeditiously and more amicably. I raise that point for the consideration of all concerned.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, my response to that is a friendly response. It is not a very definitive response because I think my friend from Montana knows that some of these negotiations go on at a little higher level than he and I are in leadership.

Mr. BAUCUS. No negotiation goes on higher than the chairman of the Finance Committee.

Mr. GRASSLEY. Well, there are other considerations that come into this. I will put it in this perspective. First of all, I hope what he says could happen. It seems to me that, No. 1, we are kind of in an environment where we believe we are wasting some time, in the sense that we are going through a lot of procedural motions that re-debate something that was decided in a bipartisan way by this body back on December 18 on a 64-to-something vote, a very bipartisan vote. Normally, what we are doing now is trying to go to conference. We are faced with a lot of amendments—some that might be the same as what we dealt with previously. So that is kind of an environment that maybe a lot of us believe we should not have to go through because it is a waste of time. But now that is a fact of life. That is how the Senate operates.

So as what my friend, the distinguished Senator from Montana, said, it boils down to this: To the extent we can have a massive amount of transparency on what might be offered, with some limit on the number of amendments that might be offered, and get that settled very soon, then what happened in the sense of him saying we would fill up the tree with amendments, we would not do that.

That is what we would like to do. But it seems to me there has been some inability to know exactly how many amendments might come from the Democratic side of the aisle, what they were, and the extent to which they were germane versus nongermane. Obviously, the more that are nongermane as opposed to germane makes it even more difficult. If we can settle those things—I know Senator BAUCUS and I could settle those things, and we could be on our way to not filling the tree. So far we have not seen that sort of transparency.

Mr. BAUCUS. Mr. President, my good friend makes a very good point. I had a chuckle to myself because, I say to my friend, I am not even aware of all of the amendments. The Senators don't come to me, frankly, as I would like them to. It makes it difficult to decide some of these issues. The Senator makes a good point. Over the next hour and a half or so, let's sit down and see what we can do to work out a list the best we can to get a sense of things so that we can proceed more expeditiously.

Mr. GRASSLEY. Mr. President, I always anticipate the picture show that we are going to have now from the Senator from North Dakota. Anyway, I hope he will be tolerant. I have always wanted to engage him in some debate on these issues because I think he always tells half the story. I don't think he ever says anything that is wrong, but the whole story could give a different impression to the public.

I yield the floor.

Mr. BAUCUS. Mr. President, I yield up to 35 minutes to the Senator from North Dakota, the ranking member of the Budget Committee.

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

Mr. CONRAD. Mr. President, I thank my colleague for his courtesy. I also laud his very good work and the chairman's good work in putting this package together. I know we enjoy these debates. I certainly enjoy them because we have found a way to disagree without being disagreeable.

Mr. President, I also say to my colleagues that I believe deeply that the additional tax cuts ought to be paid for. At the appropriate time, I will offer a way of paying for them. I think the package that the chairman and the ranking member put together is a responsible package. There are things that need to be done for the American people and the American economy. The one difference I have is I would really like to see it paid for. I think there is a way to do that.

In addition, I will be offering, at the appropriate time, a pay-go amendment to go back to the budget disciplines we have used in the past that say: If you are going to have more tax cuts, pay for them. If you are going to have new mandatory spending, pay for it. I very strongly believe we have to restore those budget disciplines. It is also the view of the departing chairman of the central bank in this country, Chairman Greenspan. I think it is the view of most people who are seriously interested in restoring fiscal discipline to this country that we have to restore the pay-go rules that functioned very well for the country in the 1990s.

The reason I am so concerned is I look at our budget situation today, and here is what I see. We have just had, in these last 4 years, four of the biggest budget deficits in the history of the country. In fact, we have, in the case of these four budgets, the four biggest deficits we have ever had in dollar terms. That is coming off the last year

of the Clinton administration when we had a surplus. Of course, the year before in the Clinton administration we had an even larger surplus.

Last year, the deficit was \$318 billion. This year, they are forecasting \$337 billion, but they are leaving out certain things. If you put back the things that they have left out, we can now anticipate a deficit of about \$360 billion this year.

That is just the beginning of the story. The situation we face with the debt is really far more serious. The deficit, as we project it this year, of \$364 billion—it is a little more than that, but look at how big the debt is going to grow. The debt is going to grow not by \$364 billion but by over \$637 billion. I don't see the media cover the growth of the debt. All they want to talk about is the deficit because that is the story they are used to writing. The problem is that things have changed.

Well, what has changed? The biggest thing is that Social Security surpluses are growing, and growing dramatically year after year. And the idea was to prepare for the retirement of the baby boom generation. The problem is, this Congress and this administration are taking the money. They are taking every penny of the Social Security surplus—it is not really a surplus at all because we are going to need every dime when the baby boomers retire. But instead of using that money that is in surplus this year, this Congress and this administration are taking every dime to pay other bills.

When you look at every other trust fund, they are raiding every trust fund in sight. The result is, instead of \$360 billion being added to the debt, the real increase in the debt would be over \$600 billion—not just this year, but every single year of this 5-year budget deal, at the very time the President is telling us: Don't worry, we are going to cut the deficit in half over the next 5 years.

The problem is, the deficit does improve over the next 5 years, but growth of the debt keeps getting worse. Why the difference? Because Social Security surpluses are growing every year to prepare for the retirement of the baby boom generation. But we are not using the money to either prepay debt or pay down the debt or prefund the liability. Instead, we are taking, and the President is taking every dime to pay other bills.

Here is the pattern of expenditures and revenues of the Federal Government, going back to 1980. The red line is the expenditure line of the Federal Government. You can see that during the 1990s each and every year spending as a share of gross domestic product came down. Why do it as a percentage of gross domestic product? Every economist will tell you that is the fairest comparison to make. That takes out the effect of inflation. The same is done with the revenue line. You can see that during the 1990s revenue went up every year and the result of declining

expenditures and rising revenue was to eliminate the deficit, and during the 3 or 4 golden years here, we eliminated deficit spending and reduced the growth of the debt. Then President Bush came into office and spending has gone up. In fairness to him, spending went up because of the increased spending for defense, the increased spending for homeland security, and rebuilding New York. Just those three items explain about 90 percent of the discretionary spending increase.

You can see that spending as a share of GDP is still substantially below where it was in all of the 1980s and much of the 1990s. So while it is true that we have had a substantial increase in spending, we are still well below where we were in all of the 1980s and a big chunk of the 1990s.

On the revenue side of the equation, President Bush came into office here and he said revenue was at a record high. He was right. Look what has happened—the revenue side of the equation has collapsed. And while it is true we had an uptick last year and the year before, we are still way below the historical average for the 1980s and 1990s.

Going forward, you can see we have this big gap between projected spending and projected revenue. The result is a never-ending stream of deficits and burgeoning debt.

Some have said the tax cuts of the Bush era show that if you cut taxes, you get more revenue. No, it doesn't show that. In fact, revenue has just recovered last year over where it was—just gotten back to where it was in 2000. We have not had increases in revenue. As a share of GDP, here is what happened to revenue. It collapsed. It is this combination of increased spending, dramatically reduced revenue—and a big chunk of this is because of the tax cut. That combination has plunged us into record deficits and even more rapidly growing debt.

My colleagues, this is utterly unsustainable. My colleagues say when you cut taxes, you get more revenue. No, you don't. You would have gotten more revenue had you not cut taxes.

Look, here is the reality. Back in 2000, the revenue was just over \$2 trillion. It took until 2005 for the revenue side of the equation to come back to where it was 5 years before. Again, as a share of GDP, we have never gotten back. We are nowhere close to where we were, and I don't advocate we should get back to where we were because revenue was at record levels. We are nowhere near close to the average of the eighties and nineties.

On individual income taxes, we are still below where we were in 2000, and by 10 percent. So the notion that if you cut taxes you get more revenue is a great theory, but it has not worked in reality.

The President says to us we are going to cut the deficit in half over the next 5 years. No. 1, I don't believe that ought to be the goal because if you look at the President's plan, the defi-

cits explode right beyond the 5-year window. But in addition to that, the only way the President reaches his conclusion is he leaves out all kinds of items. He leaves out war costs, he leaves out the cost to fix the alternative minimum tax, and he leaves out the effect of his making the tax cuts permanent.

When we add all those items back in, including his defense buildup, here is what we see in terms of the deficits, according to the Congressional Budget Office, adjusted for the things that have been left out. Here is what we see, the long-term deficit outlook. In fact, it is an ocean of red ink that gets much worse past the year 2011.

This is the harsh reality of the Bush plan. It is a plan of burgeoning deficit, of massive debt, and at the worst possible time, right before the baby boomers retire.

The President of the United States is, in effect, hiding from the American people the full consequences of his proposals because he stops his budget after 5 years. But here is what happens right beyond the 5-year window.

He has dramatically underfunded long-term war costs. Fifty billion dollars has been appropriated for war costs in 2006 so far. The CBO estimates of additional outlays for ongoing military operations are \$378 billion.

The President says he is going to cut the deficit in half, but he accomplishes that by leaving out things we all know we are going to have to pay for. War cost is No. 1. The President dramatically understates what the war is going to cost.

Here is the big enchilada. The President said last night: Make the tax cuts permanent. This dotted line on this chart is the next 5 years. This is what it costs over the next 5 years to make the tax cuts permanent. We see it is very modest. Look what happens to the cost of making the tax cuts permanent right beyond the 5-year budget window. The costs of the tax cuts absolutely explode. Total cost over 10 years to make the tax cuts permanent is over \$2.2 trillion.

That is the President's plan. He has no plan to pay for it. He is not cutting spending to cover this difference. We are already at record deficits. The baby boomers are just going to begin to retire, and the President says: Dig the hole deeper; dig it deeper; let's have more debt. What kind of a plan is that for America's future, more debt.

It is not just the war cost the President has left out or understated, it is not just the full effects of making the tax cuts permanent, but the President has left out entirely the cost of fixing the alternative minimum tax.

The alternative minimum tax is the old millionaire's tax that is rapidly becoming a middle-class tax trap. If we don't act on the alternative minimum tax, it is going to affect 20 million people this year—20 million people. It takes \$1 trillion over 10 years to fix the

alternative minimum tax. The President doesn't have a dime in his budget to deal with this.

This is the problem we have. We have an air of unreality in this town about where we are headed. Here is what the President told us back in 2001:

... [M]y budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever. Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our children and grandchildren.

That is what the President said when he embarked on this course: Paydown of the debt. Let's do a reality check and look at what has happened versus what the President said. See any paydown of debt going on here? Any paydown of debt? There is no paydown of debt.

Leading up to this, when the President came in, the debt was \$5 trillion. The debt was below the bottom of this chart. The bottom of this chart is \$7 trillion. The debt was below the bottom of this chart when the President started. He has increased the debt by \$3 trillion. That is in 5 years. He said he was going to pay down the debt by \$2 trillion. Instead, he has increased the debt by \$3 trillion, and that is where we are today.

But look where we are headed under his plan. He is going to add another \$3.5 trillion over the next 5 years. He has already added \$3 trillion; now he is going to add another \$3.5 trillion. We are going to have \$12 trillion of debt by the time this President's plan is done.

What difference does it make? Ask yourself this question: Where are we getting the money? Where are we getting the money to float this boat? Increasingly, we are borrowing this money from abroad. When we have a debt auction, increasingly the ones who are buying our debt are foreigners.

It is very instructive. It took 42 Presidents 224 years to run up \$1 trillion of external debt, debt of ours held by foreigners. This President has more than doubled that amount in 5 years. That is utterly unsustainable. Foreign holdings of U.S. debt have doubled under this President in just 5 years.

The result is we owe Japan almost \$700 billion. We owe China \$250 billion. We owe the United Kingdom over \$220 billion. My favorite, the Caribbean banking centers, we now owe them over \$115 billion. We owe Taiwan \$71 billion. We owe OPEC almost \$70 billion. We owe South Korea over \$60 billion. We owe Germany, Canada, Hong Kong, and up and up it goes, debt on top of debt.

Now the Secretary of the Treasury writes us a letter on December 29. That is an interesting time to write us, the week between Christmas and New Year's when Congress is not here and nobody is paying attention. What does the Secretary of the Treasury say to us:

The administration now projects the statutory debt limit, currently \$8,184 billion—

Let me repeat that, the current debt of our country is \$8,184 billion. You can translate that into trillions. It is \$8.2 trillion.

He says:

[The debt limit] will be reached in mid-February of 2006. At that time, unless the debt limit is raised or the Treasury Department takes authorized extraordinary actions, we will be unable to continue to finance Government operations.

That is a fancy way of saying we won't be able to pay our bills. The most powerful Nation in the world won't be able to pay its bills by the middle of February unless the debt is dramatically increased.

Here is what has happened to the debt under this President. Remember, he said he is going to have maximum paydown of the debt; he is going to pay the debt down by \$2 trillion. That is not what happened. Instead of debt being reduced, debt has been dramatically increased.

By the way, in the previous 5 years, during the Clinton administration, this is how much the debt limit increased: Zero. We were actually paying down debt. In 2002, the debt had to be increased \$450 billion; in 2003, under this administration, the debt had to be increased another \$984 billion; in 2004, the debt had to be increased another \$800 billion; and now they want to increase the debt another \$781 billion. You add it up. This President, in just these 4 years, has added \$3 trillion to the debt. The debt was only \$5 trillion when he took over. He has increased the debt in just these 5 years by 60 percent, and we now know that in the next 5 years, he is going to increase the debt another \$3 trillion. He will more than have doubled the debt of our country during his administration.

One President—1 out of 43—has run up more debt than the other 42 combined—more national debt, more debt held by foreigners.

Is this supposedly an indication of strength? What would people say out there? Is this an indication that our country is strong, that we are borrowing more and more money all around the world, or is it a sign of weakness?

I know what I think. I think it is a sign of vulnerability.

Last night, the President said we are addicted to foreign oil. He is right. You know what else? We are addicted to foreign money, and this President says: It is the people's money, give it back to them. The problem is, he is borrowing the money from China, Japan, and all around the rest of the world to give it back to them. That is what is going on here.

It is the people's money, yes; absolutely, it is the people's money. Do you know what else? It is the people's debt. Every dime of this has our taxpayers' name on it, and they are going to have to pay it, and this President doesn't seem to be the least bit concerned about this explosion of debt on his watch.

Now we have this budget proposal before us, and there are three chapters to it. There are three chapters to this book. Chapter 1 is to cut spending \$39 billion. That is what they call the deficit reduction package.

Look what the second chapter says. The second chapter says: Oh, when you have cut the spending \$39 billion, cut the revenue by \$70 billion.

I was educated in schools in Bismarck, ND. I went to Roosevelt grade school. I had wonderful teachers—Ms. Senzick, Ms. Barbie, Ms. Hook. They taught me math and they were very good teachers, and I was good in math. I could go back to the second grade and figure this out. Is the deficit getting smaller or larger as a result of this plan? If you cut your spending \$39 billion but you cut your revenue \$70 billion, have you made the deficit bigger or smaller?

Everybody knows you have made the deficit bigger. Yet our friends on the other side of the aisle say they have a deficit reduction package. No, they don't. They have a deficit increase package when we already have record deficits, record additions to the debt. And they say they have a deficit reduction package? Come on. There is no deficit reduction going on here.

The third chapter of the book is the one they really don't want you to read. The third chapter of the book is they are going to increase the debt \$781 billion.

Here it is another way: \$39 billion of spending cuts over 5 years—virtually nothing as a share of the spending which will occur over that period—and \$70 billion of tax cuts not paid for. The result is they have just added to the deficit, added to the debt, and they will tell you this is really working because we are getting strong economic growth.

Are we really? Are we really getting strong economic growth? Let me say this: In the last 4 years, median family income in this country has gone down each and every one of the years. That is a fact. Median family income has gone down each and every one of the last 4 years. We only have the records through 2004, but 2005 I predict will show the same thing—another reduction in the median family income in this country.

When we compare this recovery to the previous recoveries since World War II, here is what we see. This is the average of the nine previous business cycles; that is, if you look at the nine recoveries we have had from recessions since World War II, here is what we see. This red line is the average in terms of economic growth. This black line is the growth we have seen in this recovery. It is well below the average. It is 25 percent lower than the average economic growth we have seen in the previous recoveries.

These are facts. Something is wrong. This strategy is not working. It is no wonder the American people are concerned about the economy, even

though people tell us the economy is great. What we see is, in a recovery, this is one of the weakest of any we have had since World War II.

Let's look at another measure: business investment. This red line is what has happened in each of the nine recoveries. This is the average of each of the nine recoveries since World War II. But here is what has happened in this recovery. Yes, things have gotten better, but they are way below—in fact, 50 percent less than the average of every other recovery since World War II. These are signs something is wrong. Something is not working with this strategy.

It does not stop there. Here is the job loss comparison. This red line shows the average of every recovery since World War II, nine of them. We have had nine major recessions and nine recoveries. This red line shows what has happened on average with job growth during a recovery.

Here is the line with respect to this recovery. We are 6.9 million private sector jobs short of a typical recovery. Is anybody paying any attention? Is anybody doing anything other than making rhetorical speeches and running around the country chanting "economic growth, economic growth, this is really working"? Something is not working. The average recovery since World War II has been stronger than this one in job production, in economic growth, and in business investment.

These are facts. The Federal Reserve Chairman, Mr. Greenspan, who just left office, said he opposes deficit-financed tax cuts. He said we should not be cutting taxes by borrowing. The Chairman of the Federal Reserve was exactly right. We should not be cutting taxes by borrowing, especially borrowing from China and Japan and the Caribbean banking centers.

The Chairman said this about pay-go, which is the amendment I will be offering when it is appropriate to do so. Pay-go is a budget discipline. Pay-go says simply this: If you are going to have more tax cuts, yes, you can have them, but you have to pay for them. Yes, you can increase mandatory spending, but if you do, you have to pay for it. If you want new spending, you have to pay for it. If you want more tax cuts, you have to pay for them.

The Chairman of the Federal Reserve, who just retired, Chairman Greenspan says:

All I'm saying is that my general view is I like to see the tax burden as low as possible.

So do I.

And in that context, I would like to see tax cuts continue.

So would I.

But as I indicated earlier that has got to be, in my judgment, in the context of a PAYGO resolution.

That is what I am going to be offering to my colleagues, the exact pay-go resolution the Chairman is referring

to, the pay-go we had in the 1990s, which helped us impose discipline, which helped us restore fiscal responsibility, which helped us turn record deficits into record surpluses, which got us on a sound financial course, which, unfortunately, under this President and this administration and this Congress, we have veered from so dramatically back into the deficit ditch—record deficits, record increase in debt. We are headed for \$12 trillion of debt, more than a doubling of our debt on this President's watch and already more than a doubling of U.S. debt held by foreigners.

Think of it. It took 42 Presidents 224 years to run up \$1 trillion of external debt for this country. This President has more than doubled it in 5 years. What is conservative about that? This is the biggest liberal, when it comes to debt, we have ever had in the White House in this Nation's history. He is very free with debt.

The pay-go I am offering simply says that all mandatory spending and all tax cuts that increase deficits must be paid for or require a supermajority vote, 60 votes. The current pay-go rule, and you will hear from the other side that we have pay-go—we have it; it is a joke. It exempts all tax cuts and exempts all mandatory spending increases that are assumed in any resolution, no matter how much they increase deficits. And they say they have pay-go? Come on. They don't have pay-go; what they have is debt-go. Let's get going on the debt, that is what these guys have. And they are doing it and, boy, is our country going to pay a terrible bill for what these guys are doing.

This administration and this Congress are not going to be treated well by history because at the critical moment, just before the baby boomers retire, instead of what other countries are doing, which is to run surpluses to get ready for the retirement of the baby boomers, this country, under this administration, this Congress, is running massive debt, doubling the debt of our country during this President's watch.

I will offer the pay-go resolution at the appropriate time. I will offer a second amendment which will say: Yes, we can have these tax cuts which the chairman and ranking member have brought before us, which is a responsible package. But it ought to be paid for.

Let me put up the tax cut package I will offer my colleagues, the very same one the chairman and ranking member have come up with: small business expensing, a savers credit, tuition deduction—all of these until 2009, the same as their package; new market tax credit until 2008, same as theirs; sales tax deduction until 2007; the R&D credit until 2007, exactly what they have; work opportunity welfare-to-work credits, the same as they have; teacher classroom expenses until 2007, the same as they have; leasehold and restaurant improvements until 2007; other tradi-

tional extenders until 2007, exactly as they have; the AMT hold harmless, through this year.

The difference is I am paying for it over the next 10 years, paying for it all. How am I doing it? In this way: I am providing the same offsets as the Grassley-Baucus substitute. In other words, they have a package of offsets here closing the tax gap by shutting down abusive tax shelters and other reforms. They have \$34 billion. That includes ending the tax benefit for leasing foreign subway and sewer systems—saving \$5 billion.

This is the scam of all time. This is the scam of all time. We have people who are buying subway systems and sewer systems in foreign countries and depreciating them for the purpose of their U.S. taxes and then leasing back the sewer systems and the subway systems to foreign countries in foreign cities. Is anybody listening? You tell me we should not stop this scam? This is unbelievable. When my staff first brought this to my attention, I could not believe it myself. You have to be kidding me. Companies in America are buying the sewer systems in foreign countries and depreciating them for the purposes of their U.S. taxes. Can you believe this is going on? Companies are buying the sewer systems in a foreign country and depreciating them for the purposes of their U.S. taxes? It is true. We could stop that and save \$5 billion.

I take that package, then I add ending a loophole for oil companies that lets them avoid taxes on foreign operations. That is another \$9 billion.

We could require tax withholding on Government payments to contractors such as Halliburton just as we do to mainstream businesses in this country. You know, if you are a business in this country, you have to pay withholding taxes. But we have Halliburton over there with all these funny-money contracts in Iraq—they don't have that requirement. Why not? That would save \$7 billion.

If we renew the Superfund tax so the polluting companies pay for cleaning up toxic waste sites, we would save \$17 billion. And then we close other tax loopholes for another \$22 billion.

This is a picture of Ugland House in the Cayman Islands, the building from which they run all of these scams. I used to be a tax administrator. One of my jobs used to be to scout out these scams. That is one of the reasons I am here, because people I represent thought I did a pretty good job of unearthing these scams and shutting them down. But this one takes the prize. I credit my colleague, Senator DORGAN, for finding it.

Has anybody been to the Cayman Islands? The Cayman Islands are just south of Cuba. You go to the Cayman Islands, and you find this building. It is five stories tall, and 12,748 companies call this building home. This is one of the scams of the ages. Let me repeat this. You have this building right

here—this is a picture of it—down in the Cayman Islands. It is five stories tall. It is home to 12,748 companies. Do you see them all? They are working there. Are they working there? Are 12,700 companies working there? No, they are not. They are running fraudulent operations there. They are shuffling paper there.

When I was tax commissioner, I found a major company that showed all of its profits down in the Cayman Islands. Gee, how would that be? They are doing work all over the country in the United States, buying and selling, buying and selling. They showed those were all break-even operations.

Then they ran a little operation with one person down in the Cayman Islands. They showed a \$1 billion profit.

This shouldn't be a partisan issue. This is a scam. It is a scam on all of us to have 12,000 companies.

I was just describing the company. They had one employee down in the Cayman Islands. They showed all of their profits down there with one employee. I said that is the most efficient man in the world. This one man—all the profits of the company are in his division, and he is the only one in the division.

Why do they do it in the Cayman Islands? Because there are no taxes in the Cayman Islands. They weren't doing any work down there. They are just shoveling profits between subsidiaries.

That is what is going on in this building. This building is home to 12,748 companies that are doing business down in the Cayman Islands. They are shoveling tens of billions of dollars in profit out of this building. This building, I am sure, is a smart building. It must have the latest wiring. They must have the latest technology to be producing tens of billions in profits in this one building—the profits of 12,000 companies. What a scam. We ought to stop it.

My bill says: Yes, we should have this tax relief for the American people. We ought to pay for it by closing that kind of scam. We ought to stop the scam where companies are buying foreign sewer systems and depreciating them on the books in the United States for the purposes of lowering their taxes here. It is nothing but a ripoff and a scam, and we ought to stop it. We ought to pay for the tax cut, every dime of it. That is what my proposal does.

I thank the Chair and yield the floor. The PRESIDING OFFICER (Mr. SUNUNU). Who yields time?

Mr. BAUCUS. Mr. President, I yield 15 minutes to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 15 minutes.

Mr. KERRY. Mr. President, thank you very much. I thank the distinguished manager.

Mr. President, we don't know at this point what is going to happen in terms

of the parliamentary procedure. So I am not sure whether the Senator from New Jersey is going to have the opportunity, which I know he wants, to be able to propose an amendment with respect to the AMT. My hope is that he will be able to because I think it is absolutely critical that the Senate address this issue.

I wish to speak for a few minutes about the amendments that the Senator from New Jersey will submit and why I support them and why I think it is so important.

There is no rationale—no economic rationale, no social rationale, political rationale—for addressing tax issues that expire in 2009 before we take care of the individual alternative minimum tax issue that affects people today.

There is no common sense behind saying we are going to address a tax issue with respect to 3 or 4 years from now when we have an enormous number of American families who are going to be negatively impacted by the alternative minimum tax.

It is almost inexplicable that the House bill chooses capital gains and dividend relief over preventing 19 million families from having to pay AMT.

Let me make it clear that I have supported a reduction in the capital gains tax on any number of occasions. In fact, I wrote it with Senator Bumpers back in 1993. We drafted a targeted capital gains tax reduction that passed the Senate. It got caught up in the complicated rulemaking process. It didn't work as effectively as it might because of the rules, not the concept. Ultimately, I have supported a reduction in capital gains.

But to suggest that we ought to now make it permanent, when we see the gap growing wider and wider between the "haves" and "have nots," when we realize that what we are talking about in this tax reduction is providing those Americans who earn more than \$1 million a year about \$32,000 worth of tax relief next year alone, while people earning less than \$50,000 a year will get about \$20 each.

It doesn't make sense, on any measurement of fairness or common sense about how we are trying to expand the economic pie for all Americans, particularly when you look at the data about the numbers of American families who are being squeezed and squeezed when having a hard time. Median wages have not gone up—they have gone down about 2 percent over the last few years for average Americans. But public college tuition has gone up about 57 percent. Since 2000, private college tuition has gone up something like 32 percent. Families are paying higher health care costs.

All of us know, as the President reminded us last night in the State of the Union Message, gasoline prices are killing people at the pump. A lot of workers are seeing whatever gains they might have tried to save get taken away just trying to get to and from work.

We are struggling with this gap, which is growing. Yet the priority of the House of Representatives is to give the wealthiest people in America yet another break while many Americans are going to be pushed into the alternative minimum tax regime.

You shouldn't even call it the alternative minimum tax. You ought to call it the family tax because that is what it is. The taxpayers get hit by the alternative minimum tax according to where they live and because they have children.

If you live in a certain State—take a State with a relatively high standard of living and a fair amount of public contribution, such as Massachusetts or California or some other State, New York, Connecticut. In those States, the only thing you can do to not pay this tax is to not start a family. If you start a family and have children, the tax cuts end. You wind up being hit harder.

We are literally punishing Americans for having children and building families. The more children you have, the more you are impacted by the alternative minimum tax at a lower income level. It doesn't make sense.

If no action is taken on the alternative minimum tax, a family with three children with an income of \$63,000 would be impacted by the AMT, and a family with six children with an income of \$50,000 would be even more impacted by the AMT.

In May, we heard testimony from the Urban Institute about how the AMT was once upon a time a class tax, but it is soon becoming a mass tax because more and more taxpayers, mostly because they are having children, will be forced to pay it.

Nina Olson, the taxpayer advocate who works every day on practical implications of what we do, has repeatedly testified about the complexities and the inequities of the AMT. She said sarcastically the AMT punishes taxpayers for such classic tax avoidance behavior as having children or living in a high-tax State.

If you look at his history of the AMT, you can tell that it really does need reform.

The individual AMT was created in 1969. It was created in 1969 to address 155 individual taxpayers in America whose incomes exceeded \$200,000 a year, who paid no Federal income tax at all in 1969. That is why this tax was created. You had high-income people paying no income tax, and 155 people were the target of this effort. But now it has grown from 155 taxpayers in 1969 to 1 million in 1999, to almost 29 million by the year 2010. It now affects families with incomes well below \$200,000 a year.

By the end of the decade, repealing the alternative minimum tax will cost more than repealing the regular income tax.

Unfortunately, we can't end this today. Obviously, we can't do that. But we can do a lot more than what is in the House reconciliation bill. The

House tax reconciliation bill includes a provision that extends taxation of capital gains and dividends at a lower rate through 2010; whereas, the alternative minimum relief expired at the end of 2005, and it needs to be addressed. The capital gains and dividends provision doesn't expire until 2008.

The amendment before the Senate—provided Senator MENENDEZ is given the opportunity to provide it—is going to strike the extension of capital gains and dividends at a lower rate. That provision has a cost of \$20 billion over 5 years and a \$50 billion cost over 10 years.

The budget resolution has been drafted in a way that hides the cost of the capital gains and dividend cuts by putting most of the expenses outside of the 5-year budget window, and it will actually cost more than twice as much as is stated.

One rationale for cutting the tax on capital gains and individual dividend income is that it stimulates investment.

That has not held true, and the record does not show that is, in fact, what happened. If you talk to people on Wall Street, they will tell you point blank, No. 1, they are concerned about the deficit, and No. 2, they believe that their behavior is not going to be affected. It is a great windfall for them. They will all tell you that if they get an extra \$100,000 in their pocket, at their income levels, they can do something with it. But it will not affect the fundamental investment decisions that they are going to make anyway.

The fact is that the stock market, as we all know during the 1990s, did a lot better than it is doing today when it had a higher capital gains rate, notwithstanding the fact that we lowered it at that time.

We have a choice, a very straightforward choice: Either help the wealthiest investors in America or you can help hard-working families.

It is that simple. That is exactly what this choice is about. I hope a majority of the folks believe—that we ought to be helping those families that most need the help today.

It is a simple matter of priority. It is a simple matter of fairness, and it is common sense with respect to our economy and the money we want to put into the pockets of Americans so they can go out and pay their bills, continue to purchase, and drive our economy.

I want the tax bill to reward work first and wealth second.

This can be done by making the alternative minimum tax relief a priority over capital gains and dividend tax relief.

The fact is that Congress has an opportunity to stop punishing taxpayers because of where they live, because they move from one State to another for work or for school, or because they decide to start a family. Those are not the reasons on which you ought to base a tax on in our country.

We have an important opportunity to take a step to deal with this. It is my hope that we will do so.

I yield whatever time may remain.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I want to comment on what the Senator from Massachusetts said.

First of all, I think everything he said about the AMT, I agree with; what he said about the capital gains, I disagree with.

I am only going to comment on that part that I agree with him on about the AMT.

But let us have a little history in the process of doing that.

No. 1, either in 1998 or 1999, we repealed the AMT. President Clinton vetoed it.

So we wouldn't be dealing with this issue if President Clinton had signed that bill.

In a sense I am kind of asking for support from anybody on the other side of the aisle who thinks we are not doing enough on AMT. I happen to be one of those who even today, 6 to 7 years later, is for repeal. I believe it ought to be repealed. We ought to have a standup vote, without any points of order, and get rid of this.

There are Republicans who would say if we do that in the out years, our budget might look like it has a much bigger deficit than it has, and over here there might be people who say if you are going to get rid of this tax, you ought to have an offset for it, so the budget deficit does not look different. The reason neither one of those concerns is legitimate is because in this bill we are talking about having the AMT hit the middle-class Americans whom it was not intended to hit.

The Senator from Massachusetts is right in the sense that for parents with children and the larger the family the more it hits them. It was never intended to hit but a few wealthy people who used every legal loophole to avoid paying taxes and that somehow everyone who makes a lot of money ought to pay a little something of income tax into the Federal Treasury. A little something or big something, whatever the case might be, whatever the alternative minimum tax hit them with, they ought to pay that.

If Senator BAUCUS will bear with me, he has heard me say 150 times how ridiculous it is to have this side of the aisle say we ought to offset a tax that was never intended to be collected in the first place from the people who otherwise will be hit with it if we did not pass this legislation, and over here, people are worried if we do away with it, the budget deficit will look bigger because we do not have the phantom tax income coming in from people who were never supposed to pay the alternative minimum tax in the first place. If we have a tax hitting people who were never intended to pay it in the first place, it should not be showing up in the budget figures, anyway. So we

have to worry about an offset or we have to worry about whether we have a burgeoning budget deficit over here if it is not there. It is a phantom. We ought to do what you do with phantoms, hit them with a needle, let the air out, get rid of them.

Also, particularly what the Senator from Massachusetts said about hitting people, it is like a geographical tax to some extent because a lot of States, such as New York, New Jersey, and California, have a lot of high-income people. Therefore, they have a disproportionate number of people getting hit by the AMT. If you fall into that income class, you will get hit with it. More of these people live in higher income States and it happens that some of the States are what we call blue States instead of red States, so I don't know why we do not have a massive drive on this side to force Republicans to do something that is hurting your constituents.

Let's do away with the darned tax. People aren't supposed to be paying it in the first place. Why are we spending a lot of time working the issue? I would like to have the Senator from Massachusetts solve this problem forever and help us repeal it, like we did in 1998, with a President who I am sure will sign it.

On a procedural matter, I wish also to make a comment. My good friend from Montana asked if we could see what we could work on, on amendments. I will briefly comment even beyond what he has asked us to do and try to help speed this along as best I can, as to where we are.

It has been suggested on this side that Republicans work with Members to help them get their amendments up and voted on. First, we should not even be in this situation, a truly unprecedented situation, where we are essentially being forced to do a reconciliation bill over. Yes, we are doing a reconciliation bill over, within 2 months of when we first did it. We could be doing the Nation's business of problems that have to be solved, not waste 3 days on this bill now when we spent 3 days on it in November. We could be working on lobbyist reform. We could be working on asbestos reform and a lot of other things that Members want before the Senate. However, leadership on the other side is wasting the Senate's time and the American people's time. Surely there is a better way.

For those who thought this was over back in November, we are in the middle of a rude awakening. Cooperation is a two-way street. Even though we should not be in this position where the minority party is trying to reopen the bill, we have said we are willing to entertain a limited number of amendments. Another way to put this, I said to Senator BAUCUS privately that we need total transparency on this, get everything on the table. We do not get a response from the Democratic leadership.

They have taught me a few lessons from our first go-around on this bill. I

learned that you do not vote on amendments too early because we know what happens if you do that; they get their press release out, they lose the amendment, then it comes back within a matter of hours, sometimes two or three different versions of the very same amendment. We end up voting on all of them, wasting everyone's time. So the extent to which we lay everything on the table and level with everyone on what we are faced with, we will be able to get this bill completed. We could finish this late tomorrow night.

Unless we can get an agreement for a limited number of amendments or amendments in total, I don't see any reason but to wait until the time has expired on the bill and let the so-called vote-arama begin one vote right after another and we spend a couple of minutes debating an amendment back and forth, to have that vote-arama without an agreement. I am convinced this will save the Senate a lot of time in the end. Either way, we have a limited number of amendments. Let us know what they are, have some sort of agreement so we can get done, or have a vote-arama.

I yield the floor.

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

Mr. BAUCUS. Mr. President, I listened with great attention to my good friend from Iowa. I feel very lucky to have him as chairman of my committee. I don't know any Member who is more decent and fair and in a certain sense nonpartisan than the Senator from Iowa. I deeply appreciate his approach and friendship.

I think he knows no one is trying to delay anything. This is the Senate, after all. The Senators on both sides of the aisle have the opportunity to offer amendments. That is why we are Senators. We can offer amendments to bills. Sometimes one political party is in the majority and sometimes the other party is in the majority. As the Senator knows, it goes back and forth. I remember years when the party on the Senator's side of the aisle was in the minority, and my Lord, we faced all kinds of amendments because Senators wished to offer amendments to their points of view.

We are here today trying to work our way through. I have instructed Senators on the Democratic side of the aisle to tell me all the amendments Members have and we will work our way through this so we can be more than accommodating to the Senator from Iowa.

My view is to lay all your cards on the table so people know what they are. As civil and reasonable people we will figure out a reasonable way to deal with this. We all know the rules. We will let Senators offer their amendments in a way that is civil, positive, and accommodating—nothing personal. These are legitimate points of view that 100 Senators have. I hope to get the list to the Senator from Iowa very quickly so we can work that out.

I yield 10 minutes to our new Member, Senator MENENDEZ, from New Jersey. We are honored to have him here.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 10 minutes.

Mr. MENENDEZ. Mr. President, I thank the distinguished ranking Democrat on the Senate Committee on Finance for yielding time and for his work in preparing the opportunity to offer this amendment.

Later today I intend to offer an amendment, and I do certainly hope it will be in order, that lets families across the Nation know we are on their side.

In the bill before the Senate we have a clear choice: We can stop a tax increase for 17 million middle-class taxpayers, a tax that was never intended to penalize anyone considered middle class; or we can continue to give people who need it the least a break on their capital gains at the expense of middle-class workers.

I thank my colleagues on the Committee on Finance, Senators BAUCUS, SCHUMER, KERRY, and FEINSTEIN, who have worked very hard on this issue to ensure that the final result of this bill will not be a tax increase for middle-class families.

The options before the Senate are a choice of values. Do we value ensuring fairness for all hard-working Americans or would we rather give a break to those who need it the least? The Senate made the sensible choice when it passed the tax reconciliation bill last November by extending the protection for middle-class families from the alternative minimum tax. Now that the House bill is to come before the Senate, this Senate must make it clear it stands by that vote and that middle-class families will not bear an additional burden of tax cuts for the wealthy.

In the past year, this Congress has given enormous tax breaks to an oil industry that has racked up record profits while American drivers saw the price of gas go through the roof, and given out tax break after tax break for those who need it the least, while ignoring middle-class families.

I am proud to later offer an amendment that will help hard-working families in America and New Jersey get real relief and to make sure in this great body the middle class is heard at least as clearly as the powerful and the privileged.

Last night we heard more of the familiar rhetoric on tax cuts. We heard the President speak about "a massive tax increase" American families will face that "they do not expect and will not welcome," if the President's tax cuts are allowed to expire as scheduled in the next few years. The truth is, millions of families, not only in New Jersey but across the landscape of the country, will face an unexpected increase this year if the AMT exemption is not extended and the President's tax cuts do not include a fix for this problem.

Time and time again, the President has pushed for his tax credits from 2001 to be made permanent, which overwhelmingly benefit those who need it the least. More than 70 percent of the President's tax cuts have gone to people who make over \$200,000, while families who earn between \$50,000 and \$75,000 have received less than 5 percent of the cuts. Yet the President has done nothing to make the AMT exemption permanent, a tax which in the next 4 years will affect nearly every two-parent family with two kids earning between \$75,000 and \$100,000.

We also heard the President call for more than just "temporary extensions." Yet the fact is all the President has done in terms of this middle-class tax is to propose temporary extensions and only cosmetic changes while proposing no underlying reform to the AMT itself.

Would we like to do more than a 1-year extension? Absolutely. But when the President has directed all of his efforts, his priorities, and the Nation's bank account to tax breaks for the wealthy, there is little room, let alone money, left over for the reforms that affect nearly 20 million middle-class taxpayers.

When Americans wonder why there has been little attention on what most tax analysts refer to as the single most important tax issue facing the Nation, they should know that it is because tax cuts for the middle class have not been a priority for this administration.

Let's be honest. Once again, it is the middle-class families, the hard-working families, who are struggling to send their children to college, to keep up with the cost of health care, to care for aging parents, who pay all of their bills and try to make ends meet each month who are being asked to foot the bill for the top earners in our country. Why? How many middle-class families out of the 17 million know right now they could be facing a tax increase this year? I would guess not very many. It does not help that the President has been silent on this, one of the most significant tax increases facing the middle class.

The fact is many families will be faced with a harsh reality at the end of the year. In my State of New Jersey, where nearly 180,000 families were subject to AMT in 2003, the number of middle-class taxpayers subject to this tax will at least double if no fix is enacted.

Average families, which are far from wealthy and think they are below the threshold, could face significantly higher taxes this year if we do not act on the crisis at hand. For example, a typical New Jersey family with two parents, where one is a preschool teacher and the other a paramedic, with three kids would be subject suddenly to this new tax increase this year.

So this amendment we hope to offer is for middle-class families who may not know a tax hike is coming and for

average families who should not be expected to shoulder the burden of the President's tax cuts for the wealthy.

This amendment will make very clear that our priority should be to protect middle-class families from this unintentional tax hike and that millions of taxpayers should not wake up next tax season to realize they owe more in taxes even though their income has not changed.

Let's remember, this was a tax intended to assure those making some very significant income pay some taxes. It was never intended to raise the taxes of average Americans.

This is a zero-sum game. With soaring budget deficits and rapidly climbing debt, tax cuts for top wage earners are just one more burden being put on the shoulders of the working middle class.

The reality is, without this amendment, many families could be paying possibly \$1,000 more in taxes next year. That is \$1,000 more they could put in their pocket, \$1,000 more they could use to save for their retirement, \$1,000 more they could use for college tuition, \$1,000 more to help make ends meet.

It is clear there is not room on the President's tax cut agenda for this middle-class tax crisis. That is why we seek to offer this amendment. This is why it is vital this body once again show its support for a tax package that includes an increased AMT exemption to protect middle-class families and not ignore the looming crisis before us.

We in this body know the consequences if we do not act. Many Americans do not. We know that if we fail to act, an astounding 30 million Americans will be subject to a higher tax rate within the next 4 years. We also know what many American families do not—that a family with three kids making \$63,000 will be facing a higher tax rate next year if we do not enact this fix now.

Now, I hear a lot of talk about values. With this amendment, the Senate can decide which values—which values—it wants to embrace: rewarding those who work hard, play by the rules, and struggle to make ends meet, or give yet another tax cut to those who need it the least?

Let's send a clear message that the values we embrace are the values of American families. Let's embrace fairness and equal treatment for those who work hard. This is a chance for this body to go on record that we should not be imposing an unfair tax break on our middle-class families just to extend a tax break for those at the top.

I hope my colleagues will support this amendment when it is offered, presuming we have the opportunity to offer it, and ensure that hard-working American families, not just top dividend earners, remain our top priority.

I also look forward to offering an amendment later on with Senator KENNEDY that would expand a critical tool for college students and their families under the HOPE scholarship tax credit.

As the first in my family to go to college, I fully understand the power of some of these programs and how they helped me, in my case, be the first in my family to go to college.

This amendment will simply expand what the credit can cover to include other associated costs for a college education. I look forward to the opportunity to offer that amendment as well.

I yield back whatever time I may have.

The PRESIDING OFFICER (Ms. MURKOWSKI). The Senator's time has expired.

Mr. BAUCUS. Madam President, I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON of Florida. Madam President, I intend to bring forward an amendment that will provide additional protections for Medicare beneficiaries during the first year of the implementation of the new Medicare prescription drug benefit. And that first year is right now, since it just started.

The amendment expands the existing 6-month open enrollment period from the May 15 deadline to 6 months later, into December. It is going to give people additional time to do the research to make the best decisions.

Secondly, the amendment is going to give to every beneficiary the opportunity to make a one-time change in the plan enrollment at any point during this calendar year, 2006.

Now, why is this important? Well, if every Senator here has been hearing from their senior citizens like the Senators in Florida have been hearing from our senior citizens, you can certainly understand that the senior citizens are very concerned. In many cases, they are confused because of the multiplicity of plans.

As a matter of fact, in Florida, there are 18 companies offering a total of 43 stand-alone prescription drug plans. Now, each of those plans differs in terms of premiums, cost-sharing requirements, drugs covered, and pharmacy access, and some of these plans are very time-consuming and very confusing. So when senior citizens are telling us Senators they are confused and bewildered, we ought to be paying attention.

Now, in some cases, the senior citizens are frightened, as well. This is because they know that come the deadline of May 15, if they have not selected a plan, they could be penalized 1 percent a month or 12 percent a year. That frightens them. What also frightens them is if they pick a plan by the deadline and then realize they made a mistake, they cannot rectify that mistake for a year. That is the source of great consternation and some fright to senior citizens.

Now, we can easily fix this. Back in November, when we had this bill before us then, I offered this amendment. It

got 51 votes. It got a majority of the Senate. But there was a point of order on the budget because there is a minor financial consequence to this. So under the rules of the Budget Act, there has to be a 60-vote majority to pass such an amendment. We got 51 votes. I think we have a good chance to get 60 votes now because of Senators having heard all of the confusion and the bewilderment and the fright our senior citizens are experiencing. So I will be offering this amendment at the appropriate time.

Madam President, I yield the floor.

Mr. BAUCUS. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Madam President, I wish to make the very simple but very important point that given the choice, given the alternative between an extension of dividend and capital gains tax provisions compared with the AMT change, it is far better for this Congress to grant the alternative minimum tax relief than it is to grant an extension of the dividend and capital gains tax reduction.

First of all, the current law provides, under what is called the alternative minimum tax—which taxpayers who have certain incomes will pay, basically middle-income taxpayers—that this year they will be paying more taxes if we do not change the law. And 17 million Americans will be paying more taxes than they would pay under an ordinary calculation of their income under the Tax Code.

To say the same thing differently, because of this provision called the alternative minimum tax, 17 million more Americans will be paying more taxes—actually 20 million. Three million Americans this last year paid more taxes because they fell under the alternative minimum tax. Next year, if we do not make changes for tax year 2006, 17 million more will be paying it, for a total of 20 million. If we do not make these changes, 20 million Americans will be paying increased taxes next year, and those 20 million are essentially middle-income taxpayers.

To contrast that with dividend and capital gains, current law provides for lower dividend and capital gains taxation. That law extends, if we do nothing, for 2 more years, until essentially January 1, 2009.

So we have a choice here, all things being equal. We have a choice generally because we have a \$70 billion floor. The budget resolution says we cannot pass more than \$70 billion of tax cuts unless we want to override that with 60 votes. We have that floor, and it is hard to do everything. It is hard to have a capital gains extension,

and it is hard to have an AMT extension. But basically we have the choice of either preventing a tax increase this year under AMT or extending dividends and capital gains, which need not be extended because currently the favorable dividends and capital gains is already in law and does not expire until January 2009.

The alternative is to extend capital gains and dividends from January 1, 2009, for 2 more years and do nothing to AMT. Or do we say, that's not very smart, we will deal with a dividends and capital gains extension later. Or do we, instead say, we are not going to extend something that does not need to be extended but rather we will reduce the AMT bite for this year. To say it differently, will we prevent the implementation of the alternative minimum tax this year, which has the effect of raising people's taxes? That is the question.

The Senate bill answered that question by saying, it makes more sense to prevent the AMT from going into effect this year than it does to extend dividends and capital gains which doesn't have to be extended anyway for the reasons I indicated.

The House bill, on the other hand, looks at that exact opposite. The House bill says, we are not going to prevent the increase of the alternative minimum tax this year. They are going to allow that to go ahead. Rather, they are saying, we want to extend dividends and capital gains favorable treatment, even though current law gives that treatment and it is going to be in law until January 1, 2009. That is what the House did.

There were some on the Senate floor earlier today who said: Gee, the House bill is better. Why? The argument is, without addressing the timing issue, because AMT relief is only for wealthy Americans. That is the argument. Whereas a dividends-and-cap-gains extension gives favorable tax treatment to a lot broader base and maybe middle-income Americans because a lot of people have mutual funds and own stocks and so forth. So, really, if you are going to help middle America, basically it is better to extend dividends and capital gains than it is to pass AMT relief, although we don't have to anyway because current law provides those benefits.

I would like to show with this chart a little bit about what AMT actually does to rebut that point. The facts show that AMT relief helps middle-income taxpayers a lot more than does favorable dividend and capital gains treatment. I will show that with a couple other charts.

This first chart basically shows income levels where the alternative minimum tax starts to take hold. To remind everyone, taxpayers have to make two calculations when calculating their income taxes. One is the regular way. You look at your deductions, decide whether you have the standard deduction or itemized deduc-

tions. That is the standard, ordinary way.

After a taxpayer has calculated his or her income taxes, every taxpayer has to then go through a separate set of calculations. It is called the alternative minimum tax. Under that separate set of calculations, if it turns out that you owed more under the AMT than under the regular tax, then that is the tax you pay. You pay the greater of the two calculations.

AMT, when it was passed years ago, was supposed to hit the very wealthy. That was the intention. But it has not worked out that way. The actual effect of the AMT is to hit essentially middle-income Americans.

It comes down to the question, what do you mean by middle income? That is the question. This chart shows that for a family earning about \$80,000—that is becoming more and more the middle-income taxpayer. If you have a family making \$80,000, they have expenses: kids going to school—\$80,000 these days is not an awful lot of money.

Unfortunately, most Americans earn less than that, but an awful lot of Americans earn \$80,000. The point being, if you earn \$80,000 roughly, then you probably don't have to pay the alternative minimum tax if you have no children. But this chart shows that the more children you have, if you have one child, two children, four children, then—and that is what the brown lines show on the chart for this year, 2006—it shows that if you have more children, then the level at which the AMT starts to kick in is lower and lower.

That means, say, you have four children. At that level, if you are earning \$60,000 for a family with four children, then at that point the AMT starts to kick in, which is to say, you start paying more tax.

There are other considerations, such as if the taxpayer is in a State with high State and local taxes. If you are in a State with high State and local taxes, or the more children you have, et cetera, then the AMT is going to be much more of a bite and hurt you. The main point is, we are talking about income levels. For families with one child, it is \$72,000; for a family down on the end of the chart with, say, six children, it is about \$50,000. That is not a lot of money for a family with six kids. So it is a middle-income tax.

Before I turn to the next chart, this is for this year showing what will happen if we do nothing. Those are the brown bars on the chart. The blue bars are really for last year, 2005, which goes to show you that if we do nothing this year, this AMT is really going to hit. The current AMT hit about 3 million taxpayers. This year, it is going to hit 17 million more, for a total of 20 million. That is why there is a difference between the blue and the brown lines on the chart. This year, it will really start to hit.

This chart shows that relief from the alternative minimum tax helps taxpayers more in the middle income of

the tax bracket compared with tax relief under dividends and capital gains. The blue bars are the alternative minimum tax relief. That is what the blue bars show. The other brown bars show relief from dividends and capital gains reductions. What does this show? We are talking about a little bit wealthier taxpayer. The blue bar shows if your income is, say, \$75,000 to \$100,000, and then especially about \$100,000 to \$200,000, 52 percent of the relief of what we will be enacting, if we pass the alternative minimum tax, will be for taxpayers in that bracket. I grant you that is higher than a lot of Americans, but it still shows that beginning at about \$50,000 of income and up to \$100,000, then it starts to fall off if you earn \$200,000.

It also shows that the very wealthy don't pay the alternative minimum tax. The wealthy whose income is, say, \$500,000, \$1 million, \$2 to \$3 million, AMT doesn't affect them. Rather, the AMT hits people whose incomes are roughly between \$75,000 up to, say, \$200,000 to \$250,000.

Contrast that with the dividends and capital gains tax relief. That is the brown bars on the chart. What does that show? The brown bars show that by far the greater relief that people receive from the benefit of the dividends and capital gains reduction is the very high income bracket of Americans. That is what the brown bars show. That is \$1 million—more than \$1 million in income. The bar shows that about over 52 percent of the relief from dividends and cap gains relief goes to taxpayers where incomes are over \$1 million; whereas 52 percent of the AMT tax relief goes to taxpayers in the bracket at under \$200,000. Again, the facts show that dividend and capital gains relief goes by far to the most wealthy Americans. Those earning \$1 million or more get by far the largest break from this provision. Whereas the AMT tax relief does not give relief to the most wealthy. It gives relief to those, as shown by this chart, roughly between \$50,000 in income and up to \$150,000 and \$200,000 in income. That is a big difference.

Again, I must remind all my colleagues, the alternative minimum tax will be a tax this year, 2006, this year, if we do nothing. If we pass the relief we are talking about here for 1 year, then taxpayers who pay taxes in 2006 will find their taxes are not increased. If we do nothing about capital gains and dividends taxes this year, there will be no change in taxation on dividends and capital gains. There will be no change next year on income taxes on dividends and capital gains.

It is abundantly clear to me that in the alternative, we should certainly focus on passage of a provision which prevents a tax increase for 2006 that will otherwise go into effect rather than not doing that, let the tax increase go into effect, and say, well, we will extend the current law with respect to dividends and capital gains for

2 more years, beyond 2009 into 2010. That is a no-brainer.

You might ask: Gee, why not do both? Let's do both. Therein is the rub because we have a \$70 billion limit given to us by the budget resolution which we all passed in this body and the other body. You can't do it all. And add to that that we don't want to, I don't think, worsen the deficit. We already have huge deficits facing the country, increasing debts on top of that.

We could pay for both, if we want to, by raising taxes someplace else. That is an option. I don't know whether we want to do that. But we cannot and should not pass dividends and capital gains relief at the expense of AMT.

I might add, under a ruling from the Parliamentarian earlier today, I think the Presiding Officer was presiding at that moment, a budget point of order would lie against a conference report that came back with dividends and cap gains extensions because of the outyear costs, unless it is paid for.

It is my fervent hope that we deal with what we have to deal with now, and that is the alternative minimum tax. Let's not let that go into effect.

I don't see anybody else who wishes to speak, so I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. ROCKEFELLER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROCKEFELLER. Madam President, I ask that I be allowed to speak for several minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. ROCKEFELLER. Madam President, I rise to let my colleagues know that, at an appropriate time, I plan to offer an amendment to the package of tax cuts that the Senate is, in fact, considering today.

The recent tragedy in West Virginia's coal mines, as well as in Kentucky, highlights the need for Congress to take steps to better protect miners who have worked hard for years to extract the coal used to create over half of all of our electricity and the country doesn't know it because we are always talking about oil.

The amendment I am going to offer provides incentives for coal companies to make crucial investments in equipment and training that will help coal miners return to their families safely each night. The world of coal mining, as you know, is a very close one. Almost nobody ever gets to go into a coal mine for the obvious reasons—its danger and the training needed. So as to that which provides the majority of our power in this country, people never get to see and understand the dangers involved.

Let me briefly explain the tax incentives this amendment would create.

First, coal companies would be allowed to immediately expense 50 percent of the cost of purchasing new safety equipment. This is extremely important because American mines simply don't have the best available equipment at this time. In fact, some of the equipment, I regret to say, is the most important—for example, oxygen. Rescue hasn't changed a whit since 1977. Other countries, such as Canada, New Zealand, and Australia, have much more advanced mining equipment than do we. That is not fair to American miners. We need to mine coal and have companies willing to do it. We need to be absolutely certain that miners are as safe as we can possibly make them.

Several types of safety equipment would be eligible under my amendment for the tax benefit. First, communications technology that enables miners to maintain constant contact with the ground above. That would seem to be easy; to wit, we can talk from the Moon to the Earth but we cannot talk from over ground 500 feet down or a thousand feet down to a miner who is trapped to take their vital signs and do all kinds of things so we can protect them and get them out safely.

I am absolutely confident that the technology for doing this exists. It is just that it hasn't been put into use. That is not fair. So there are several types, and I mentioned the contact with ground. Secondly, electronic tracking devices that enable an individual above ground to locate miners underground at all times.

Third, emergency breathing apparatuses, including devices carried by miners and additional oxygen supplies stored by the mine in tunnels off to the side of the mine as you go down the main shafts.

You are no doubt aware that Canada had a problem very recently. They had these sort of sheds, little houses that went behind that people could go in and be totally safe. In there was oxygen, food, and all kinds of things. Nobody was hurt or killed because they had equipment which we don't have. I think Congress needs to decide whether, with coal mining increasing in this country and with probably not much chance of doing anything major about oil, we ought to be protecting our miners so they can mine coal for us.

Finally, mine atmospheric monitoring equipment to measure the levels of carbon monoxide and methane and oxygen in the mine at all times. That is very important because often a rescue team, if it is in a mine, cannot proceed if the level of carbon monoxide, for example, is too high or if methane is too high and there is a chance of an explosion. Knowing the levels of all of those is important to be able to understand that from above ground.

In addition to investment in life-saving technology, we need our mines to invest more in mine rescue teams. Experienced miners, specially trained to rescue their fellow workers, are essential in the event of an emergency.

I can remember when I was Governor, we used to have right outside my window, so to speak, multi-State competition between mine rescue teams from various States. Mine rescue operations are extraordinarily complex, extraordinarily precise, and they have to be taught and practiced, and they have to keep at it. So that it is in our interest that, unlike what happened at Sago where no mine rescue teams arrived for a long time because Sago did not have its own rescue team, being a relatively small mine, they do not have to wait. The result at Sago, as we all know, in part, is that 12 people did not live.

Of course, training and equipping a mine rescue team is expensive. Companies have not committed enough resources to having skilled rescue teams available at all times and during all shifts, if there is a multishift operation.

Therefore, the amendment I am proposing would provide a mine operator a tax credit of \$10,000 for each miner that they have trained and equipped as a mine rescue team member. Somebody will say that is a lot of money. If a mine doesn't have a rescue team, then the chance—if there is an explosion—of safely getting them out of the mine diminishes enormously. To me, it is akin to the cost of doing business. Having said that, the people don't have it. I think we have to be able to ease them into it, to encourage them, incentivize them to do it—not make it permanent but incentivize them to make it permanent so they get going on that. It is my understanding that a credit of this size would offset approximately 20 percent of the cost of preparing a miner to be ready to rescue his colleagues. So it is not paying for the whole thing.

I believe we need to make our mines safer as soon as possible, so I am proposing that both of these tax incentives be available only for the next 3 years. We need coal mines that are improving their safety standards immediately, which also gives them sufficient time to find or develop the best equipment.

I know that in DOD, DARPA, for example, in research labs around the country—I had someone visit me yesterday with all kinds of ideas, and they are working on mine safety rescue equipment. There just has not been a push on the part of anybody—MSHA, the companies, us, whoever—to get more modern equipment into the mines. If you are using the same oxygen rescue equipment that you were in 1977, we know that is inadequate.

Let me answer some skeptics who may be wondering why we need to provide tax breaks to companies to encourage them to take safety precautions they ought to be required to take. That is a very fair question, and I am sure it will come up.

I share the desire to mandate by, either Federal law or regulation, strict safety regulations on America's coal mines. I believe we owe coal miners the safest possible work environment, all

within the context of coal being the energy source of the future, not exclusively, but the energy source, the biggest one of the future.

That said, I believe we must also act in good faith with coal companies. This is not a punishment. This is about improving the situation. If we are asking them to make substantial new investments in specific technology and training, it is appropriate to offer tax relief to lessen the impact of those investments at least for a period of 3 years.

Following any kind of accident in a mine, the most important things are locating the miners underground—that is very hard to do now—communicating with them—and that is hard to do now—making sure they have sufficient supplies of oxygen until they are rescued—and that is very hard to do now since the oxygen usually runs out after 1 hour—and having skilled and well-trained mine rescue teams quickly available.

These are worthy results. Sometimes people say: Can a mine afford it? The answer is yes. Look at the Sago mine in northern West Virginia. That is going to be closed for a long period of time. What they are losing in the way of their bottom line compared to what I am talking about here isn't even close. So I think it is in our interest to do this, and I really believe that.

Miners deserve to know that in the event of an accident that their employers have made the investments necessary for their safe return. The amendment I am proposing today will stimulate such investments.

In closing, I am very pleased to be working with my colleagues on the Finance Committee, Chairman GRASSLEY and Senator BAUCUS, on this proposal. I am grateful for their cooperation and assistance as we try to make coal mines safer. And I am very hopeful that these investment incentives can be included in the tax bill before the Senate.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. COBURN). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I was pleased to hear President Bush talk last night about the U.S. economy in the State of the Union Address. Some of the other proposals of the President, such as reducing the deficit and making the R&D tax credit permanent, make a lot of sense. I strongly support them. Others, such as his proposal on health care costs, frankly, would do very little to rein in soaring health care costs that we see. And that is important, frankly. We must do more to rein in health care costs because they serve as a drag on the competitiveness of American industry. But there are

certainly areas where we can work together on health care.

For the past year, I have made a number of statements on the steps our country must take, in my judgment, to bolster U.S. competitiveness. Just last week, I unveiled plans for a comprehensive legislative effort to bolster U.S. competitiveness from education to savings to innovation and research. I invite the President to support these provisions, to support this agenda. I look forward to working with him to turn these proposals into law. Only by working together can we ensure that we keep America first in the world, preserve its economic leadership, and assure jobs and prosperity for American generations to come.

"Competitiveness" is an amorphous term because it covers some different areas, from international trade to education. But these are the issues which are critical to our future. Why? Because the world is changing, and for America to remain on top, we have to make sure our domestic house is order.

I just got back from a 10-day trip to China and India. I must tell you, it was, to say the least, very eye-opening.

In China, I saw gleaming super-highways burrowing through brightly lit tunnels. I saw robots stacking the shelves of a Chinese computer company. I saw teams of Chinese researchers determined to discover the next big thing. I saw capitalists and entrepreneurs betting on China's rise. I saw a confident middle class ready for the future.

It is astounding. We all know that. Every time you go to China, it is amazing how much more advanced they are compared to the previous visit. I was there only a year earlier.

After a quarter century of growth, China is set to become the world's largest economy by about the year 2030. Just think about that. By 2030, China is positioned to become the world's largest economy. China is already the world's third largest exporter. China has surpassed America as the largest exporter of information technology products.

India, I might say, is no different. There, I saw confident, young engineering students who have no doubt that the India of tomorrow will be better than the India their parents left them. I saw information technology companies where state-of-the-art technology has made them global technology leaders. I saw Indian Government leaders bent on making 21st century India the world's success story.

As a side note—it is a very small point but not so small—I asked the head of a major high-tech research center in India why they are in India. What is the answer I got? The answer I got was because India has the greatest talent pool for engineers and scientists.

I asked, What is the next best country?

China, he said.

I asked, Where is the United States?

Sorry, Senator, you are down the list pretty far.

That is a small slice of what we are going up against. These two reawakening civilizations, with over 2.3 billion people between them, are on the march. Their confidence is palpable. Are we prepared to meet the challenge they present? Of course we are. We are Americans. We have a great history of meeting challenges. America is capable of overcoming any challenge. We are capable, but we must act.

America remains the world's economic powerhouse—very much so. We are undisputed today. We lead all major economies in output. Our companies' workers grow more productive each year. However, we also have to face facts. In many important areas, America is beginning to lose its competitive edge.

In information technology, we have lost our preeminence, falling behind Singapore, Iceland, Finland, and Denmark. At the same time, Federal support for R&D is in a 30-year decline.

In education, we have neglected our human capital. When I started in the Senate, America ranked third in the world in the share of young people with science or engineering degrees. Thirty years later, we have slipped—not back to 3rd, 4th, or 5th; we have slipped to 17th. In global rankings of math, reading, and science skills, our 15-year-olds have also fallen even further behind 17th in the world.

In health care, rising costs threaten to cripple many companies. Too often, employees have little or no health care coverage. The average American spends more than \$5,000 a year on health care costs—twice as much on a per capita basis as the next most costly country. We spend twice as much on health care in America as any other country. I ask, are we twice as healthy even though we spend twice as much per person? Clearly, the answer is no. We must cut back on the cost we pay for health care.

In international trade, over the last few years we have distanced ourselves from Asia, leaving China to engage the region. By not pushing to open the world's biggest markets and not explaining the importance of trade, this administration fosters surging protectionism.

To make that same point, I heard constantly in Asia, China, India, and Singapore—I had a very long conversation with Lee Kuan Yew, who is the wise man of Singapore—where is America? Where is the American Government? There are all kinds of international trade negotiations and forums. We don't show up. We don't participate. I asked: What about our companies? Our companies are not there. Sure, we have American companies in China. In India, I heard constantly from every person I spoke with that we can't find Americans; we need American companies to do business in India.

There is a big, fancy subway, for example, in New Delhi. When you think of New Delhi, most Americans don't have an image of tall, gleaming skyscrapers as in Manhattan. Think of

Delhi, India. It is a huge city. There is a New Delhi and an Old Delhi. But India and Delhi have a subway system built, completely finished, and it is gleaming. It is fancy. It is up to date. Guess what. Cell phones work in the New Delhi subway. In a lot of American subways, you can't turn on your cell phone. They are not wired for cell phone use. You can in India. And they plan to build subways in 18 other cities in that country.

Finally, our macroeconomic fundamentals are at a danger point. That is a fancy term. What does that mean? Essentially, it means that we are in deep financial trouble. Our country is set to rack up another record account deficit. That is another big, fancy word. It basically means we are importing a lot more materials and goods than we are exporting. That is the current account deficit.

We borrow more than 80 percent of the world's savings. Think of that for a second. Americans borrow more than 80 percent of the world's savings.

Our net foreign debt has not been this high as a percentage of gross domestic product—that is how we count our economy—since Grover Cleveland was in the White House. This is unsustainable and costly. And too few people think about it. When they do they wonder, Why didn't we do something about it earlier?

Do we just put our heads in the sand and give up? No. Clearly, we must choose a path to greater economic competitiveness. That means taking advantage of opportunities we see and meeting our challenges head-on. We need a comprehensive agenda for a 21st century competitive economy. We must look inward and scrutinize our own policies thoroughly, comprehensively, and honestly. Look at the facts, put aside ideologies, put aside partisanship. The stakes are just too high.

I have spent much of the last year attempting to develop such an agenda—not perfect, clearly. I have no monopoly on the best ideas. But I believe we must start, and I have done my best to start.

In the coming months, I will launch seven individual legislative proposals to address America's competitiveness in education, energy, health, savings, research, tax, and international trade. That is how we can compete better—by improving our education dramatically.

How do we wean ourselves from OPEC? Thank goodness the President mentioned that, and I praise him for his comments in the State of the Union last night.

How do we address this health care problem in America, the high cost of health care, and make sure more Americans are covered? How do we encourage more savings? That is a bit alarming. I know that it is just a statistic. It is still quite alarming.

We Americans are not savers. We Americans have a negative personal savings rate. We also on average spend more than we save. We charge up our

credit cards, mortgage payments, and we spend more than we save. That adds up. After a while, it catches up to us.

What about other countries? In China, the personal savings rate is about 40 percent. About 40 percent of what the Chinese people earn, they save. There are similar, high statistics in other Asian countries. Japan—I do not know the exact figure; I know it is high. In Singapore, it is about the same level. In India, it is very high, too. Some might say that is because those countries don't have savings accounts; they don't have Social Security, as well, as we have; they do not have health care benefits or pension plans as lucrative as ours. Ask any American how well our savings plans are working and how health care benefits are working. We have a problem.

The point is, they are saving and we are not saving. They are saving, we are spending. They are investing, we are consuming. After a while, that catches up.

As I said, I don't pretend to have all the answers. But we have to start tackling these questions right now. I invite my colleagues on both sides of the aisle as well as the administration and anyone in our country to join me in enacting these bills.

I welcome the President's focus on education. I will soon introduce what I call the Education Competitiveness Act, designed to make the priority of lifelong learning an inseparable part of American society and American culture. We have to continue to be educated to grow and learn. My bill will encourage more students to go into math and science by funding college scholarships for the sciences, providing free tuition for science and engineering students, and creating partnerships with employers and continuing education centers to meet the technology needs of companies. I will also propose legislation to invest in our teachers by raising starting salaries and providing loan forgiveness for teachers.

I was very impressed a couple of nights ago to see on the evening news that in the city of Chicago, Chinese language is offered at every level K-12. Chinese language is offered in the Chicago school system. That is incredibly important. I wish Chinese were offered in many more American school systems. Why? Because Chinese is the language that is going to be very important down the road. Sure, English is going to be the major language in the countries of the world. That is absolutely clear. But the more we understand Chinese, the more we are going to help. We can learn the Indian language and lots of others, too, but Mandarin Chinese is going to be very important in the future.

Also, students might not be fluent in Chinese. They may just take 2 or 3 years. Some students may become very fluent in Chinese. Even for those students who don't become fluent in Chinese, what does it do it for us and for our kids to think a little bit more

about overseas, about Asia, think more internationally, think more about what is going on in the world? When some event occurs in a country—it doesn't have to be China—if you study Chinese, it will help. You will think about it more and read the newspapers or watch the news. You will begin to think about how these things are inter-related.

We have to strongly boost our education system. I must say that I take my hat off to the Chicago school system for offering Chinese at every single level, K-12.

I applaud the President's recognition of energy as a critical facet of our Nation's competitiveness and the critical factor that innovation and R&D play in ridding ourselves of our dependence on Middle East oil. The President said last night that we are addicted to foreign oil. We are at our peril. The sooner we wean ourselves from OPEC and become more self-sufficient, the better off we are all going to be.

What can we do about it?

I will invite the President to support my energy competitiveness bill. What does it do? It will create a new agency, what I call the Advanced Research Projects Agency, or ARPA-E, modeled after the Defense Research Projects Agency, which is so helpful in providing so many cutting-edge technologies. It will help provide cutting-edge research to break out of the energy squeeze that we now face.

Last night, the President mentioned programs within the Department of Energy. I think that is good. My personal view is that this is such an important issue, we have to have a separate outfit called ARPA-E; otherwise, it will be consumed in the Department of Energy. I worry that it is going to be lost in the bureaucracy much too soon. It has to be a lean, mean agency.

I also support the commitment to expand research and to make permanent the research and development tax credit. I will introduce a research competitiveness bill in the coming weeks which does just that. The tax credit is not enough, especially when it comes to basic research. We have to do more than the R&D tax credit. I believe more support for private and public research partnerships can be an effective vehicle for basic research. They can help find the resources for more basic research.

We did this in the 1980s when semiconductor companies and the Government collaborated to share risk and leverage discoveries for semiconductor technology. It is called Semtech. It was in Austin, Texas. I spent a couple of days there and was very impressed with what they have done. It was so successful it helped support semiconductor technology that has spun off. Semtech is no longer necessary. It would get us jump-started in meeting the Japanese and other challenges where countries are underwriting the development of semiconductor production.

I welcome the President's focus on savings and acknowledge the need to address mounting Government costs and the growing deficit. We should not focus solely on programs such as Social Security and Medicare if we are going to address this problem. Rather, it is time to explore every nook and cranny for opportunity to bring the deficit down, to look at corporate tax loopholes, and to close the annual \$300 billion tax gap.

What is that? What is the \$300 billion annual tax gap? Every year about \$300 billion in taxes legally owed is not collected. We can do better. I don't know if we can get it all, but we ought to get the lion's share of that collected. That is a way to help pay for some of these things, the investments we have to make. Let's do a better job in closing the tax gap. The IRS is working on it. I have prodded the chairman of the committee, Chairman GRASSLEY, many times. The time has come to light a bigger fire, accelerate this effort to make sure that most of that \$300 billion of taxes legally owed to Uncle Sam is collected; otherwise, we are subsidizing \$300 billion worth of deadbeats because those taxes are not collected.

A savings competitiveness plan such as the savings competitiveness bill I will introduce will make certain the Federal Government spends taxpayer dollars wisely. We can accomplish that objective if, when we spend money around here, we pay for it; otherwise, the debt and deficit keep building. We are borrowing more and more. We cannot continue this borrowing binge.

It must also create incentives for private savings by pursuing the automatic enrollment savings plan. Make the tax credit permanent for savers. There are a lot of things we can do on the edges that will snowball as we increase personal savings in the country, which clearly is needed for investment in energy, other technologies, education, in training programs to assure people they can keep their job, and if they cannot keep the job, they can make the adjustment to a new job; otherwise, with all the hundreds of thousands of people who have been laid off in companies in America because of global competition, they will not have a stake in what we are trying to do. We have to do this together as a country. I certainly believe increasing the personal savings will be a large part of that.

Then we have to turn to international trade. Competitiveness requires we break down market access barriers and seek opportunities in foreign markets such as China and India, which continue to crave American investment. We pass laws to encourage our companies to export and to do business overseas. We must do that to help American companies strive and do well, so long as they pay attention to local workers. We must let them know their Government has their back and that foreign markets are open and stay open when they play by the rules. We have to make sure the countries play

by the rules. They are not playing by the rules as much as they should and could.

Take intellectual property, for example. Many countries overseas—China, India—are making some progress, but we are losing all kinds of dollars because America is not enforcing the rules sufficiently for other countries.

I will introduce a trade competitiveness bill to make the administration more politically accountable to Congress, identifying and pursuing the most egregious foreign market access barriers. It will build on an idea of Senator STABENOW of Michigan to create a new Senate-confirmed chief trade prosecutor at the USTR dedicated to investigating and prosecuting trade enforcement cases.

Then we have taxes. The President's focus there is not quite properly placed. We need to make sure our international tax rules, which were written in a time when U.S. businesses were the only players on the block, are changed. Make sure they provide other businesses flexibility to compete.

The Tax Code contains a number of anti-abuse rules so companies cannot shelter passive income but must allow U.S. businesses to redeploy the resources from active to foreign operations, as their competitors already do.

I will review these rules, as well as transfer pricing rules, cost recovery periods for business assets, and the inappropriate use of offshore tax havens to make sure U.S. businesses can compete fairly on a level playing field with both domestic and foreign competitors.

A final element of my plan is health care. That is where the President's address fell short. The President offered some options for some Americans, but as broad health care solutions, they may not be doing very much to control costs or expand health insurance coverage. In fact, Americans who need health insurance coverage the most could pay more out of their pockets under health savings account plans.

The President ignored the health care elephant in the room: the problems our seniors are having with the drug care benefit. I am surprised he did not mention that. It is on seniors' minds. We have to address that.

My health competitiveness legislation will invest in innovation, in efficiency, and also will put emphasis on making Medicare move toward pay for performance as we get better quality of value for Medicare dollars.

I close by saying competitiveness is the key to America's future. Bolstering our great companies' competitive potential will allow us to ensure that we leave our children more productive, more prosperous, and a more secure America than our parents left us. This is important. It is very difficult to get our hands wrapped around it. But the more we do and the earlier we do so, the better off we are all going to be.

I yield up to 20 minutes to the Senator from Rhode Island, the ranking Democrat of the Joint Economic Com-

mittee, the senior member of the Committee on Armed Services.

The PRESIDING OFFICER. The Senator is recognized for 20 minutes.

Mr. REED. Mr. President, it is my intention when it is appropriate to offer an amendment entitled Strengthening America's Military. This amendment will repeal the extension of tax breaks for capital gain and dividends and instead use the funding to give our military some of the vital help it needs. There is no question we have the most formidable military in the world. It is a combination of the courage and skill of our fighting men and women, together with the best technology. But we have to ensure that this Army and our Marine Corps and all of our military forces are adequately equipped.

It is a question of priorities. As members of this administration are quick to point out, we are a nation at war. But they have not asked all the people of this Nation to sacrifice for that war, something this country has done in almost all past conflicts. There are literally thousands of young Americans serving and sacrificing in Afghanistan, Iraq, and around the globe. Their families sacrifice as they wait for them to return. Their communities have sacrificed as they have seen National Guard units mobilized and sent overseas. But the vast majority of Americans has not been summoned to this great struggle. I argue now is the time where such sacrifice is necessary, particularly among those who benefit most from society.

Rather than debating whether to extend certain tax cuts, we should consider ways to increase Federal revenues to pay for the costs of the war, something the country has done in almost all past military conflicts. To raise the additional revenues needed to equip our military, we first need to remove the provisions in the tax reconciliation bill that extend the lower tax rates on dividends and capital gains.

There are many reasons to oppose the extension of the lower tax rates and dividends on capital gains, but the key reason is the fact they are unfair. Most of the tax goes to upper income families: 53 percent of the tax goes to .2 percent of families who have incomes of \$1 million or more; 78 percent of the tax goes to families with incomes of \$200,000 or more.

Secondly, there is a host of offsets that Democrats and Republicans alike have supported. As the ranking member on the Budget Committee, Senator CONRAD has long pressed for such amendments, including shutting down abusive tax shelters, ending a loophole for oil companies that lets them avoid taxes on foreign corporations, and ending the tax benefit for the leasing of foreign subway and sewer systems, requiring tax withholding on Government payments to contractors, and renewing the Superfund tax so polluting companies pay for cleaning up toxic waste. These offsets, included in this amendment, more than meet the equipment needs of our soldiers, and as such,

the remaining revenue will go for reducing the deficit, another important goal and need.

When I say "equipment needs," I mean repairing, rehabilitating, and replacing, or what the military calls "resetting and recapitalization" of the equipment of the Army and the Marine Corps which is being used in Afghanistan and Iraq.

I recently returned from my seventh trip to Iraq and my fourth trip to Afghanistan. I was impressed by the superb dedication and professionalism of our fighting men and women. However, it is clear to me and to many experts who study the military that our Armed Forces, particularly our ground forces, are suffering from the strain on personnel and equipment.

An article in today's USA Today notes that the war in Iraq is taking the biggest toll on military equipment since the Vietnam war.

Last week, the National Security Advisory Group, chaired by former Secretary William Perry, released a report about the strain and risk for our military. In their words:

Given the harsh environment of Iraq and Afghanistan [resetting the force] is proving more extensive and expensive than in previous operations. Estimates of the cost of rehabilitating Army equipment coming back from operations overseas continues to grow . . . in addition, both the Army and the Marine Corps expect to see increasing costs associated with recapitalizing aging forces and transforming their capabilities for a broader range of 21st century missions.

Gary Motsek, the Army's Deputy Director for Support Operations at the U.S. Materiel Command, has stated the Army has to repair or rebuild virtually everything that goes to Iraq. If you have been to Iraq—and I know many of my colleagues have—this is an intense and difficult environment to operate equipment; certainly intense and difficult for military personnel there. The temperatures in the summertime can get to be 120 degrees. There is sand throughout the country which is sucked up into the blades of helicopters, into the intakes of moving vehicles on the ground. The wear and tear is extensive.

The same is true with Afghanistan. It is very difficult, in addition, because of the high altitudes. It is extremely difficult for our helicopters and our fixed-wing aircraft to operate, particularly helicopters. These are very demanding environments and they are taking their toll on equipment. We have to ensure that our military forces have this equipment.

Let me further point out, we are not talking about buying a new class of ships or planes. We are just talking about taking those vehicles that have been run down because of combat operations and bringing them back into the shop, fixing them, repairing them, and getting them back to our troops. If we do not do that, then what we are going to see—perhaps not this month or next month or this year but inevitably—is that our forces will be sent out with

equipment which is inadequate, which is literally, perhaps, falling apart.

We owe it to these soldiers, we owe it to these marines, we owe it to the Nation to make sure they have the best equipment, the best maintained equipment. That is going to cost a lot of money. The question here today is, very simply: How will we pay for it? Do we give tax breaks to the wealthiest Americans in terms of dividend preferences, or do we give a dividend to our soldiers and marines? And the dividend is equipment they can count on—reliable, well-maintained equipment, ready for battle. I would vote for a dividend for our troops, not special dividend treatment for the wealthiest Americans.

In a briefing given to staff members of the Armed Services Committee this month, the Army estimated over the next 6 years it will cost approximately \$35.6 billion to reset and recapitalize the force.

Last November, the Marine Corps estimated it would cost \$11.7 billion to repair and replace their equipment over the next 5 years.

These are costs that are already incurred. We cannot avoid them. This is not buying new things we need or want. This is fixing what we have and must operate. And there is no end in sight to our operations in Afghanistan and Iraq. We hope that improvements in the security climate will allow forces to be redeployed, equipment to be redeployed. But any sensible observer in both countries would tell you quickly that our presence will be long term and the demands on our troops and equipment will be there not just this year but for many years in the future.

GEN Paul Kern, who just retired as head of the Army Materiel Command, gave an estimate of between \$60 and \$100 billion to replace the Army equipment alone—just the Army equipment: to replace it, repair it, get our troops back to the condition they were before these operations began in Afghanistan and Iraq.

Last October, GAO released a report on military readiness. It assessed the state of 30 pieces of equipment, predominantly tanks, vehicles, helicopters, and aircraft. It made several disturbing observations. It stated:

GAO's analysis showed that reported readiness rates declined between fiscal years 1999 and 2004 for most of these items. The decline in readiness, which occurred more markedly in fiscal years 2003 and 2004, generally resulted from 1. the continued high use of equipment to support current operations and 2. maintenance issues caused by the advancing ages and complexity of the systems. Key equipment items—such as Army and Marine Corps trucks, combat vehicles and rotary wing aircraft—have been used well beyond normal peacetime use during deployments in support of operations in Iraq and Afghanistan.

In sum, we are wearing this equipment out in combat operations overseas that are continuing today and will continue for the foreseeable future. This equipment is essential for our de-

fense and for the protection of our military personnel. We have to do this. It is unavoidable. And the question, again, is very clear: Are we going to give a dividend to the wealthiest Americans or a dividend to our troops in the form of equipment they can rely upon, equipment they can use to defend us, equipment that will protect them, equipment that will assure their families they have the best, so when they bid them farewell, as their unit deploys, they will not have to worry that equipment will break down and endanger their loved ones? That is our job. To me, the choice is pretty clear.

This report of the GAO goes on to say:

Until the DOD ensures that condition issues for key equipment are addressed, DOD risks a continued decline in readiness trends, which could threaten its ability to continue meeting mission requirements. The military services have not fully identified near and long term program strategies and funding plans to ensure that all of the 30 selected equipment items can meet defense requirements.

This language is very disturbing. It suggests rather strongly that the readiness of our military forces is in question in terms of equipment, certainly, if we do not respond quickly. And "respond" does not simply mean borrow some more money and throw it at the problem. To me, it means making sure our priorities are such that we can afford to do this not just today but in the years ahead.

Another GAO report states that more than 101,000 pieces of National Guard equipment, including trucks, radios, and night vision devices, have been sent to soldiers in operations overseas. This means the Guard does not have the equipment it needs to respond to crises here. It is another aspect of our deployment situation. We have shipped Guard units over along with their equipment. The equipment has stayed behind. The Guard has come back. If there is a crisis in the homeland, if there is a natural disaster, we are deploying Guard units without a lot of the equipment they had just 2 or 3 years ago, a lot of the equipment which is essential to their plans to respond to crises in the homeland and natural disasters.

I believe this problem was exemplified during Katrina when the Guard stated its communications equipment had been overseas and, therefore, it was unable to operate effectively in the aftermath of the disaster.

There are real costs that we have to face today, and we have to face it not simply by charging it to the next generation but by biting the bullet, asking people to make sacrifices. And, again, when the sacrifice is the choice between a dividend that accumulates for the very wealthiest Americans or a dividend for the troops, give the dividend to the troops.

Mr. President, these reports are warning signs. Now, Secretary Rumsfeld continues to state that our troops are performing well and are battle

hardened. He is absolutely correct. But our troops and their equipment cannot continue to perform well without the proper upkeep. Our troops need a break, and their equipment needs to be repaired and refurbished. I think he has to distinguish, and we all have to distinguish, between the individual valor and skill and patriotism of soldiers and marines and their units and the institutional Army and Marine Corps, with their need to continue to provide adequate equipment for all of these troops and these units.

There is no doubt about the fighting spirit and fighting skill and the tenacity and the experience of these units today. But you have to look very clearly at the capacity of the Army and the Marine Corps to generate the equipment and rehabilitate the equipment and repair the equipment that these soldiers and marines rely upon.

Secretary Rumsfeld says reports such as the Perry report I mentioned and the report by Andy Krepenovich—a former military officer who was actually commissioned by the Pentagon to do the report, and who looked at it and reached the same conclusions, essentially, as the Perry report—he says they were looking at old data when they found that the military was strained. There Secretary Rumsfeld is wrong. These reports were not looking back, they were looking forward. And they see danger ahead, and make the point very clearly that our Army is not broken, but the strain is increasing. And if we do not act now—responsibly now—to fix these problems, the future ahead is dire, indeed, for our forces in terms of their readiness, in terms of their equipment preparedness, and in terms of the strain on our personnel.

The responsible thing to do is not simply go out and borrow \$50 or \$60 billion more and add it to our deficit, it is to make the hard choices here, to demand a little of the sacrifice that our soldiers and marines and sailors and airmen and airwomen give us every day.

Secretary Rumsfeld says we have the finest fighting force in the world. I agree with that. The difference is, I want to keep it that way, and I want to do it honestly. I want to do it by paying for it. I want to do it by making sure we set the priorities right here, now, not simply borrowing more money, going down the road borrowing again and again and again because eventually—and I believe the military understands this—we are not going to be able to fund these operations and these requirements by simply having supplemental appropriations every year which are outside the budget.

At some point, the effect on our economy, the effect on our fiscal posture is so crippling that we will have to scale back. And the people who will be squeezed out, then, will be the soldiers and the marines and the sailors and airmen and airwomen we count on today to defend and protect us.

The Perry report makes the following recommendation:

In order to restore the health of U.S. ground forces in the wake of Iraq, the nation must step up and invest substantial resources to reset, recapitalize, and modernize the force. . . . Restoring the health of both services is not a matter of simply returning them to their status quo; it is a matter of ensuring that they are organized, trained, equipped and restored to meet the full range of traditional and nontraditional challenges in the future.

Next year alone, in the budget and the supplemental, the Army needs \$23 billion and the Marines need \$7.5 billion for reset and recapitalization—again, military terms for repairing, rehabilitating, getting the equipment back up to operational readiness. While we have yet to see the President's budget, or the supplemental, it is not guaranteed these needs will be funded.

In recent years, the President's budget requests and the supplementals have provided less funding than the military services have requested. Furthermore, if it is funded, this just covers this year's bill. These bills will continue on for many years.

As I pointed out before, at some point economic pressures—and, ironically, those pressures will be more severe if the situation in Iraq and Afghanistan begin to resolve themselves—those pressures could curtail the adequate funding necessary to fully care for this equipment and the personnel who operate this equipment.

It is time we asked Americans to sacrifice a little for those who do so much for us. As someone who commanded a company of paratroopers in a younger day, I can tell you, there is nothing more disconcerting to morale than not having good equipment to do your job. Not only does it endanger the soldier and the marine, it sends a much stronger signal about our priorities and what we care about in terms of supporting the military than any speech given by any politician in Washington or elsewhere.

That is our responsibility today, to stand up and be counted—like those troops are standing up and being counted—to take care of their needs, and do it responsibly, not add more to the deficit, not add more force to choke off, eventually, the funding they need so desperately to do their job so well.

More than anything else, when soldiers go out on operations, they and their families want to be certain they have the best equipment and that that equipment is well maintained. Rather than providing dividends to the wealthy, let's provide our troops with an equipment dividend.

Our fighting men and women have volunteered to risk their lives every single day in a war zone for the rest of us. They deserve the best, and we owe it to them.

I urge my colleagues to support this amendment. To me, the logic is compelling. The need to help is there. Let's put our actions where so many times our words are.

Mr. President, I yield back the remainder of my time to the Senator from Montana.

The PRESIDING OFFICER (Mr. DEMINT). Who seeks time?

The Senator from Iowa.

Mr. HARKIN. Mr. President, once the Senate amendment is laid down, I intend to offer an amendment for myself and Senators KENNEDY, KOHL, and LEVIN that will eliminate a very expensive pair of provisions contained in the 2001 tax bill, most of the benefits of which go to those individuals in America making over \$1 million a year in income. The amendment I intend to offer would take that money and increase the benefits going to working-class families trying to cover the costs of daycare for their children or elder care for their parents. And the rest of the money would go for deficit reduction.

The bill we will have before us, as soon as the Republican leader lays down the Senate amendment, will sharply increase the deficit in future years by as much as \$70 billion. Again, most of the benefits, as usual, go to taxpayers making high incomes.

Indeed, the House bill is even worse, with 40 percent of the benefits going to those making over \$1 million per year. Forty percent of the benefits in the House-passed tax bill go to those individuals making over \$1 million a year.

Now, the chairman of the Finance Committee in the Senate discussed how this measure contains a 1-year extension of relief from the AMT, the alternative minimum tax. He correctly noted there are millions of people who would face a tax increase if the 1-year fix in the Senate bill is not passed. Well, it should be passed. But I believe it ought to be fully paid for.

Fixing the AMT problem in the long term is likely to cost about \$860 billion from 2007 to 2017—\$860 billion. So it is a big problem.

Well, why do we have this big alternative minimum tax problem that the chairman of the Finance Committee was talking about? In large part, it is because of the way the 2001 tax bill was put together and pushed through by the Republican majority. That measure, very much on purpose, doubled the number of people who would be affected by the AMT in the long term, while only fixing the problem for the first couple of years.

Now, I have here a chart prepared by the Joint Tax Committee, which was prepared when we were considering the 2001 tax bill. People knew about it. What is important to note is, this chart was prepared in 2001 by the Joint Tax Committee. We had this data before us before the Republican majority pushed through the 2001 tax bill. We had it before us. Prior to the 2001 tax bill being passed, we could see that in 2006 the estimate was that about 8.7 million taxpayers would be affected by the alternative minimum tax. Going out to 2010, there would be 17.5 million.

They passed the 2001 tax bill. Look what the Joint Tax Committee said would happen if the bill became law. By 2006, the amount of taxpayers affected by the alternative minimum

tax, an estimated 19.6 million—over double what it would have been had we not had the 2001 tax bill passed. In the first years, they are all about the same amount of taxpayers because they included a short-term fix to the problem. It explodes in 2005 and 2006, and it explodes in 2007, 2008, 2009, and 2010.

So for the chairman to say that we have this big problem and we have to do something about it—well, yes, but why do we have this problem? We have the problem to a significant degree because of what they did in the 2001 tax bill. You can actually say that if we hadn't had the 2001 tax bill, about 8.7 million taxpayers would still be affected by the alternative minimum tax. Now, if the estimate held, it is 19.6. So you could say over half of those with the alternative minimum tax have it because of what the tax committees did in 2001 and what the Senate did and the House did and what the President signed into law.

I find it of more than passing interest that people now come in and say: My gosh, we have this terrible problem, we have to fix it. I am sorry. You created a large part of the problem. By not fully addressing the AMT timebomb, the 2001 bill was able to encompass a range of additional tax cuts. These other tax cuts were designed in such a way that their costs would explode later on. That is why the President, in his State of the Union Message, said: We have to make the tax cuts permanent. But, it is going to explode.

That is setting the groundwork for my amendment because my amendment seeks to do something about a pair of the provisions which were included in the 2001 tax bill that is grossly unfair. It is a provision in the 2001 tax bill that I defy any Senator—I ask if there is any Senator who has correspondence from individuals saying that they want these two provisions repealed. I would like to see it. These two provisions called PEP and Pease.

Rather than get into the ways to describe it—it is a little convoluted. It has to do with deductions and how you figure deductions on upper income people and exemptions. That is basically it.

What happened in 2001 in the tax bill is they said: Beginning this year, in 2006, we will phase out provisions of the tax laws that were put in in 1990. The first year to go into effect may have been either 1990 or 1991. It was put in by President George Herbert Walker Bush. Why? To reduce the deficit. So we lived with these provisions from 1990 until 2006—16 years.

What my amendment does is three things. It stops the phaseout of these PEP and Pease provisions, which, as I pointed out, helps mostly those making over \$1 million a year. And it will cost the Treasury \$29 billion between now and 2010—\$29 billion that we will be collecting taxes from high-income people which will go into the Treasury between now and 2010 will not be collected. And in the decade after that, the cost of this phaseout is \$146 billion.

My amendment stops this phaseout. It reallocates the savings in the coming 5 years to reducing the deficit and a portion of the savings to helping child and dependent care. Again, the need for this is overwhelming and obvious. This fiscal year alone, in order to pay for the Iraq war and hurricane damages, the deficit is expected to climb back toward \$360 billion, close to an all-time record. Yet, today on the Senate floor, the majority party is using reconciliation not to reduce the deficit, which is what reconciliation was supposed to be for when we passed it in the 1970s—reconciliation was in order to hold down the deficit. Here we have a reconciliation tax bill before us that doesn't reduce the deficit but increases the deficit even further by passing another \$70 billion in tax cuts. It actually increases the deficit.

This is reckless. It is unconscionable. Our first priority must be to use the savings from my amendment. It will reduce the deficit by more than \$100 billion in the long term.

My amendment also updates the child and dependent care tax credit. This credit is provided to working families who have children in daycare who need to pay for the care or who need to pay for the care of elderly parents. If taxpayers aren't working, they don't get the credit. This goes to working families. Right now, the maximum amount that can be taken is \$3,000 for child or dependent care or up to \$6,000 for two or more. That was set some years ago. Clearly, dependent costs have been rising. My amendment would increase the amount of dependent care costs that can be taken against the tax credit to \$6,000 for a single child or any other dependent or \$10,000 for two or more.

The amendment also increases the percentage of the credit that can be taken. Right now, a taxpayer with \$50,000 of income gets a 20-percent credit. Under my amendment, that would increase to 30 percent, and then, as income increases, it would phase out and go down to 20 percent. So for a person making \$50,000 a year, this could increase the size of the tax credit from \$1,200 a year to \$3,000 a year. That is meaningful. That would help working families with their childcare or dependent care costs.

The cost of improving this credit would be about \$2 billion, while eliminating PEP and Pease would save about \$23 billion through 2010. So the rest of that would be used for deficit reduction. But the big gains would occur in the long term, since the full savings are expected to be over \$140 billion in the decade after 2010.

Again, the repeal of these PEP and Pease provisions, which overwhelmingly benefit the wealthiest Americans, was included in the 2001 tax bill. But the effective date was delayed until 2006 which took a far smaller share of what could be spent in the first 10 years. But like other provisions in the 2001 tax bill, it created a bow

wave of debt beyond. We simply cannot afford it.

Five years after the passage of the 2001 tax bill, the chickens are now coming home to roost. We now know the true cost of those 2001 tax cuts. They have created a string of record budget deficits, and the deficits are only going to get bigger in the years to come. It is time to restore some measure of order and sanity to the Federal budget.

But the majority party, the Republicans, are not saying "enough." Despite record deficits, despite a war in Iraq that has now cost us over \$250 billion and rising, despite the unpaid bills for two devastating hurricanes, they are demanding more tax cuts, more tax cuts overwhelmingly for the wealthiest in our country. They are using this reconciliation process not to cut the deficit but to ram through another \$70 billion in tax cuts rather than find offsets, increasing the deficit. To make matters worse, they are insisting that the PEP and Pease tax reductions go forward, adding another \$146 billion to the deficit over the next decade. Why? Again, to give more tax breaks to those who least need it.

According to CBO, more than half of the benefits of repealing PEP and Pease would go to taxpayers earning more than \$1 million a year. Ninety-seven percent of all the benefits of repealing this tax measure would go to those earning more than \$200,000 a year, 97 percent, half of it to those making over \$1 million a year.

Again, when I raised this issue several months ago and I did, and we had a vote on it during the so-called votarama last summer—the chairman of the Finance Committee came to the floor and said that my amendment, which would retain the PEP and Pease provisions which had been in the law since 2000, would effectively be a tax rate increase. I am sorry. That is not right.

All I am saying is, don't lower the effective rates on people making more than \$1 million and those making over \$200,000 a year with these two provisions. That is what the law was. If the provisions were in the law, my amendment would keep those rates the same. What the majority party did in the 2001 tax bill is, they took the effective tax rates and further lowered them.

So it is wrong to say that my amendment will increase rates. My amendment would just keep the rates the same as they have been for 15 years. So there is no effective rate increase with my amendment. All I am doing is saying: Don't cut it out. Keep it in the law. I wanted to clear up that point.

Let me state the obvious. The rich don't need PEP and Pease taken out of the law. I have not heard from any rich people in America saying: Oh, I have to get rid of this PEP and Pease that has been in the law. They hardly notice it. Yet we are just going to give them some more money. We are going to take money from hard-working Americans who have to pay their taxes, and

we are going to give it to the wealthy. That is all they are doing by doing away with PEP and Pease. It is income transfer from working families to the wealthy.

I am going to offer this amendment to keep PEP and Pease in. And to use the money to offset the deficit and to help pay for the increased cost of childcare and dependent care.

Again, I believe that by voting for this amendment, Senators have an opportunity to join with the American people to say: Enough of this giveaway to the wealthy. Enough of putting the burden on our grandkids to pay these huge bills. Enough of exploding the deficit. Enough of going to China with hat in hand and asking them if they will just please buy some more of our bonds, which they are doing. That is another issue we have to address—the amount of our debt being purchased by foreign countries, especially by China.

Now, you may say that is not a problem right now. Well, China already finances our debt to the tune of more than \$800 billion. That gives them leverage in trade disputes and in diplomatic negotiations. It put our whole economy at the mercy of decisions made by the Chinese Government regarding our bonds they own, which at last look was not a democratically elected government, by the way. They may choose to dump their dollars and hurt our currency and throw us into a recession.

We are increasing our deficits and giving more tax giveaways to the wealthy. I urge my colleagues to vote yes to reduce the deficit, yes for shared sacrifice, and yes to help working class families with their childcare and dependent care.

When the Senate lays down its amendment, I will be offering this amendment. I assume it will be some time tomorrow. I hope to have a few more minutes to expound on it tomorrow.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

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

Mr. OBAMA. Mr. President, I thank the Senator from Montana.

Let me begin by congratulating Senator HARKIN for his outstanding explanation of some of the flaws in the reconciliation bill that we are receiving from the House. I thank Senator GRASSLEY and Senator BAUCUS for the fine work they are doing in trying to deal with what is probably the biggest ticking timebomb we have in the Tax Code, and that is the alternative minimum tax. It is absolutely a critical necessity for us to address that.

Mr. President, I rise to speak about an amendment to the tax reconciliation bill that I intend to offer at the appropriate time.

The amendment achieves two goals. First, it helps keep a promise the President made to rebuild the gulf coast in the wake of Hurricane

Katrina. Second, in a \$70 billion bill laden with tax cuts for the wealthy and well-connected, it sets aside less than 1 percent for the neediest in our society.

Two weeks after Katrina made landfall, President Bush stood in the ruins of New Orleans and vowed to “do what it takes” to help the region recover. He also acknowledged the terrifying images of abject poverty that struck Americans on their TV screens and said, “We have a duty to confront this poverty with bold action.” Five months later, the President’s timid actions have not matched his bold rhetoric. He has not lived up to his promises.

My amendment uses a cost-effective and proven tool in our tax code—the child tax credit—to extend aid to low-income working families affected by Hurricane Katrina.

Enacted in 1997, the child credit allows families with qualifying children to receive a credit of \$1,000 per child against their Federal income tax. Unfortunately, the credit is skewed so that many families who need it the most can’t get it.

Under current law, families that earn less than \$11,000 get no benefit from the refundable child credit. That means that a child is left out of the credit even if her parent works full time at minimum wage, which has not increased since 1997. And the child doesn’t get the full benefit of the \$1,000 credit until her parent earns close to \$18,000, or even more if the child has siblings.

What’s worse, if her parents’ incomes stagnate, are disrupted for any reason, or the economy stalls and work hours or wages are reduced, the value of the credit drops or even disappears. Under current law, almost 17 million children get less than the full credit.

We all know what happened to the families on the gulf coast due to Hurricane Katrina, and it will be a long time before these families can rebuild their lives. Many of the families in the affected States were evacuated to other areas, and many of them cannot even afford to go back. And the Federal response so far has been inadequate to get these families effectively back on their feet.

We need to do better. At a time when we are debating \$70 billion of tax breaks, many of which will benefit those who need the least help, it is critical that we remember the worst off and the most vulnerable members of our society.

When I went to Houston after the hurricane, I met an evacuee from New Orleans who said to me: “we had nothing before the hurricane, and now we’ve got less than nothing.” Life was hard for many families even before Katrina hit. In Louisiana, Mississippi, and Alabama, for example, more than 900,000 children under 17 years of age were so poor that they got no child tax credit or only a partial credit. These States had among the highest rates of

children too poor to get the full credit. In fact, more than one-third of the children in Mississippi and Louisiana didn’t get the full benefit of the child tax credit. That is what our measure is designed to do.

This amendment, at a cost of less than 1 percent of the overall tax reconciliation bill, will provide necessary assistance to many of these families. The amendment eliminates the income threshold that excluded all children in families with less than \$11,000 of income.

My amendment sends a simple message: If you work, your kids get a benefit. It provides a partial credit starting with the first dollar of a parent’s income for families who lived in the areas affected by Hurricane Katrina.

The amendment is simple. It says that the children of low-income working parents affected by Hurricane Katrina will no longer be denied the child credit. You work, your kids get a benefit. If you don’t work, no benefit. And if you want the full benefit, you have to earn at least \$10,000, which is just about the income of a full time job at minimum wage.

That’s a commonsense way to support families with children, especially families that have experienced the huge cost—psychological and financial—of a natural disaster.

My amendment is also narrowly tailored and fiscally responsible. It is aimed at families affected by the hurricanes, and it provides short-term support, expiring in 2008.

With this amendment, hundreds of thousands of this country’s most disadvantaged children will see an increase in their credit. Katrina offered us a window into America’s poverty. Let’s not let that window close without doing something to provide a chance for America’s children to rebuild their lives with dignity, hope, and opportunity. That is what this country is about. I hope that is what this Chamber is about.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, I yield 15 minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I thank my colleague from Montana.

I begin by once again expressing my appreciation to both he and my good friend from Iowa, the chairman of the Finance Committee, and their staffs. They do tremendous work and we are all grateful to them and the members of their staffs for pulling together important pieces of legislation such as this one. It is not an easy job. It is one of the most important, if not the most important, committees of the Senate. They do a remarkable job and I personally thank them for a tremendous job. I know we don’t make their lives any easier when we, who are not on the committee, offer different amendments

and ideas, but we have ideas we would like to suggest as well.

Let me mention, if I can—I will state the obvious—that we are a nation at war. It has been said over and over again by others, but maybe not often enough. We enjoy a relative calm and comfort in Washington these days, but as we speak, we know that there are the young men and women of our armed services who are in harm's way in Afghanistan and Iraq. These soldiers, sailors, airmen, and marines are bravely defending our freedom on battlefields overseas, and keeping America safe and secure at home. The President, last evening, in the State of the Union Address spoke to this issue, and the thunderous response from Democrats and Republicans in the joint session of Congress, I think, evidenced the strong support we all feel for these brave men and women who wear the uniform of the United States both on troubled battlefields as well as elsewhere around the globe. They deserve our unending support and admiration for their work.

We all know that over 2,200 men and women in uniform have been killed in Iraq, and over 16,000 have been severely wounded. The U.S. Government should have few higher priorities than taking care of our military veterans who have served in harm's way to defend our freedom.

Sadly, however, the Bush administration in recent years has had other priorities, it would seem. Throughout the last 5 years, the administration failed, in my view, to meet its commitments to our troops and their families, despite the rhetoric coming from the White House. In fact, just days ago we learned the Pentagon has now only started to address the inexcusable and shocking shortfalls in troop protection. Three years into the Iraq war and more than 4 years after the start of the conflict in Afghanistan, the Pentagon has just now decided to order more than 200,000 additional sets of body armor. Sadly, it may take another year before all of this equipment reaches our soldiers and marines deployed in harm's way.

The administration's failures have not ended there. When our troops have come home, the Government's efforts to meet their needs also has fallen short. In fact, last year, despite adamant denials by the administration, we now know as a matter of fact that the President's 2006 budget fell over \$1 billion short of meeting veterans' health care needs. Although our colleagues such as DAN AKAKA of Hawaii and PATTY MURRAY of Washington, had said so from the very outset last year on this floor and warned about what was being done, Congress had to step up as late as June to restore funding in an emergency supplemental.

Such an occurrence, in my view, is unconscionable—that the White House's Office of Management and Budget seemed to treat America's veterans and their health care needs as al-

most an afterthought. I fear the administration is poised to repeat that mistake in 2007 as well.

Indeed, we already know that our Federal resources are straining to meet veterans' needs, particularly the needs of military personnel just returning from Iraq and Afghanistan.

According to the Department of Defense, 120,000 servicemembers, or 28 percent of military veterans returning from Central Asia, are being treated in the VA system. But for some reason, the administration refuses to incorporate those very figures into its development of the VA budget.

Other medical facilities treating America's brave men and women are straining as well—military hospitals, such as Walter Reed, put on the base closure list by the administration; State veterans facilities funded by State budgets already stretched far too thin, such as my own State of Connecticut's State Veterans medical and residential facilities at Rocky Hill; and private health facilities that help veterans throughout the country.

It has been noted recently in the press that a rehabilitation center for amputees and other wounded soldiers is being built near the Brooke Army Medical Center. This critical facility, to be established at Fort Sam Houston, will be the nation's premier facility for treating troops who have lost limbs, suffered severe burns, blindness, and head injuries on the battlefields of Iraq and Afghanistan.

But as the San Antonio Express-News recently asked on its front page: Why isn't the Federal Government paying for any of it? In fact, although eventually this facility will be handed over to VA and Army personnel to administer, its construction is being fully financed with donations of private citizens.

I admire those making these contributions to support this facility for our heroes, but the idea that the Federal Government would not be taking better care of our veterans, I think, is an outrage. But apparently, the Bush administration believes that our military veterans should have to rely on the charity of private citizens to provide the resources for their critical care—because to the White House, tax breaks for millionaires seems to be a far bigger priority.

Such logic simply makes no sense. It is our Federal Government's responsibility to meet its obligations to our combat veterans.

I mentioned the other night that I had a knee replacement operation a few weeks ago. I go downstairs in this very building and I get rehabilitation. We have a wonderful facility where I can spend an hour each day and get rehabilitation. I am happy to do that.

Explain to this Senator why it takes private donations to provide facilities for rehabilitation for veterans coming back from Iraq or Afghanistan who lost a leg, is blind, or has suffered burns or other serious injuries? There is something wrong with a situation when

Members of Congress can get taken care of, but our veterans do not.

The amendment I will be offering tomorrow will provide critical resources to facilities such as the Center for the Intrepid in Texas which, due to current shortfalls in the federal government, is being constructed using exclusively private funds.

Again, I respect immensely those making the private donations, but we have to do better on behalf of our veterans than we are doing. It is unconscionable that we now have to rely on the charity of citizens to establish important rehabilitation centers for our military veterans.

We already know that our Federal resources are being stretched thin as a result of this administration's policies. The package of budget reconciliation legislation this body has considered over the previous few months presents us with a clear choice in philosophies: Do we invest in the priorities that will meet our commitments to America's brave men and women who have sacrificed on the battlefield for our country, or do we continue to prolong a primitive agenda that has failed to address the major challenges of our era?

We heard the President at least begin to say the right things in his State of the Union Message last evening to support our troops, and I thank him for that, but it is not enough just to talk about these issues; we need to do far more. We need to start matching our words with our policies. Rather than put Federal resources toward important facilities, including the ones I have mentioned, the President has decided to reward the wealthiest of our fellow citizens with these tax cuts.

One could argue that no Presidential administration in history has been as generous toward the ultra-affluent as this administration has. Under the tax breaks of 2001 and 2003 alone, individuals with incomes greater than \$1 million a year, who represent two-tenths of 1 percent of the population, have received more than \$125 billion in tax-cut benefits. Meanwhile, our soldiers and veterans are being told to go without essential items and rely on private donations to take care of them with items such as body armor and the health care they need and deserve.

If we cancel the final 2 years of the capital gains and dividend tax breaks for two-tenths of 1 percent—two-tenths of 1 percent, Mr. President—of individuals with incomes greater than \$1 million—only two-tenths of 1 percent—then we can save approximately \$28 billion, while still preserving reduced rates for 99.8 percent of all the other Americans.

My amendment would make this change, and with the \$28 billion saved over the next 2 years, funds would be distributed to health facilities that treat military personnel and veterans. These facilities would include, as I mentioned, Federal military hospitals, VA hospitals and clinics, State and other institutions that treat military

veterans throughout our Nation. We owe it to America's men and women in uniform.

This is not hyperbole. These are the facts. It is tragic, in this day and age, that we can't do a better job of servicing these brave individuals. So at an appropriate time tomorrow, I will offer this amendment which will do what I have been talking about.

Again, I thank my colleague from Montana and my colleague from Iowa for their gracious leadership on this bill.

The PRESIDING OFFICER. The Senator from Montana.

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

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I thank the ranking member of the committee, Senator BAUCUS of Montana, for yielding a few minutes to me.

We are in the process of considering an important tax bill, the reconciliation bill. The chairman of the Finance Committee, the Senator from Iowa, is on the floor now. I am about to offer an amendment which I have offered before. Senator GRASSLEY is aware of this amendment. I am hoping this time to win his support for the amendment. Let me tell my colleagues very briefly what amendment No. 2701 will do. I know the time will come when we can make a specific offer of these amendments.

We have choices to make on the floor of the Senate just as families across America have choices to make every day. We have to take a limited amount of Federal revenue and decide who will receive it. In this case, we are talking about who will receive a tax break. The tax break is rather substantial for the wealthiest people in America. We can't quite put our finger on how many may benefit from this tax break that will give them added benefits if you claim capital gains or dividends as income, but we know that the amount is substantial. In fact, the estimates I have suggest that over a 2-year period of time, the extension on capital gains would cost some \$20 billion. That is the reality.

So we have to decide whether giving a capital gains tax break to the wealthiest people in America is the best expenditure of America's resources. The only way to make that choice is to take into consideration what else we might do with that money. My amendment No. 2701 makes a specific suggestion, and here is the reasoning.

There are 9.1 million children in America without health insurance. Not having health insurance has its consequences for these children. According to the Center for Studying Health System Change, uninsured children, when compared to privately insured children, were 3½ times more likely to have gone without needed medical, dental or health care; uninsured kids are four times more likely to have de-

layed seeking medical care; five times more likely to go without needed prescription drugs; 6½ times less likely to have a usual source of care.

Let me give a hard number. From the year 2003, 6 million children in America went without needed health care. The President last night challenged us and America to do something about health care in America. The amendment which I am offering does something directly.

While Congress has failed to address the overall problem of health care coverage, we should, at the very least, take steps to extend the coverage of health insurance to our children to make health insurance accessible, affordable, and quality health insurance coverage.

Kids are the least expensive people to insure. The average cost to cover a child under the SCHIP program is \$93.25 a month. So the total cost to the Federal Government to cover all 9.1 million children in America under SCHIP would be about \$7 billion a year.

Remember that figure I mentioned earlier. The capital gains tax break going to the wealthiest people, primarily to the wealthiest people in America, is going to cost us, over a 2-year period of time, \$20 billion. We could cover all the kids in America for 2 years for the cost of the capital gains and dividend tax cuts and still have money left over for deficit reduction.

My amendment will make it possible for all States to do what my home State of Illinois is already setting out to achieve: Make sure every child in my State has health insurance.

I salute my Governor, Rod Blagojevich, who has engineered this approach. If Illinois achieves it—and I believe we can under his leadership—we will set a standard for the Nation. It will be inexcusable for States and for our Nation not to insure all the children.

If you are going to extend health insurance across America, wouldn't you start with our kids?

My amendment would provide grants to States, safety-net providers, schools, and other community and nonprofit organizations to facilitate the enrollment of 6.8 million children currently eligible for SCHIP but not enrolled.

It will make all uninsured children in America eligible for the SCHIP program.

It will establish a grant program under which a State may apply for a waiver to expand coverage of children in their State.

It will encourage States to cover all insured children by providing them with an enhanced matching rate under SCHIP if they submit a plan to cover all children.

The majority of the benefits of the capital gains and dividend tax cuts go to households with incomes over \$1 million a year.

Think about that. Do we want to provide a tax cut for families and households making over \$1 million a year or

do we want to provide health insurance for 9 million uninsured children in America? That is our choice. It is a choice on which we can vote.

With amendment No. 2701, Members of the Senate can make that choice. So like families in America, we will decide our priorities. A family has to decide whether it is going to buy a big car or a small car, an expensive vacation or a modest one. We have to decide whether households making over \$1 million a year are a higher priority than 9 million uninsured children. We have to decide whether giving those households more money to put into their savings account, the opportunity to perhaps buy another home or another car or a boat or some luxury item is more important than basic health care for children.

I think it is a pretty simple choice, and I hope that my colleagues on both sides of the aisle will remember what the President told us last night: Health care is a priority for America. If it is a priority, with amendment No. 2701, we will be able to move this country closer to the goal of full insurance. Out of 46 million uninsured Americans, we can make sure that the 9 million most vulnerable children are covered.

I think this amendment speaks to the priorities Americans want us to address. There is no special interest group standing outside the door begging for health insurance for children. There are plenty all around Washington begging for tax breaks for millionaires. To whom are we going to listen? The special interest groups for the millionaires or the children of families across America who need health insurance?

We should make giving kids a healthy start in life a priority over giving millionaires the high life.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I hope every taxpayer in this country knows that what they heard was a philosophy that every dollar you make belongs to the Government, and we are going to let you keep a little bit of it.

We kept hearing about tax cuts costing us, tax cuts costing us. If we give you a tax cut, it is costing us in Government, and we can't do as much for you as if we tax you more.

So there is a basic philosophy behind this legislation whether we ought to let tax cuts stay in the pockets of Americans and let them spend it and do the economic good and let the marketplace decide how the goods and services in this country be divided or whether we ought to tax at a higher rate and bring it to Washington and let a few politicians make a decision on how to spend it.

I opt for trusting the American people with how they spend their money and the growth that comes from the investment that creates jobs that causes our economy to expand.

I will have more to say about some of the other speakers who have been in

opposition to this bill as soon as the Senator from New Hampshire concludes. I wanted to make that point before my good friend got out of here because a lot of times he never gets a chance to hear what I say, and I wanted to make sure he heard it.

I yield whatever time he might consume to the Senator from New Hampshire.

Mr. GREGG. Mr. President, I thank the Senator from Iowa. I associate myself with the Senator's comments. I agree, as I think most Americans do if they apply common sense, and this is a little Midwestern common sense we are getting from the Senator from Iowa, as we always do, which is that the Government doesn't own this money. This money doesn't belong in Washington. This money belongs in the pockets of the taxpayers who earned it. And, yes, taxes must be paid, but they must be paid at a reasonable rate, a rate which allows people to continue with their lives, to make the investments to start a small business or to send a child to college or to buy a home or purchase a car.

You cannot tax people simply because somebody in Washington has a good idea and they want to pay for it and they figure, Let's go out and take it from the people working for a living and bring it to Washington and spend it.

It reflects a certain elitism and arrogance to take that position, in my opinion, basically saying to average Americans that those of us sent to Washington—and this great bureaucracy grown up in Washington—know more about how to manage your life than you do as working Americans. If you turn your money over to us, we will do a better job of managing that money than you can do. I don't agree with that. I think the Senator from Iowa made that point, an appropriate point.

The point I want to reinforce is that the Senator from Iowa, as always, has done yeoman's labor to bring forward a very strong bill to extend tax cuts or tax proposals which benefit working Americans. The irony of this is that it is being attacked from the other side of the aisle with enthusiasm on the basis, essentially, as the Senator from Iowa has pointed out, that tax cuts and extending tax cuts is a bad idea; that this money should stay in Washington. But, also, the irony of this is most of the items within this bill are actually supported from the other side of the aisle, or will receive significant votes from the other side of the aisle if they are taken up separately. These are items like the alternative minimum tax patch, items like extending the R&D tax credit, items like the deduction for teachers who spend money for their classrooms so they can bring crayons or whatever they want into their classrooms. Those are items which have general support around here. If you add them all up they make up the vast majority of this tax package.

Yet if you were to listen to the generalities of the language from the other side of the aisle, you would think this proposal to extend these tax cuts was an outrage, that we were somehow taking money out of Washington and transferring it to rich people across the country. That is not true at all. It is not true at all. These tax cuts, in fact, basically have the impact of giving working Americans the opportunity to take advantage of the dollars they earn and not have them taken by the Federal Government.

I think equally important is the issue of the one item of tax policy which does not happen to be in the Senate bill but which is in the House bill, which is the extension of the capital gains and dividends rates, where we do get this debate or this argument that this is a tax which basically benefits wealthy Americans. To begin with, the practical effect of these proposals, the reduction in capital gains rates—or the maintenance of the capital gains rate at 15 percent and the maintenance of the dividend rate at 15 percent basically benefits the Government because the effect of those two tax rates is that it generates significant economic activity which results in more taxes coming into the Federal Treasury.

You do not have to believe me on this. Just look at the numbers. The numbers are hard, they are real, and they are there. Prior to the capital gains rate going into place, the Joint Tax Committee estimated that there would be \$45 billion raised from capital gains in 2003. But after the cut, it turns out there is \$50 billion. That is a \$5 billion change.

Then in 2004 it was estimated there would be \$44 billion with the capital gains rate at 15 percent. After the change in rates, the Federal Government got \$60 billion. In 2005 it was estimated that with higher rates there would only be \$49 billion coming in through capital gains taxes. It turns out with the lower rates the Federal Government got \$75 billion.

As a result of lowering the capital gains rate, the Federal Government received \$47 billion we didn't expect to get. Those are Joint Tax numbers. Those are hard numbers. Those are real numbers—\$47 billion. Why is that? It is very simple. It is called human nature, and human nature drives what revenues are here at the Federal Government. If you are going to have a high tax on someone when they sell their home or when they sell their business or when they sell some sort of the stock that they may have purchased a long time ago and it has appreciated in value, the odds are that person may make a decision: I don't want to pay all those taxes upon making that sale, so I am just going to hold on to that asset. As a result, they hold on to the asset and the Federal Government does not get it. There is no sale, no capital gains tax as a result of that, and the Federal Government doesn't get any income from that event.

But when you lower that tax rate, as we did under the President's suggestion, a person says: Now I can adjust to this. I can make this sale and I can live with this tax rate and then I am going to take the profits from that sale and I am going to reinvest them. That creates two events that are very positive for the Federal Government and for taxpayers generally. No. 1, it is a taxable event so that money comes in. As we have seen, \$60 billion came in that was not there before, or we did not expect it before because the people were making that activist decision now that the tax rates were lower.

No. 2, what was money which was locked up in maybe a nonproductive economic activity is moved. By human nature it is going to be moved into something that is more productive, and that is going to generate more economic activity. Maybe somebody is going to start a small business or something with those extra dollars they now have, and that is going to create jobs. It is just basic economics that when you reinvest money like that you have the money go to a much more efficient use, which produces a more productive, more efficient economy, and therefore more jobs. So you get more tax revenues and you get more jobs out of a lower rate. This has been proven time and time again. It was proven by the Kennedy tax cuts. That was President John Kennedy. It was proven by the Reagan tax cuts, and now it has been proven by the Bush reduction in capital gains and dividends rates.

Reducing those rates creates more economic incentive for people to be productive, and it actually generates more economic activity which is taxable and therefore generates more income to the Federal Treasury, and as a result \$47 billion of income came in that we would not otherwise have had.

I misstated, I said \$60 billion before. It was \$47 billion during that 3-year period we would not have gotten before—\$47 billion more than was anticipated.

Last year, as a result of this economic activity that was created by this engine of productivity which was generated by having lower tax rates, we saw the biggest jump in revenues, I think, or the second biggest jump in our history. We picked up literally tens of billions of dollars of income as a Federal Government that we did not expect to get. That helped reduce the deficit, and it also helped us carry on the business of the Federal Government, specifically the need to fight terrorism, invest in health care, invest in education.

These tax cuts have been extraordinarily positive, and the extension of these rates is critical to maintaining that economic activity. But to get back to one point here, which is this: this package of proposals coming out of the Senate has very broad support in this body, and it is a good package in general. However, there is a single item that I happen to take reservation with,

and that is the deductibility of State and local sales taxes.

Why do I have concerns about that? It is not the biggest item in the package. The R&D tax is bigger, and obviously the AMT patch is bigger, but the deductibility of State and local taxes creates an atmosphere where we give to high tax States an incentive to increase their taxes because we allow the people in those States to deduct the taxes as those taxes are increased. So you are basically transferring taxing room, if you will, available assets that may be taxed from the State governments to the Federal Government, which allows those States which pursued a high tax policy to benefit and creates, actually, an incentive in those States to increase those taxes.

I don't happen to be a big supporter of the deductibility of State and local taxes, but I suspect the majority of the other side is, even though they are railing against this bill. My view is a State such as New Hampshire, which doesn't have a sales or income tax and takes a very frugal approach to government, should not be penalized for that at the Federal level by turning a deduction over to other States, thus reducing Federal revenues, which encourages high-tax States—such as New York, Connecticut, Illinois, New Jersey, California—to basically raise their taxes.

This comes to the irony of this bill. Even though it is being attacked profusely and aggressively by the other side, it turns out probably the majority of the Senators on the other side support deductibility of State and local taxes, sales taxes. As a matter of fact, all those high-tax States I have listed have only Democratic Members of the Senate. This bill benefits them. I would like to take a test and offer an amendment to strike that language from this bill and see whether there was strong bipartisan support for that type of language. My own view is from a tax policy standpoint it makes little sense to have it in here.

In a general sense, what we are dealing with here is the economics of what happens when you give people the chance to keep more of their money. The simple fact is, what happens is that when you give people a chance to keep more of their money, they are more productive and they have a bigger incentive to go out and work and therefore they create more economic activity which in turn creates more taxable events which in turn creates more revenue for the Federal Government.

We should continue tax proposals which do expand and energize the creativity of the economic entrepreneur. A key element of that is to do the capital gains and dividend extension. If we fail to do that, in my opinion, we are going to have a fairly significant negative effect on revenues coming into the Federal Government, and instead of having \$47 billion revenues coming in as a result of a lower capital gains tax rate, we will probably see we actually

go back to the original Joint Tax proposals or estimates, and we will lose revenue. So it is not a revenue gainer to our Government to overtax people.

Although I said it in a convoluted way, it is just a summary or restatement of what the Senator from Iowa said in a very down-to-earth and commonsense way. Therefore, I congratulate the Senator from Iowa. I appreciate his bringing this bill forward and look forward to working for its passage.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I appreciate hearing from all my colleagues, both Republicans and Democrats, about everything that is wrong with the AMT because there is a lot wrong with the AMT. But I take great pleasure in trying to remind, particularly my Democrat colleagues, that a Republican-controlled Senate and House in 1998 completely repealed the alternative minimum tax. They completely repealed it, sent it to President Clinton, and he vetoed it. So I don't want anybody telling me how bad the alternative minimum tax is and that something ought to be done so that middle-income Americans, who were never intended to pay the tax, don't get caught paying it.

Besides the repeal that we proposed in 1998, I can also point to a lot of tax bills since then where we have done what we call hold-harmless so no more people are hit by the alternative minimum tax because of tax changes that you make in any tax bill which indirectly, then, affects who might pay the alternative minimum tax.

So I specifically want to take issue with the remarks of my colleague from Iowa, Senator HARKIN. It was suggested the tax cuts have contributed to this AMT problem. That demonstrates a complete misunderstanding of what we have done in several tax bills, going back to the year 2001, or it at least doesn't give us credit for proposing repeal of the AMT in 1998.

It is true that we are required to act to extend the hold-harmless provision as the Senate has done in Senate-passed reconciliation bills and in the years going forward—the bill we are on now and in the bills going forward. But that is the point of the hold-harmless. Of course, it is critically important that we included AMT relief in our bill. Moreover, it has been the subject of public debate, as all my colleagues likely know. But we take issue with analyses that suggest that tax cuts are the source of enhancing the AMT problem. Quite to the contrary, the fact is that failure to index the alternative minimum tax for inflation for the last 35 years is the key source of the problem.

I don't know why folks cannot own up to that fact and recognize that at a minimum we are going to have to index the alternative minimum tax going forward, if it is meant to serve its

original purpose of hitting just very high-income people who avoid paying any income tax through use of legal loopholes and not hit middle-income Americans.

Again, for the understanding of my colleague from Iowa who spoke on this point—but other people have spoken on it as well, mostly from the other side of the aisle—in 2001 and 2003, in those tax bills, we made sure that the alternative minimum tax would not impact any more taxpayers as a result of the tax reductions of those bills.

So it is entirely wrong to say that tax cuts bring about the AMT problem or that we don't care about that problem or that we didn't do anything about that problem because we did in each of those tax bills.

We have to continue to uphold the promise that we made that we were not going to tax any more people with the alternative minimum tax.

This is a very important part of this reconciliation bill that we passed back in November that we are now making a rerun of this year.

This bill includes \$30 billion of alternative minimum tax relief to ensure that Senator HARKIN's argument is, in fact, untrue, and it is also untrue as far as the 2001 tax bill and the 2003 tax bill is concerned.

I wish to give some figures so people know what this is. It is not just in the State of New Jersey, as we heard from the junior Senator from New Jersey. It is not just a problem in Illinois, where we heard from the junior Senator from Illinois. It is not just a problem in Massachusetts, as we heard from the Senator from Massachusetts. The alternative minimum tax problem is a problem in Iowa as well.

Another point that my colleague brought up—I don't think anybody else has talked about the arcane issues of what we call PEPS and Pease. I don't want to say those things without explaining what they are. They were put in, I think, in the 1990 tax bill because nobody wanted to go over the 40-percent marginal tax rate. Yet they wanted to raise more money and have a higher marginal tax rate on a little higher income people.

What was done in that tax bill to camouflage a higher marginal tax rate was to leave the marginal tax rate at 39.6 percent, but for certain people above—for certain people of higher income—then phase out a lot of the exemptions that every other taxpayer can use and effectively raise the marginal tax rate—I do not know for sure, around 42 percent—maybe people who were involved in subchapter S corporations, maybe even a marginal tax rate around 45 or 46 percent. I am not sure exactly what those percentages were.

But the idea was the terms "PEPS" and "Pease" were put into the Tax Code to camouflage higher marginal tax rates by making it look like nobody ever paid a tax rate above 39.6; whereas, the fact was a lot of taxpayers got hit at a marginal tax rate above 40

percent—in some cases quite a bit above 40 percent.

I am very troubled by the comments of my colleague regarding PEPS and Pease because they are hidden in the marginal tax increase that affects millions of Americans, including thousands of Iowans. We have 32,906 Iowans that are hit by the Pease part of the Tax Code on their returns. And we have 14,000—almost 15,000—Iowans that are hit by what we call the PEPS part of the Tax Code on their returns.

If somebody tells me that these are tax cuts for the millionaires, let me tell you, I know that we don't have 32,900-plus, or 14,900 millionaires in my State of Iowa.

So we are talking about camouflaging the Tax Code to raise the marginal tax rate on a lot of middle-income Americans.

That was done in the 1990 tax bill. Starting this year, under the 2001 tax bill, these are gradually going to be phased out.

I think it is truth in taxing, truth in packaging, that if you have a marginal tax rate of 35 percent, it ought to be a marginal tax rate of 35 percent. And you shouldn't remove a lot of exemptions from a certain number of people to raise it up to 40 or more percent. If you want to tax people that high rate of taxation, you ought to have the guts to do it.

We took those camouflage things out of the Tax Code because we wanted a marginal tax rate of 35 percent which was transparent, with no hidden additional taxes.

Now it is said that we are trying to benefit millionaires through this, when 33,000 and 15,000 people—that would be 48,000 people in my State—are being hit by those taxes.

To listen to my colleagues, you would think that PEPS and Pease was paid only by millionaires. Nothing could be further from the truth. PEPS and Pease hit millions of families, two-income families that are struggling to pay their mortgage, as most Americans do, struggling to send their children to college, as most families do, or people who want to contribute to their churches and charities, as most middle-income Americans do.

In fact, the families hit by PEPS and Pease are very often the same families hurt by the AMT that my colleague was expressing so much concern about.

PEPS and Pease is bad tax law. It is dishonest tax law. It complicates the Tax Code. It hurts families and discourages charitable giving. It is bad tax law that needs to be shown the door.

We did that in the 2001 tax bill, truth in taxing, and somebody is finding fault with it. It isn't a millionaire tax. Keeping PEPS and Pease is a "Full Employment for Accountants Act" because of that complicated Tax Code, and the people who have to deal with it are going to hire more accountants to accomplish the goal that we have.

We have heard from many Senators today, singing the old song that the

problem of the deficit before us, the budget deficit, is because we cut taxes. The tax cuts that have brought about our economic growth and created millions of jobs is good policy. I don't expect anybody to accept Senator GRASSLEY, the Senator from Iowa, making that statement. There is no one with better credibility on economic and tax policies than Chairman Greenspan. And he has made it very clear that the 12 quarters of economic growth that we have had, creating 4.6 million new jobs, and a higher rate of growth than we had even during the 1990s—and most of my Democrat colleagues would think the 1990s was the best economy you could ever have. But in fact, the economic growth of the last 12 quarters is higher than the average growth we had during the previous administration. Chairman Greenspan said that the tax cuts are responsible for this growth.

To get back to the reality of deficits, it is caused by record spending. It is done by Republican Congresses or Democratic Congresses, whether we have a Democratic President or a Republican President. Spending beyond our means has caused our budget deficit problem.

Because of the tax cuts, revenues are way up—record highs projected.

Chairman Greenspan gives Congress credit for the tax cuts of 2003 bringing about the best economic growth we have ever had and which has resulted in \$270 billion more coming into the Federal Treasury from income taxes in 2005 than we had in 2004; in fact, so much beyond projection that we had \$70 billion more coming in throughout 2005 than we even thought we would have coming January 1, 2005.

The answer is not to raise taxes and hurt our economy. The answer is to do something on the spending side of the ledger.

We can say, after the vote in the House of Representatives this very day by a 2-vote margin, they passed our budget reconciliation bill, saving \$39.6 billion over the next 5 years that Congress would have otherwise spent if we had not passed that measure. We didn't get any help from the other side of the aisle on getting this budget reconciliation through.

That came from the fiscal responsibility of people on this side of the aisle.

Whether it is tax cuts, spending cuts, tax increases, whatever the issue might be, if you listen to your people in town meetings—and I only have the opportunity to listen to Iowans in my town meetings because I don't represent anyplace else in the country—I know I don't have people coming to me and saying: I am undertaxed, tax me more. But I surely have people come to my town meetings and saying: You guys are responsible for your spending there in Washington, DC. Get your spending down.

I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for quorum call be rescinded.

The PRESIDING OFFICER. Without objection, so ordered.

MORNING BUSINESS

Mr. FRIST. Mr. President, I ask unanimous consent that there now be a period for morning business with Senators permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

IRAQ

Mr. STEVENS. Mr. President, I ask unanimous consent that the attached Wall Street Journal article, "Iraq's Future, Our Past," be printed into the RECORD. This article was written by Mr. Rastislav Kacer, Mr. Petr Kolar, Mr. Janusz Reiter and Mr. Andras Simonyi, respectively, the Slovak, Czech, Polish and Hungarian Ambassadors to the United States.

I applaud the Ambassadors' leadership and the work of the Visegrád Group, a partnership of their four countries. Emerging out of a shared history of dictatorship, these Central European countries strive for cooperative and democratic development. They deeply understand the challenges of an emerging democracy but champion its ultimate rewards. Their vision and experience are strong examples for the country of Iraq and they stand ready to lend a helping hand.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Dec. 16, 2005]

IRAQ'S FUTURE, OUR PAST

(By Rastislav Kacer, Petr Kolar, Janusz Reiter, and Andras Simonyi)

When it comes to tyranny, we believe we can offer some personal experience. After all, it was only a short while ago that our countries emerged from Soviet oppression. During the decades of dictatorship, our peoples' attempts to restore freedom and democracy were crushed. Who would have thought in 1956 in Hungary, in 1968 in Czechoslovakia, or in 1980 in Poland, that we could get rid of the dictatorial regimes in our lifetimes and shape our own future?

The memories of tyranny are still alive in the minds of many Czechs, Hungarians, Poles and Slovaks. We also remember the challenges we faced early in our democratic transition. It is a testament to the resilience of our peoples that we are where we are now—members of NATO and the European Union, and strong allies of the U.S. We got here by believing in the transformational power of democracy and a market economy. But we needed others to believe in us, too. We could not have made it alone. We needed the perseverance and support of Western democracies for freedom finally to arrive.

The attainment of our immediate goals of stability and prosperity could have made us complacent. It has not. We feel that as free and democratic nations we have a duty to help others achieve the security and prosperity that we now enjoy. That is why we

have been part of the coalition to help democracy emerge in Iraq.

Establishing democracy in Iraq was never going to be easy. Yet it is essential for the political and economic stability of the entire Middle East—and also vital for the security of our countries. We are convinced that for Iraq to become a vigorous partner in the war on terrorism, the Iraqis will need our continuous help for rebuilding their country, as well as for establishing democratic institutions and a market economy. The good news is that we are not alone; it's a truly international partnership, based on a U.N. mandate. More than 30 nations are on the ground with the coalition and NATO, and more than 80 have signed up for the "new international partnership" with Iraq. European countries work closely with the U.S. on strengthening stability and democracy in Iraq, and the U.N. is providing key support to achieve our goals.

The Visegrad Group, which includes our countries, has been one of the most effective regional partnerships in Europe established after the changes of 1989. With our vast experience in transitioning from dictatorship to democracy, we can be of special help. Although the Central European reality is quite different from Iraq, we offer our assistance in building democratic institutions as well as civil society. We can share the successes and challenges of our transition with the Iraqis, as we all know that freedom comes at a price. The experiences from the area of responsibility of the Multinational Division Central-South prove that transformation in Iraq can be completed with success. Right now we are transferring more power and responsibilities to the local Iraqi authorities, which, thanks to our assistance, are capable of securing their future.

Democratic transition is a long, painful process. It requires sacrifice. But, more than anything, it requires a belief that democratic values will prevail and people will have a better life as a result. We had that belief to guide us during the most difficult years of transition and we want to keep that belief alive in the people of Iraq. Maybe it takes countries with vivid recollections of tyranny to serve as the institutional memory of a larger community of democracies. If so, we are ready to fulfill that role.

SOUTH AMERICA

Mr. McCONNELL. Mr. President, earlier this month, I led a delegation to South America to review security, trade, and foreign assistance issues. Joining me were Senators MARTINEZ, BURR, and THUNE. With the exception of my friend from Florida, this was the first visit to Brazil, Argentina, and Chile for my colleagues and me. In short, this is a region full of promise—and problems.

Let me begin my remarks with a word of appreciation to the Governments of Brazil, Argentina and Chile for their excellent cooperation on security matters, including countering terrorism and narcotics. These are shared threats and pose myriad challenges, whether in the case of Brazil's massive border—particularly with Colombia and Venezuela—the notorious tri-border area—TBA—of Brazil, Argentina, and Paraguay, or vicious terrorist attacks against Israeli and Jewish interests in Buenos Aires in the 1990s. Given the unequivocal support for indigenous coca growers by Bolivia's new Presi-

dent, Evo Morales, I encourage the State Department to further strengthen cooperation on security matters with these countries in the months and years ahead.

Brazil, Argentina and Chile also deserve recognition for their participation in United Nations peacekeeping missions, particularly in Haiti. While not always popular with domestic constituencies, their respective contributions provide critical support for international efforts to secure stability in the region. Peacekeeping is not without risks, and I condemn attacks against peacekeepers in Haiti, including the recent incident in the Cite Soleil district of Port-au-Prince that killed two Jordanian nationals.

Brazil, Argentina and Chile should be recognized for their support of democracy and human rights throughout the region. While we did not see eye-to-eye on every issue, it is clear everyone is watching Bolivia and Venezuela closely. In one meeting in Brasilia, Senator MARTINEZ counseled that in determining the new agenda of President Morales, the region would be wise to "trust but verify." This is a wise maxim whether assessing coca cultivation or threats to nationalize the energy sector in Bolivia, or professed support for democracy and justice in Chavez's Venezuela.

In general, there is significant room for improvement in U.S. trade relations with Brazil and Argentina, particularly regarding intellectual property rights and demonstrable support for the free trade area of the Americas negotiation. Through meetings with business leaders in Brazil and Argentina, the delegation heard first hand many of the challenges facing the business community in both countries. President Kirchner would be wise to listen to the concerns of international companies doing business in the region regarding price controls and the harassment and intimidation of business leaders.

As one businessman familiar with Argentina's investment climate quipped, "If you want to make a small fortune in Argentina, go there with a big one." The challenge for President Kirchner is to maintain expansion of Argentina's economy by attracting investment and capital—and not aiding in its flight.

Let me close with a word or two on Chile, a country clearly committed to democracy, the rule of law and free trade. Our delegation was heartened by the views of our Chilean friends and U.S. country team that regardless of the outcome of the January 15 elections, won by Michelle Bachelet, democracy was alive and well in Chile, and that our bilateral relationship would remain strong. I am pleased our bilateral free trade agreement, FTA, with Chile has been beneficial to both U.S. and Chilean businesses, with exports boosted by an estimated 40 percent since the FTA's implementation in January 2004. Still, there is room for improvement, and I encourage contin-

ued engagement on intellectual property rights issues. Ambassador Craig Kelly and his team are doing a terrific job in Santiago, and I have every confidence that under his capable leadership relations will continue to be vibrant and strong.

Mr. President, I have shared a few, brief observations of this trip, but I hope Senator MARTINEZ,—who has much experience in this part of the world, will speak to this body on his views of the region and, in particular, the challenges to U.S. policy and business interests posed by Presidents Chavez of Venezuela, Morales of Bolivia, and Castro of Cuba. There is much going on in South America deserving of the Senate's close scrutiny.

HAMAS

Mr. McCONNELL. Mr. President, I wish to take a brief moment to speak to the issue of U.S. foreign assistance for the West Bank and Gaza.

Hamas's victory at the polls poses immediate challenges to the United States, the European Union, and other countries and organizations that provide humanitarian and development assistance to the Palestinian people. Perhaps frustrated with the corruption of the ruling Fatah Party, the slow pace of reforms, or, more darkly, supportive of indiscriminate violence against innocent Israeli men, women, and children through terrorist attacks on Israeli soil, Palestinians cast their ballots for an organization that supports terrorism and rejects Israel's right to exist.

In the West Bank and Gaza, Palestinians had a choice between ballots and bullets—and chose both.

As domestic and international observers appear to have deemed the election process as credible, Palestinian leadership choices are now crystal clear. But as President Bush and Secretary of State Rice have already said, the United States will not provide assistance to a foreign terrorist organization.

The ball is now in Hamas's court. Either its leadership will renounce terrorism and violence against Israel in both word and deed, recognize Israel's right to exist, and—in President Bush's words—be a "partner in peace"—or they will come to the harsh realization that governance in the territories absent foreign aid is an impossible task. In the past, American taxpayers have paid for Palestinian private sector development, health, community services, and higher education. This generous support is now in real jeopardy.

As the chairman of the State, Foreign Operations and Related Programs Subcommittee, I intend to continue to follow developments in the region closely and to work with the administration and others to determine the best and most appropriate course of action regarding the provision of U.S. foreign assistance in the wake of the Palestinian elections.

To paraphrase the Israeli diplomat and politician Abba Eban, Hamas literally cannot afford to miss this opportunity to renounce terrorism, recognize Israel, and embrace responsible governance. If they do that, they will find the missed opportunity very costly.

HONORING OUR ARMED FORCES

Mrs. BOXER. Mr. President, today I rise to pay tribute to 15 young Americans who have been killed in Iraq since December 9. This brings to 523 the number of soldiers who were either from California or based in California that have been killed while serving our country in Iraq. This represents 23 percent of all U.S. deaths in Iraq.

LCpl Samuel Tapia, age 20, died December 18 from small-arms fire while conducting combat operations in Ar Ramadi. He was assigned to the 3rd Battalion, 7th Marine Regiment, 1st Marine Division, Twentynine Palms, CA. During Operation Iraqi Freedom, his unit was attached to the 2nd Marine Division.

SGT Regina C. Reali, age 25, died December 23 in Baghdad when an improvised explosive device detonated near her humvee. She was assigned to the Army Reserve's 351st Civil Affairs Command, Mountain View, CA. She was from Fresno, CA.

SGT Cheyenne C. Willey, age 36, died December 23 in Baghdad when an improvised explosive device detonated near his humvee. He was assigned to the Army Reserve's 351st Civil Affairs Command, Mountain View, CA. He was from Fremont, CA.

SPC Sergio Gudino, age 22, died December 25 in Baghdad when an improvised explosive device detonated near his M1A1 tank during combat operations. He was assigned to the 1st Battalion, 64th Armor Regiment, 2nd Brigade Combat Team, 3rd Infantry Division, Fort Stewart, GA. He was from Pomona, CA.

SPC Marcelino R. Corniel, age 23, died December 31 in Baghdad when an enemy mortar attack occurred in the vicinity of his observation post. He was assigned to the Army National Guard's 1st Battalion, 184th Infantry Regiment, Fullerton, CA. He was from La Puente, CA.

PVT Robbie M. Mariano, age 21, died January 5 in An Najaf when an improvised explosive device detonated near his humvee during convoy operations. He was assigned to the 3rd Battalion, 16th Field Artillery, 2nd Brigade Combat Team, 4th Infantry Division, Fort Hood, TX. He was from Stockton, CA.

SGT Adam L. Cann, age 23, was killed in action on January 5 by a suicide bomb attack on an Iraqi police recruitment center in Ar Ramadi. He was assigned to Security Battalion, Camp Pendleton, CA. During Operation Iraqi Freedom, his unit was attached to the 2nd Marine Division.

MAJ Douglas A. La Bouff, age 36, died January 7 near Tal Afar when his

UH-60 Black Hawk helicopter crashed. He was assigned to the Army's 3rd Armored Cavalry Regiment, Fort Carson, CO. He was from La Puente, CA.

LCpl Raul Mercado, age 21, died January 7 when his vehicle was attacked with an improvised explosive device while conducting combat operations near Al Karmah. He was assigned to 2nd Maintenance Battalion, 2nd Marine Logistics Group, Camp Lejeune, NC. He was from Monrovia, CA.

CPL Justin J. Watts, age 20, died January 14 from an apparent nonhostile gunshot wound in Haditha. His death is currently under investigation. He was assigned to the 3rd Battalion, 1st Marine Regiment, 1st Marine Division, Camp Pendleton, CA. During Operation Iraqi Freedom, his unit was attached to the 2nd Marine Division.

CWO3 Rex C. Kenyon, age 34, died January 16 in Baghdad when his Apache helicopter was shot down while conducting aerial patrols. He was assigned to the 1st Battalion, 4th Aviation Regiment (Attack), Combat Aviation Brigade, 4th Infantry Division, Fort Hood, TX. He was from El Segundo, CA.

CPL Carlos Arrelanopandura, age 22, died January 20 from a suicide vehicle-borne improvised explosive device while conducting combat operations in Haqlaniyah. He was assigned to the 3rd Battalion, 1st Marine Regiment, 1st Marine Division, Camp Pendleton, CA. During Operation Iraqi Freedom, his unit was attached to the 2nd Marine Division. He was from Los Angeles, CA.

LCpl. Brandon Dewey, age 20, died January 20 from a suicide vehicle-borne improvised explosive device while conducting combat operations in Haqlaniyah. He was assigned to the 3rd Battalion, 1st Marine Regiment, 1st Marine Division, Camp Pendleton, CA. During Operation Iraqi Freedom, his unit was attached to the 2nd Marine Division. He was from San Joaquin, CA.

SGT David L. Herrera, age 26, died January 28 in Baghdad when an improvised explosive device detonated near his humvee during combat operations. He was assigned to the 2nd Battalion, 506th Infantry Regiment, 4th Brigade Combat Team, 101st Airborne Division, Fort Campbell, KY. He was from Oceanside, CA.

LCpl Hugo R. Lopezlopez, age 20, died January 27 at Brooke Army Medical Center in San Antonio from wounds sustained from an improvised explosive device while conducting combat operations against enemy forces in Rawah, Iraq on November 20, 2005. He was assigned to the 2nd Battalion, 11th Marine Regiment, 1st Marine Division, Camp Pendleton, CA. During Operation Iraqi Freedom, his unit was attached to the 2nd Marine Division. He was from La Habra, CA.

Mr. President, 523 soldiers who were either from California or based in California have been killed while serving our country in Iraq. I pray for these young Americans and their families.

HOUSE PASSAGE OF THE DEFICIT REDUCTION ACT OF 2005

Mr. GRASSLEY. Mr. President, today the House of Representatives completed final action on the S. 1932, the Deficit Reduction Act of 2005, DRA. I am pleased that this important legislation will soon be enacted into law.

It has been 8 years since Congress last passed a reconciliation bill. In crafting S. 1932, we worked hard to ensure that none of the changes made would adversely affect beneficiary coverage. The Deficit Reduction Act will allow States across the country to continue to offer these essential services to their beneficiaries.

The Deficit Reduction Act also includes a number of provisions to ensure that the Federal Government pays Medicare providers accurately and appropriately. One such provision relates to payment policies under the Medicare Advantage program. Specifically, Section 5301 of S. 1932 phases-out the budget neutrality adjustment for Medicare Advantage plans. Section 5301 and the joint statement which accompanied the conference report in the Senate requiring adjustments for differences in coding patterns is intended to include adjustments for coding that is inaccurate or incomplete for the purpose of establishing risk scores that are consistent across both fee-for-service and Medicare Advantage settings, even if such coding is accurate or complete for other purposes. This will ensure that the goal of risk adjustment—to pay plans accurately—is met.

I am also pleased that the Deficit Reduction Act includes the Family Opportunity Act. I have been working tirelessly on this legislation since 1999 with Senator KENNEDY. The measure will allow States to create options for families who have children with multiple medical needs to buy into Medicaid while continuing to work. Families with children with such medical needs should not have to choose between providing for their children and their children's health care. This provision in the Deficit Reduction Act will help prevent just that.

I applaud the Congress for passing this important legislation today. Beneficiaries and taxpayers across the country deserve to get the highest value for every dollar that is spent on Medicare, Medicaid and other safety net programs. This legislation will help accomplish that objective.

LOCAL LAW ENFORCEMENT ENHANCEMENT ACT OF 2005

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. Each Congress, Senator KENNEDY and I introduce hate crimes legislation that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society. Likewise, each Congress I have come to the floor to highlight a separate hate

crime that has occurred in our country.

James Oliver Bailey was an 80-year-old gay man. On November 26, 2005, he was beaten to death with a 2 by 4 by Chris Nieves. According to reports, Mr. Nieves attacked Mr. Bailey solely because of sexual advances perpetrated by Bailey.

I believe that the Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

DEMOCRACY AND PEACE IN NEPAL

Mr. LEAHY. Mr. President, one of the many things one learns as a Senator is that speaking out about autocratic, corrupt and abusive governments invariably elicits a response.

The victims of such regimes, including human rights and prodemocracy citizens who are often imprisoned and tortured, express their appreciation. Knowing that they have supporters halfway around the world gives them hope.

The officials of those governments and their supporters respond differently. Knowing that they cannot honestly defend their ill gotten gains and abuse of power, they do what they can do. They attack the messenger. And they do so through distortion and outright fabrication.

I have made several statements about the troubling situation in Nepal, a poor country with the most majestic mountains on Earth, which has received too little attention by the Congress. It is a country struggling against a determined Maoist insurgency that has brought extortion, brutality and false promises of a better future to virtually every province.

And it is a country in which an autocratic monarchy has sought to consolidate its grip on power and take the country backwards after a decade of fledgling democracy.

One year has passed since last February 1 when King Gyanendra dissolved the multiparty government, curtailed civil liberties, and imprisoned political opponents. He has ignored appeals of the United States, India, and Great Britain, as well as the United Nations, to negotiate with the leaders of Nepal's political parties on a plan to restore democracy.

When the Maoists unilaterally announced and then extended a 4-month cease-fire, the army and the palace rejected out of hand the suggestion that reciprocating could test the Maoists' intentions and possibly create an opening for dialogue to end the conflict.

What we are witnessing in Nepal is, put simply, a struggle between the discredited, anachronistic past, and the possibility of a democratic future.

There is also a third possibility. A Maoist government that imposes its will on whomever remains in Nepal after a mass exodus, and which further destabilizes an already troubled region.

Predictably, those who have enjoyed the undeserved benefits of absolute power and privilege want to hold on to what they have. They seem to believe that the Maoists can be defeated by military force. As desirable as that might be, there is no evidence to support it.

Those who see the King's repressive policies as reckless and playing into the hands of the Maoists, have risked their freedom and their lives by calling for an inclusive democratic process. And, as the situation continues to deteriorate, calls for a republic are growing louder.

On January 2, the Maoists ended their cease-fire by triggering bombs in several locations. A few days later they killed 12 police officers in Katmandu. They have carried out attacks in Nepalganj and other cities, causing civilian casualties. A week ago, in an apparent attempt to derail the controversial municipal elections scheduled for February 8, gunmen who are suspected of being Maoists killed a promonarchy party member in the city of Janakpur. These brutal acts should be universally condemned. There is absolutely no justification for the use of violence to terrorize civilians or to disrupt an election.

But neither can it be said that the United States has an effective policy when it appears to amount to little more than blaming the Maoists and repeating over and over that the King should reach out to the political parties. He should, but for almost a year he has refused to do so and absent stronger pressure there is no reason to believe that he will.

It also begs the question of what is the legitimate role in the 21st century for a monarchy that has squandered its moral authority and shown no competence for governing.

Three weeks ago, in the King's latest attempt to quell mounting public criticism of his failed policies, the palace announced a preemptive curfew and a ban on political demonstrations. Since then, hundreds of prodemocracy citizens, including several political party leaders, have been imprisoned around the country.

Two weeks ago, the police used tear gas and water cannons to break up a rally in Katmandu, and more political protesters were arrested. The former Prime Minister remains in custody after a widely ridiculed "trial" by the King's hand picked anticorruption commission.

The Nepali people want peace. But nearly a year after King Gyanendra justified his power grab as necessary to defeat the Maoists, they are stronger and peace is more elusive. As many others have said, the only viable way forward is through dialogue, including the Maoists, under United Nations or

other international auspices, with the clear purpose of developing a broadly accepted plan to restore and strengthen democracy.

To those of Nepal's ruling class who in various opinion pieces have distorted my words, mischaracterized my record and questioned my motives, I can only say that sooner or later they will have to face reality. They could help save their country, but not if they continue to bury their heads in the sand and malign those whose only desire is to see a democratic, peaceful Nepal.

Nepal is a beautiful country with a remarkable culture. Its people, as resilient as they are, do not deserve the hardships of caste discrimination, poverty and violence that they endure daily. The Maoists have shown no respect for the rights of civilians. But neither has the King shown that he has a workable plan to stop Nepal's downward spiral. His decision to hold municipal elections has only widened the gap between himself and the leaders of the political parties who were never consulted, who see this latest move as part of a calculated strategy to consolidate his power, and who have said they won't participate.

Far more creative and persuasive leadership is urgently needed in Nepal, including from the army, as well as from the United States, India, China and other friends of Nepal, to prevent a tragic situation from becoming a disaster.

CONSOLIDATION IN THE ENERGY INDUSTRY: RAISING PRICES AT THE PUMP?

Mr. LEAHY. Mr. President, earlier this morning, the Judiciary Committee held a hearing on the consolidation of the energy industry. Regretfully, due to a scheduling conflict, I was unable to attend the hearing which was noticed only 1 week ago. I come to the floor this afternoon because this is an issue that needs to be addressed, not only by me, or the Committee, but by this entire body. The exorbitant cost of fuel is one of the most critical issues facing our nation.

Strong leadership by this Congress is needed to help all of the Americans whose pockets are being emptied by the skyrocketing costs of fuel. Consumers, small businesses, farmers, families trying to heat their homes in the cold winter months, senior citizens on limited incomes, every community in this country has felt the pinch of trying to keep up with energy costs. Everyone has suffered—or rather, almost everyone.

The day before yesterday, the big oil companies posted their year-end profit reports for 2005. The five biggest—ExxonMobil, ChevronTexaco, ConocoPhillips, BP, and Shell—trumpet raking in record profits for the year. In fact, ExxonMobil, with \$36.7 billion in profit last year, turned the highest yearly profit in U.S. history for any business.

We did not hear from these companies today because they have declined to appear at this hearing. I am disappointed by their decision. Boycotting this hearing will not stifle our questions or the need for their accountability to Congress and American consumers. The chairman has announced a second hearing for the end of this month, and the executives from the oil companies will attend, whether voluntarily or in answer to subpoenas. We will not rest in our effort to understand, and then correct, the problems in the energy markets.

On its face, the deplorable issue here is not the unprecedented profits garnered last year. Surely, any business the size of these corporations could produce a high yield selling their product at \$60 a barrel. Rather, the striking issue here is how these profits compare with years past. For example, since 1999, oil refiners have seen a 334 percent increase in yield made on each gallon of gasoline refined. Moreover, these same companies have more than doubled their control over oil production.

Time and time again, oil companies have defended startling statistics such as these. They claim that increased costs for production, exploration, and meeting environmental standards justify increasing prices at the pumps. This is obscene. I say it is time to invest in the American people. We need to investigate excessive market concentration in the oil industry that is stifling competition, constricting supply, and ultimately harming consumers. And then we need to do something about it.

I was glad to hear the President sounding like a Democrat on energy last night in his State of the Union speech. I can only hope that his words mean that he has finally abandoned the failed policy of the Cheney energy task force that had worked in secret with Ken Lay and other energy industry bigwigs. Had we adopted the Democratic energy proposal on which Senator BINGAMAN and others have worked so hard over the last several years, we would be much farther along. Nonetheless, we welcome the President and, I hope, some congressional Republicans to the Democratic emphasis on alternative and renewable fuels. After all that the Bush administration and the Republican leadership have done to advance the interests of the oil companies, including the attempts by House Republican leadership to insert special interest provisions in conference reports to give oil companies immunity for the environmental and health damage they cause, this reversal of position would be a good development for the American people.

Along with conservation, renewable energy is a key to a cleaner, more efficient energy future. If the President would work with us and follow through with sensible proposals, we can forge a bipartisan partnership. Working together, we can do better to make this a safer more energy efficient and more

prosperous country. I along with the rest of America will be watching to see if these statements are reflected in the President's policies and budget request, however.

We need to relieve America's dependence on foreign oil. Although the Midwest is not the source of the majority of our energy, its share has grown during this administration. I also urge the President and the Republican leadership of Congress to work with us to relieve our dependence on foreign investors and on borrowing from Social Security to finance the record deficits and growing debt that their policies have created.

REMEMBERING CORETTA SCOTT KING

Mr. TALENT. Mr. President, it is with great sadness that I offer my condolences on the passing of Coretta Scott King, who passed away at the age of 78. Indeed, I offer these remarks on behalf of all Missourians who have been touched by her legacy and that of Dr. Martin Luther King, Jr. A tireless champion and partner in her husband's work, Mrs. King's life represents an American story from which we can all draw strength. She never stopped working toward the prize God called her to achieve.

Born in rural Alabama on April 27, 1927, Coretta Scott was the second child of Obadiah and Bernice Scott, hard working parents who wanted more opportunities than they had for their children. An ambitious student, Mrs. King graduated first in her high school class and continued her studies at Antioch College in Yellow Springs, OH. She had a passion for education and music and went on to the New England Conservatory of Music in Boston, following her graduation from Antioch.

It was in 1952 in Boston where she met the man who would become her husband, Dr. Martin Luther King, Jr. They were married the next year and eventually settled in Atlanta, where they reared their four children, Yolanda, Martin, Dexter, and Bernice. Mrs. King was by no means a bystander in the groundbreaking changes her husband worked to achieve. She was a partner in her husband's historic work to make this country whole.

Following the murder of her husband in 1968, Mrs. King could have chosen to retreat into the privacy of her family. Indeed, in the aftermath of that tragedy, she was a widow who had the sole responsibility of raising four young children. But instead, Mrs. King bravely chose to continue her husband's work and his quest for racial equality. She worked tirelessly to have her husband's birthday memorialized as a national holiday and to establish the King Center, a lasting memorial and research institution dedicated to the Dr. King's principles of justice, equality, and peace.

Mr. President, Coretta Scott King continued her work to bring this coun-

try together until her final days. She never stopped believing that we have a historic responsibility to move America forward and extend the American dream to all those who seek it, regardless of race. Today, as a nation, we mourn Mrs. King's passing. We are thankful for her time here with us, the fruits of her labor, and the profound impact she has left on a grateful country.

I yield the floor.

Mr. SPECTER. Mr. President, I wish to offer some remarks on our loss of Mrs. Coretta Scott King, who has passed away at the age of 78. I join my colleagues in cosponsoring and supporting S. Res. 362 to honor the life of and express the condolences of the Senate on her passing.

Coretta Scott King was born April 27, 1927, on a farm in Heiberger, AL, to Obadiah, Obie, and Bernice McMurry Scott. Though her family owned the land, it was often a hard life. All the children had to pick cotton during the Great Depression to help the family make ends meet.

Graduating from Lincoln Normal School in Marion, AL, at the top of her class in 1945, Coretta went to Antioch College in Yellow Springs, OH. After graduation, she moved to Boston, MA, where she met Martin Luther King, Jr. They were married in 1953 on the lawn of her parents' house and with the ceremony performed by King's father. Coretta King received a degree in voice and violin at the New England Conservatory, then moved with her husband to Montgomery, AL, in September 1954 after he was named pastor of the Dexter Avenue Baptist Church. Together, they had four children: Yolanda Denise King, Martin Luther King III, Dexter Scott King, and Bernice Albertine King.

Mrs. King received honorary degrees from many institutions including Princeton University and Bates College. She was a member of Alpha Kappa Alpha, a noted African-American women's sorority.

The King family was front and center to one of the most turbulent times of the 20th century. Just 2 weeks after the birth of her first child, Rosa Parks was arrested on a Montgomery bus, helping spark what would develop into the modern civil rights movement that would be led by her husband. The struggles that followed included a narrow escape from death in 1956 when Mrs. King and her daughter were home when a bomb exploded at the family's residence—her husband was speaking at Rev. Ralph Abernathy's First Baptist Church at the time.

Mrs. King later put together a series of Freedom Concerts that combined poetry, narration, and music to highlight the movement and also raise funds for the Southern Christian Leadership Conference. In 1962, she served as a Women's Strike for Peace delegate to the 17-nation Disarmament Conference in Geneva, Switzerland.

Notably, she preceded her husband by 2 years in opposing the Vietnam War,

addressing a 1965 antiwar rally at Madison Square Garden in New York City, while also serving as a liaison to international peace and justice organizations.

Over the years, she was active in preserving the memory of her husband and in other political issues. After her husband was assassinated in 1968, she began attending a commemorative service at Ebenezer Baptist Church in Atlanta to mark her husband's birth every January 15th and fought for years to make it a national holiday, a quest that was realized in 1986, when the first Martin Luther King Day was celebrated and which we just recently celebrated 2 weeks ago.

In her own right, Mrs. King was vocal and influential on many issues, including opposing apartheid; opposing capital punishment; opposing the 2003 invasion of Iraq; and advocating for the rights of women, lesbians and gays, as well as AIDS/HIV prevention.

I was disturbed to hear of Mrs. King's hospitalization in August 2005 after suffering a stroke and a mild heart attack but encouraged by her progress in regaining some of her speech and continued physiotherapy at home. I understand that on January 14, 2006, Mrs. King made her last public appearance in Atlanta at a dinner honoring her husband's memory and that, fittingly, she will be buried in Atlanta next to her husband at The King Center.

Dr. Martin Luther King, Jr. and Coretta Scott King were remarkable people who led remarkable lives. Our Nation is a better place for their actions, and they will continue to live in our collective memory for many years to come. I wish to offer her family and friends my deepest condolences.

Mr. LEVIN. We first came to know Coretta Scott King as Dr. Martin Luther King's wife, but we came to treasure her for the more than 50 years of courageous and inspiring leadership she gave to our Nation. During Dr. King's tragically brief yet profoundly important time as America's most prominent civil rights leader, Mrs. King played an indispensable role, speaking before church and community groups, serving as a pastor's wife, and raising four children. She was Dr. King's rock during one of the most turbulent times in our history.

Mrs. King's heroism and unyielding determination to continue the struggle for justice and equality for all could not be more evident than in how she responded to a despicable incident in 1956. Mrs. King was in her home with her infant daughter, Yolanda, while Dr. King was away on one of his many missions for the civil rights movement, speaking at the First Baptist Church in Montgomery, AL. Someone threw a bomb into the Kings' home, and the bomb exploded. Even though Mrs. King and little Yolanda narrowly escaped physical harm that day, the bombing failed to deter her. Instead, Mrs. King's involvement in the civil rights movement intensified.

Following her husband's assassination, Coretta Scott King picked up his mantle and made clear that his dream, of a just America, was her dream too. Over the nearly 40 years that followed, her fight for that dream took her to every corner of the world and into every heart that loved justice. She established the Martin Luther King, Jr. Center for Nonviolent Social Change. She worked to advance the cause of justice and human rights around the world, speaking out for racial and economic justice, women's and children's rights, religious freedom, full employment, health care, and education. She championed the national holiday in honor of Dr. King's legacy. And, as she carried on Dr. King's message, she became an icon of the civil rights movement in her own right.

In September 2004, the Senate passed legislation to honor Mrs. King and Dr. Martin Luther King, Jr., posthumously, with Congress's highest honor—the Congressional Gold Medal—for their contributions to the Nation. It was my great honor to deliver this news to Mrs. King the next day at an awards ceremony sponsored by the Senate Black Legislative Staff Caucus, where Mrs. King was honored with their Leadership and Achievement Award. Over the next few months, my staff worked with Mrs. King, along with the U.S. Mint and Congressman JOHN LEWIS's staff, in designing the gold medal. In March 2005, Mrs. King contributed these words, from some of her favorite lines from Dr. King's speeches, to appear on one side of the medal: "I suggest that the philosophy and strategy of nonviolence become immediately a subject for study for serious experimentation in every field of human conflict, by no means excluding the relations between nations. This may well be mankind's last chance to choose between chaos and community." Mrs. King offered these lines less than a year ago, reflecting her steadfast commitment to nonviolence throughout her entire life.

Coretta Scott King moved our Nation forward, and we owe her a debt that we cannot repay. As we mourn Mrs. King's passing today, let us celebrate her exceptional life, and let us honor her by recommitting ourselves to the dream the Kings shared of freedom, justice, and equality for all people.

Our thoughts and prayers are with Yolanda, Martin III, Dexter, and Bernice King and all of the King family.

SPACE SHUTTLE "CHALLENGER"/ "COLUMBIA"

Mr. CORNYN. Mr. President, I rise today to remember two events, one which occurred 20 years ago this past Wednesday, and another which took place 3 years ago today. These dates mark profound tragedies in the history of the U.S. space program.

As my colleagues will remember, the space shuttle *Challenger* exploded just minutes after takeoff in 1986, claiming

the lives of five men and two women, among them Christa McAuliffe, who was to have been the first teacher in space. She is quoted as saying shortly before the flight, "One of the things I hope to bring back into the classroom is to make that connection with the students that they too are part of history, the space program belongs to them." I believe this statement represents very well the spirit of curiosity and the hope for the future that both these brave explorers and the space program represent.

Then, just 3 short years ago, seven men and women lost their lives when the space shuttle *Columbia* exploded as it reentered the atmosphere. So many individuals pulled together to help in recovery efforts after this national tragedy. The police departments, firefighters, local VFWs and emergency services, as well as the thousands of volunteers from East Texas and across the State, worked remarkably well together to handle the crisis and to prevent further tragedy on the ground. Law enforcement officials, NASA, and FEMA faced such a difficult time in the aftermath—and they handled the stress with grace.

The NASA community suffered a profound loss with these tragedies. This dedicated team of professionals is a symbol of our passion for science, exploration, and the discovery of places and worlds as yet unknown, and we appreciate the service of all of these men and women.

The seven heroes who lost their lives that day had dedicated themselves to the future of our Nation's space program, seven men and women who knew the risks of climbing into a rocket, leaving the Earth, and exploring the heavens, seven men and women who volunteered for an extremely dangerous but critically important mission:

Shuttle Commander Rick Husband
Pilot William McCool
Payload Commander Michael Anderson
Mission Specialist Kalpana Chawla
Mission Specialist David Brown
Mission Specialist Laurel Blair Salton Clark
Payload Specialist Ilan Ramon

These brave seven, as well as the crew lost with *Columbia*, as well as the three who lost their lives to the *Apollo 1* fire in 1967, are all shining examples of the courage, enthusiasm, and awe that runs through the veins of all the men and women of NASA—and all the eager children across this Nation who look to the stars and see the beginning, not the end, of their universe.

These brave astronauts throughout the space program inspire not only our Nation and our children—they inspire the world. Their actions, bravery, and achievement are a challenge to humankind. A challenge to dream, to achieve more and to reach farther than ever thought possible. I thank these courageous explorers—and those they left behind—for their sacrifice for our country.

ADDITIONAL STATEMENTS

CONGRATULATING DR. LEILA DAUGHTRY DENMARK ON HER 109TH BIRTHDAY

• Mr. CHAMBLISS. Mr. President, Dr. Leila Daughtry Denmark is truly a remarkable person; she is someone to be greatly admired. Her accomplishments as a doctor and a humanitarian are exceptional. It is with great pleasure that Julianne and I extend our warmest congratulations to her on her 109th birthday.

Today, Dr. Denmark's loved ones gather around her to celebrate her birthday and recognize a lifetime of achievement. Her tireless, selfless, compassion for others is an example to all of us.

Edna Jones, a friend of Dr. Denmark, said it best when she described her as truly a "one of a kind lady." Edna's remarks are right on target, she is a true pioneer. After being the third woman to graduate from Georgia Medical College, she became Egleston Hospital's first intern, as well as Georgia's first pediatrician. She quickly gained expertise and respect, joining with her colleagues to develop the D.P.T. shot which immunizes against whooping cough and tetanus. This breakthrough has saved countless lives all over the world.

Dr. Denmark's kindness and compassion as a human being along with her brilliance and talent as a doctor have earned her considerable praise and recognition. She has been commended by both Georgia's Senate and House legislative bodies—Dr. Denmark has even had a highway intersection named in her honor. In 1998, she was named as one of Atlanta Business Chronicle's Health Care Heroes.

She also published her book, "Every Child Should Have a Chance" in 1971. Her message to parents was how to raise happy healthy children who are well adjusted and well mannered, children who are of virtue and of strong character. Her book and her wisdom have had an impact on numerous parents and children alike and continue to serve as a guide to many.

For 56 years, Dr. Denmark volunteered once a week at Atlanta's Central Presbyterian Clinic, and chances are, if you were a patient of Dr. Denmark, she wouldn't charge you more than \$10 a visit. In everything she does, Dr. Denmark exemplifies a true humanitarian and remains committed to her healing profession. We could all stand to learn from a person like her.

Dr. Denmark has a sincere, no-nonsense devotion to others. She has been an example and an inspiration to generations. I am impressed by her lifetime commitment and service to others. And I know that Georgians are proud to count Dr. Denmark as one of our own.

Mr. President, again, my wife, Julianne, and I are delighted to wish her a happy 109th birthday and continued happiness and health.●

AWARD FOR EXCELLENCE IN EDUCATION

• Mr. DAYTON. Mr. President, I rise today to honor the Pierz Public Schools, in Pierz, MN, which recently earned an Award for Excellence in Education for its exceptional and innovative achievements in educating children.

The Pierz Public School District is truly a model of educational success. Mr. George Weber, the superintendent of the Pierz School District, describes "the overall feeling of pride the citizens have in our schools and in our work ethic, which has resulted in a broad sense of excellence." The District's accomplishments are even more impressive, given that they have occurred during an era of revenue reductions at the State and Federal levels, in a relatively poor community where more than 40 percent of the children qualify for free and reduced lunches, and in a part of the State experiencing falling enrollment and economic decline.

Despite repeated State revenue shortfalls, the Pierz Public School District has managed to preserve a balanced budget. The district operates on a very lean administrative staff, whose superintendent and business manager perform all central administrative functions, including curriculum, human resources, plant management, student services, transportation, and food service. This restraint has allowed the district to devote the vast majority of its resources to the classroom.

The district's commitment to its classrooms has allowed the schools to keep class sizes small—ranging from 19 to 27—with half of the classrooms kept to fewer than 23 students. By contrast, in Minnesota, the number of students per classroom averages between 27 to 30. The district also provides all-day kindergarten for all, which is not supported by the State's school revenue formula.

The Pierz School District has also demonstrated its commitment to providing exceptional facilities for its students. The district has added a new computer lab in each of the past 3 years; remodeled an old gymnasium into a new performing arts center; and built a new gymnasium, an eight-lane running track with state-of-the-art electronic timing equipment, two irrigated baseball fields, and a newly remodeled football stadium.

Much of the credit for the Pierz Public School District's success belongs to Superintendent George Weber, elementary school principal Lealen Swoboda, high school principal Paul DeMorett, and their dedicated teachers. The students and staff at the Pierz Public Schools understand that, in order to be successful, a school must go beyond achieving academic success; it must also provide a nurturing environment where students develop the knowledge, skills, and attitudes for success in life. All of the faculty, staff, and students at the Pierz Public School District

should be very proud of their accomplishment.

I congratulate the Pierz Public School District in Pierz, MN, for winning the Award for Excellence in Education and for its exceptional contributions to education in Minnesota.●

AWARD FOR EXCELLENCE IN EDUCATION

• Mr. DAYTON. Mr. President, I rise today to honor Riverside Elementary School, in Brainerd, MN, which recently earned an Award for Excellence in Education for its exceptional and innovative achievements in educating children.

Riverside Elementary School is truly a model of educational success. On my recent visit to Riverside, 10 fourth-graders shared with me their essays on what makes Riverside a special place to learn. Toni Gohman, Amanda Kunde, Allison Morris, Tom Stoxen, Kallie Konklin, Gretchen Gramer, Paige Phillips, Kaela Middleton, Anna Razidlo, and Emma Higgenbotham are to be commended for their exceptional writing ability and for superbly reading their essays at an all-school assembly.

I would like to quote briefly from several of the essays to offer a true flavor of the exceptional educational achievements at Riverside Elementary.

Amanda Kunde writes, "I feel safe and happy here at Riverside. . . Mrs. Engler, the teachers and the teachers' assistants are awesome. It's nice to know that people care about me."

Allison Morris writes, "Our teachers make learning fun, interesting & exciting. They . . . not only teach the standard subjects like reading and math, they help teach us to be responsible for our actions, and to respect one another."

Gretchen Gramer writes, "Every student has a different personality. We help each other when we are stuck and when we are hurt. . . We get rewarded when we are good by a new program called 'Caught Being Good.' . . We have other great helpers at our school. The custodians, the nurse, the office staff and the cooks all do a great job."

Toni Gohman writes, "Riverside is an awesome school. It has an awesome principal, great teachers, and respectful and kind students."

Tom Stoxen writes, "All of the people at our school are really friendly and helpful to all of the kids. . . The cooks are really nice and cook good food. We even get seconds sometimes, but not on the dessert."

Paige Phillips writes, "Every day when I come to school I feel safe, and to me that is very important. . . When I get hurt I always know someone's ready to take care of me."

Kaela Middleton writes, "I am going to tell you what we do in our everyday school day so you know that it is not always fun and games, but that it can also be very hard work."

Anna Razidlo writes, "Riverside deserves this award because we have so

many kind, fun and exciting teachers! . . . Almost every student gets a great score . . . on their tests because we learn so much . . . we don't even notice how hard we are working to learn. . . . I feel lucky to go to a great school."

Emma Higgenbotham writes, "Riverside makes you want to come to school everyday because we have nice people, kind teachers, and we learn a lot of things. . . . We also have kind custodians who work hard to clean our school. I like coming to a clean school everyday."

And, finally, Kallie Konklin captures the overall success of Riverside by writing, "If you are wondering why Riverside is a school of excellence, I think you came to the right person to ask. . . . Our teachers are very kind, caring and patient with our needs and different personalities. . . . Last, but not least, we have Mrs. Engler, our principal. She is the one who keeps everything running smoothly, and deals with all of the politics associated with running a large grade school."

As Kallie and several other pupils noted, much of the credit for Riverside Elementary School's success belongs to its principal, Cathy Engler, and her dedicated teachers. The students and staff at Riverside Elementary understand that, in order to be successful, a school must go beyond achieving academic success; it must also provide a nurturing environment where students develop the knowledge, skills, and attitudes for success in life. All of the faculty, staff, and students at Riverside Elementary should be very proud of their accomplishment.

I congratulate Riverside Elementary in Brainerd, MN, for winning the Award for Excellence in Education and for its exceptional contributions to education in Minnesota.●

HONORING CAROLE PAGONES

● Mr. JOHNSON. Mr. President, I rise today to publicly recognize and honor Carole Pagonos on the occasion of her retirement from Main Street Sioux Falls, Inc. Under her extraordinary leadership, Main Street Sioux Falls helped to engineer a dramatic revitalization of the core commercial district in South Dakota's largest city.

When Carole took the helm at Main Street Sioux Falls, first-floor vacancies in downtown buildings were at a discouraging 69 percent, and the downtown area was usually deserted after 5 o'clock. Like so many towns and cities, Sioux Falls struggled to maintain the vitality of the area that was once its heart and soul.

While some merely lamented this situation, Carole energetically set about changing it. During a 12-year stint as the executive director of Main Street Sioux Falls, and later as the organization's development director, she initiated new events to draw people to the area. She worked to enhance the area's appearance to make it more inviting. The historic preservation of building

facades and outdoor dining opportunities are particularly valuable enhancements for the downtown area. And she wielded her personal charm to persuade individual businesses to return to the area.

Today, any visitor to downtown Sioux Falls can immediately sense the wonderful results of Carole's efforts. Numerous shops, restaurants, and other businesses now operate in an area that is once again one of the city's most desirable locations. Statistics tell the same story—under Carole's tenure, the vacancy rate that once stood at nearly three quarters of all first-floor downtown properties has been whittled down to a mere 7 percent.

Besides restoring the vibrancy of the core downtown area, Carole has also helped Sioux Falls prepare for transformational developments that will expand and improve what we have traditionally considered to be "downtown". For example, the Philips-to-the-Falls project will link downtown with the natural amenities of nearby Falls Park. And development is now gaining steam on the "East Bank" of the Big Sioux River, opposite the vibrant area on the west side of the river.

Though Carol's presence at Main Street Sioux Falls will be sorely missed following her retirement, she leaves the organization well prepared to build upon her remarkable record of success. Fortunately, Sioux Falls and the entire State will continue to benefit from Carole's leadership through her membership on the State's Board of Regents and her ongoing participation in many Main Street Sioux Falls events.

On behalf of all South Dakotans, I congratulate Carole Pagonos for her outstanding leadership, and I wish her continued successes on all her new challenges and opportunities.●

TRIBUTE TO JESSIE TEHRANCHI

● Mr. SHELBY. Mr. President, Jessie Tehranchi was a passionate advocate for improved public transportation and universal health care from my State of Alabama. Jessie dedicated her time to helping others as she worked to advocate on behalf of the issues that shaped her life.

Jessie's passion was personal; diagnosed with multiple sclerosis in 1987, she spent much of her adult life confined to a wheelchair. Faced with seemingly insurmountable odds, Jessie used her experience to better the lives of many others with similar handicaps. A fixture in transportation activist groups, she spoke across the country on behalf of her causes.

Jessie testified before the U.S. Senate Committee on Banking, Housing, and Urban Affairs in 2002 at a Housing and Transportation Subcommittee meeting. Jessie emphasized the need for effective public transportation and cited her own experiences as a person unable to drive. Her testimony was powerful and useful as the Senate

worked on the Transportation Equity Act for the 21st Century.

Jessie was optimistic, energetic, and passionate. I am proud of her efforts, and I am grateful for her dedication to this important cause. I know that she will be missed not only by her husband, Jim Tehranchi, and two sons, David and Michael, and her many friends, but by the many people whose lives she touched through her devotion to public transportation.●

TRIBUTE TO MARTHA TSCHETTER

● Mr. THUNE. Mr. President, today I rise to recognize Martha Tschetter for her tireless work bringing warmth and kindness to total strangers. Mrs. Tschetter, at the age of 85, has worked tirelessly since 1988 hooking quilts for a Mennonite charity. In November, Martha donated her 3,000th quilt to charity. Martha's contribution to her community does not stop there.

Martha's service to her community did not start eighteen years ago but began many decades ago. Mrs. Tschetter served as a teacher in the Freeman area for the better part of five decades. Martha spent thirty six years as a full time teacher in the Freeman area only to serve another twelve years as a substitute teacher at Freeman Elementary.

Martha is a shining reminder to us all that life does not end at 65. She has never stopped giving of herself to help those in need. Today, I am glad to rise with Martha's friends and family in congratulating her on her continual service to her community.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGE FROM THE HOUSE

At 6:12 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agree to the amendment of the Senate to the amendment of the House to the bill (S. 1932) to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95).

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4659. An act to amend the USA PATRIOT Act to extend the sunset of certain provisions of such Act.

The message further announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 332. Concurrent resolution providing for a conditional adjournment of the House of Representatives.

The message also announced that pursuant to section 703 of the Social Security Act (42 U.S.C. 903 note), the order of the House of December 18, 2005, and upon the recommendation of the Minority Leader, the Speaker on January 18, 2006, appointed the following member on the part of the House of Representatives to the Social Security Advisory Board for a term of 6 years: Mrs. Barbara Kennelly of Connecticut.

The message further announced that pursuant to 20 U.S.C. 2103(b), and the order of the House of December 18, 2005, the Speaker on January 23, 2006, appointed from private life to the Board of Trustees of the American Folklore Life Center in the Library of Congress on the part of the House of Representatives for a term of 6 years: Appointed Mr. Charlie Seeman of Spring Creek, Nevada, and Reappointed Ms. Kay Kaufman Shelemay of Cambridge, Massachusetts.

The message also announced that pursuant to section 1909(b) of SAFETEA-LU (Public Law 109-59), and the order of the House of December 18, 2005, the Speaker on January 23, 2006, appointed the following members on the part of the House of Representatives to the National Surface Transportation Policy and Revenue Study Commission: Mr. Jack L. Schenendorf of Chevy Chase, Maryland, and Mr. Matthew K. Rose of Westlake, Texas.

The message further announced that pursuant to section 1238(b)(3) of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (22 U.S.C. 7002), as amended by division P of the Consolidated Appropriations Resolution, 2003 (22 U.S.C. 6901), and the order of the House of December 18, 2005, the Speaker on January 25, 2006, appointed the following members on the part of the House of Representatives to the United States-China Economic and Security Review Commission for terms to expire December 31, 2007: Mr. Peter T. R. Brookes of Springfield, Virginia, and Ms. Kerri Houston of Great Falls, Virginia.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC-5461. A communication from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Temporary Rule, Quota Adjustment for the Closed Area I Hook Gear Haddock Special

Access Program" (RIN0648-AT08) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5462. A communication from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Atlantic Herring Fishery; Closure of Directed Fishery for Management Area 1B" (I.D.112505D) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5463. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Groundfish Fisheries of the Exclusive Economic Zone Off the Coast of Alaska; Recordkeeping and Reporting" ((RIN0648-AR67) (I.D.062105B)) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5464. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Exclusive Economic Zone Off the Coast of Alaska; Allocating Bering Sea and Aleutian Islands King and Tanner Crab Fishery Resources; Correction" (RIN0648-AS47) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5465. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Shrimp Fishery Off the Southern Atlantic States; Amendment 6" (RIN0648-AS16) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5466. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries Off West Coast States and in the Western Pacific; Western Pacific Pelagic Fisheries; Additional Measures to Reduce the Incidental Catch of Seabirds in the Hawaii Pelagic Longline Fishery" ((RIN0648-AS30) (I.D.060505D)) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5467. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Magnuson-Stevens Fishery Conservation and Management Act Provisions; Fisheries of the Northeastern United States; Northeast Multispecies Fishery, Emergency Temporary Rule to Address Haddock Bycatch in Herring Fishery" (RIN0648-AT36) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5468. A communication from the Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Atlantic Highly Migratory Species; Atlantic Bluefin Tuna Fisheries; Temporary Rule; Inseason Retention Limit Adjustment" (I.D.121205F) received on January 16, 2006; to

the Committee on Commerce, Science, and Transportation.

EC-5469. A communication from the Assistant Administrator for Procurement, National Aeronautics and Space Administration, transmitting, pursuant to law, the report of a rule entitled "Property Administration and Reporting for Interagency Acquisitions" (RIN2700-AD20) received on January 18, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5470. A communication from the Assistant Administrator for Procurement, National Aeronautics and Space Administration, transmitting, pursuant to law, the report of a rule entitled "NASA Research Announcements—Small Business Subcontracting Plans and Publication Acknowledgement and Disclaimers" (RIN2700-AD03) received on January 18, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5471. A communication from the Director, National Institute of Standards and Technology, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Small Grants Programs and Precision Measurement Grants Program; Availability of Funds" (RIN0693-ZA64) received January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5472. A communication from the Deputy Bureau Chief, Consumer and Governmental Affairs Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities, Report and Order and Order on Reconsideration" (FCC 05-203) received on January 16, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5473. A communication from the Secretary, Federal Trade Commission, transmitting, pursuant to law, the report of a rule entitled "Premerger Notification: Reporting and Waiting Period Requirements: Final Rule Amending Premerger Notification Rules" (RIN3084-AA91) received on January 18, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5474. A communication from the Secretary, Federal Trade Commission, transmitting, pursuant to law, the report of a rule entitled "Annual Adjustment of Ceiling on Allowable Charge for Certain Disclosures Under the Fair Credit Reporting Act Section 612(f)" received on January 18, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5475. A communication from the Secretary, Federal Trade Commission, transmitting, pursuant to law, the report of a rule entitled "Rules and Regulations under the Textile Fiber Products Identification Act" (16 CFR part 303) received on January 18, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5476. A communication from the Secretary, Federal Trade Commission, transmitting, pursuant to law, the report of a rule entitled "Premerger Notification: Reporting and Waiting Period Requirements: Final Rules Amending Premerger Notification Rules" (RIN3084-AA91) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5477. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of Class D Airspace; Modification to Class E: Rogers, AR" ((RIN2120-AA66) (2006-0002)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5478. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Hazardous Material Training Requirements, Correction" ((RIN2120-AG75) (2006-0001)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5479. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Supplemental Oxygen; WITHDRAWAL" ((RIN2120-AI65) (2006-0001)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5480. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Standard Instrument Approach Procedures; Miscellaneous Amendments (43)" ((RIN2120-AA65) (2006-0002)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5481. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Standard Instrument Approach Procedures; Miscellaneous Amendments (16)" ((RIN2120-AA65) (2006-0003)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5482. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Standard Instrument Approach Procedures; Miscellaneous Amendments (36)" ((RIN2120-AA65) (2006-0001)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5483. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Pratt and Whitney JT9D-7R4 Turbofan Engines" ((RIN2120-AA64) (2006-0011)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5484. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Dowty Aerospace Propellers Type R321/4-82-F/8, Type R324/4-82-F/9, Type R333/4-82-F/12, and Type R334/4-82-F/13" ((RIN2120-AA64) (2006-0006)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5485. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Rolls Royce plc RB211 Trent 800 Series Turbofan Engines" ((RIN2120-AA64) (2006-0007)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5486. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Airbus Model A318-100, A319-100, A320-200, A321-100, and A321-200 Series Airplanes; and Model A320-111 Airplanes" ((RIN2120-AA64) (2006-0010)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5487. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule

entitled "Airworthiness Directives: Fokker Model F27 Mark 050 Airplanes" ((RIN2120-AA64) (2006-0008)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5488. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Boeing Model 767-200 and -300 Series Airplanes" ((RIN2120-AA64) (2006-0009)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5489. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Empresa Brasileira de Aeronautica SA Model EMB-135BJ, -135ER, 135KE, -135KL, 135LR, -145, -145ER, -145MR, -145LR, -145XR, -145MP, and -145EP Airplanes" ((RIN2120-AA64) (2006-0005)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5490. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Empresa Brasileira de Aeronautica SA Model EMB-135 Airplanes, and Model EMB-145, -145ER, -145MR, -145LR, -145XR, -145MP, and -145EP Airplanes" ((RIN2120-AA64) (2006-0001)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5491. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Turbomeca Astazou XIV B and XIV H Turbo-shaft Engines" ((RIN2120-AA64) (2006-0004)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5492. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: Turbomeca Arriel 2B and 2B1 Turbo-shaft Engines" ((RIN2120-AA64) (2006-0003)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5493. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Standards; Normal, Utility, Acrobatic, and Commuter Category Airplanes; Correction" ((RIN2120-ZZ78)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5494. A communication from the Program Analyst, Federal Aviation Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives: CENTRAIR 101 Series Gliders" ((RIN2120-AA64) (2006-0002)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5495. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Gulf of Mexico Essential Fish Habitat Amendment" ((RIN0648-AS66)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5496. A communication from the Director, Office of Sustainable Fisheries, National

Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Atlantic Highly Migratory Species; Atlantic Bluefin Tuna Fisheries; Temporary Rule; Inseason Retention Limit Adjustment" (I.D.122805B) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5497. A communication from the Acting Deputy Assistant Administrator for Regulatory Programs, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Caribbean, Gulf of Mexico, and South Atlantic; Gulf of Mexico Commercial Grouper Fishery; Trip Limit" ((RIN0648-AT12)) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5498. A communication from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Exclusive Economic Zone Off Alaska; Groundfish in the Bering Sea and Aleutian Islands Management Area" (I.D. 122305A) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5499. A communication from the Acting Director, Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries Off West Coast States and in the Western Pacific; West Coast Salmon Fisheries; In season Action #10—Adjustment of the Recreational Fishery from Leadbetter Point, Washington, to Cape Falcon, Oregon" (I.D. 110905E) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5500. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Operation Regulations (including 2 regulations): [CGD08-05-049], [CGD01-05-102]" ((RIN1625-AA09)) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5501. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Drawbridge Operation Regulations (including 2 regulations): [CGD05-06-001], [CGD05-06-004]" ((RIN1625-AA09)) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5502. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Regulated Navigation Area, Chicago Sanitary and Ship Canal, Romeoville, IL" ((RIN1625-AA11)) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5503. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Security Zones (including 2 regulations): [COTP Prince William Sound 02-011], [COTP Prince William Sound 05-012]" ((RIN1625-AA87)) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5504. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to

law, the report of a rule entitled "Anchorage Regulations; San Pedro Bay, CA" (RIN1625-AA01) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5505. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Safety Zones (including 5 regulations): [COTP San Francisco Bay 05-011], [COTP ST Petersburg 05-163], [COTP Charleston 06-003], [COTP Charleston 05-143], [CGD13-06-002]" (RIN1625-AA00) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5506. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Validation of Merchant Mariners' Vital Information and Issuance of Coast Guard Merchant Mariners' Licenses and Certificates of Registry" (RIN1625-AA85) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5507. A communication from the Chief, Regulations and Administrative Law, United States Coast Guard, Department of Homeland Security, transmitting, pursuant to law, the report of a rule entitled "Shipping; Technical, Organizational and Conforming Amendments" (RIN1625-ZA05) received on January 26, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5508. A communication from the Regulatory Ombudsman, Federal Motor Carrier Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Commercial Driver's License Standards; School Bus Endorsement" (RIN2126-AA94) received on January 25, 2005; to the Committee on Commerce, Science, and Transportation.

EC-5509. A communication from the Program Analyst, National Highway Traffic Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Amendment to Incentive Grant Criteria for Occupant Protection Programs" (RIN2127-AJ72) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5510. A communication from the Program Analyst, National Highway Traffic Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Tire Safety" (RIN2127-AJ65) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5511. A communication from the Program Analyst, National Highway Traffic Safety Administration, Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Petitions for Reconsideration of FMVSS No. 102, Transmission Shift Lever Sequence, Starter Interlock and Transmission Braking Effect" (RIN2127-AJ74) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5512. A communication from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Dubach, Natchitoches, Oil City and Shreveport, Louisiana, and Groesbeck, Longview, Nacogdoches, Tennessee Colony and Waskom, Texas)" (MB Docket No. 05-47) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5513. A communication from the Legal Advisor to the Bureau Chief, Media Bureau,

Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Wheatland, Rock River, Lusk, Gillette, Moorcroft, Pine Haven, Upton, Wyoming, and Edgemont, Custer, Murdo, Wall and Ellsworth AFB, South Dakota)" (MB Docket No.) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5514. A communication from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Hartford and South Haven, Michigan)" (MB Docket No. 03-257) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5515. A communication from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Barstow, California; Newcastle, Texas; Anacoco, Louisiana; Erie, Pennsylvania; and Greenfield, California)" (MB Docket Nos. 03-147, 03-148, 03-177, 03-178, and 03-180) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5516. A communication from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Eden, Texas)" (MB Docket No. 03-74) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5517. A communication from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Pearsall and Dilley, Texas)" (MB Docket No. 03-87) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5518. A communication from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (Statesville and Clemmons, North Carolina, Iron Gate, Virginia)" (MB Docket No. 03-219) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

EC-5519. A communication from the Legal Advisor to the Bureau Chief, Media Bureau, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Amendment of Section 73.202(b), Table of Allotments, FM Broadcast Stations (La Grange, Richlands, Shallotte, Swansboro, Topsail Beach, and Wrightsville Beach, North Carolina)" (MB Docket No. 05-16) received on January 25, 2006; to the Committee on Commerce, Science, and Transportation.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. BYRD (for himself, Mr. ROCKEFELLER, and Mr. KENNEDY):

S. 2231. A bill to direct the Secretary of Labor to prescribe additional coal mine safe-

ty standards, to require additional penalties for habitual violators, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Mr. VITTER:

S. 2232. A bill to require the Secretary of the Army to submit to Congress a report identifying activities for hurricane and flood protection in Lake Pontchartrain, Louisiana, and for other purposes; to the Committee on Environment and Public Works.

By Mrs. FEINSTEIN:

S. 2233. A bill to reform and improve the regulation of lobbying and congressional ethics; to the Committee on Rules and Administration.

By Mr. SMITH (for himself and Mr. BINGAMAN):

S. 2234. A bill to amend title XVIII of the Social Security Act to reduce cost-sharing under part D of such title for certain non-institutionalized full-benefit dual eligible individuals; to the Committee on Finance.

By Mr. SCHUMER (for himself, Mrs. CLINTON, Mr. BAYH, Ms. MIKULSKI, Mr. OBAMA, Mr. WYDEN, Mr. SALAZAR, Mr. DURBIN, Mrs. FEINSTEIN, Mr. DEWINE, Ms. STABENOW, Mr. KERRY, Mr. PRYOR, Mr. LEVIN, Mr. LIEBERMAN, Mrs. LINCOLN, and Mr. DAYTON):

S. 2235. A bill to posthumously award a congressional gold medal to Constance Baker Motley; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. JOHNSON:

S. 2236. A bill to amend Public Law 106-348 to extend the authorization for establishing a memorial in the District of Columbia or its environs to honor veterans who became disabled while serving in the Armed Forces of the United States; to the Committee on Energy and Natural Resources.

By Mr. SANTORUM (for himself, Mr. NELSON of Florida, and Mr. KYL):

S. 2237. A bill to withhold United States assistance from the Palestinian Authority until certain conditions have been satisfied; to the Committee on Foreign Relations.

By Mr. BAYH (for himself and Mr. BINGAMAN):

S. 2238. A bill to amend title XVIII and XIX of the Social Security Act to assure uninterrupted access to necessary medicines under the Medicare prescription drug program; to the Committee on Finance.

By Mr. MARTINEZ (for himself and Mr. NELSON of Florida):

S. 2239. A bill to prohibit offshore drilling on the outer Continental Shelf off the State of Florida, and for other purposes; to the Committee on Energy and Natural Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. COLEMAN (for himself and Mr. KENNEDY):

S. Res. 363. A resolution designating February 2006 as "Go Direct Month"; considered and agreed to.

By Mr. VITTER (for himself and Ms. LANDRIEU):

S. Res. 364. A resolution honoring the valuable contributions of Catholic schools in the United States; considered and agreed to.

By Mr. THUNE (for himself, Mr. LIEBERMAN, Mr. TALENT, Mr. BROWNBACK, Mr. CHAMBLISS, Mr. VOINOVICH, and Mr. JOHNSON):

S. Con. Res. 79. A concurrent resolution expressing the sense of Congress that no United States assistance should be provided

directly to the Palestinian Authority if any representative political party holding a majority of parliamentary seats within the Palestinian Authority maintains a position calling for the destruction of Israel; considered and agreed to.

ADDITIONAL COSPONSORS

S. 408

At the request of Mr. DEWINE, the name of the Senator from Georgia (Mr. ISAKSON) was added as a cosponsor of S. 408, a bill to provide for programs and activities with respect to the prevention of underage drinking.

S. 731

At the request of Mr. CONRAD, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 731, a bill to recruit and retain more qualified individuals to teach in Tribal Colleges or Universities.

S. 843

At the request of Mr. SANTORUM, the name of the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 843, a bill to amend the Public Health Service Act to combat autism through research, screening, intervention and education.

S. 910

At the request of Ms. SNOWE, the name of the Senator from Iowa (Mr. HARKIN) was added as a cosponsor of S. 910, a bill to require that health plans provide coverage for a minimum hospital stay for mastectomies, lumpectomies, and lymph node dissection for the treatment of breast cancer and coverage for secondary consultations.

S. 1215

At the request of Mr. GREGG, the name of the Senator from South Carolina (Mr. DEMINT) was added as a cosponsor of S. 1215, a bill to authorize the acquisition of interests in underdeveloped coastal areas in order better to ensure their protection from development.

S. 1419

At the request of Mr. LUGAR, the name of the Senator from South Dakota (Mr. THUNE) was added as a cosponsor of S. 1419, a bill to maintain the free flow of information to the public by providing conditions for the federally compelled disclosure of information by certain persons connected with the news media.

S. 1504

At the request of Mr. BUNNING, his name was added as a cosponsor of S. 1504, a bill to establish a market driven telecommunications marketplace, to eliminate government managed competition of existing communication service, and to provide parity between functionally equivalent services.

S. 1530

At the request of Mrs. MURRAY, the name of the Senator from Washington (Ms. CANTWELL) was added as a cosponsor of S. 1530, a bill to provide a Federal tax exemption for forest conservation bonds, and for other purposes.

S. 1691

At the request of Mr. CRAIG, the name of the Senator from Georgia (Mr. ISAKSON) was added as a cosponsor of S. 1691, a bill to amend selected statutes to clarify existing Federal law as to the treatment of students privately educated at home under State law.

S. 1710

At the request of Mr. SANTORUM, the name of the Senator from Rhode Island (Mr. CHAFEE) was added as a cosponsor of S. 1710, a bill to amend section 255 of the National Housing Act to remove the limitation on the number of reverse mortgages that may be insured under the FHA mortgage insurance program for such mortgages.

S. 1727

At the request of Mr. VITTER, the name of the Senator from Georgia (Mr. ISAKSON) was added as a cosponsor of S. 1727, a bill to provide grants for prosecutions of cases cleared through use of DNA backlog clearance fund.

S. 1948

At the request of Mr. DEWINE, his name was added as a cosponsor of S. 1948, a bill to direct the Secretary of Transportation to issue regulations to reduce the incidence of child injury and death occurring inside or outside of passenger motor vehicles, and for other purposes.

S. 2039

At the request of Mr. DURBIN, the name of the Senator from Oregon (Mr. SMITH) was added as a cosponsor of S. 2039, a bill to provide for loan repayment for prosecutors and public defenders.

S. 2178

At the request of Mr. SCHUMER, the name of the Senator from California (Mrs. BOXER) was added as a cosponsor of S. 2178, a bill to make the stealing and selling of telephone records a criminal offense.

S. 2182

At the request of Mr. ISAKSON, the names of the Senator from Colorado (Mr. ALLARD), the Senator from South Carolina (Mr. DEMINT), the Senator from Oklahoma (Mr. INHOFE) and the Senator from Louisiana (Mr. VITTER) were added as cosponsors of S. 2182, a bill to terminate the Internal Revenue Code of 1986, and for other purposes.

S. 2183

At the request of Mr. ROCKEFELLER, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 2183, a bill to provide for necessary beneficiary protections in order to ensure access to coverage under the Medicare part D prescription drug program.

S. 2201

At the request of Mr. OBAMA, the names of the Senator from New York (Mrs. CLINTON) and the Senator from Maryland (Ms. MIKULSKI) were added as cosponsors of S. 2201, a bill to amend title 49, United States Code, to modify the mediation and implementation requirements of section 40122 regarding changes in the Federal Aviation Ad-

ministration personnel management system, and for other purposes.

S. 2206

At the request of Mr. VITTER, the name of the Senator from Nevada (Mr. ENSIGN) was added as a cosponsor of S. 2206, a bill to amend title X of the Public Health Service Act to prohibit family planning grants from being awarded to any entity that performs abortions.

S. RES. 355

At the request of Mr. NELSON of Nebraska, the names of the Senator from Connecticut (Mr. DODD), the Senator from Iowa (Mr. GRASSLEY), the Senator from Oregon (Mr. SMITH) and the Senator from Kansas (Mr. ROBERTS) were added as cosponsors of S. Res. 355, a resolution honoring the service of the National Guard and requesting consultation by the Department of Defense with Congress and the chief executive officers of the States prior to offering proposals to change the National Guard force structure.

S. RES. 357

At the request of Mr. MCCAIN, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. Res. 357, a resolution designating January 2006 as "National Mentoring Month".

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BYRD (for himself, Mr. ROCKEFELLER, and Mr. KENNEDY):

S. 2231. A bill to direct the Secretary of Labor to prescribe additional coal mine safety standards, to require additional penalties for habitual violators, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Mr. ROCKEFELLER. Mr. President, it is my honor today to join with my colleague Senator BYRD, who I am sure will be here very shortly. We are very proud to announce that we are, as an entire West Virginia delegation, introducing the Federal Mine Safety and Health Act of 2006.

The last few weeks have been an emotional roller coaster in West Virginia and across large parts of the country as we watched the damage and the pain and the crying and the anger because of a series of coal mine accidents that happened in West Virginia where 14 miners lost their lives and in the State of Kentucky where a miner lost his life. There is no real way of describing the sadness and the grief of being with families as they find out their coal-miner spouses are no longer alive.

Everybody understands that coal mining is very dangerous, but you go in every day with the hope that it will be all right. It is a way of life. People ask, Why do you go into coal mining? They go into coal mining to keep the lights of America on and they do it to earn a good wage.

What we have to do is make sure the legacy of these 15 miners who died—1

in Kentucky and 14 in West Virginia, 15 miners in all—is that we make sure this kind of tragedy never happens again.

It is amazing to be in a coal-mining community when tragedy hits. People pull together amazingly, in Kentucky very much like West Virginia in that respect, and there is a sense of family. One person's loss is every person's loss.

Obviously, we have the losses that come in Iraq and in wartime in general. But there is something about coal mining. When there is a death in coal mining, it is devastating to a community and it takes a long time to heal.

I would come to churches—the Freewill Baptist Church in Logan County, the Sago Baptist Church in Upshur County, one south and the other up north—and you learn spiritually and personally forever with people who are bound together forever because they have gone through something which is truly difficult.

I note that in the case of Kentucky, we even have evidence of a miner who was killed two years ago who was actually videotaping with his video camera things which he thought were not proper in that particular mine, as he was killed. He was still videotaping as he was killed.

Legislation is needed.

I note the presence on the floor of my distinguished senior colleague, Senator BYRD.

What we plan to do in the Senate and in the House—we in the Senate and our three Members in the House—is, in fact, to take the first step toward improving mine safety and doing it through legislation.

It is a sad thing to say, for the country and for all of us, where we have gone through a period of years where we haven't had large numbers of people killed in the mines, that we have been lulled into thinking that mining is not dangerous. That has been compounded by the fact that the obsession with oil which the President spoke about last night has been very real. What is going on overseas in Afghanistan, Iraq, and other places of danger across the world has generally tended to pull us away, I think maybe for 20 years, from a review of what coal mine safety legislation, rules, and regulation through MSHA, the Mine Safety and Health Agency, ought to be. Things haven't changed a lot. The safety technology in the mines has not changed a lot. There is a bit of a lax attitude, and a little bit of indifference. This is the world we live in—the world of mining—and it is as it is, and it ever shall be. That kind of thinking we have to stop.

As a delegation, led by Senator BYRD, we are determined to do that. We are determined that the legacy of these 14 miners in West Virginia and the one in Kentucky will be that this kind of accident never takes place again. We do not want that to happen.

The irony is that coal, which has always been taken for granted by the American people, to my distress, is a

full 31 percent—and it has been for years—of all of our energy use in America. People are always thinking about importing oil, and we do. That is a tremendous addition to our trade deficit, and it causes all kinds of other problems when we are dealing with very unstable countries—increasingly unstable countries. But all the while coal has been sitting there. We have a 250-year supply of coal in the United States of America. That can be substituted for much of that oil.

The coal industry is growing. The price of coal is going up. People are going to be opening new coal mines. I wouldn't say it is a hot industry in financial terms, but it is very close to it, which means there are going to be more mines opened. Therefore, more people will be getting into mining—some will be small, some will be larger. We have to make sure they will be mining safely and responsibly. That takes vigilance on our part, on the part of the Secretary of Labor, and on MSHA's part. That is why Senator BYRD, my senior Senator, will no doubt submit the bill.

But we want to call immediate attention to the Mine Safety and Health Administration and the Secretary of Labor because they have in their power right now the ability to cause to happen a number of the suggestions which we are making. They can simply do it. They have the rulemaking power to do that, but they have not done that.

What we are doing is looking at a few ways that the Mine Safety and Health Administration and also the Secretary of Labor, Elaine Chao, can act aggressively to improve mine safety, as they can do without a single change in any law at all. In many cases, Congress has given them this authority. It is just a matter of the Secretary of Labor moving on these issues. It ought to ring loud and clear, and there ought to be results from that.

In our bill, we also instruct the Secretary to promulgate rules quickly to require a series of things: advanced communication and breathing apparatus, technologies that can be deployed in our mines.

This is something which has baffled Senator BYRD, myself, and our delegation for a long time. We have a lot of rules and regulations; regarding breathing apparatuses, for example; oxygen supplies, for example—which have not changed since 1977, or before. We have just gone through a period of years when we have not put the focus on coal mine safety. Now that is at an end. We have to have advanced communications and breathing apparatus technologies.

It has been said often—it will be said once again—that we could talk with Neil Armstrong on the Moon when he was there many years ago, but we can't talk with a coal miner in a two-way communications system who may be 1,000 or 2,000 feet underground. To say the technology for that doesn't exist is to say that America isn't America.

I have had in my office, as I am sure others have, numerous people in the last several days pouring out ideas they are working on or have developed. The families of the victims gave us many ideas of what could be done. We are a country of new technologies. We have simply declined to apply it to coal mine safety, and the coal mines have been a bit lax to take the initiative on that. This is something we are all going to have to do together. We have to demand that rescue teams be staffed and on site in every single mine.

There was a major problem, particularly at the Sago mine up north. But rescue teams have to be a part of an operation. If you are going to start a business, a rescue team within your workforce has to be a part of what you do—not simply wait for a rescue team 2 hours away to collect itself and then come. That is usually too late. It is amazing to me that that situation exists.

We have to also develop a schedule of fines for mining violations. They have to mean something. The average mine violation at Sago—there seem to be several hundred of them—all seems to be \$60 or \$270. That doesn't change behavior. That encourages a company to say, Look, we will pay because there is no real penalty on us.

Fines can be charged up to \$60,000, and we are going to increase that. Mines can be shut down by Federal mine inspectors if they choose to do that. But for the most part they have not chosen to do that. The lesson has to sink in to be responsible as a coal mine or else you can't do it.

Another matter in our legislation is that we have to notify the MSHA immediately when there is an accident. That was not done in a couple of our cases. In one case, it took a very long period of time to notify the agency. That seems a small thing, but that is a huge thing, particularly because small mines today don't necessarily have their own rescue teams.

There have to be extra alerts that go out across the Federal and the State bureaucracy and within the mining community so that rescue teams can get to the spot as soon as possible.

So we want the Federal mine safety agency to make the health of miners its first and foremost priority.

As of the day that first problem happened at Sago with the death of so many miners, it has become my first priority and will stay that way until we get what we need in coal mine safety, working with the companies, with the Federal Government and, where necessary, to use legislation.

The enforcement of mine safety laws requires a set of penalties that reflects the seriousness. We cannot have a situation such as we had at Sago Mine—\$60 or \$270 fines with over 200 violations. They have to reflect the seriousness, and be proportional. They have to be larger and have impact. Companies cannot just say, I will go ahead and pay that, but I don't have to make any

change because I can afford to pay that; then I don't have to have people coming in and looking at what is going on in my mine as much.

MSHA has minimal penalties and that is the fault of all of us; but primarily MSHA should do its job. As part of MSHA's invigorated commitment to the safety of miners, we are going to seek to have in our legislation the agency enforce a longstanding rule which was canceled in 2004. It is a very serious rule and one that I will briefly explain. Mine operators have been using fresh air escapeways to house coal conveyor belts. What does that mean? The first thing we need to understand, mines are required to have fresh air escapeways. These are supposed to be free from potentially combustible material, combustible gases, and the possibility of fire. Where there is a beltway—which costs \$100 million plus in some cases; it is a very large operation—a single friction could ignite a fire. That fire, then, can take off into the coal seams and cause terrible damage and destruction of human life.

Belt fires such as the one resulting in the deaths of the two brave West Virginians at the Alma mine in southern West Virginia are some of the most dangerous occurrences in coal mining in any form. The very least we can do to protect miners is keep the entrances to the mines—where these miners risk their lives every day to provide the rest of the country with the energy—free of such avoidable hazard. That was the rule. That was the law for many years.

For reasons we can only guess, MSHA altered the enforcement practices to allow for entry coal belts in 2004. That is wrong. That is the lack of vigilance on the part of all who watch over mining.

Finally, our legislation calls for the creation of a position of miner ombudsman. People say, So what? There is a big "so what." It is a fact that miners in some mines are afraid to report safety deficiencies. They are afraid to report certain matters because they think if they do they will get in trouble or get fired or their sister or brother will get fired from a coal mine. I am not making an accusation, but I heard a great deal of talk about that condition when I was in West Virginia for many days, along with my senior Senator, Senator BYRD. I heard that a great deal.

The miners have to have a voice in an overall Federal agency. That voice in the overall Federal agency—MSHA—has to be out of the political process, almost detached, in a sense, from MSHA itself. That is important because we have to provide people a place to report mine safety problems. They have to be able to do it anonymously and they have to be able to do it feeling safe about so doing.

My West Virginia colleague and I do not pretend to be doing a complete fix of mine safety legislation. We do believe our act is a first strong step on a

path that Congress should have started down some time ago. It is immensely sad it took the deaths of 14 West Virginians and 1 Kentuckian to galvanize the emotion, anger, and determination one has to have when it comes to making sure the coal mines are safe.

Coal mines are a world within themselves. The taste of a coal mine, the smell of a coal mine, the brotherhood of a coal mine, the danger of a coal mine, these are things which are part of people's lives. Most people in West Virginia, most people across the United States of America, have never been down a coal mine because it is restricted and people cannot wander in to look around. Those who have oversight responsibility have to make sure they do their job.

I, for one, believe those who do represent the mining State need to take this responsibility, as do the companies, as do the operators at the ground level, and also the miners themselves. I have had a slew of ideas in the last several days. I am optimistic we can find technology—it may come out of DARPA or DOD. Remember in the first gulf war, the Marines, Air Force, Navy, and Army could not communicate with each other when they went into Kuwait. Their radio bands were all different. Everyone knows that story. That was bad. They fixed it. That is what we have in our coal mines. That has to be fixed.

Mine safety moved to the top of my legislative priority list the very day I heard of these tragedies. I commend this important legislation to my colleagues. I invite them to join Senator BYRD and myself in cosponsoring this legislation.

The PRESIDING OFFICER. The Senator from West Virginia is recognized.

Mr. BYRD. How much time do I have under the order?

The PRESIDING OFFICER. There is 25½ minutes remaining on the minority side. There is no more specific order.

Mr. BYRD. How much time was there at the beginning?

The PRESIDING OFFICER. The allotted time was 45 minutes.

Mr. BYRD. And 25 minutes remain?

The PRESIDING OFFICER. Correct.

Mr. BYRD. Mr. President, it has been almost 1 month since the explosion that killed 12 miners at the Sago mine in Upshur County, WV, and almost 2 weeks since the conveyor belt fire that killed two miners at the Aracoma Alma mine in Logan County, WV. In that same time, the Mine Safety and Health Administration, MSHA, of the U.S. Department of Labor has briefed my office on several occasions. The Senate Labor-HHS Appropriations Subcommittee, at my request and under the leadership of Chairman ARLEN SPECTER and ranking member TOM HARKIN, has held a hearing and solicited testimony from mine safety experts. The West Virginia delegation in the House and the Senate has met with the Governor of West Virginia, Gov-

ernor Joe Manchin, has met with the White House Chief of Staff, and has met with the acting MSHA Director to review mine safety legislation passed by the West Virginia legislature in the wake of the Sago and Alma tragedies.

We now can speak with some certainty about what contributed to the tragedies at the Sago and Alma mines that killed 14 coal miners. We know these tragedies have highlighted gross weaknesses in mine emergency preparedness and the failure of leadership at the Federal Mine Safety and Health Administration to get tough about rescue procedures.

We know that communications technology in our Nation's coal mines is inadequate. The Federal mine regulators require only that a telephone line connect the working sections of mines to the surface. If that telephone line does not work, in the event of an emergency, the miners trapped underground are cut off from the rescue effort. Those on the surface cannot get a message to the miners underground and the miners underground cannot get a message to those on the surface.

At the Sago and Alma mines, families waited, waited, waited in anguish for 40 hours, not knowing if their loved ones were alive or dead because the communications equipment in the mine did not work.

We know that Federal mine safety officials cannot immediately locate miners trapped underground. At both the Sago and Alma mines, families waited, and waited, and waited while rescue teams searched meticulously through the underground caverns. Those teams could only make educated guesses about the location of the trapped miners, putting the rescue teams' lives and the lives of the trapped miners at increased risk while the search went on.

We know that the MSHA notification and response system is ponderously slow. Federal mine safety officials did not know of the Sago explosion until 2 hours after it happened. It took another 9 hours—9 long, excruciating hours—before rescue teams could enter the mine.

The same thing happened at the Alma mine. Federal mine safety officials did not know of the underground fire for 2½ hours, and in that time the fire spread and got worse. We know Federal mine regulators require only that miners have a 1-hour emergency breathing device; and at the Sago mine, 1 hour of oxygen was not nearly adequate to sustain those miners through a 40-hour rescue operation. We also know that the Mine Safety and Health Administration, tragically—tragically—abandoned its assessment of the rules governing these 1-hour emergency breathing devices in December of 2001. What a travesty.

We know that the mine rescue teams, at both the Sago and Alma mines, were forced to wait for a frustrating amount of time because the coal operators had to negotiate the question of liability before the rescue teams could enter the

mines. We know that Federal mine regulators have been aware of this liability problem since 1995. We know that MSHA has not taken steps to address it, or to update and improve the rules related to the number of rescue teams per mine and their ability to respond rapidly. The only recent effort to update these rules was halted by MSHA—now get that—the only recent effort to update these rules was halted by MSHA in 2002.

The Sago mine was a habitual violator with 276 citations and orders issued in 2004 and 2005. The coal operator never paid a fine more than \$440, even though mandatory health and safety standards were repeatedly, repeatedly, repeatedly violated. Meanwhile, MSHA assessed fines as low as \$99 for violations that were classified as “significant and substantial.” Let me say that again. Meanwhile, MSHA assessed fines as low as \$99 for violations that were classified as “significant and substantial” in threatening the safety and health of the miners at Sago.

MSHA has broad authority to protect coal miners, and the 1977 Mine Act is the strongest and most sweeping workplace safety law ever enacted in the United States, and, yet, even with these tools—even with these tools—the Mine Safety and Health Administration failed—yes, it failed—to protect the 14 miners who perished at the Sago and Alma mines. What a shame. What a shame.

MSHA has the authority to require that secondary communications equipment be available in the event of an emergency. That authority was not used. MSHA has the authority to require that emergency breathing devices be placed in the mines in the event of an extended recovery effort. That authority was not used. That authority was not used. MSHA has the authority to penalize habitual violators, and to close those mines where pattern violations threaten a coal miner's life. That authority was not used. That authority was not used. What a travesty.

MSHA is the Federal agency charged with protecting coal miners. I will say that again. MSHA is the Federal agency charged with protecting coal miners, but it has scuttled—get that; it has scuttled—18 initiatives in the last 5 years to update and improve mine safety and emergency preparedness. MSHA's leadership has embraced the status quo as good enough, and that attitude puts miners' lives at risk.

In the past, mine disasters such as these have spurred tougher mine safety laws. The Farmington, WV, disaster spurred the 1969 Coal Act, and subsequent disasters spurred the 1977 Mine Act. Now, I was here at the time in both instances. I was in the Senate. This time, the legacy of the Sago and Alma mine disasters must be a tougher agency that will—will—enforce the law.

Together with Senator JAY ROCKEFELLER and the West Virginia delega-

tion in the House, I am introducing legislation today that is a mandate for action. Our legislation does not amend the Mine Act. Our delegation takes the position that the Mine Act already provides the Secretary of Labor with every authority necessary to prevent these kinds of tragedies. Instead, the legislation that I am introducing on behalf of myself and Mr. ROCKEFELLER—and which is being likewise introduced in the House of Representatives today—our legislation directs the Labor Secretary to employ the authorities of the Mine Act. It directs the Labor Secretary, within 90 days, to promulgate a series of health and safety rules aimed at improving mine safety enforcement and emergency preparedness.

This legislation directs the Labor Secretary to establish a rapid notification and response system. This legislation requires coal operators to expeditiously notify MSHA of emergencies. Any coal operator who fails to expeditiously notify Federal mine safety officials will be subject to a \$100,000 fine.

We must reduce the amount of time that is lost between a mine emergency and MSHA's notification and arrival on the scene.

Our legislation directs the Labor Secretary to reassess regulations that govern mine rescue teams to ensure that their numbers are sufficient and that obstacles to their deployment are minimized. Mine rescue teams ought to be able to respond just as local fire departments would respond to an emergency. It must not take 11 hours.

Our legislation requires coal operators to store additional emergency breathing supplies underground to sustain miners who may be trapped for an extended period. Our legislation requires the Labor Secretary to update and improve the rules governing emergency communications equipment that would allow miners underground to communicate with surface rescue efforts, and allow surface rescue efforts to locate miners underground. Never again—never again—should a coal miner or any other miner lack access to a reasonable supply of oxygen underground or be unable to receive directions from the surface about escape routes—never again.

On the enforcement side, our legislation requires the Labor Secretary to create a new \$10,000 mandatory and minimum penalty for coal operators who display negligence or reckless disregard for safety standards. By negligence or reckless disregard, I am talking about coal operators who knew or should have known of a dangerous condition or practice and failed to take the steps necessary to fix the problem, or who displayed conduct which exhibits a deplorable absence of care for the safety and health of the miners. If penalties are required in this kind of situation, then this statutory floor will help to ensure that those penalties will hurt—let me say that again—if penalties are required in this kind of situa-

tion, then this statutory floor will help to ensure that those penalties will hurt, and hurt sufficiently to encourage violators to comply with the law.

Our legislation prohibits the use of belt entries for ventilation in contravention of an MSHA regulation issued in 2004, which likely—hear me now—which likely played a part in the Alma fire.

Our legislation creates a science and technology office in the Labor Department to help expedite the introduction of the most advanced health and safety technologies into the mines, and to ensure that Federal mine safety officials are actively pulling from other Federal agencies those technologies that can help to protect miners. No longer—hear me; hear me now: no longer—should miners be sent underground with safety equipment that is decades out of date.

Our legislation creates the new position of ombudsman in the Labor Department's Inspector General's office to allow miners to more easily report safety violations. To be effective, such a position requires the appointment and the confirmation of someone with at least 5 years—no political hack—someone with at least 5 years of expertise in mine safety and health. No place for a political hack. A miner should never have to feel that he has no options other than to continue to work in a dangerous environment.

Now, I speak from the heart. I grew up in a coal miner's home. My dad was a coal miner—a coal miner. I married a coal miner's daughter. Loretta Lynn sings a song. She is a coal miner's daughter. Well, my wife is a coal miner's daughter. My brother-in-law died of silicosis, black lung. His father was killed by a slate fall in a coal mine. So I speak from the viewpoint of a coal miner, a coal miner's son.

For 5 years, the leadership in the Labor Department and the Mine Safety and Health Administration has worked against—get that—worked against the health and safety needs of coal miners. If we must hold the hand of the Labor Department—if we have to hold the hand of the Labor Department—and lead it like a stubborn and obstinate child, to force it to promulgate rules to implement the Mine Act and save lives, then that is exactly what we should do. If this administration and if MSHA will not lead, then this Congress must lead, and, if necessary, poke, prod, kick, and push MSHA into fulfilling its mandate.

At this late date, we need more than platitudes—more than platitudes—to protect the safety of our Nation's miners. We are not just talking about West Virginia miners, not just talking about coal miners in West Virginia. We need resources. We need swift action. And we need to impress deeply upon the psyche of MSHA—they better hear that—impress deeply upon the psyche of MSHA and the Nation's coal mine operators that the safety of miners will not be compromised for personal profit or for politics.

Protecting the safety of our miners is a moral responsibility. Hear me. Protecting the safety of our miners is a moral responsibility, and this legislation will help to make sure that we never, ever forget that.

I send the bill to the desk, a bill by Mr. BYRD for himself and Mr. ROCKEFELLER. I ask that it be relayed to the appropriate committee.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The minority leader is recognized.

Mr. REID. Has the Senator from West Virginia yielded the floor?

Mr. BYRD. Yes, I yield the floor, and I thank the distinguished leader.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. REID. I had the opportunity to listen to the remarks of Senators BYRD and ROCKEFELLER. I wanted to add my remarks about mine safety.

As I have told the Senator from West Virginia, my father was a miner. When I was less than a week old, my father was working in a mine at Chloride, AZ. It was a gold mine. It was a vertical. There were two men in the hole. That was standard operating procedure at the time. There was only one person present to light the holes for obvious reasons. So my dad's working companion, a man named Carl Myers, had gone up to the next level so he would be away from the dynamite. In those days, they didn't have product liability protection, and so my dad had lit 12 holes. One of them went off early. The fuse ran and blew my dad in the air, blew the soles off his shoes, blew his carbide light out. In those days, you would take a sinking ladder down in the hole with you, and when you would go out, when the holes were burning, you would take it up with you. My dad was in a state of shock and didn't know that it had blown one of the legs off the ladder. So every time he would try to put the ladder down to climb out, he would fall. And he kept falling.

The man in the next level who heard the 1 hole go off knew there were 11 others that were supposed to go off and knew my dad hadn't come out. This man, Carl Myers, climbed down the hole and, even though he was a smaller man than my father, helped my dad out of the hole, drug him up to the next level. The other holes went off. My dad went to the hospital and spent some time there. But as a result of the heroic feat of Carl Myers, who received a medal for heroism for doing what he did, my father was able to raise his four boys.

The reason I mention that to the distinguished Senator from West Virginia is mine safety means saving people's lives. Growing up in Nevada, my dad worked many times down in the mines alone. That was against the law, but he did it all the time. It was against the law, but there were no mine inspectors. He was down there alone all the time.

I have watched with interest the rash of mining accidents in West Virginia

and Kentucky in the last few weeks. I want the Senators from West Virginia to know that I will do anything I can legislatively to make sure these mines are safe. I speak from experience. Mining is a terribly difficult job. That is why there are so many songs written about the dangers of mining.

As I indicated, when I was growing up, my dad didn't have much protection from the State. They abandoned Searchlight. There wasn't a lot going on, so they didn't watch it very much. A rock fell on the head of my dad's best friend. They carried him out of the mine. It killed him. He wasn't as fortunate as my dad because his widow raised the three Hudgens children alone. There are lots of accidents. These things happen.

Without proper protection, there is no occupation more dangerous than being down in a hole.

I applaud the Senator from West Virginia for protecting his State as he always does. But understand also that in faraway Nevada, 2,500 miles away, you have a Senator who will do anything possible to make sure that in the State of West Virginia and in all places where mining takes place, there are Federal regulations in place to protect people like my dad.

Mr. BYRD. Mr. President, if I may be recognized.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Let me thank my friend, the leader, our leader on this side of the aisle, who is a gold miner's son. There are not many of us in here who are gold miners' sons. I am proud that my leader is a gold miner's son. I am proud that he assured us, from his standpoint and within his power, that he will do everything possible—and I hope he will—to help bring this legislation to the floor. He understands that it is needed, and I will welcome his assistance in that regard. I am proud of him as a gold miner's son. I am glad he reminds us of this from time to time. I believe this legislation is badly needed. I implore my leader to do everything he can to see that this bill gets on the calendar and gets taken up by the Senate and acted upon promptly.

I thank all Senators and yield the floor.

Mr. KENNEDY. Mr. President, I want to express my support for the Federal Mine Safety and Health Act of 2006, introduced today by Senators BYRD and ROCKEFELLER.

The recent tragedies at Sago Mine and Alma Mine in West Virginia remind us that the safety of the Nation's workers is paramount. Mining continues to be extremely hazardous—it has consistently been the first or second most dangerous industry in the country. This year we have already had 17 mine fatalities, 15 of them in coal mines, and 14 of them in West Virginia. And sadly, I understand that two more miners may have been killed today.

Our entire Nation joins their families and communities in mourning these

fallen miners. We have a continuing obligation to do everything we can to protect the safety of America's workers. It is obvious that we are not meeting that obligation.

Two weeks ago, I traveled with Senator ROCKEFELLER, HELP Committee Chairman ENZI, and Subcommittee Chairman ISAKSON to meet with the family members of the miners who were killed at Sago Mine, and with coalminers, company representatives, and health and safety experts. Each of us made a sincere commitment to improving the Nation's mine safety laws.

This legislation provides a vital first step. It requires swift action by the Mine Safety and Health Administration to adopt standards that are long overdue and bring mine safety standards out of the Stone Age and into the 21st century. It will bring stronger enforcement and up-to-date technology to every mine in America.

First and foremost, we need to ensure that the rescue and communications technology available to our Nation's miners is the most up-to-date available. Coal companies have spent millions on improving techniques for extracting coal and metals from the ground, but miners still have to rely on oxygen units and phone lines that were developed 30 years ago. We already know better communications and miner tracking technology exists in other countries. It has been available in the United States for several years but, despite its proven availability to help save miners' lives, only a handful of mines here in the U.S. are using it. This bill would create a dedicated office at MSHA to explore mine safety technologies and to work with other Federal agencies to ensure that our Nation's mines are using the newest and best safety equipment.

While innovation is important, we also need to ensure that we use all of the tools available today to keep our Nation's miners safe. Earlier this week, 72 workers at a mine in Canada were saved because Canadian mines are required to provide adequate stores of oxygen. It's a travesty that we aren't doing the same for American miners. This bill would require every coal mine in this country to have rescue chambers available, with emergency air supplies and breathing devices to help keep miners alive while they are waiting for rescue.

We also need to see that every mine is adequately prepared to respond to future emergencies. When miners are trapped underground, every minute is precious. Yet our laws and policies do not require mine rescue teams to be onsite. All too often it takes hours for rescuers to reach a mine and, when they do arrive, they are not familiar with the mine's layout. We also are losing experienced miners to work on these teams, as the average age of rescue workers is rising. The number of trained rescuers is decreasing, even as demand for coal production increases.

This legislation would require coal companies to have onsite rescue teams

employed by the mine, who are familiar with the layout of the mine and are at the ready in the case of an emergency. It also directs the Secretary of Labor to develop requirements for the training and qualifications of mine rescue workers, and the equipment and technology used in mine rescues.

We also need to ensure that our penalties are a significant deterrent to mine operators who continually violate the law. Sago Mine had an injury rate nearly three times that of the national average and had been cited by MSHA for over 200 safety violations in 2005. Nearly half of these were "serious and substantial"—meaning that the violations had the potential to lead to serious injury. Eighteen of the violations were so serious that they led to partial closures of the mine.

I know that President Bush has proposed raising maximum fines for the most flagrant violations from \$60,000 to \$220,000. But this ignores the critical failures of our minimum penalties, which are so low as to be toothless. It is difficult to believe that penalties lower than traffic tickets will deter companies that make millions of dollars in profits each year. This legislation would ensure that willful and negligent violators of the law would face a minimum fine of \$10,000. Mine operators who fail to immediately notify MSHA of an emergency face fines of up to \$100,000.

This bill starts a long overdue process to improve the safety of our Nation's miners. We must act before another tragedy like those at the Sago and Alma Mines occurs. I commend Senator BYRD and Senator ROCKEFELLER and the West Virginia Delegation for crafting this legislation. And I join them in asking my colleagues to support its swift passage.

By Mrs. FEINSTEIN:

S. 2233. A bill to reform and improve the regulation of lobbying and congressional ethics; to the Committee on Rules and Administration.

Mrs. FEINSTEIN. Mr. President, I am introducing legislation today that reforms and improves the regulation of lobbying and raises congressional ethics standards.

There is a perception in America that members of Congress care less about the public interest and more about advancing their own personal and financial interests. We need to make fundamental changes in how we permit lobbyists to influence legislation, hearings, appropriations, and our general oversight of the Executive Branch.

The Democratic leadership bill to reform lobbying rules, the Honest Leadership and Open Government Act, which I am cosponsoring, contains sensible enough reforms.

Rather than standing pat, the measure I am introducing today is tougher medicine. I believe it will go a long way to changing the view of constituents that Congress is corrupt and ethically challenged.

The measure: institutes a Congress-wide two year ban on Senators, House members and their staffs lobbying Capitol Hill; takes a zero tolerance approach to lobbyist offered sports and entertainment tickets and meals; prohibits any lobbyist sponsored, or paid for, travel; and eliminates the option of registered lobbyists working in any capacity for a Senator's or House Member's election campaigns or fundraising operations.

A New York Times poll this past Friday sums up, in stark terms, public perceptions of Congress.

When asked "Do you think that recent reports that lobbyists may have bribed members of Congress are isolated incidents or is this the way things work in Congress", 77 percent of the respondents said bribing is the "way things work" in Congress. The survey indicates a 61 percent disapproval rating of Congress as well.

One poll participant, Mr. Donald Pertuis from Arkansas, commented that "It seems like the integrity of Congress Members in the last few years has just gone to pot."

A key step, that will go a long way to clearing up the perception that individuals leaving the Hill immediately trade on their contacts and friendships, is a two year Congress-wide ban on lobbying for Members and staff once they leave their jobs.

Members and staff make a beeline for K Street when they leave the Hill. According to the New York Times, 50 percent of the 36 Senators retired since 1998 and 40 percent of the 162 House Members have signed up as lobbyists.

The Democratic leadership bill, and from what I understand the Republican measure being drafted, restricts staff from lobbying their former offices. That is good but we need to go further.

We need to change the minds of people across America that working in the Senate or House is about a commitment to public service—not a revolving door to cashing in as a private sector lobbyist.

On another front, numerous Senate and House campaigns have registered lobbyists as Treasurers for Members' PACs and in other key finance roles. It's another backdoor way for a lobbyist to insinuate his or her way into a politician's inner circle.

Published reports confirm that 71 lawmakers now list lobbyists as treasurers to their PACs or their campaign committees, nearly a fivefold increase since 1998. We need to make a clean break from this kind of collaboration that's fast on the rise.

The legislation I am introducing prohibits the formation of any political committee by a politician if a person registered as a lobbyist is formally affiliated with such an entity. Alex Knott at the Center for Public Integrity stated in the Wall Street Journal last week that "By putting a lobbyist in charge of your political operations, you are conflicted from the start." He's absolutely correct.

Senators, House Members, their staffs and lobbyists alike ought to brace themselves for major change. The old rules and regulations that govern Washington are due for overhaul, and I believe that the two comprehensive leadership bills will represent a good start to that process. I hope my colleagues are receptive to even more stringent efforts, in the form of this legislation I am introducing today, and look forward to the full Senate debate on this issue in the coming months.

I ask unanimous consent that the text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 2233

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Lobbyist Reform Act of 2006".

SEC. 2. TWO-YEAR TOTAL BAN ON LOBBYING BY MEMBERS OF CONGRESS AND EMPLOYEES OF CONGRESS.

Subsection (e) of section 207 of title 18, United States Code, is amended to read as follows:

"(e) RESTRICTIONS ON MEMBERS OF CONGRESS AND OFFICERS AND EMPLOYEES OF THE LEGISLATIVE BRANCH.—

"(1) IN GENERAL.—

"(A) PROHIBITION.—Any person who is a Member of Congress, an elected officer of either House of Congress, or an employee of a House of Congress and who, within 2 years after that person leaves office, knowingly makes, with the intent to influence, any communication to or appearance before any of the persons described in subparagraph (B), on behalf of any other person (except the United States) in connection with any matter on which such former Member of Congress or elected officer seeks action by a Member, officer, or employee of either House of Congress, in his or her official capacity, shall be punished as provided in section 216 of this title.

"(B) CONTACT PERSONS COVERED.—The persons referred to in subparagraph (A) with respect to appearances or communications are any Member, officer, or employee of either House of Congress, and any employee of any other legislative office of Congress.

"(2) DEFINITIONS.—As used in this subsection—

"(A) a person is an employee of a House of Congress if that person is an employee of the Senate or an employee of the House of Representatives;

"(B) the term 'employee of the House of Representatives' means an employee of a Member of the House of Representatives, an employee of a committee of the House of Representatives, an employee of a joint committee of Congress whose pay is disbursed by the Clerk of the House of Representatives, and an employee on the leadership staff of the House of Representatives;

"(C) the term 'employee of the Senate' means an employee of a Senator, an employee of a committee of the Senate, an employee of a joint committee of Congress whose pay is disbursed by the Secretary of the Senate, and an employee on the leadership staff of the Senate;

"(D) the term 'Member of Congress' means a Senator or a Member of the House of Representatives; and

"(E) the term 'Member of the House of Representatives' means a Representative in,

or a Delegate or Resident Commissioner to, Congress.”.

SEC. 3. BAN ON GIFTS FROM LOBBYISTS.

Paragraph 1(a)(2) of rule XXXV of the Standing Rules of the Senate is amended by adding at the end the following: “This clause shall not apply to a gift from a lobbyist.”.

SEC. 4. PROHIBITION ON PRIVATELY FUNDED TRAVEL.

Paragraph 2(a)(1) of rule XXXV of the Standing Rules of the Senate is amended by striking “an individual” and inserting “an organization recognized under section 501(c)(3) of the Internal Revenue Code of 1986 that is not affiliated with any group that lobbies before Congress”.

SEC. 5. REGISTERED LOBBYISTS PROHIBITED FROM SERVING ON AUTHORIZED POLITICAL COMMITTEES.

Subsection (d) of section 302 of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(e)) is amended by adding at the end the following new paragraph:

“(6) No political committee may be designated as an authorized committee if a person registered as a lobbyist under section 4 of the Lobbying Disclosure Act of 1995 is formally affiliated with such committee.”.

By Mr. MARTINEZ (for himself and Mr. NELSON of Florida):

S. 2239. A bill to prohibit offshore drilling on the outer Continental Shelf off the State of Florida, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. MARTINEZ. Mr. President, I rise today to join my colleague from Florida, Senator BILL NELSON, in introducing the Permanent Protection for Florida Act of 2006.

I believe this bipartisan legislation will provide Florida's pristine coastline, beaches, and our critical military training area with strong, permanent protections—while at the same time providing limited oil and gas exploration in areas that have traditionally been under Presidential moratoria.

Our Nation is struggling with crippling energy prices and the growing pressure to explore off Florida's coast has never been greater than now. Instead of sitting on the sidelines and waiting for others to dictate the terms of oil and gas operations on our coast, we felt compelled to offer an alternative that will protect our State's interests in perpetuity.

This legislation offers historic protections that would create a Florida Exclusion Zone—a buffer area extending 150 miles south of the Panhandle that would also place the Florida Straits and Atlantic Coast permanently off limits to oil and gas exploration.

All leases inside the Florida Exclusion Zone would be relinquished or removed in exchange for royalty forgiveness on active leases in the Central and Western Gulf of Mexico. These relinquished leases must also be environmentally restored to their original condition. In addition, the Permanent Protection for Florida Act would remove the mandatory inventory of the Outer Continental Shelf and extend the current Presidential moratorium through 2020.

This bill sends a message that is loud and clear—Florida's waters are off lim-

its. Florida's leaders have worked too long and too hard on building up these protections just to have them disappear during a brief moment of high energy prices. We have a lot at stake and it is time to solidify our protections into law.

I believe these historic protections will garner significant support from our State's congressional delegation and coastal members of Congress that are concerned with resource exploration off their coasts.

I urge those that are looking for bipartisan solutions to energy exploration to join with me and my colleague Senator NELSON in supporting this legislation.

Mr. NELSON of Florida. Mr. President, I rise today to introduce with my fellow Senator from Florida, MEL MARTINEZ, legislation we believe will enhance our Nation's military preparedness, while also protecting the State of Florida's economy from harm by oil drilling.

It could be said that debate on this issue began 37 years ago last month. It was in January 1969 when an explosion at an offshore drilling site caused a 200,000-gallon crude oil spill off California's coast. While small in comparison to other spills, that incident dealt a devastating blow to neighboring beaches and aquatic life.

As tides brought an 800-square-mile slick ashore, oil coated 35 miles of the coastline, blackening beaches and killing thousands of birds, dolphins, seals, fish and other wildlife. A national outcry followed, and sparked a movement that led to legal bans on drilling on the Outer Continental Shelf, including the eastern Gulf of Mexico off of Florida.

Unfortunately, this past year has seen a number of legislative and administrative attempts to undo this longstanding ban—without a cause that is worth the risk.

In fact, Senator MARTINEZ and I have been fighting an almost daily battle to protect our State's tourism economy, which is heavily dependent on our beautiful beaches and abundant fisheries. At the same time, we have been fighting to preserve our military's vital testing and training sites there in the eastern gulf.

The Martinez-Nelson Permanent Protection for Florida Act will forever safeguard the State's tourism-dependent economy from offshore drilling, while also removing active drilling leases in the eastern gulf. It creates the Florida Exclusion Zone, which will extend out at least 260 miles off much of the State's west coast, and at least 150 miles off the Florida Straits and all the way around the entire east coast.

In short, our proposal will protect Florida's economy and its environment; and, at the same time, enhance our Nation's military preparedness. We, therefore, expect to receive strong support from the Florida Congressional Delegation.

We also expect to receive support from our fellow Senators representing

other coastal States. That is because we are fighting not only to protect Florida, but many other environmentally fragile areas along our Nation's coastline. In fact, a key provision of our bill extends the Outer Continental Shelf moratorium from 2012 to 2020.

Senator MARTINEZ and I speak as one on this issue, and, together, we believe we can accomplish great things for Florida and the country. We ask our colleagues to recall with us the words of former President Teddy Roosevelt, who, in essence, said, “A nation that destroys its environment destroys itself.”

We look forward to working with the Chairman and Ranking Member of the Energy Committee, and the rest of our colleagues, to enact this legislation as soon as possible.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 363—DESIGNATING FEBRUARY 2006 AS “GO DIRECT MONTH”

Mr. COLEMAN (for himself and Mr. KENNEDY) submitted the following resolution; which was considered and agreed to:

S. RES. 363

Whereas the Department of Treasury issued over 70,000 checks worth approximately \$61,000,000 that were illegally signed for in 2004;

Whereas the Department of the Treasury receives approximately 500,000 telephone calls each year regarding problems with paper checks;

Whereas the use of direct deposit has resulted in approximately \$5,000,000,000 in savings for the Federal Government since 1986;

Whereas 1 out of every 5 newly eligible Social Security recipients has yet to sign up for direct deposit;

Whereas the United States would generate approximately \$120,000,000 in annual savings if all federal beneficiaries used direct deposit;

Whereas the use of direct deposit is a more secure, reliable, and cost effective method of payment because the use of direct deposit—

(1) eliminates the risk of lost or stolen checks;

(2) helps protect against fraud; and

(3) provides citizens of the United States with more control over their money;

Whereas the Department of the Treasury and the Federal Reserve Bank has launched “Go Direct”, a national campaign organized to encourage citizens of the United States to use direct deposit for the receipt of Social Security and other Federal benefits; and

Whereas, by working with financial institutions, advocacy groups, and community organizations, the sponsors of “Go Direct” educate citizens of the United States about the advantages of using direct deposit and assist them during the enrollment process: Now, therefore, be it

Resolved, That the Senate—

(1) supports the goals and ideas of “Go Direct”;

(2) proclaims February 2006 as “Go Direct Month”;

(3) commends Federal, State, and local governments, and the private sector, for promoting February as “Go Direct Month”; and

(4) encourages all citizens of the United States to—

(A) participate in events and awareness initiatives held during the month of February;

(B) become informed about the convenience and safety of direct deposit; and

(C) consider signing up for direct deposit of Social Security or other Federal benefits.

SENATE RESOLUTION 364—HONORING THE VALUABLE CONTRIBUTIONS OF CATHOLIC SCHOOLS IN THE UNITED STATES

Mr. VITTER (for himself and Ms. LANDRIEU) submitted the following resolution; which was considered and agreed to:

S. RES. 364

Whereas Catholic schools in the United States have received international acclaim for academic excellence while providing students with lessons that extend far beyond the classroom;

Whereas Catholic schools present a broad curriculum that emphasizes the lifelong development of moral, intellectual, physical, and social values in the young people of the United States;

Whereas Catholic schools in the United States today educate 2,420,590 students and maintain a student-to-teacher ratio of 15 to 1;

Whereas the faculty members of Catholic schools teach a highly diverse body of students;

Whereas more than 27.1 percent of school children enrolled in Catholic schools are minorities, and more than 13.6 percent are non-Catholics;

Whereas Catholic schools saved the United States \$19,000,000,000 in educational funding during fiscal year 2005;

Whereas Catholic schools produce students strongly dedicated to their faith, values, families, and communities by providing an intellectually stimulating environment rich in spiritual, character, and moral development; and

Whereas in the 1972 pastoral message concerning Catholic education, the National Conference of Catholic Bishops stated, "Education is one of the most important ways by which the Church fulfills its commitment to the dignity of the person and building of community. Community is central to education ministry, both as a necessary condition and an ardently desired goal. The educational efforts of the Church, therefore, must be directed to forming persons-in-community; for the education of the individual Christian is important not only to his solitary destiny, but also the destinies of the many communities in which he lives." Now, therefore, be it

Resolved, That the Senate—

(1) recognizes the goals of Catholic Schools Week, an event cosponsored by the National Catholic Educational Association and the United States Conference of Catholic Bishops that recognizes the vital contributions of thousands of Catholic elementary and secondary schools in the United States; and

(2) congratulates Catholic schools, students, parents, and teachers across the United States for their ongoing contributions to education, and for the vital role they play in promoting and ensuring a brighter, stronger future for this Nation.

SENATE CONCURRENT RESOLUTION 79—EXPRESSING THE SENSE OF CONGRESS THAT NO UNITED STATES ASSISTANCE SHOULD BE PROVIDED DIRECTLY TO THE PALESTINIAN AUTHORITY IF ANY REPRESENTATIVE POLITICAL PARTY HOLDING A MAJORITY OF PARLIAMENTARY SEATS WITHIN THE PALESTINIAN AUTHORITY MAINTAINS A POSITION CALLING FOR THE DESTRUCTION OF ISRAEL

Mr. THUNE (for himself, Mr. LIEBERMAN, Mr. TALENT, Mr. BROWNBAC, Mr. CHAMBLISS, Mr. VOINOVICH, and Mr. JOHNSON) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 79

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that no United States assistance should be provided directly to the Palestinian Authority if any representative political party holding a majority of parliamentary seats within the Palestinian Authority maintains a position calling for the destruction of Israel.

AMENDMENTS SUBMITTED AND PROPOSED

SA 2697. Mr. NELSON, of Florida (for himself, Mr. DURBIN, Mr. BINGAMAN, Mr. LAUTENBERG, Mrs. MURRAY, Mr. SCHUMER, Mrs. CLINTON, Mr. KOHL, Mr. LEAHY, Mr. DAYTON, Mr. FEINGOLD, Mr. LIEBERMAN, Mr. NELSON, of Nebraska, and Mr. SARBANES) submitted an amendment intended to be proposed by him to the bill H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; which was ordered to lie on the table.

SA 2698. Mr. BINGAMAN (for himself, Mr. ROCKEFELLER, Mrs. MURRAY, Ms. CANTWELL, Mrs. CLINTON, Mr. KENNEDY, Mr. KOHL, Mr. LIEBERMAN, Mr. SCHUMER, Mr. MENENDEZ, Mr. KERRY, Mr. LEAHY, Mr. DURBIN, Mr. DAYTON, Mrs. FEINSTEIN, and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 4297, supra; which was ordered to lie on the table.

SA 2699. Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill H.R. 4297, supra; which was ordered to lie on the table.

SA 2700. Mr. KENNEDY (for himself and Mr. HARKIN) submitted an amendment intended to be proposed by him to the bill H.R. 4297, supra; which was ordered to lie on the table.

SA 2701. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 4297, supra; which was ordered to lie on the table.

SA 2702. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 4297, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 2697. Mr. NELSON of Florida (for himself, Mr. DURBIN, Mr. BINGAMAN, Mr. LAUTENBERG, Mrs. MURRAY, Mr. SCHUMER, Mrs. CLINTON, Mr. KOHL, Mr. LEAHY, Mr. DAYTON, Mr. FEINGOLD, Mr. LIEBERMAN, Mr. NELSON of Nebraska, and Mr. SARBANES) submitted an amendment intended to be proposed by

him to the bill H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . . . PROTECTION FOR MEDICARE BENEFICIARIES WHO ENROLL IN THE PRESCRIPTION DRUG BENEFIT DURING 2006.

(a) EXTENDED PERIOD OF OPEN ENROLLMENT DURING ALL OF 2006 WITHOUT LATE ENROLLMENT PENALTY.—Section 1851(e)(3)(B) of the Social Security Act (42 U.S.C. 1395w-21(e)(3)(B)) is amended—

(1) in clause (iii), by striking "May 15, 2006" and inserting "December 31, 2006"; and

(2) by adding at the end the following new sentence:

"An individual making an election during the period beginning on November 15, 2006, and ending on December 15, 2006, shall specify whether the election is to be effective with respect to 2006 or with respect to 2007 (or both)."

(b) ONE-TIME CHANGE OF PLAN ENROLLMENT FOR MEDICARE PRESCRIPTION DRUG BENEFIT DURING ALL OF 2006.—

(1) IN GENERAL.—Section 1851(e) of the Social Security Act (42 U.S.C. 1395w-21(e)) is amended—

(A) in paragraph (2)(B)—

(i) in the heading, by striking "FOR FIRST 6 MONTHS";

(ii) in clause (i), by striking "the first 6 months of 2006," and all that follows through "is a Medicare+Choice eligible individual," and inserting "2006,"; and

(iii) in clause (ii), by inserting "(other than during 2006)" after "paragraph (3)"; and

(B) in paragraph (4), by striking "2006" and inserting "2007" each place it appears.

(2) CONFORMING AMENDMENT.—Section 1860D-1(b)(1)(B)(iii) of the Social Security Act (42 U.S.C. 1395w-101(b)(1)(B)(iii)) is amended by striking "subparagraphs (B) and (C) of paragraph (2)" and inserting "paragraph (2)(C)".

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173).

SA 2698. Mr. BINGAMAN (for himself, Mr. ROCKEFELLER, Mrs. MURRAY, Ms. CANTWELL, Mrs. CLINTON, Mr. KENNEDY, Mr. KOHL, Mr. LIEBERMAN, Mr. SCHUMER, Mr. MENENDEZ, Mr. KERRY, Mr. LEAHY, Mr. DURBIN, Mr. DAYTON, Mr. FEINSTEIN, and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. . . . TRANSITION REQUIREMENTS.

(a) REQUIREMENT.—

(1) IN GENERAL.—Section 1860D-4(b) of the Social Security Act (42 U.S.C. 1395w-104(b)) is amended by adding at the end the following new paragraph:

"(4) FORMULARY TRANSITION.—The sponsor of a prescription drug plan is required to provide at least a 30-day supply of any drug that a new enrollee in the plan was taking prior to enrolling in such plan. For individuals residing in a long-term care setting, the sponsor of a prescription drug plan is required to

provide at least a 90-day supply of any drug such individual was taking prior to enrolling in such plan. A formulary transition supply provided under this section shall be made by the sponsor of a prescription drug plan without imposing any prior authorization requirements or other access restrictions for individuals stabilized on a course of treatment and at the dosage previously prescribed by a physician or recommended by a physician going forward.

“(5) CUSTOMER SERVICE.—The sponsor of a prescription drug plan is required to provide—

“(A) accessible and trained customer service representatives available for full business hours from coast to coast to provide knowledgeable assistance to individuals seeking help with Medicare Part D including, but not limited to, beneficiaries, caseworkers, SHIP counselors, pharmacists, doctors, and caregivers;

“(B) at least one dedicated phone line for pharmacists with sufficient staff to reduce wait times for pharmacists seeking Medicare Part D assistance to no more than 20 minutes; and

“(C) sufficient staff to reduce wait times for all Medicare Part D-related calls to plan phone lines to no more than 20 minutes.”

(2) APPLICATION.—The requirements under paragraphs (4) and (5) of section 1860D-4(b) of the Social Security Act (42 U.S.C. 1395w-104(b)), as added by subsection (a), shall apply to the plan serving as the national point of sale contractor under part D of title XVIII of such Act.

(b) EFFECTIVE DATE AND ENFORCEMENT.—

(1) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of enactment of this Act.

(2) ENFORCEMENT.—The Secretary may impose a civil monetary penalty in an amount not to exceed \$15,000 for conduct that a sponsor of a prescription drug plan or an organization offering an MA-PD plan knows or should know is a violation of the provisions of paragraph (4) or (5) of section 1860D-4(b) of the Social Security Act (42 U.S.C. 1395w-104(b)), as added by subsection (a). The provisions of section 1128A of the Social Security Act (42 U.S.C. a-7a), other than subsections (a) and (b) and the second sentence of subsection (f), shall apply to a civil monetary penalty under the previous sentence in the same manner as such provisions apply to a penalty or proceeding under subsection (a) of such section 1128A(a).

SEC. ____ . FEDERAL FALLBACK FOR FULL-BENEFIT DUAL ELIGIBLE INDIVIDUALS FOR 2006.

(a) IN GENERAL.—

(1) IN GENERAL.—If a full-benefit dual eligible individual (as defined in section 1935(c)(6) of the Social Security Act (42 U.S.C. 1396u-5(c)(6))), or an individual who is presumed to be such an individual pursuant to subsection (b), presents a prescription for a covered part D drug (as defined in section 1860D-2(e) of such Act (42 U.S.C. 1395w-102(e))) at a pharmacy in 2006 and the pharmacy is unable to locate or verify the individual's enrollment through a reasonable effort, including the use of the pharmacy billing system or by calling an official Medicare hotline, or to bill for the prescription through the plan serving as the national point of sale contractor, the pharmacy may provide a 30-day supply of the drug to the individual.

(2) REFILL.—The pharmacy may provide an additional 30-day supply of a drug if the pharmacy continues to be unable to locate the individual's enrollment through such reasonable efforts or to bill for the prescription through the plan serving as the national point of sale contractor when a prescription is presented on or after the date that a pre-

scription refill is appropriate, but in no case after December 31, 2006.

(3) COST-SHARING.—The cost-sharing for a prescription filled pursuant to this subsection shall be cost-sharing provided for under section 1860D-14(a) of the Social Security Act (42 U.S.C. 1395w-114(a)).

(b) PRESUMPTIVE ELIGIBILITY.—An individual shall be presumed to be a full-benefit dual eligible individual (as so defined) if the individual presents at the pharmacy with—

(1) a government issued picture identification card;

(2) reliable evidence of Medicaid enrollment, such as a Medicaid card, recent history of Medicaid billing in the pharmacy patient profile, or a copy of a current Medicaid award letter; and

(3) reliable evidence of Medicare enrollment, such as a Medicare identification card, a Medicare enrollment approval letter, a Medicare Summary Notice, or confirmation from an official Medicare hotline.

(c) PAYMENTS TO PHARMACISTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall reimburse pharmacists, to the extent that such pharmacists are not otherwise reimbursed by States or plans, for the costs incurred in complying with the requirements under subsection (a), including acquisition costs, dispensing costs, and other overhead costs. Such payments shall be made in a timely manner from the Medicare Prescription Drug Account under section 1860D-16 of the Social Security Act (42 U.S.C. 1395w-116) and shall be deemed to be payments from such Account under subsection (b) of such section.

(2) RETROACTIVE APPLICATION TO BEGINNING OF 2006.—The costs incurred by a pharmacy which may be reimbursed under paragraph (1) shall include costs incurred during the period beginning on January 1, 2006, and before the date of enactment of this Act.

(d) RECOVERY OF COSTS FROM PLANS BY SECRETARY NOT PHARMACIES.—The Secretary of Health and Human Services shall establish a process for recovering the costs described in subsection (c)(1) from prescription drug plans (as defined in section 1860D-1(a)(3)(C) of the Social Security Act (42 U.S.C. 1394w-101(a)(3)(C))) and MA-PD plans (as defined in section 1860D-41(a)(14) of such Act (42 U.S.C. 1395w-151(a)(14))) if the Secretary determines that such plans should have incurred such costs. Amounts recovered pursuant to the preceding sentence shall be deposited in the Medicare Prescription Drug Account described in subsection (c)(1).

SEC. ____ . ENSURING THAT FULL-BENEFIT DUAL ELIGIBLE INDIVIDUALS ARE NOT OVERCHARGED.

(a) IN GENERAL.—Section 1860D-14 of the Social Security Act (42 U.S.C. 1395w-114) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

“(d) ENSURING FULL-BENEFIT DUAL ELIGIBLE INDIVIDUALS ARE NOT OVERCHARGED.—

“(1) IN GENERAL.—The Secretary shall, as soon as possible after the date of enactment of this subsection, establish processes for the following:

“(A) TRACKING INAPPROPRIATE PAYMENTS.—The Secretary shall track full-benefit dual eligible individuals enrolled in a prescription drug plan or an MA-PD plan to determine whether such individuals were inappropriately subject under the plan to a deductible or cost-sharing that is greater than is required under section 1860D-14.

“(B) REDUCTION IN PAYMENTS TO PLANS AND REFUNDS TO INDIVIDUALS.—If the Secretary determines under subparagraph (A) that an individual was overcharged, the Secretary shall—

“(i) reduce payments to the sponsor of the prescription drug plan under section 1860D-15 or to the organization offering the MA-PD plan under section 1853 that inappropriately charged the individual by an amount equal to the inappropriate charges; and

“(ii) refund such amount to the individual within 60 days of the determination that the individual was inappropriately charged.

If the Secretary does not provide for the refund under clause (i) within the 60 days provided for under such clause, interest at the rate established under section 6621(a)(1) of the Internal Revenue Code of 1986 shall be payable from the end of such 60-day period until the date of the refund.

“(2) REQUIREMENT.—The processes established under paragraph (1) shall provide for the ability of an individual to notify the Secretary if the individual believes that they were inappropriately subject under the plan to a deductible or cost-sharing that is greater than is required under section 1860D-14.”

(b) REPORT TO CONGRESS.—Not later than January 1, 2007, the Secretary of Health and Human Services shall submit a report to Congress on the implementation of the processes established under subsection (d) of section 1860D-14 of the Social Security Act (42 U.S.C. 1395w-114), as added by subsection (a).

SEC. ____ . REIMBURSEMENT OF STATES FOR 2006 TRANSITION COSTS.

(a) REIMBURSEMENT.—

(1) IN GENERAL.—Notwithstanding section 1935(d) of the Social Security Act (42 U.S.C. 1396u-5(d) or any other provision of law, the Secretary of Health and Human Services shall reimburse States for 100 percent of the costs incurred by the State during 2006 for covered part D drugs (as defined in section 1860D-2(e) of such Act (42 U.S.C. 1395w-102(e))) for part D eligible individuals (as defined in section 1860D-1(a)(3)(A) of the Social Security Act (42 U.S.C. 1394w-101(a)(3)(A))) which the State reasonably expected would have been covered under such part but were not because the individual was unable to access on a timely basis prescription drug benefits to which they were entitled under such part. Such payments shall be made from the Medicare Prescription Drug Account under section 1860D-16 of the Social Security Act (42 U.S.C. 1395w-116) and shall be deemed to be payments from such Account under subsection (b) of such section.

(2) RETROACTIVE APPLICATION TO BEGINNING OF 2006.—The costs incurred by a State which may be reimbursed under paragraph (1) shall include costs incurred during the period beginning on January 1, 2006, and before the date of enactment of this Act.

(b) RECOVERY OF COSTS FROM PLANS BY SECRETARY NOT STATES.—The Secretary of Health and Human Services shall establish a process for recovering the costs described in subsection (a)(1) from prescription drug plans (as defined in section 1860D-1(a)(3)(C) of the Social Security Act (42 U.S.C. 1394w-101(a)(3)(C))) and MA-PD plans (as defined in section 1860D-41(a)(14) of such Act (42 U.S.C. 1395w-151(a)(14))) if the Secretary determines that such plans should have incurred such costs. Amounts recovered pursuant to the preceding sentence shall be deposited in the Medicare Prescription Drug Account described in subsection (a)(1).

(c) STATE.—For purposes of this section, the term “State” includes the District of Columbia.

SEC. ____ . FACILITATION OF IDENTIFICATION AND ENROLLMENT THROUGH PHARMACIES OF FULL-BENEFIT DUAL ELIGIBLE INDIVIDUALS IN THE MEDICARE PART D DRUG PROGRAM.

(a) IN GENERAL.—The Secretary of Health and Human Services shall provide for outreach and education to every pharmacy that has participated in the Medicaid program

under title XIV of the Social Security Act, particularly independent pharmacies, on the following:

(1) The needs of full-benefit dual eligible individuals and the challenges of meeting those needs.

(2) The processes for the transition from Medicaid prescription drug coverage to coverage under such part D for such individuals.

(3) The processes established by the Secretary to facilitate, at point of sale, identification of drug plan assignment of such population or enrollment of previously unidentified or new full-benefit dual eligible individuals into Medicare part D prescription drug coverage, including how pharmacies can use such processes to help ensure that such population makes a successful transition to Medicare part D without a lapse in prescription drug coverage.

(b) HOLDING PHARMACIES HARMLESS FOR CERTAIN COSTS.—

(1) IN GENERAL.—The Secretary of Health and Human Services shall provide for such payments to pharmacies as may be necessary to reimburse pharmacies fully for—

(A) transaction fees associated with the point-of-sale facilitated identification and enrollment processes referred to in subsection (a)(3); and

(B) costs associated with technology or software upgrades necessary to make any identification and enrollment inquiries as part of the processes under subsection (a)(3).

(2) TIME.—Payments under paragraph (1) shall be made with respect to fees and costs incurred during the period beginning on December 1, 2005, and ending on June 1, 2006.

(3) PAYMENTS FROM ACCOUNT.—Payments under paragraph (1) shall be made from the Medicare Prescription Drug Account under section 1860D-16 of the Social Security Act (42 U.S.C. 1395w-116) and shall be deemed to be payments from such Account under subsection (b) of such section.

SEC. ____ . STATE COVERAGE OF NON-FORMULARY PRESCRIPTION DRUGS FOR FULL-BENEFIT DUAL ELIGIBLE INDIVIDUALS DURING 2006.

(a) STATE COVERAGE OF NON-FORMULARY PRESCRIPTION DRUGS FOR FULL-BENEFIT DUAL ELIGIBLE INDIVIDUALS DURING 2006.—For prescriptions filled during 2006, notwithstanding section 1935(d) of the Social Security Act (42 U.S.C. 1396v(d)), a State (as defined for purposes of title XIX of such Act) may provide (and receive Federal financial participation for) medical assistance under such title with respect to prescription drugs provided to a full-benefit dual eligible individual (as defined in section 1935(c)(6) of such Act (42 U.S.C. 1396v(c)(6))) that are not on the formulary of the prescription drug plan under part D or the MA-PD plan under part C of title XVIII of such Act in which such individual is enrolled.

(b) APPLICATION.—

(1) MEDICARE AS PRIMARY PAYER.—Nothing in subsection (a) shall be construed as changing or affecting the primary payer status of a prescription drug plan under part D or an MA-PD plan under part C of title XVIII of the Social Security Act with respect to prescription drugs furnished to any full-benefit dual eligible individual (as defined in section 1935(c)(6) of such Act (42 U.S.C. 1396v(c)(6))) during 2006.

(2) THIRD PARTY LIABILITY.—Nothing in subsection (a) shall be construed as limiting the authority or responsibility of a State under section 1902(a)(25) of the Social Security Act (42 U.S.C. 1396a(a)(25)) to seek reimbursement from a prescription drug plan, an MA-PD plan, or any other third party, of the costs incurred by the State in providing prescription drug coverage during 2006.

SA 2699. Mr. LAUTENBERG submitted an amendment intended to be

proposed by him to the bill H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

SEC. ____ . REQUIREMENT OF SIGNED CERTIFICATION PRIOR TO PLAN ENROLLMENT UNDER PART D.

(a) IN GENERAL.—Section 1860D-1(b)(1) of the Social Security Act (42 U.S.C. 1395w-101) is amended by adding at the end the following new subparagraph:

“(D) SPECIAL RULE FOR PLANS WITH AN INITIAL COVERAGE LIMIT.—

“(i) IN GENERAL.—The process for enrollment established under subparagraph (A) shall include, in the case of a prescription drug plan or an MA-PD plan that has an initial coverage limit (as described in section 1860D-2(b)(3)), a requirement that, prior to enrolling a part D eligible individual in the plan, the plan must obtain a certification signed by the enrollee or the legal guardian of the enrollee that meets the requirements described in clause (ii) and includes the following text: ‘I understand that the Medicare Prescription Drug Plan or MA-PD Plan that I am signing up for may result in a gap in coverage during a given year. I understand that if subject to this gap in coverage, I will be responsible for paying 100 percent of the cost of my prescription drugs and will continue to be responsible for paying the plan’s monthly premium while subject to this gap in coverage. For specific information on the potential coverage gap under this plan, I understand that I should contact (insert name of the sponsor of the prescription drug plan or the sponsor of the MA-PD plan) at (insert toll free phone number for such sponsor of such plan).’

“(ii) CERTIFICATION REQUIREMENTS DESCRIBED.—The certification required under clause (i) shall meet the following requirements:

“(I) The certification shall be printed in a typeface of not less than 18 points.

“(II) The certification shall be printed on a single piece of paper separate from any matter not related to the certification.

“(III) The certification shall have a heading printed at the top of the page in all capital letters and bold face type that states the following: ‘WARNING: POTENTIAL MEDICARE PRESCRIPTION DRUG COVERAGE GAP.’”

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of enactment of this Act.

SA 2700. Mr. KENNEDY (for himself and Mr. HARKIN) submitted an amendment intended to be proposed by him to the bill H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ____ . REPEAL OF STATE OPTIONS FOR ALTERNATIVE PREMIUMS AND COST SHARING AND FLEXIBILITY IN BENEFIT PACKAGES UNDER THE MEDICAID PROGRAM.

(a) REPEAL OF STATE OPTION FOR ALTERNATIVE PREMIUMS AND COST SHARING.—

(1) REPEAL.—Section 1916A of the Social Security Act, as added by sections 6041(a), 6042(a), and 6043(a) of the Deficit Reduction Act of 2005, is repealed.

(2) CONFORMING AMENDMENTS.—

(A) Subsection (y) of section 1903 of the Social Security Act (42 U.S.C. 1396b), as added

by section 6043(b) of the Deficit Reduction Act of 2005, is repealed.

(B) Section 1916 of the Social Security Act (42 U.S.C. 1396o) is amended—

(i) in subsection (f), by striking “and section 1916A” after “(b)(3)”; and

(ii) by striking subsection (h).

(C) Section 1938(c) of the Social Security Act, as added by section 6082 of the Deficit Reduction Act of 2005, is amended—

(i) in paragraph (3), by striking “and 1916A”; and

(ii) in paragraph (5), by striking “sections 1916 and 1916A” and inserting “section 1916”.

(b) REPEAL OF STATE OPTION OF PROVIDING BENCHMARK BENEFIT PACKAGES.—

(1) REPEAL.—Section 1937 of the Social Security Act, as added by section 6044(a) of the Deficit Reduction Act of 2005, is repealed.

(2) CONFORMING AMENDMENTS.—

(A) Sections 1938 and 1939 of the Social Security Act, as added and redesignated, respectively, by section 6082 of the Deficit Reduction Act of 2005, are redesignated as sections 1937 and 1938, respectively, of the Social Security Act.

(B) 1937(b)(3) of the Social Security Act, as redesignated by subparagraph (A), is amended by inserting “(as added by section 6044(a) of S. 1932 of the 109th Congress, as passed by the Senate on December 21, 2005)”.

(c) EFFECTIVE DATE.—The repeals and amendments made by subsections (a) and (b) shall take effect as if included in the enactment of the Deficit Reduction Act of 2005.

SEC. ____ . ADDITIONAL FUNDING FOR THE STATE CHILDREN’S HEALTH INSURANCE PROGRAM.

(a) IN GENERAL.—Section 2104(a) of the Social Security Act (42 U.S.C. 1397dd(a)) is amended—

(1) in paragraph (9), by striking “\$4,050,000,000” and inserting “\$6,550,000,000”; and

(2) in paragraph (10), by striking “\$5,000,000,000” and inserting “\$7,500,000,000”.

(b) FUNDS IN ADDITION TO FUNDS PROVIDED TO ELIMINATE FISCAL YEAR 2006 SHORTFALLS.—The Secretary of Health and Human Services shall carry out subsection (d) of section 2104 of the Social Security Act (42 U.S.C. 1397dd(d)), as added by section 6101(a) of the Deficit Reduction Act of 2005, (including the determination of a State’s allotment for fiscal year 2006 under paragraph (2)(C) of that subsection), without regard to the amendment made by subsection (a)(1) providing increased funding for State allotments for fiscal year 2006.

SEC. ____ . REPEAL OF THE SCHEDULED PHASE-OUT OF THE LIMITATIONS ON PERSONAL EXEMPTIONS AND ITEMIZED DEDUCTIONS.

(a) IN GENERAL.—The Internal Revenue Code of 1986 is amended—

(1) by striking subparagraphs (E) and (F) of section 151(d)(3), and

(2) by striking subsections (f) and (g) of section 68.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

(c) APPLICATION OF EGTRRA SUNSET.—The amendments made by this section shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 to the same extent and in the same manner as the provision of such Act to which such amendment relates.

SA 2701. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; which was ordered to lie on the table; as follows:

On page 19, strike lines 19 through 22 and insert the following:

SEC. 203. ELIGIBILITY OF ALL UNINSURED CHILDREN FOR SCHIP.

(a) IN GENERAL.—Section 2110(b) of the Social Security Act (42 U.S.C. 1397jj(b)) is amended—

(1) in paragraph (1)—
(A) by striking subparagraph (B); and
(B) by redesignating subparagraph (C) as subparagraph (B);

(2) in paragraph (2)—
(A) by striking “include” and all that follows through “a child who is an” and inserting “include a child who is an”; and

(B) by striking the semicolon and all that follows through the period and inserting a period; and

(3) by striking paragraph (4).
(b) NO EXCLUSION OF CHILDREN WITH ACCESS TO HIGH-COST COVERAGE.—Section 2110(b)(3) of the Social Security Act (42 U.S.C. 1397jj(b)(3)) is amended—

(1) in the paragraph heading, by striking “RULE” and inserting “RULES”;

(2) by striking “A child shall not be considered to be described in paragraph (1)(C)” and inserting the following:

“(A) CERTAIN NON FEDERALLY FUNDED COVERAGE.—A child shall not be considered to be described in paragraph (1)(C)”;

(3) by adding at the end the following:

“(B) NO EXCLUSION OF CHILDREN WITH ACCESS TO HIGH-COST COVERAGE.—A State may include a child as a targeted vulnerable child if the child has access to coverage under a group health plan or health insurance coverage and the total annual aggregate cost for premiums, deductibles, cost sharing, and similar charges imposed under the group health plan or health insurance coverage with respect to all targeted vulnerable children in the child’s family exceeds 5 percent of such family’s income for the year involved.”.

(c) CONFORMING AMENDMENTS.—

(1) Titles XIX and XXI of the Social Security Act (42 U.S.C. 1396 et seq.; 1397aa et seq.) are amended by striking “targeted low-income” each place it appears and inserting “targeted vulnerable”.

(2) Section 2101(a) of such Act (42 U.S.C. 1397aa(a)) is amended by striking “uninsured, low-income” and inserting “low-income”.

(3) Section 2102(b)(3)(C) of such Act (42 U.S.C. 1397bb(b)(3)(C)) is amended by inserting “, particularly with respect to children whose family income exceeds 200 percent of the poverty line” before the semicolon.

(4) Section 2102(b)(3)(E), section 2105(a)(1)(D)(ii), paragraphs (1)(C) and (2) of section 2107, and subsections (a)(1) and (d)(1)(B) of section 2108 of such Act (42 U.S.C. 1397bb(b)(3)(E); 1397ee(a)(1)(D)(ii); 1397gg; 1397hh) are amended by striking “low-income” each place it appears.

(5) Section 2110(a)(27) of such Act (42 U.S.C. 1397j(a)(27)) is amended by striking “eligible low-income individuals” and inserting “targeted vulnerable individuals”.

(d) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

SEC. 203A. INCREASE IN FEDERAL FINANCIAL PARTICIPATION UNDER SCHIP AND MEDICAID FOR STATES WITH SIMPLIFIED ENROLLMENT AND RENEWAL PROCEDURES FOR CHILDREN.

(a) SCHIP.—Section 2105(c)(2) of the Social Security Act (42 U.S.C. 1397ee(c)(2)) is amended by adding at the end the following:

“(C) NONAPPLICATION OF LIMITATION AND INCREASE IN FEDERAL PAYMENT FOR STATES WITH SIMPLIFIED ENROLLMENT AND RENEWAL PROCEDURES.—

“(i) IN GENERAL.—Notwithstanding subsection (a)(1) and subparagraph (A)—

“(I) the limitation under subparagraph (A) on expenditures for items described in subsection (a)(1)(D) shall not apply with respect to expenditures incurred to carry out any of the outreach strategies described in clause (ii), but only if the State carries out the same outreach strategies for children under title XIX; and

“(II) the enhanced FMAP for a State for a fiscal year otherwise determined under subsection (b) shall be increased by 5 percentage points (without regard to the application of the 85 percent limitation under that subsection) with respect to such expenditures.

“(ii) OUTREACH STRATEGIES DESCRIBED.—For purposes of clause (i), the outreach strategies described in this clause are the following:

“(I) PRESUMPTIVE ELIGIBILITY.—The State provides for presumptive eligibility for children under this title and under title XIX.

“(II) ADOPTION OF 12-MONTH CONTINUOUS ELIGIBILITY.—The State provides that eligibility for children shall not be redetermined more often than once every year under this title or under title XIX.

“(III) ELIMINATION OF ASSET TEST.—The State does not apply any asset test for eligibility under this title or title XIX with respect to children.

“(IV) PASSIVE RENEWAL.—The State provides for the automatic renewal of the eligibility of children for assistance under this title and under title XIX if the family of which such a child is a member does not report any changes to family income or other relevant circumstances, subject to verification of information from State databases.”.

(b) MEDICAID.—

(1) IN GENERAL.—Section 1902(1) of the Social Security Act (42 U.S.C. 1396a(1)) is amended—

(A) in paragraph (3), by inserting “subject to paragraph (5)”, after “Notwithstanding subsection (a)(17).”; and

(B) by adding at the end the following:

“(5)(A) Notwithstanding the first sentence of section 1905(b), with respect to expenditures incurred to carry out any of the outreach strategies described in subparagraph (B) for individuals under 19 years of age who are eligible for medical assistance under subsection (a)(10)(A), the Federal medical assistance percentage is equal to the enhanced FMAP described in section 2105(b) and increased under section 2105(c)(2)(C)(i)(II), but only if the State carries out the same outreach strategies for children under title XXI.

“(B) For purposes of subparagraph (A), the outreach strategies described in this subparagraph are the following:

“(i) PRESUMPTIVE ELIGIBILITY.—The State provides for presumptive eligibility for such individuals under this title and title XXI.

“(ii) ADOPTION OF 12-MONTH CONTINUOUS ELIGIBILITY.—The State provides that eligibility for such individuals shall not be redetermined more often than once every year under this title or under title XXI.

“(iii) ELIMINATION OF ASSET TEST.—The State does not apply any asset test for eligibility under this title or title XXI with respect to such individuals.

“(iv) PASSIVE RENEWAL.—The State provides for the automatic renewal of the eligibility of such individuals for assistance under this title and under title XXI if the family of which such an individual is a member does not report any changes to family income or other relevant circumstances, subject to verification of information from State databases.”.

(2) CONFORMING AMENDMENT.—The first sentence of section 1905(b) of the Social Security Act (42 U.S.C. 1396d(b)) is amended by striking “section 1933(d)” and inserting “sections 1902(1)(5) and 1933(d)”.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

SEC. 203B. LIMITATION ON PAYMENTS TO STATES THAT HAVE AN ENROLLMENT CAP BUT HAVE NOT EXHAUSTED THE STATE’S AVAILABLE ALLOTMENTS.

(a) IN GENERAL.—Section 2105 of the Social Security Act (42 U.S.C. 1397ee) is amended by adding at the end the following:

“(h) LIMITATION ON PAYMENTS TO STATES THAT HAVE AN ENROLLMENT CAP BUT HAVE NOT EXHAUSTED THE STATE’S AVAILABLE ALLOTMENTS.—

“(1) IN GENERAL.—Notwithstanding any other provision of this section, payment shall not be made to a State under this section if the State has an enrollment freeze, enrollment cap, procedures to delay consideration of, or not to consider, submitted applications for child health assistance, or a waiting list for the submission or consideration of such applications or for such assistance, and the State has not fully expended the amount of all allotments available with respect to a fiscal year for expenditure by the State, including allotments for prior fiscal years that remain available for expenditure during the fiscal year under subsection (c) or (g) of section 2104 or that were redistributed to the State under subsection (f) or (g) of section 2104.

“(2) RULE OF CONSTRUCTION.—Paragraph (1) shall not be construed as prohibiting a State from establishing regular open enrollment periods for the submission of applications for child health assistance.”.

(b) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

SEC. 203C. ADDITIONAL ENHANCEMENT TO FMAP TO PROMOTE EXPANSION OF COVERAGE TO ALL UNINSURED CHILDREN UNDER MEDICAID AND SCHIP.

(a) IN GENERAL.—Title XXI (42 U.S.C. 1397aa et seq.) is amended by adding at the end the following:

“(b) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

“(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

“(d) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

“(e) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

“(f) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

“(g) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

“(4) MONITORING AND ADJUSTMENT OF PERIOD REQUIRED TO BE UNINSURED.—The Secretary shall—

“(A) monitor the availability and retention of employer-sponsored health insurance coverage of dependent children; and

“(B) adjust the period determined under paragraph (1) as needed for the purpose of promoting the retention of private or employer-sponsored health insurance coverage of dependent children and timely access to health care services for such children.”

(b) COST-SHARING FOR CHILDREN IN FAMILIES WITH HIGH FAMILY INCOME.—Section 2103(e)(3) of the Social Security Act (42 U.S.C. 1397cc(e)(3)) is amended by adding at the end the following new subparagraph:

“(C) CHILDREN IN FAMILIES WITH HIGH FAMILY INCOME.—

“(i) IN GENERAL.—For children not described in subparagraph (A) whose family income exceeds 400 percent of the poverty line for a family of the size involved, subject to paragraphs (1)(B) and (2), the State shall impose a premium that is not less than the cost of providing child health assistance to children in such families, and deductibles, cost sharing, or similar charges shall be imposed under the State child health plan (without regard to a sliding scale based on income), except that the total annual aggregate cost-sharing with respect to all such children in a family under this title may not exceed 5 percent of such family’s income for the year involved.

“(ii) INFLATION ADJUSTMENT.—The dollar amount specified in clause (i) shall be increased, beginning with fiscal year 2008, from year to year based on the percentage increase in the consumer price index for all urban consumers (all items; United States city average). Any dollar amount established under this clause that is not a multiple of \$100 shall be rounded to the nearest multiple of \$100.”

(c) ADDITIONAL ALLOTMENTS FOR STATES PROVIDING COVERAGE TO ALL UNINSURED CHILDREN IN THE STATE.—

(1) IN GENERAL.—Section 2104 of the Social Security Act (42 U.S.C. 1397dd) is amended by inserting after subsection (c) the following:

“(d) ADDITIONAL ALLOTMENTS FOR STATES PROVIDING COVERAGE TO ALL UNINSURED CHILDREN IN THE STATE.—

“(1) APPROPRIATION; TOTAL ALLOTMENT.—For the purpose of providing additional allotments to States to provide coverage of all uninsured children (as defined in section 2111(b)) in the State under the State child health plan, there is appropriated, out of any money in the Treasury not otherwise appropriated—

“(A) for fiscal years 2007, 2008, and 2009, \$3,000,000,000;

“(B) for fiscal year 2010, \$5,000,000,000; and

“(C) for fiscal year 2011, \$7,000,000,000.

“(2) STATE AND TERRITORIAL ALLOTMENTS.—

“(A) IN GENERAL.—In addition to the allotments provided under subsections (b) and (c), subject to subparagraph (B) and paragraphs (3) and (4), of the amount available for the additional allotments under paragraph (1) for a fiscal year, the Secretary shall allot to each State with a State child health plan that provides coverage of all uninsured children (as so defined) in the State approved under this title—

“(i) in the case of such a State other than a commonwealth or territory described in subsection (ii), the same proportion as the proportion of the State’s allotment under subsection (b) (determined without regard to subsection (f)) to 98.95 percent of the total amount of the allotments under such section for such States eligible for an allotment under this subparagraph for such fiscal year; and

“(ii) in the case of a commonwealth or territory described in subsection (c)(3), the same proportion as the proportion of the commonwealth’s or territory’s allotment under subsection (c) (determined without regard to subsection (f)) to 1.05 percent of the total amount of the allotments under such section for commonwealths and territories eligible for an allotment under this subparagraph for such fiscal year.

“(B) MINIMUM ALLOTMENT.—

“(i) IN GENERAL.—No allotment to a State for a fiscal year under this subsection shall be less than 50 percent of the amount of the allotment to the State determined under subsections (b) and (c) for the preceding fiscal year.

“(ii) PRO RATA REDUCTIONS.—The Secretary shall make such pro rata reductions to the allotments determined under this subsection as are necessary to comply with the requirements of clause (i).

“(C) AVAILABILITY AND REDISTRIBUTION OF UNUSED ALLOTMENTS.—In applying subsections (e) and (f) with respect to additional allotments made available under this subsection, the procedures established under such subsections shall ensure such additional allotments are only made available to States which have elected to provide coverage under section 2111.

“(3) USE OF ADDITIONAL ALLOTMENT.—Additional allotments provided under this subsection are not available for amounts expended before October 1, 2005. Such amounts are available for amounts expended on or after such date for child health assistance for uninsured children (as defined in section 2111(b)).

“(4) REQUIRING ELECTION TO PROVIDE COVERAGE.—No payments may be made to a State under this title from an allotment provided under this subsection unless the State has made an election to provide child health assistance for all uninsured children (as so defined) in the State, including such children whose family income exceeds 200 percent of the poverty line.”

(2) CONFORMING AMENDMENTS.—Section 2104 of the Social Security Act (42 U.S.C. 1397dd) is amended—

(A) in subsection (a), by inserting “subject to subsection (d),” after “under this section,”;

(B) in subsection (b)(1), by inserting “and subsection (d)” after “Subject to paragraph (4);” and

(C) in subsection (c)(1), by inserting “subject to subsection (d),” after “for a fiscal year.”

(d) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2006.

SA 2702. Mr. KENNEDY submitted an amendment intended to be proposed by him to the bill H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006; which was ordered to lie on the table; as follows:

On page 19, strike lines 19 through 22 and insert the following:

SEC. 203. EXTENSION OF RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Subparagraph (B) of section 41(h)(1) (relating to termination), as amended by section 113 of this Act, is amended by striking “December 31, 2006” and inserting “December 31, 2008”.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) (relating to special rule), as amended by section 113 of this Act, is amended by striking “December 31, 2006” and inserting “December 31, 2008”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2005.

(b) EXPANSION OF CREDIT TO EXPENSES OF GENERAL COLLABORATIVE RESEARCH CONSORTIA.—

(1) IN GENERAL.—Section 41 is amended—

(A) by striking “an energy research consortium” in subsections (a)(3) and (b)(3)(C)(i) and inserting “a research consortium”;

(B) by striking “energy” each place it appears in subsection (f)(6)(A);

(C) by inserting “or 501(c)(6)” after “section 501(c)(3)” in subsection (f)(6)(A)(i)(I), and

(D) by striking “ENERGY RESEARCH” in the heading for subsection (f)(6) and inserting “RESEARCH”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after December 31, 2005.

NOTICES OF HEARINGS/MEETINGS

SUBCOMMITTEE ON WATER AND POWER

Ms. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Subcommittee on Water and Power of the Committee on Energy and Natural Resources.

The hearing will be held on Tuesday, February 28 at 2:30 p.m. in room SD-366 of the Dirksen Senate Office Building.

The purpose of the hearing is to receive testimony on the Bureau of Reclamation’s Reuse and Recycling Program, title XVI of P.L. 102-575.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, Washington, DC 20510-6150.

For further information, please contact Kellie Donnelly, 202-224-9360 or Shannon Ewan at 202-224-7555.

AUTHORITIES FOR COMMITTEES TO MEET

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, February 1, 2006, at 10 a.m. on Women in Sports.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Homeland Security and Governmental Affairs be authorized to meet on Wednesday, February 1, 2006, at 10 a.m. for a hearing titled, “Hurricane Katrina: Managing the Crisis and Evacuating New Orleans.”

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized

to meet on Wednesday, February 1, 2006, at 9:30 a.m. in room 106 of the Dirksen Senate Office Building to conduct an oversight hearing on Off-Reservation Gaming. The Process for Considering Gaming Applications lands eligible for gaming pursuant to the Indian Gaming Regulatory Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet to conduct a hearing on "Consolidation in the Energy Industry: Raising Prices at the Pump?" on Wednesday, February 1, 2006, at 9:30 a.m. in Hart Senate Office Building room 226.

Witness list

Panel I: The Honorable Bill Kovacic, Commissioner and former General Counsel, Federal Trade Commission, Washington, DC; James Wells, Director, Natural Resources and Environment, United States Government Accountability Office, Washington, DC; The Honorable Richard Blumenthal, Attorney General, State of Connecticut, Hartford, CT; R. Preston McAfee, Stanley Johnson Professor of Business, Economics and Management, California Institute of Technology, Pasadena, CA; Tyson Slocum, Acting Director, Energy Program, Public Citizen's, Washington, DC; Tim Hamilton, Founder and Executive Director, Automotive United Trades Organization, Seattle, WA.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON THE CONSTITUTION, CIVIL RIGHTS, AND PROPERTY RIGHTS

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Subcommittee on the Constitution, Civil Rights and Property Rights be authorized to meet to conduct a hearing on "An Examination of the Death Penalty in the United States" on Wednesday, February 1, 2006, at 1:30 p.m. in SD226.

Witness list

Panel I: Mrs. Ann Scott, Tulsa, OK; Ms. Vicki Schieber, Chevy Chase, MD.

Panel II: Dr. John McAdams, Professor of Political Science, Marquette University, Milwaukee, WI; Mr. Stephen Bright, President and Counsel, Southern Center for Human Rights, Atlanta, GA; Dr. Paul Rubin, Professor of Economics, Emory University, Atlanta, GA; Dr. Jeffrey Fagan, Professor of Law and Public Health, Columbia University, New York, NY.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRIVILEGES OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that the following fellows and interns with the Finance Committee staff be granted the privilege of the floor for the duration of the debate on the tax reconciliation bill:

Mary Baker, Robin Burgess, Tiffany Smith, Tom Louthan, Richard Litsey, Stuart Sirkin, Zachary Henderson, Lesley Meeker, Britt Sandler, and Lauren Shields.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESTRICTING ASSISTANCE TO THE PALESTINIAN AUTHORITY

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to immediate consideration of S. Con. Res. 79, which was submitted earlier today.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 79) expressing the sense of Congress that no United States assistance should be provided directly to the Palestinian Authority if any representative political party holding a majority of parliamentary seats within the Palestinian Authority maintains the position calling for the destruction of Israel.

There being no objection, the Senate proceeded to consider the resolution.

Mr. FRIST. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (S. Con. Res. 79) was agreed to, as follows:

S. CON. RES. 79

Resolved by the Senate (the House of Representatives concurring), That it is the sense of Congress that no United States assistance should be provided directly to the Palestinian Authority if any representative political party holding a majority of parliamentary seats within the Palestinian Authority maintains a position calling for the destruction of Israel.

DESIGNATING FEBRUARY 2006 AS "GO DIRECT MONTH"

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 363, which was submitted earlier today.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 363) designating February 2006 as "Go Direct Month."

There being no objection, the Senate proceeded to consider the resolution.

Mr. KENNEDY. Mr. President, it's a privilege to join my colleague Senator GRASSLEY in submitting this important resolution commemorating February 2006 as Go Direct Month.

In 2004, the Treasury Department issued over 70,000 checks worth \$61 million that were illegally signed for. The Treasury receives approximately half a million phone calls each year from people having problems with paper checks.

Go Direct encourages Americans to use direct deposit for their Federal

checks, such as Social Security. Under direct deposit, the Federal Government transfers its payments directly to a person's bank account, eliminating the risk of lost or stolen checks. Since 1986, direct deposit has also saved the Federal Government \$5 billion in administrative costs—\$120 million a year for Social Security checks alone.

Now, the Treasury Department and the Federal Reserve have launched Go Direct to encourage Americans to protect their Federal benefits and take more control of their money. Go Direct Month, promoted by the Federal Government and by State and local governments and the private sector as well, will inform as many citizens as possible about the advantages of direct deposit and help them adopt direct deposit for the future.

I urge my colleagues to approve this worthwhile resolution and to encourage their constituents to take advantage of this time-saving and problem-avoiding initiative.

Mr. FRIST. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 363) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 363

Whereas the Department of Treasury issued over 70,000 checks worth approximately \$61,000,000 that were illegally signed for in 2004;

Whereas the Department of the Treasury receives approximately 500,000 telephone calls each year regarding problems with paper checks;

Whereas the use of direct deposit has resulted in approximately \$5,000,000,000 in savings for the Federal Government since 1986;

Whereas 1 out of every 5 newly eligible Social Security recipients has yet to sign up for direct deposit;

Whereas the United States would generate approximately \$120,000,000 in annual savings if all federal beneficiaries used direct deposit;

Whereas the use of direct deposit is a more secure, reliable, and cost effective method of payment because the use of direct deposit—

(1) eliminates the risk of lost or stolen checks;

(2) helps protect against fraud; and

(3) provides citizens of the United States with more control over their money;

Whereas the Department of the Treasury and the Federal Reserve Bank has launched "Go Direct", a national campaign organized to encourage citizens of the United States to use direct deposit for the receipt of Social Security and other Federal benefits; and

Whereas, by working with financial institutions, advocacy groups, and community organizations, the sponsors of "Go Direct" educate citizens of the United States about the advantages of using direct deposit and assist them during the enrollment process: Now, therefore, be it

Resolved, That the Senate—

(1) supports the goals and ideas of "Go Direct";

(2) proclaims February 2006 as "Go Direct Month";

(3) commends Federal, State, and local governments, and the private sector, for promoting February as "Go Direct Month"; and

(4) encourages all citizens of the United States to—

(A) participate in events and awareness initiatives held during the month of February;

(B) become informed about the convenience and safety of direct deposit; and

(C) consider signing up for direct deposit of Social Security or other Federal benefits.

HONORING THE CONTRIBUTIONS OF CATHOLIC SCHOOLS IN THE UNITED STATES

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of S. Res. 364, which was submitted earlier today.

The PRESIDING OFFICER. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 364) honoring the valuable contributions of Catholic schools in the United States.

There being no objection, the Senate proceeded to consider the resolution.

Mr. FRIST. Mr. President, I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 364) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 364

Whereas Catholic schools in the United States have received international acclaim for academic excellence while providing students with lessons that extend far beyond the classroom;

Whereas Catholic schools present a broad curriculum that emphasizes the lifelong development of moral, intellectual, physical, and social values in the young people of the United States;

Whereas Catholic schools in the United States today educate 2,420,590 students and maintain a student-to-teacher ratio of 15 to 1;

Whereas the faculty members of Catholic schools teach a highly diverse body of students;

Whereas more than 27.1 percent of school children enrolled in Catholic schools are minorities, and more than 13.6 percent are non-Catholics;

Whereas Catholic schools saved the United States \$19,000,000,000 in educational funding during fiscal year 2005;

Whereas Catholic schools produce students strongly dedicated to their faith, values, families, and communities by providing an intellectually stimulating environment rich in spiritual, character, and moral development; and

Whereas in the 1972 pastoral message concerning Catholic education, the National Conference of Catholic Bishops stated, "Education is one of the most important ways by which the Church fulfills its commitment to the dignity of the person and building of community. Community is central to education ministry, both as a necessary condition and an ardently desired goal. The edu-

cational efforts of the Church, therefore, must be directed to forming persons-in-community; for the education of the individual Christian is important not only to his solitary destiny, but also the destinies of the many communities in which he lives." Now, therefore, be it

Resolved, That the Senate—

(1) recognizes the goals of Catholic Schools Week, an event cosponsored by the National Catholic Educational Association and the United States Conference of Catholic Bishops that recognizes the vital contributions of thousands of Catholic elementary and secondary schools in the United States; and

(2) congratulates Catholic schools, students, parents, and teachers across the United States for their ongoing contributions to education, and for the vital role they play in promoting and ensuring a brighter, stronger future for this Nation.

PROVIDING FOR A CONDITIONAL ADJOURNMENT OF THE HOUSE

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H. Con. Res. 332, which was received from the House.

The PRESIDING OFFICER. The clerk will report the concurrent resolution by title.

The legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 332) providing for a conditional adjournment of the House of Representatives.

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. FRIST. Mr. President, I ask unanimous consent that the resolution be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the concurrent resolution be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 332) was agreed to, as follows.

H. CON. RES. 332

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on the legislative day of Wednesday, February 1, 2006, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand adjourned until 2 p.m. on Tuesday, February 7, 2006, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the House adjourns on the legislative day of Wednesday, February 8, 2006, or Thursday, February 9, 2006, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand adjourned until 2 p.m. on Tuesday, February 14, 2006, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker or his designee, after consultation with the Minority Leader, shall notify the Members of the House to reassemble at such place and time as he may designate if, in his opinion, the public interest shall warrant it.

STATE HIGH RISK POOL FUNDING EXTENSION ACT OF 2005

Mr. FRIST. Mr. President, I ask unanimous consent that the HELP

Committee be discharged and the Senate proceed to the immediate consideration of H.R. 4519.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4519) to amend the Public Health Service Act to extend funding for the operation of State high risk health insurance pools.

There being no objection, the Senate proceeded to consider the bill.

Mr. FRIST. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 4519) was read the third time and passed.

WATER NEEDS OF THE DRY PRAIRIE RURAL WATER ASSOCIATION

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 355, S. 1219.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 1219) to authorize certain tribes in the State of Montana to enter into a lease or other temporary conveyance of water rights to meet the water needs of the Dry Prairie Rural Water Association, Inc.

There being no objection, the Senate proceeded to consider the bill.

Mr. FRIST. Mr. President, I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (S. 1219) was read the third time and passed, as follows:

S. 1219

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TEMPORARY CONVEYANCE OF WATER RIGHTS TO DRY PRAIRIE RURAL WATER ASSOCIATION, INC.

(a) IN GENERAL.—The Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, Montana (referred to in this section as the "Tribes") may, with the approval of the Secretary, enter into a lease or other temporary conveyance of water rights recognized under the Fort Peck-Montana Compact (Montana Code Annotated 85-20-201) with the Dry Prairie Rural Water Association, Incorporated (or any successor non-Federal entity) for the purpose of meeting the water needs of that association, in accordance with section 5 of the Fort Peck Reservation Rural Water System Act of 2000 (Public Law 106-382; 114 Stat. 1454).

(b) CONDITIONS OF LEASE.—With respect to a lease or other temporary conveyance described in subsection (a)—

(1) the term of the lease or conveyance shall not exceed 100 years; and

(2)(A) the lease or conveyance may be approved by the Secretary without monetary compensation to the Tribes; and

(B) the Secretary shall not be subject to liability for any claim relating to any compensation or consideration received by the Tribes under the lease or conveyance.

(C) NO PERMANENT ALIENATION OF WATER.—Nothing in this section authorizes a permanent alienation of any water by the Tribes.

ORDERS FOR THURSDAY, FEBRUARY 2, 2006

Mr. FRIST. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:30 a.m. on Thursday, February 2. I further ask that following the prayer and pledge, the morning hour be deemed expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate proceed to consideration of H.R. 4297, the tax reconciliation bill; provided further that when the Senate resumes the bill there be 3½ hours remaining for each side under the statute; further, that the bill be subject to debate only until the majority leader is recognized at 10:45 a.m. on Thursday.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. FRIST. Mr. President, today the Senate did begin consideration of the House version of the tax relief bill that this body passed last November. We now have 7 hours remaining under the statutory time limit for this piece of legislation. We began with 20 hours and now have 7 hours remaining.

Tomorrow, we will continue debate on this important bill. At this point I expect further debate tomorrow morning until all time has expired. As all Senators are aware, once all time expires Senators may offer amendments, and therefore a series of stacked votes over the course of tomorrow afternoon is to be expected. Senators should expect a busy afternoon, and I ask Members to remain close to the Chamber tomorrow while these amendments are considered to this tax reconciliation bill. We don't know exactly how many amendments that will be, but once those amendments start we will go straight through those amendments until completion, whether that be tomorrow night or on Friday. We will finish the bill this week and it is possible we could finish it tomorrow night if we have good cooperation from both sides of the aisle on this legislation. But if not, we will go into Friday to complete the bill.

Progress was good today. There was a lot of discussion over the course of the day. We have a lot of people who said they wished to offer amendments and I do hope that they would reconsider and make sure, if the amendment is to be offered, it is a substantive amendment, important to the tax reconciliation bill and, if not, not offer the amendment. Thus we could get through this tomorrow night.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. FRIST. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 8 p.m., adjourned until Thursday, February 2, 2006, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate February 1, 2006:

IN THE ARMY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. DAVID P. VALCOURT, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

LT. GEN. RAYMOND T. ODIERNO, 0000

HE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be lieutenant general

MAJ. GEN. STANLEY A. MCCRISTAL, 0000

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES ARMY TO THE GRADE INDICATED UNDER TITLE 10, U.S.C., SECTION 601:

To be major general

BRIG. GEN. ELDER GRANGER, 0000

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT IN THE UNITED STATES NAVY TO THE GRADE INDICATED WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601:

To be vice admiral

REAR ADM. ROBERT T. CONWAY, JR., 0000

IN THE AIR FORCE

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

BRUCE S. ABE, 0000
CLIFTON W. BAILEY, 0000
KEVIN H. BLACK, 0000
MICHAEL D. BROOKS, 0000
JEFFREY S. BROWN, 0000
ROBERT M. CRITTENDEN, 0000
AARON W. ENGELS, 0000
EDITHANN JENNINGS GRAHAM, 0000
JODY S. HARRISON, 0000
BRENT E. HAVEY, 0000
CLAYTON G. HICKS, 0000
GRETCHEN E. JUNGERMANN, 0000
ALFRED G. KHALLOUF, 0000
CARL A. LABELLA III, 0000
BRIAN J. LOREI, 0000
JENNIFER F. MCCARTHY, 0000
NORMAN L. MCGEATHY III, 0000
JOANNA SAENZ MCPHERSON, 0000
MASOUD MILANI, 0000
LEONARDO M. RIOSANDERSEN, 0000
LEE E. ROUNDY, 0000
JENNIFER B. SAMS, 0000
LOGAN SMITH, 0000
STEPHEN H. SPECK, 0000
JANICE TIMOTHEE, 0000
JAMES D. WATTS, 0000
RYAN COOPER WAYLAND, 0000
ANN E. ZIONIC, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES AIR FORCE UNDER TITLE 10, U.S.C., SECTION 624:

To be major

STEVEN J. ACEVEDO, 0000
ZARAH ANN A. ALBA, 0000
ANTOIN M. ALEXANDER, 0000
MICHAEL B. ALEXANDER, 0000
BRETT K. ANDERSON, 0000
BRIAN A. ARTZBERGER, 0000
LEE S. ASTLE, 0000
KAREN M. AYOTTE, 0000
LAURA E. BABER, 0000

SCOTT A. BALDRIDGE, 0000
NICOLE M. BALLINGER, 0000
CHRISTINE L. BALTZER, 0000
SHANE B. BANKS, 0000
SCOTT J. BARNACLE, 0000
RICHARD J. BARNETT, 0000
DEAN W. BARTHOLOMEW, 0000
IAN M. BAXTER, 0000
JONATHAN B. BERG, 0000
BRIAN S. BERKE, 0000
JEANETTE KEENAN BERRONG, 0000
DOMINGO R. BICALDO, 0000
GRETCHEN E. BLACK, 0000
JAMES J. BOEHMKE, JR., 0000
BRADLEY J. BOETTIG, 0000
JUSTIN B. BOGE, 0000
TERESA A. BONZANI, 0000
BRIAN M. BOSSCHER, 0000
JONATHAN N. BOWMAN, 0000
MICHAEL S. BOXUM, 0000
KARA M. BOYER, 0000
CHRISTOPHER N. BRESSLER, 0000
JONATHAN D. BREWER, 0000
BEATRICE Y. BREWINGTON, 0000
CHRISTOPHER M. BROWN, 0000
JAMES K. BROWN, 0000
JEFFREY D. BUSHNELL, 0000
CHRISTOPHER W. CALABRIA, 0000
MATTHEW A. CARLSON, 0000
KEN J. CARPENTER, 0000
NOELLE A. CARPENTER, 0000
PHIL O. CASTILLO, 0000
NATHAN D. CECAVA, 0000
MAURICE G. CHEN, 0000
JENNIFER C. CHOW, 0000
ANTHONY J. CIAMPA, 0000
STEPHANIE L. CIAMPA, 0000
RAYMOND J. CLYDESDALE, 0000
BRIAN G. COMER, 0000
JOHNATHAN M. COMPTON, 0000
CHRISTIE M. COOKSEY, 0000
BRETT D. COONS, 0000
AMY A. COSTELLO, 0000
ERIC C. CRABTREE, 0000
ROBERT M. CROMER, 0000
JOHN M. CROWE, 0000
TERESA A. CRUTCHLEY, 0000
LISA K. CULTON, 0000
OSCAR J. CURRIE, 0000
RICHARD L. DAGROSA, 0000
EILEEN H. DAUER, 0000
CHARLES M. DAVIS, 0000
STEVEN W. DAVIS, 0000
PAUL T. DEFLORIO, 0000
SUSANN DEMARINO, 0000
NICOLE M. DEYAMPERT, 0000
BRAD A. DEYKIN, 0000
JAYSON C. DOCK, 0000
JOSEPH J. DUBOSE, 0000
TIMOTHY J. DUNCAN, 0000
AN T. DUONG, 0000
JAMES S. EADIE, 0000
TRACY J. EICHER, 0000
HERMAN R. ELLEMBERGER, 0000
SPRING R. ELLEMBERGER, 0000
ROBERT L. ELLER, 0000
AMY S. ERICKSON, 0000
JASON H. EVES, 0000
GEOFFREY L. EWING, 0000
SHANNON D. FABER, 0000
DELANO S. FABRO, JR., 0000
OLUWOLE O. FADARE, 0000
TROY D. FATE, 0000
BRYAN A. FICARRA, JR., 0000
CARLIE D. FINAN, 0000
RYAN O. FINSTEN, 0000
KEITH A. FISHER, 0000
ERIC M. FLAKE, 0000
TRACY M. FOEBELICH, 0000
SCOTT ALAN FUJIMOTO, 0000
HEIDI L. GADDEY, 0000
NORA E. GERSON, 0000
JULIE L. GLENN, 0000
SANJAY A. GOGATE, 0000
PAMELA K. GORDON, 0000
RUSSELL K. GORE, 0000
STEVEN M. GORE, 0000
CHRISTOPHER E. GORMAN, 0000
ALLISON E. GORREBEECK, 0000
JOSEPH T. GOWER, 0000
RICHARD T. GRECO, 0000
KELLIE D. GRIFFITH, 0000
STUART R. GROSS, 0000
MARK A. GUNST, 0000
KARRN E. GUSTAFSON, 0000
GERALD R. HADDOCK II, 0000
AUDREY M. HALL, 0000
NADEEM A. HAMID, 0000
TAYLOR S. HAN, 0000
EVELYN M. HARDER, 0000
MARTIN R. HARSSEMA, 0000
MICHELLE R. HARSSEMA, 0000
CHAD W. HARSTON, 0000
MARSHALL T. HAYES, 0000
KEVIN D. HETTINGER, 0000
ARTHUR V. HICKSON, 0000
AQUILLA L. HIGHSMITHTYLER, 0000
JOSHUA A. HODGE, 0000
STEFANIE K. HORNE, 0000
STEVEN J. HOSPODAR, 0000
ROBERT J. HOWE, 0000
DAVID T. HSIEH, 0000
DAVID L. HUANG, 0000
JUDY M. HUYNH, 0000
TEDDOR J. HUZLI, 0000
JULIA C. JACKSON, 0000
MICHAEL W. JACKSON, 0000

THEODORE J. JERDEE, 0000
 JEFFREY JOHNS, 0000
 LYELL K. JONES, JR., 0000
 KURT W. KAMPERT, 0000
 DREW M. KEISTER, 0000
 MICHAEL P. KENNEY, 0000
 TINA R. KINSLEY, 0000
 LEE M. KUXHAUS, 0000
 ROSELIA I. LABBE, 0000
 JULIO R. LAIRET, 0000
 THOMAS A. LAMPERTI, 0000
 JASON W. LANE, 0000
 WAYNE A. LATAACK, 0000
 HARRISON Q. LE, 0000
 PETER A. LEARN, 0000
 CHRISTOPHER T. LEBRUN, 0000
 JASON C. LEE, 0000
 RACHEL A. L. LEONARDI, 0000
 AMY C. LOTHIAN, 0000
 PATRICK S. LOVEGROVE, 0000
 BRANT J. LUTSI, 0000
 MICHAEL R. LYAKER, 0000
 DAVID H. LYNCH, 0000
 JOHN W. LYNCH III, 0000
 ROBERT A. LYONS, 0000
 GLEN D. MACPHERSON, 0000
 IRENE MANHSIAO, 0000
 VINCENT C. MARCONI, 0000
 JON KYLE MARTI, 0000
 SHELLY D. MARTIN, 0000
 VIRGINIA G. MATHESON, 0000
 STEPHEN C. MATURO, 0000
 MARILYN A. MAYNE, 0000
 SEAN P. MAYO, 0000
 HEATH B. MCANALLY, 0000
 DANIEL S. MCBRIDE, 0000
 JONATHAN W. MCCLAIN, 0000
 PATRICK E. MCCLESKEY, 0000
 MATTHEW J. MCKAY, 0000
 ANDREA BARBER MCMURPHY, 0000
 BETHANNE K. MILLER, 0000
 LEE A. MILLER, 0000
 RUSSEL S. MILLER, 0000
 KI LEE MILLIGAN, 0000
 CHINMOY MISHRA, 0000
 JASON A. MITCHELL, 0000
 JEFFREY W. MOLLOY, 0000
 JUSTIN E. MORGAN, 0000
 JOSHUA C. MORGANSTEIN, 0000
 JASON C. MORVANT, 0000
 MARK S. MULLER, 0000
 KARSTEN MUNCK, 0000
 JAVIER A. MUNIZ, 0000
 ROMAN M. J. NATION, 0000
 JEFFREY S. NELSON, 0000
 JENNIFER B. NELSON, 0000
 RANDALL J. NETT, 0000
 WILLIAM B. NEWMAN, 0000
 LINH C. NGUYEN, 0000
 SHAWN D. NICHOLS, 0000
 MATTHEW G. NIEMI, 0000
 BROCK P. NOLAN, 0000
 CHARLES M. NOLAN, DER, 0000
 MARK A. NOVAS, 0000
 JON J. OPRY, 0000
 LUIS B. OTERO, 0000
 HANS F. OTTO, 0000
 PATRICIA A. PANKY, 0000
 MICHAEL W. PEELE, 0000
 JACQUELINE J. PERCY, 0000
 MICHELLE ANN PHILLIPS, 0000
 KEVIN C. PLAISANCE, 0000
 ERIC V. PLOTT, 0000
 MATTHEW S. POGODZINSKI, 0000
 GINGER L. POLE, 0000
 GEN T. PORTER, 0000
 JAMES M. PROBASCO, 0000
 CHARLES V. PULS, 0000
 JOSEPH PUSKAR, 0000
 JULIA D. QUINLAN, 0000
 ERICA D. RADDEN, 0000
 CARL C. REID, 0000
 SARA J. REID, 0000
 JENNIFER L. RIPPON, 0000
 DEBRA A. ROBERTS, 0000
 BEN C. ROBINSON, 0000
 MARK O. ROBINSON, 0000
 JOHN C. ROCKWELL, 0000
 DAVID C. RODRIGUEZ, 0000
 DAVID C. ROE, 0000
 CRAIG A. ROHAN, 0000
 BENJAMIN G. ROMICK, 0000
 PAOLO G. RONCALLO, 0000
 DANIEL T. ROSE, 0000
 MARK T. ROVICK, 0000
 MELINDA L. RUFF, 0000
 RAFAEL RUIZ, 0000
 HANS D. SCHURICHT, 0000
 JENNIFER A. SCOBLE, 0000
 JIFFY C. SETO, 0000
 ABDUL Q. SHAHID, 0000
 CATHERIN T. D. SHOFF, 0000
 MEGAN M. SHUTTSKARJOLA, 0000
 JEFFREY A. SIMBerville, 0000
 ANAND K. SINGH, 0000
 KAMAL D. SINGH, 0000
 ALLEN R. SKIDMORE, 0000
 KRISTEN A. SOLTISTYLER, 0000
 JAMES E. SOWRY, 0000
 BARTON C. STAAT, 0000
 MICHAEL W. STACEY, 0000
 EVELYN L. STENDER, 0000
 THOMAS G. STERNBERG, 0000
 DUSTIN E. STEVENSON, 0000
 DESHAWN K. STEWART, 0000
 LOYAL R. STIERLEN, 0000
 MARY C. STOCKKEISTER, 0000

SHAYNE C. STOKES, 0000
 SARA R. STORCH, 0000
 JAMES E. STORMO, 0000
 TEDDY J. SU, 0000
 RICHARD L. SUNDERMEYER, 0000
 ERICH L. SWAFFORD, 0000
 WILLIAM E. SWILER, 0000
 JEFFREY P. TAN, 0000
 JOHN J. THOPPIL, 0000
 JILL M. TIA, 0000
 ROBERT J. TIBESAR, 0000
 STEPHEN J. TITUS, 0000
 LUAN C. TRAN, 0000
 TIMOTHY D. TRAPP, 0000
 ZOLTAN A. VARRO, 0000
 ALEJANDRO A. VEGA, 0000
 JASON M. WAGNER, 0000
 SHAKA M. WALKER, 0000
 WILLIAM J. WALKER, 0000
 CHARLES J. WANKER, 0000
 KRISTIN K. WARNER, 0000
 JOHN L. WASHBURN, JR., 0000
 GERALD M. WEBB, 0000
 DAVID E. WEBER, 0000
 CHRIS A. WENTZEL, 0000
 STEPHANIE L. WERNER, 0000
 NGOZI U. WEXLER, 0000
 DOUGLAS W. WHITE, 0000
 KEVIN M. WHITE, 0000
 SARA A. WHITTINGHAM, 0000
 CHRISTOPHER D. WILLIAMS, 0000
 TRAVIS D. WILSON, 0000
 WENDI E. WOHLTMANN, 0000
 TORY W. WOODARD, 0000
 BRENT M. WYATT, 0000
 HEATHER L. YUN, 0000
 STEVEN R. ZIEBER, 0000

IN THE ARMY

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C., SECTION 12203:

To be colonel

MITCHELL S. ACKERSON, 0000
 LARRY W. BIEDERMAN, 0000
 BRENSON P. BISHOP, 0000
 STEPHEN B. BOYD, 0000
 STEVEN M. COLWELL, 0000
 JOSEPH N. CONN, JR., 0000
 PATRICK J. DOLAN, 0000
 GREGG L. DREW, 0000
 ROBERT F. EWING, 0000
 RICHARD R. GENZMAN, 0000
 DENNIS M. GOODWIN, 0000
 WAYLAND HAMLIN, 0000
 KERRY N. HAYNES, 0000
 LAWRENCE M. HENDEL, 0000
 BERT S. KOZEN, 0000
 ROB E. NOLAND, 0000
 JAMES D. REECE, 0000
 TIMOTHY M. SAMORAJSKI, 0000
 WILLIAM D. WEST, 0000
 GLENN R. WOODSON, 0000

IN THE MARINE CORPS

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS RESERVE UNDER TITLE 10, U.S.C., SECTION 12203:

To be colonel

STEPHEN J. MCNULTY, 0000
 EDWARD B. RAPP III, 0000
 ROBERT R. UNDERWOOD, 0000
 STEPHEN D. WALDRON, 0000
 DONALD C. WAYMAN, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

RALPH P. HARRIS III, 0000
 CHARLES L. THRIFT, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

CARNELL LUCKETT, 0000
 CARLOS D. SANABRIA, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be lieutenant colonel

STEPHEN J. DUBOIS, 0000
 CHARLES T. PARTON, 0000
 JOHN D. PAULIN, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

JAY A. ROGERS, 0000
 STANLEY M. WEEKS, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE

UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

SEAN P. HOSTER, 0000
 TIMOTHY D. WHEELER, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

NEIL G. ANDERSON, 0000
 EDWARD M. MOEN, JR., 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

CARL BAILEY, JR., 0000
 JAMES A. JONES, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

GREGORY M. GOODRICH, 0000
 MARK W. WASCOM, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

JAYSON A. BRAYALL, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

JACK G. ABATE, 0000
 RAYMOND E. BARNETT, 0000
 JAMES KOLB, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

DEAN L. JONES, 0000
 DENNIS L. PARKS, 0000
 CHRISTOPHER A. SUTHERLAND, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

PETER G. BAILIFF, 0000
 ROY H. BARRETT II, 0000
 DWIGHT D. BELIN, 0000
 TIMOTHY D. SECHREST, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

ISRAEL GARCIA, 0000
 CEDRIC M. INGRAM, 0000
 MARK A. IVY, 0000
 ROGER N. RUDD, 0000
 JAMES I. SAYLOR, 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

BEN A. CACIOPPO, JR., 0000
 MICHAEL R. GLASS, 0000
 JEFFREY C. HACKETT, 0000
 DONALD L. HULTZ, 0000
 WALTER D. ROMINE, JR., 0000

THE FOLLOWING NAMED LIMITED DUTY OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

PETER M. BARACK, JR., 0000
 TIMOTHY L. COLLINS, 0000
 STEVEN J. LENGQUIST, 0000
 RALPH G. PRATT, 0000
 JOHN D. SOMICH, 0000

THE FOLLOWING NAMED OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES MARINE CORPS UNDER TITLE 10, U.S.C., SECTION 624:

To be major

BENJAMIN J. ABBOTT, 0000
 CHRISTOPHER G. ABRAHAM, 0000
 CESAR M. ACHICO, 0000

ERIC J. ADAMS, 0000
 JOHN B. ADAMS, 0000
 TROY C. ADAMS, 0000
 JOSEPH S. AGRES, 0000
 MICHELLE E. AKERS, 0000
 EZEKIEL E. ALLEN, 0000
 PATRICK E. ALLEN, 0000
 JUSTIN J. ANDERSON, 0000
 KAIN C. ANDERSON, 0000
 MICHAEL C. ANDERSON, 0000
 JUSTIN J. ANSEL, JR., 0000
 JAMES F. ARMAGOST, 0000
 PHILLIP N. ASH, 0000
 THOMAS A. ATKINSON, 0000
 WENCESLAO AVALOS, 0000
 MEREDITH B. AWAD, 0000
 JULIE L. AYLWIN, 0000
 ENRIQUE A. AZENON, 0000
 MICHAEL J. BABILOT, 0000
 JOSEPH T. BACHMANN, 0000
 ANTHONY BAGGS, 0000
 MICHAEL A. BAHE, 0000
 CASEY M. BARNES, 0000
 GILBERT A. BARRETT III, 0000
 JOHN C. BARRY, 0000
 FRANCIS A. BARTH III, 0000
 KENNETH W. BATTAGLIA, 0000
 CHARLES S. BAUER, 0000
 CHRISTOPHER D. BEASLEY, 0000
 STEPHANI M. BECK, 0000
 BRIAN M. BELL, 0000
 JESSE J. BELSKY, 0000
 GARRETT L. BENSON, 0000
 CHARLES H. BERCIER III, 0000
 STEVEN C. BERGER, 0000
 BRIAN D. BERNTH, 0000
 JOHN F. BERRIGAN III, 0000
 AMY E. BERTAS, 0000
 THEODORE C. BETHEA II, 0000
 JAMES W. BISHOP, 0000
 MICHAEL J. BISSONNETTE, 0000
 EDUARDO C. BITTANG II, 0000
 BRENT W. BLAND, 0000
 DONALD P. BLUND, 0000
 ALDRICK P. BLUNT, 0000
 MICHAEL A. BOCCOLUCCI, 0000
 ROBERT J. BODISCH, JR., 0000
 DARYL S. BOERSMA, 0000
 BRAD P. BOITNOTT, 0000
 BRANDON M. BOLLING, 0000
 CHRISTOPHER L. BOPP, 0000
 GARY A. BOURLAND, 0000
 DEREK M. BRANNON, 0000
 SEAN C. BRAZIEL, 0000
 TOBIN J. BREVITZ, 0000
 ERI W. BRINKERHOFF, JR., 0000
 IAN C. BRINKLEY, 0000
 FRANK J. BROGNA III, 0000
 CHRISTOPHER J. BRONZI, 0000
 BRANDON C. BROOKS, 0000
 DANA R. BROWN, 0000
 GREGORY L. BROWN, 0000
 SHANNON M. BROWN, 0000
 JEROME BRYANT, 0000
 SHAWN J. BUDDE, 0000
 BRYANT E. BUDDE, 0000
 THOMAS A. BUDREJKO, 0000
 DAWN M. BURKE, 0000
 ROBERT S. BURRILL, 0000
 GAREY W. BURRILL, JR., 0000
 SEAN K. BUTLER, 0000
 WALTER J. BUTLER, JR., 0000
 RUSSELL P. BUTTRAM, 0000
 JEFFREY D. CABANA, 0000
 LONNIE M. CAMACHA II, 0000
 LOUIS A. CAMARDO II, 0000
 DANIEL R. CAMPBELL, 0000
 RAFAEL A. CANDELARIO II, 0000
 RONALD M. CANNIZZO, 0000
 LEO J. CANNON, 0000
 PATRICK L. CANTWELL, 0000
 FREEDOM J. CARLSON, 0000
 MARK E. CARLTON, 0000
 MICHAEL J. CARREIRO, 0000
 MICHAEL R. CHALGREN, 0000
 JOHN L. CHERRY, 0000
 WILLIAM D. CHESAREK, JR., 0000
 ALICIA A. CHIARAMONTE, 0000
 CHAD A. CHORZELEWSKI, 0000
 CHRISTOPHER M. CHOWN, 0000
 JESUS M. CLAUDI, 0000
 GREGORY H. CLAYTON, 0000
 C. E. CLIFT, 0000
 DARIUS COAKLEY, 0000
 GERALD C. COLLINS, 0000
 DANIEL E. COLVIN, JR., 0000
 ADAM S. CONWAY, 0000
 JOHN COOK, 0000
 SCOTT J. COOK, 0000
 TOMMY D. CORNSTUBBLE, JR., 0000
 STEPHEN L. COSBY, 0000
 JOHN M. COSTELLO, 0000
 HEATHER J. COTOIA, 0000
 BRADLEY S. COWLEY, 0000
 BRIAN P. COYNE, 0000
 KEITH S. CRYSTREE, 0000
 PATRICK R. CRAWFORD, 0000
 ERIC T. CREEKMORE, 0000
 HENRY L. CRISOE, 0000
 CHRISTOPHER C. CURRAN, 0000
 STEPHANIE L. D'UGHERTY, 0000
 ARTHUR L. DAVIDSON, JR., 0000
 JOHN S. DAVIDSON, 0000
 SAMUEL D. DAVIS, 0000
 SHALISA W. DAVIS, 0000
 CHRISTOPHER E. DEANTONI, 0000
 MICHAEL J. DEDDENS, 0000
 CORY E. DEKRAAI, 0000
 GERALD DELIRA, JR., 0000
 STEVEN M. DEMATTEO, 0000
 MARK E. DETHLEFSEN, 0000
 PATRICIA R. DEYONG, 0000
 KEVIN L. DIGMAN, 0000
 ERIC C. DILL, 0000
 JEFFREY S. DIMMIG, 0000
 FRANK DIORIO, JR., 0000
 ANDREW P. DIVINEY, 0000
 ERIC L. DIXON, 0000
 JENNIFER M. DOLAN, 0000
 WILLIAM P. DONNELLY III, 0000
 DAVID A. DOUCETTE, 0000
 ERIC J. DOUGHERTY, 0000
 STEVEN R. DOUGLAS, 0000
 TROY M. DOWNING, 0000
 MATTHEW J. DREIER, 0000
 BRIAN S. DRYZGA, 0000
 NICOLE C. DUBE, 0000
 NEAL W. DUCKWORTH, 0000
 CINDY R. DUGGAN, 0000
 CHRISTOPHER M. DUKE, 0000
 RICHARD E. DUNN, 0000
 MICHAEL A. DURHAM II, 0000
 PATRYCK J. DURHAM, 0000
 TANYA M. DURHAM, 0000
 JAMES F. EDWARDS III, 0000
 SCOTT C. EDWARDS, 0000
 PHILIP E. EILERTSON, 0000
 MARK D. ERAMO, 0000
 BRUCE J. ERHARDT, JR., 0000
 KYRL A. ERICKSON, 0000
 KEVIN M. ERKER, 0000
 EDWARD ESPOSITO, 0000
 BRYAN M. ESPRIT, 0000
 MICHAEL F. ESTORER, 0000
 MATTHEW S. FAHRINGER, 0000
 ROBERT A. FARIAS, 0000
 JOSEPH A. FARLEY, 0000
 MICHAEL M. FARRELL, 0000
 THOMAS P. FAVOR, 0000
 JAMEL M. FEDERICO, 0000
 WILLIAM A. FEEKS, 0000
 SCOTT E. FERENCZ, 0000
 ERNEST D. FERRARESSO, 0000
 TODD P. FERRIS, 0000
 GREGORY L. FIELD, 0000
 ANDREW J. FINA, 0000
 MARTIN J. FISHER, 0000
 CHARLES B. FLOURNOY, 0000
 TIMOTHY M. FLYNN, 0000
 RYAN P. FOLS, 0000
 DUANE C. FORSBERG, 0000
 DARIN J. FOX, 0000
 BRYAN R. FREEMAN, 0000
 LAWRENCE M. GAINES, 0000
 IAN C. GALBRAITH, 0000
 KATIA M. GARCIA, 0000
 KENNETH C. GARDNER, JR., 0000
 KATE I. GERMANO, 0000
 JEREMY L. GETTINGS, 0000
 PAUL M. GHIOZZO, 0000
 PETER M. GIBBONS, 0000
 STEVE E. GILLETTE, 0000
 THOMAS H. GILLEY IV, 0000
 JAMES R. GLADEN III, 0000
 RICHARD L. GLADWELL, JR., 0000
 SEAN M. GLEASON, 0000
 IAN T. GLOVER, 0000
 JENNIFER M. GODDARD, 0000
 JEFFREY D. GOODELL, 0000
 REBECCA L. GOODRICHHINTON, 0000
 BRADLEY W. GORDON, 0000
 JAMES H. GORDON, 0000
 JOSHUA S. GORDON, 0000
 BRIAN T. GRANA, 0000
 CRAIG A. GRANT, 0000
 MAX S. GREEN, 0000
 ANDREW C. GREGOIRE, 0000
 COLLEEN R. GRIMM, 0000
 RICHARD E. GRIMM, 0000
 KELLY J. GRISSOM, 0000
 JAMES W. GROOMS II, 0000
 ROBERT J. GUICE, 0000
 REGINA M. GUSTAVSSON, 0000
 JOHN T. GUTIERREZ, 0000
 MATTHEW B. HAKOLA, 0000
 JEREMY G. HALL, 0000
 MICHAEL S. HALL, 0000
 MARK E. HARRISON, 0000
 MARK E. HAMMETT II, 0000
 ALFRED B. HAMMOND, 0000
 ROBERT M. HANCOCK, 0000
 MARK A. HAND, 0000
 DAVID W. HANDY, 0000
 JAMES A. HANLEY II, 0000
 CHARLES M. HARRIS, 0000
 MARIUS L. HARRISON, 0000
 ELIZABETH A. HARVEY, 0000
 HOWARD H. HATCH, 0000
 CORY M. HAVENS, 0000
 ROBERT C. HAWKINS, 0000
 BRENDAN G. HEATHERMAN, 0000
 ROBERT P. HEFFNER, JR., 0000
 ERIC B. HEISER, 0000
 WILLIAM C. HENDRICKS IV, 0000
 SEAN D. HENRICKSON, 0000
 MICHAEL E. HERNANDEZ, 0000
 LARRY J. HERRING, 0000
 RALPH HERSHFELT III, 0000
 BERNARD HESS, 0000
 DREW R. HESS, 0000
 CHERONE A. HESTER, 0000
 DOUGLAS P. HIBSHMAN, 0000
 MICHAEL D. HICKS, 0000
 DALE A. HIGHBERGER, 0000
 CRAIG P. HIMEL, 0000
 CHRISTOPHER M. HOBSON, 0000
 THOMAS A. HODGE, 0000
 PATRICK A. HODGES, 0000
 ROBERT E. HOFFLER, JR., 0000
 GREGORY S. HOFFMAN, 0000
 LUKE T. HOLIAN, 0000
 TERRELL D. HOOD, 0000
 JAMES B. HOOVER, 0000
 JEFFREY S. HOUSTON, 0000
 MICHAEL P. HOWARD, 0000
 WILLIAM C. HOWLETT, 0000
 RYAN M. HOYLE, 0000
 GEORGE A. HUGGINS, 0000
 ALEXANDER R. HULT, 0000
 DAVID C. HUMPHREYS, 0000
 ROBERT C. HUNTER, 0000
 PER D. HURST, 0000
 BENJAMIN K. HUTCHINS, 0000
 CHRISTOPHER S. IEVA, 0000
 CARLOS T. JACKSON, 0000
 JOHN B. JACKSON III, 0000
 ROB L. JAMES, 0000
 JESSE A. JANAY, 0000
 JACOB A. JENKINS, 0000
 BRENT A. JOHNSON, 0000
 MICHAEL J. JOHNSON, 0000
 SAMUEL L. JOHNSON, 0000
 TERRY D. JOHNSON, 0000
 JASON E. JOLLIFF, 0000
 DERRICK L. JONES, 0000
 NATHAN E. JUBECK, 0000
 TIMOTHY A. KAMB, 0000
 TIM Y. KAO, 0000
 BRIAN K. KELLER, 0000
 DOUGLAS K. KELLER, 0000
 JAMES H. KELLER, 0000
 SHAWN M. KELLY, 0000
 TIMOTHY L. KELLY, 0000
 STEVEN C. KEMPION, 0000
 JOHN F. KESTERSON, 0000
 BRIAN M. KIBEL, 0000
 TROY O. KIPER, 0000
 WILFRID A. KIRKBRIDE, 0000
 JOSHUA KISSON, 0000
 TODD A. KISTLER, 0000
 MICHAEL C. KLINE, 0000
 TOMIS M. KNEPPER, 0000
 CURT R. KNOWLES, 0000
 DEWAYNE L. KNOWLES, 0000
 BRIAN T. KOCH, 0000
 LIA B. KOLOSKI, 0000
 THOMAS H. KOLOSKI, 0000
 SCOTT M. KOLTICK, 0000
 JEFFERSON L. KOSICH, 0000
 CONSTANTINE KOUSOUKOS, 0000
 KEITH E. KOVATS, 0000
 BRYAN C. KUS, 0000
 JAMES R. KYTE, 0000
 JOSEPH E. LAGOSKI, 0000
 JUSTIN D. LAMORIE, 0000
 DEREK E. LANE, 0000
 VINCENT G. LARATTA, 0000
 SCOTT H. LAROCCA, 0000
 ANDREAS D. LAVATO, 0000
 GABRIEL E. LEAL, 0000
 JOSEPH S. LEE, 0000
 KATHY R. LEIWOOD, 0000
 JOEL T. LEGGETT, 0000
 JOHN G. LEHANE, 0000
 SAMUEL C. LEIGH, 0000
 FREDERICK L. LEWIS, 0000
 GREGORY W. LEWIS, 0000
 JONATHAN B. LINDESEY, 0000
 JOSEPH E. LINGGI, 0000
 JOHN W. LITTON, 0000
 JAMES W. LIVELY, 0000
 MICHAEL J. LIVINGSTON, 0000
 SHANE M. LONG, 0000
 CARL M. LOWE, 0000
 BRIAN M. LUCERO, 0000
 GEORGE W. LUNDY III, 0000
 JONATHAN C. LUTTMANN, 0000
 CHARLES B. LYNN III, 0000
 WILLIAM W. MA, 0000
 SCOTT J. MABEE, 0000
 MAREK Z. MAKAROWICZ, 0000
 SKYLER D. MALLICOAT, 0000
 TODD M. MANYK, 0000
 WILLIAM M. MAPLES, 0000
 MICHAEL C. MARGOLIS, 0000
 SOCRATES S. MAROUDIS, 0000
 DANIEL L. MARTIN, 0000
 JAMES T. MARTIN, 0000
 BRETT E. MATTHEWS, 0000
 RENEE L. MATTHEWS, 0000
 MATTHEW D. MCBROOM, 0000
 MICHAEL C. MCCARTHY, 0000
 DAVID A. MCCOMBS, 0000
 BRIAN P. MCDERMOTT, 0000
 KEVIN P. MCDONALD, 0000
 MICHAEL S. MCFADDEN, 0000
 RICHARD C. MCGAHHEY, JR., 0000
 MATTHEW R. MCINERNEY, 0000
 GEOFFREY J. MCKEEL, 0000
 ARIC A. MCKENNA, 0000
 NEIL D. MCKENNA IV, 0000
 BRIAN P. MCCLAUGHLIN, 0000
 MYLES MCCLAUGHLIN, 0000
 JEFFREY J. MEISENGER, 0000
 NATHAN A. MENTINK, 0000
 THOMAS B. MERRITT, JR., 0000
 ANDREW A. MERZ, 0000
 CHRISTOPHER V. MEYERS, 0000
 DANIEL R. MILLANE, 0000
 KENT J. MILLER, 0000
 KOLTER R. MILLER, 0000

NATHAN A. MILLER, 0000
 BARRON E. MILLS, 0000
 DAVID H. MILLS, 0000
 BRUNO G. MITCHELL, 0000
 STEPHEN J. MONSOUR, 0000
 ERIC S. MONTALVO, 0000
 DAVID B. MOORE, 0000
 JOE L. MOORE, 0000
 BRUCE L. MORALES, 0000
 RICHARD K. MORRIS, 0000
 BILLIE D. MORTON, JR., 0000
 STEPHEN H. MOUNT, 0000
 DAVID A. MUELLER, 0000
 BRIAN W. MULLERY, 0000
 KEVIN M. MULLIGAN, 0000
 RAMON J. MUNOZ, 0000
 TANYA M. MURNOCK, 0000
 STEVEN R. MURPHY, 0000
 TIMOTHY I. MURRAY, 0000
 DANIEL T. NAROZNIAK, 0000
 JOHN B. NAYLOR, 0000
 ANTHONOL L. NEELY, 0000
 YOHANNES G. NEGGA, 0000
 SHANNON J. NELLER, 0000
 KIRK B. NELSON, 0000
 EDWARD T. NEVGLOSKI, 0000
 DEREK J. NEYMEYER, 0000
 ALEXANDRA K. NIELSEN, 0000
 SIEBRAND H. NIEWENHOUS IV, 0000
 THOMAS B. NOEL, 0000
 DONALD A. NOLAN, 0000
 WADE H. NORDBERG, 0000
 ERIC J. NULL, 0000
 DANIEL M. OCONNOR, 0000
 KYLE R. OCONNOR, 0000
 JONATHAN R. OHMAN, 0000
 ERIC D. OLIPHANT, 0000
 DONALD W. OLIVER, JR., 0000
 WILLIAM C. OLIVER, 0000
 DAVID A. OLSON, 0000
 JEREMY R. ORR, 0000
 THOMAS S. PAGE, JR., 0000
 STEPHEN S. PAINTER, 0000
 MARK A. PAOLICELLI, 0000
 RANDALL A. PAPE, 0000
 BENJAMIN J. PAPPAS, 0000
 THOMAS W. PARKER, 0000
 RICHARD E. PARKINSON, 0000
 HENRY J. PARRISH, 0000
 RICHARD H. PARRISH, 0000
 ROSS A. PARRISH, 0000
 TEAGUE A. PASTEL, 0000
 PARKE A. PAULSON, 0000
 LESLIE T. PAYTON, 0000
 ROBERT A. PEAL, 0000
 DARIEN A. PEDOTA, 0000
 ELIZABETH D. PEREZ, 0000
 GABRIEL A. PEREZ, 0000
 CHRISTOPHER M. PERRINE, 0000
 BRADLEY W. PHILLIPS, 0000
 FORD C. PHILLIPS, 0000
 DARRYL A. PIASECKI, 0000
 DAVID W. PINION, 0000
 ROBERT F. PIPER III, 0000
 BENJAMIN T. PIPES, 0000
 RICHARD H. PITCHFORD, 0000
 CLAY A. PLUMMER, 0000
 JEFFREY S. POOL, 0000
 DENNIS R. POWERS, 0000
 MELISSA PRATT, 0000
 KEVIN J. PRINDIVILLE, 0000
 SEAN T. QUINLAN, 0000
 CRAIG T. RALEIGH, 0000
 AARON R. RAMERT, 0000
 GEORGE P. RAMSEY, 0000
 OMAR J. RANDALL, 0000
 MARK L. RANEY, 0000
 DANNY G. RAYMOND, 0000
 DAVID L. REAS, 0000
 DANIEL N. REBER, 0000
 ANDREW P. REED, 0000
 PHILLIP A. REEVES, 0000
 ROBERT B. REHDER, JR., 0000
 DAVID M. REILLY, 0000
 PETER O. REITMEYER, 0000
 JABARI J. RENEAU, 0000
 SHELTON RICHARDS, 0000
 BRYAN D. RICHARDSON, 0000
 JASON P. RICHTER, 0000
 NEAL E. RICKNER, 0000
 RICHARD J. RIGHTER, 0000
 SEAN P. RILEY, 0000
 BENJAMIN S. RINGVELSKI, 0000
 RANDALL C. RISHER, 0000
 JULIAN J. RIVERA, 0000
 TIMOTHY C. RIZNER, 0000
 CHRISTIAN D. RIZZO, 0000
 MICHAEL J. ROACH, 0000
 JASON P. ROBERTS, 0000
 RICHARD C. ROBERTS, 0000
 MARK W. RODGERS, 0000
 CLAIBORNE H. ROGERS, 0000
 SCOTT M. ROLPH, 0000
 DAVID T. ROMLEY, 0000
 DAVID M. ROONEY, 0000
 RICHARD A. ROSENSTEIN, JR., 0000
 SAM L. ROY, 0000
 JUSTIN R. RUMPS, 0000
 FREDERICK W. RUSSELL III, 0000
 TRAVIS G. RUSSELL, 0000
 CHRISTIAN S. RUWE, 0000
 CHARLES W. RYAN, 0000
 JOHN T. RYAN, 0000
 RUSSELL C. RYBKA, 0000
 CHRISTI L. SADDLER, 0000
 LOUIE G. SAGISI, 0000
 DENNIS W. SAMPSON, JR., 0000
 JOHN E. SAMPSON, 0000
 SOUN'THONE SANANIKONE, 0000
 ROLANDO R. SANCHEZ, 0000
 DOUGLAS C. SANDERS, 0000
 MAURICE A. SANDERS, 0000
 DENNIS A. SANTARE, 0000
 WILLIAM A. SANTMYER, 0000
 JOHN E. SARNO, 0000
 KEVIN T. SAUNDERS, 0000
 GLENN SCHMID, 0000
 JOSEPH G. SCHMITT, 0000
 DAVID E. SCHNEIDER, 0000
 PAUL M. SCHNEIDER, 0000
 WILLIAM M. SCHRADER, 0000
 SEAN D. SCHROCK, 0000
 JASON L. SCHWARTZ, 0000
 JOHN T. SCHWENT, JR., 0000
 ROBERT C. SELLERS, 0000
 MICHAEL P. SHAND, 0000
 DAVID B. SHEALY, 0000
 DANIEL B. SHEEHAN III, 0000
 RYAN P. SHEEHY, 0000
 BRIAN O. SHELLMAN, 0000
 WILLIAM SHERIDAN IV, 0000
 WILLIAM F. SIEVE II, 0000
 JOHN T. SILVA, 0000
 FRANK L. SIMMONS, 0000
 WILLIAM T. SIMMONS, 0000
 MICHAEL D. SKAGGS, 0000
 RICHARD T. SLACK, 0000
 SAMUEL L. SLAYDON, 0000
 DAVID P. SMAY IV, 0000
 ANTHONY L. SMITH, 0000
 DANIEL B. SMITH, 0000
 ELIESER R. SMITH, 0000
 KEITH D. SMITH, 0000
 MIRANDA D. SMITH, 0000
 ROGER A. SMITH, 0000
 TRACI L. SNIVELY, 0000
 JARED A. SPURLOCK, 0000
 MATTHEW A. SPURLOCK, 0000
 MICHAEL W. STEHLE, 0000
 JAMES T. STEIDLE, 0000
 JEFFREY S. STEPHENS, 0000
 MARK A. STIFFLER, 0000
 RONALD D. STORER, 0000
 STEVEN W. STORMANT, 0000
 GRAYSON T. STORY, 0000
 DEAN T. STOUFFNER, 0000
 ROBERT A. SUCHER, 0000
 THEODORE P. SUDMEYER, 0000
 BYRON D. SULLIVAN, 0000
 MICHAEL N. SWIFT, 0000
 TROY S. SYBESMA, 0000
 ERIC S. SYVERSON, 0000
 ERIC C. TAUREN, 0000
 BRIAN J. TAYLOR, 0000
 JAMES T. TAYLOR, 0000
 STEPHEN J. TAYLOR, 0000
 BRADLEY J. TEEMLEY, 0000
 THOMAS M. TENNANT, 0000
 GREGORY A. THIELE, 0000
 AMY N. THOMAS, 0000
 WILLIAM A. THOMAS II, 0000
 ANDREW J. THOMPSON, 0000
 ERIC N. THOMPSON, 0000
 IAN F. THOMPSON, 0000
 JEREMY S. THOMPSON, 0000
 PATRICK F. TIERNAN, 0000
 WINSTON S. TIERNY, 0000
 ARCHIE L. TINJUM, JR., 0000
 VIRGIL E. TINKLE, 0000
 EMMANUEL V. TIPON, 0000
 CURTIS J. TOMCZAK, 0000
 EDMUND B. TOMLINSON, 0000
 MICHAEL D. TRAPP, 0000
 SCOTT T. TRENT, 0000
 JAMES W. TROY, 0000
 JOSEPH M. TURGON, 0000
 JOSEPH B. TURKAL, 0000
 TRAY A. TURNER, 0000
 JAMES D. UTSLER, 0000
 GLENN H. VANAIKSDALE, 0000
 MARK R. VANDERBEEK, 0000
 TOBIAS K. VANESSLSTYN, 0000
 DAVID J. VANLANEN, 0000
 SCOTT E. VASQUEZ, 0000
 ANTONIO E. VELLASQUEZ II, 0000
 ANDREW E. VELLENGA, 0000
 BENJAMIN M. VENNING, 0000
 CHARLIE R. VONBERGEN, 0000
 PAT P. VONGSAVANH, 0000
 FRANCIS M. WALD, 0000
 STEVEN O. WALLACE, 0000
 WALTER J. WALLACE, 0000
 RANDAL M. WALSH, 0000
 WAYNE J. WALTRIP, 0000
 CHRISTIAN M. WARD, 0000
 GREGORY J. WARDMAN, JR., 0000
 ANTONIO H. WATERS, 0000
 BRITT A. WATSON, 0000
 KEITH S. WEINSAFT, 0000
 WILLIAM S. WEIS, 0000
 JEFFREY A. WHITE, 0000
 MICHAEL S. WILBUR, 0000
 DARBY R. WILER, 0000
 MICHAEL B. WILLIAMS, 0000
 JERRY D. WILLINGHAM, 0000
 BRETT M. WILSON, 0000
 BRYAN D. WILSON, 0000
 PETER A. WILSON, 0000
 MATTHEW D. WINKELBAUER, 0000
 WILLARD E. WINKENHOFER III, 0000
 JEFFREY W. WITHEE, 0000
 KENNETH P. WOODS, 0000
 TOMMY R. WRIGHT, 0000
 DAVID L. YAGGY, 0000
 JAMISON YI, 0000
 NEBYOU YONAS, 0000
 DANIEL R. ZAPPA, 0000
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