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House of Representatives

The House was not in session today. Its next meeting will be held on Wednesday, September 6, 2006, at 2 p.m.

Senate

THURSDAY, AUGUST 3, 2006

ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006—MOTION TO PROCEED

Mr. FRIST. Mr. President, we have had a lot of discussion in terms of what the plans would be. We will be proceeding where we can finish the bills, not the Department of Defense appropriations bill tonight, but in all likelihood the other bills. I will propound the unanimous consent request, and then we will lay out the evening.

Mr. President, I ask unanimous consent that notwithstanding rule XXII, the cloture vote with respect to H.R. 5970, the Family Prosperity Act, occur following 15 minutes for Senator GRASSLEY, 15 minutes for the Democratic manager, and 15 minutes for each leader; provided further that if cloture is not invoked, the Senate then proceed immediately to the consideration of H.R. 4, the pensions bill, and that there be 20 minutes for debate equally divided between the two leaders, with no amendments in order to the bill; further, that following the use or yielding back of debate, the bill be read the third time and the Senate proceed to a vote on passage, with no intervening action or debate; further, that it not be in order to consider any conference report on H.R. 2830 during this Congress.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, reserving the right to object, I move that we amend H.R. 4388—it is the extenders, so that everybody knows what I am talking about—with the text of the extenders amendment I offered earlier to the defense bill. In effect, what I am saying is, we are going to try to have a decision made on the protection act. Following the disposition of that, we would go to the pension bill, and my request is that following that we would pass the extenders.

The PRESIDING OFFICER. Is there objection?

Mr. FRIST. Reserving the right to object, Mr. President, I have made it clear since the outset that our intention was to address the Family Prosperity Act, which are the three bills, which people have been referring to as the ''trifecta,'' unamended and without any attempt to either separate that and add it to the pensions bill. We will proceed as planned, consistent with the unanimous consent request that I outlined.

I do object.

The PRESIDING OFFICER. Objection is heard.

Mr. REID. Reserving the right to object, Mr. President. I understand the leader. He told me that earlier today. I told him I would do this. I hope that when we come back, following the completion of the Defense appropriations bill, this will be one of the first things we work on. This is an extremely important piece of legislation. I am disappointed that we were not able to complete this at the conference that was completed a week or so ago. I have no objection to the majority leader's request.

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

Who yields time?

Mr. FRIST. Mr. President, I will yield to Senator GRASSLEY when he comes. I think that I will go ahead and yield myself time on this bill. We have essentially 30 minutes on either side, of which 15 or 20 minutes of our time will be used by Senator GRASSLEY.

We will be voting shortly on what we are calling the Family Prosperity Act. Heretofore, it has been called the trifecta bill because it addresses three different issues that are critically important to the American people.

Each of these three bills that have been grouped together to become the Family Prosperity Act are important to hard-working Americans, millions of them. One of the three bills is the permanent tax relief bill. Let me say at the outset that this is a compromise bill that has been put together. We attempted earlier to do something that I strongly believe in, which is totally repealing this unfair and wrongful ''death'' tax. We were unable to do that on the floor of the Senate, and after a lot of discussion between Republicans and Democrats, with the leadership, with Senator KYL on our side and many Democrats, a bill that is a compromise was put together and is very similar to the bill that is in the Family Prosperity Act.

Why is it important? Because this death tax punishes everyday Americans by forcing them to give up their businesses, give up their farms, which their loved ones—dads, moms, and grandparents—have worked hard to pass on to them. It has a direct impact on farming, ranching, construction. All of these bills are labor and capital intensive, but the cost of passing these enterprises on to future generations in one piece is often prohibitive and impossible to do.

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

About 90 percent of family businesses don't survive that third generation. Even those who do manage to pass on their family businesses are adversely affected. Instead of spending money to innovate and grow the business, people have to pay money either to the Federal Government, to accountants and business people to, in some way, try to lessen the burden they would some day have to pay.

There are a lot of issues that we have addressed in this body. It is time that we act on this one. Again, it is a compromise that we pulled together.

The second aspect of the Family Prosperity Act are some very important tax extenders. There is a list of those that I am sure others will talk about, and one that is of particular interest to me is the sales tax deductibility. In my State of Tennessee, from 1986 to 2004, hard-working Tennesseans were placed at a disadvantage simply because Tennessee was one of seven States that chose to raise revenue primarily through a sales tax instead of an income tax. Thankfully, in 2004, this body, working with President Bush, restored fairness to that Federal tax policy, but that provision expired last year, and more than 64,000 Tennessee families will suffer if that tax relief is not extended. That is just one provision. There are many others.

The research and development tax credit, we know, is absolutely critical to our small businesses, mid-size businesses, and larger businesses in order to grow and to do that research and innovation that prepares them for the future and that creates jobs for the future.

The final piece of the Family Prosperity Act increases the minimum wage. Specifically, it increases it by 40 percent; thus, if we were to pass this bill tonight, the Family Prosperity Act, in the very near term, because it already passed the House, minimum wage workers—several million people—will have a 40 percent increase that will begin in the very near future. Young workers entering the job market for the first time would have a minimum wage hike that would be welcome.

I see that my colleague, Senator GRASSLEY, is here. At this point, I will be happy to yield to him. He has a statement of 15 to 20 minutes. I yield to him what time is required for his statement.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, it is my understanding that I have 15 minutes, and if I need 5 minutes off of the leader's time, I could have it. Would you please inform me when my 15 minutes are up, and if I need a little bit more time, without asking unanimous consent at that time, to take it off of leader time. Does the Chair understand what I am talking about?

The PRESIDING OFFICER. Yes, I understand the Senator. The Chair will make sure the Senator knows when 15 minutes have been used.

Mr. GRASSLEY. I am going to support the trifecta bill. I want to speak about the bill and around the bill and about the environment that has taken place over the last week.

On a preliminary note, I would like to talk a little bit about the nickname of this bill. Its authors in the House and Senate came up with that nickname. They call it the ''trifecta'' bill.

Many folks know I'm a bit of a frugal person. You'd definitely hear it from my staff. Some might say I am cheap. I would say frugal. Frugal folks tend to be drudges and a bit predictable, but, at the end of the day, frugality tends to mean that you have your house to go home to and a little bit of savings in the bank.

You don't see a lot of frugal folks that take big speculative gambles.

So, when I saw this term ''Trifecta,'' not being much of a gambler, I didn't know what it meant. I asked my staff about it. They explained that it was a horse or dog racing term. It refers to a compound bet. That is, the bettor places a bet on three horses. The bettor indicates which horses will win, place, and show.

I asked my staff about the typical odds on a trifecta in a horse race. They picked the 2006 Kentucky Derby. According to the record, Barbaro was favored to win by 6 to 1 odds, Bluegrass Cat was 30 to 1 odds to win, and Steppenwolfer was 30 to 1 odds to win.

The $2 Trifecta paid $11,418 which is a pay-out of $5,709 per every dollar. Big pay-off. Long odds. So does our trifecta have those kind of odds? The answer is no, but it does require 60 Senators to payoff.

Being a frugal person and a cautious legislator, you can see how I might have problems with trifecta legislative strategy.

I guess I would look at this exercise as that kind of longshot. With Senate votes as horses, let's take a look. At the last race, on a motion to proceed to the House death tax repeal bill, 57 horses came in. So, the bet was to find 3 horses among the horses that ran the other direction and turn them around. As a farmer with some experience with horses, let me say, once they're out of the barn and running around, it's hard to turn them around. Senators can be similar, especially when a vote is highly political.

It looks to me like we may not turn around many of the horses today. I hope I am wrong. If I am right, the bottom line is that we bet on the wrong horses. Maybe we should've taken a bet that was more likely to pay-off.

Now, I want to turn to the substance of the bill before us. What's this trifecta bill all about? There are really three key pieces. The first piece is permanent death tax relief. The second piece deals with expiring tax provisions and some other items, known as the ''trailer bill.''

The last piece is a Federal minimum wage increase.

I am not going to describe the minimum wage piece. It is not in my committee, the Finance Committee's, jurisdiction. It was an add-on by the House. I really have no history with it and feel no reason to explain it, support it, criticize it, or defend it. I will leave that to others.

From a personal standpoint, I have supported minimum wage increases in the past. I'll continue to support them as long as the increase doesn't raise teen unemployment and doesn't hurt small business.

I am going to focus on the first two pieces of the trifecta. That is, the death tax relief and the trailer bill. Those matters are squarely within the Finance Committee's jurisdiction. I have some history with those issues. I care a great deal about the policy in both of those areas. As chairman, I feel a lot of responsibility for the tax policy in these areas.

Let's take a look at death tax relief first. I support repeal. I take it from the vote we had on the motion to proceed to the death tax repeal bill that a majority of the Senate also supports repeal or some sort of significant relief.

I want to make it clear to the people listening, who may not understand how the Senate works, why we need 60 votes. A vast majority of this Senate supports repeal of the death tax, but it won't happen because of the 60-vote requirement.

In this case, I did some checking around on the votes after the cloture motion failed. It became apparent to me, after conversations with members, staff, and interested parties that the bar for getting the 60 votes was pretty high. At first, the impression was kind of fuzzy, but it became clear as the weeks moved on. Several barriers existed for the Republican leadership and Senator KYL. One, the fact that we were then so close to an election had politicized the issue. The Democratic leadership were becoming invested in blocking a Republican accomplishment. They made it clear to Democratic Senators who might otherwise be willing to work towards good policy that those Senators would face the wrath of the Democratic Caucus.

Moreover, the Democratic leadership exploited the policy positions that Senator KYL and others considered priorities. Even though Republicans moved, the movement never seemed to be enough. Also, Democrats were focusing on points that they knew the Republican negotiators could not be flexible. It was a troublesome negotiation. Unfortunately, members and staff often heard what they wanted to hear. This pattern only got worse as time went on.

While these negotiations were going on, there was a parallel track developing. The Senate Republican leadership came up with a different plan. The plan was to add the death tax compromise to the pension conference. I counseled against it because I thought the mix of conferees would not be agreeable to it and it would be an awkward position to a broadly bipartisan bill. Nevertheless, I agreed to consider this maneuver if the proponents could show me a path to 60 votes.

The proponents went against my counsel and did not deliver on the one thing I asked them to do: show me the votes. That plan didn't work because, as I predicted, a majority of the conferees were not supportive of it, and I was one of the conferees who would have supported it.

After 4 months of tough negotiations, none of the senior conferees, all of whom were invested in the pension policy, were keen to the idea either. And here, I am talking about both House and Senate conferees, Republicans and Democrats. The mission was launched and quickly aborted.

Along came plan B. Plan B was the result of my ''wily'' counterpart—you know, the guy who, according to House colleagues and staff, supposedly ''snookers'' the Senate year in and year out in conferences. My House counterpart, who, like the rest of the conferees, was never on board with the pension plan, raised this plan B with me. Plan B was the idea of combining some new death tax compromise with the trailer bill.

I counseled against this plan. It was clear that pursuing this plan would cause problems with completing the pension conference. Chairman ENZI backed me in this view. Once again, I asked the proponents to show me the path to 60 votes. Once again, they didn't show the path, and then, as you know, they went ahead over my objection.

So we are where we are right now at almost 9 o'clock on Thursday. The process was lousy and offensive, but the substance is good. I will support the bill's death tax relief proposal. I wish this death tax policy would become law. If that does not happen, then we have to think about the next step. We have to keep our eye on the ball. We should be aiming for good death tax policy and for the 60 votes on how to get there.

We have all learned a few things in this painful process.

One, death tax is a unique kind of issue. It is not like other tax issues. It is a moral issue to folks on both sides of the aisle. To be politically palatable, the death tax proposal needs to be either in isolation or proportionate if combined with other tax proposals. Small so-called sweeteners don't get us over the goal line. Holding up popular must-do current law tax provisions also doesn't get us there. Just look at the vote counts in the House on the various bills. Those vote counts show what I am talking about.

So right now, we are stuck. The Democratic leadership is holding back Members from voting their consciences and their State interests. That resistance is there now, and it is very strong. It won't last past the political season. The Democratic caucus will be accountable. If the trifecta bill fails, we will be back, but we won't get anywhere until we are out of the political season. That is the ugly political fact I have to convey to Senators KYL, LINCOLN, and others who have worked in a bipartisan way to get this done.

I took a look in the Tax Code and the recent history of the death tax relief. In the past 20 years, comprehensive death tax relief occurred two times: in 1997, in a bipartisan tax relief bill, and in 2001 on another bipartisan tax relief bill. Both were produced by Finance Committee members with a bipartisan working group and the involvement of the chairman. My judgment is that if the trifecta bill fails, this is the way we are going to have to go again.

Now I turn to the other part of the trifecta, the so-called trailer bill. In this Congress, I have fought long and hard for extension of tax provisions that expired at the end of last year, now 8 months into the expired year. The extension provisions were included in the tax reconciliation bill which passed the Senate in the spring.

Let's consider how we got here on extenders and the trailer package.

Extenders were part of a package deal that I argued for in the Budget Committee. When the Budget Committee met in February and March of last year, I asked for $90 billion. The $90 billion was meant to cover expiring provisions, including capital gains and dividend rates and the hold harmless for the alternative minimum tax. Chairman GREGG agreed to a reconciliation instruction of $70 billion. In committee and on the floor, I defended the reconciliation instruction as part of this plan. Including extenders was a key part of the strategy. It came up a lot in debate. It was a factor in holding the instruction on the floor and in conference.

When the reconciliation bill was marked up in the Finance Committee, the extenders were part of the same package deal. The inclusion of 2 years of extenders on the floor helped us hold the Finance Committee bill together.

When we went to conference, the House brought a year of extenders, no AMT hold harmless, and 2 years of capital gains and dividends. Although we could not get 2 years of capital gains and dividends through this Senate the first time, I knew it was important to the Republican leadership, especially Senator KYL, and I would even put myself in that category. We could not fit all the pieces together because, in part, the House would not take our anti-tax shelter measures and loophole closers. Something had to drop. That something was what we call the extenders.

Now, because the extenders were part of the plan and we were also into the expired year, I insisted on assurances from Chairman THOMAS of the House Ways and Means Committee and also from the bicameral leadership. At that time, I released a statement stating that we would be putting the extenders in the pension conference report. This statement was based on assurances that I had from leaders in both the House and the Senate.

I asked for those assurances to do the right thing from a policy perspective and also a political perspective. From the policy perspective, the taxpayers should be able to rely on the tax legislative process. This should be especially true with respect to the current law expiring provisions that enjoy overwhelming bipartisan support. From a political perspective, I asked for those assurances to defend Republican Senators who would be attacked when the reconciliation conference agreement was announced. Indeed, those attacks did come, and I referred to the assurances in defending the Senators who were under attack.

In addition, several Republican Senators asked me to make sure there was a glidepath to those extenders. For instance, Senator HUTCHISON raised the State sales tax deductibility extender in a Senate Republican leadership meeting. Republican high-tech coalition members asked for similar assurances.

My interest has always been to accomplish what is possible, not taking chances with widely applicable tax relief measures on which millions of taxpayers are relying. For example, over 12 million Americans benefit from the State sales tax. We have charts up. I am not going to take time to refer to them much, so I hope the audience will look and study them. Over 12 million Americans benefit from the State sales tax deduction. Over 3 million teachers benefit from tax deductions for education expenses. Teachers have prepared for the upcoming school year, and they don't know whether supplies they buy out of their own pocket will be deductible. Over 3.5 million families benefit from the college tuition deduction.

The PRESIDING OFFICER. The Senator should be advised his 15 minutes has expired.

Mr. GRASSLEY. I thank the Chair. I will use a little bit of time off the leader's time.

A week ago, I said some colleagues want to engage in a riverboat gamble involving these popular tax relief provisions by including it with the death tax. They call Chairman THOMAS's bill the trifecta bill. I will treat the proponents with more respect than they have treated this chairman and the institution of the Finance Committee. I will support this bill.

The burden is on the proponents of this gambit to produce. But to do that, they are going to have to deal with the realities of the votes in the Senate. People want and should expect that Congress will provide certainty in estate planning. My colleagues have placed all the chips on the table. It is on them to make sure it is a winning hand. If the trifecta bill fails, they need to answer to those millions of Americans who relied on our promise and good will as legislators.

I also have a message for the Democratic leadership. While I am frustrated with my leadership, let me say that it should also be clear that the Democratic leadership has been more eager to produce press releases than results. The Democratic leadership has been actively and aggressively undermining efforts to reach a deal. This has only served to deny relief from the death tax for America's small business and family farmers. This obstruction has also forced these farmers and small business owners to have to live with continued uncertainty of the current death tax structure. That is not right. The people's business should be done.

The time has come for the Democratic leadership to stop playing politics with family farmers and small business folks and let responsible Democrats work on a fair compromise. It is wrong that the Democratic leadership is preventing Senators from voting their consciences in this manner. Senators should be allowed to put the interests of their constituents first instead of the priorities of the Democratic leadership.

When you cut through all the finger-pointing and the press releases, both sides are to blame that we can't get these extenders done. Both death tax and expiring provisions should be processed in a bipartisan, constructive way. We should be realistic and seek to accomplish the possible. Let's do the people's business.

Mr. President, I will support the bill before us, but should it fail, I will use my best efforts to do what needs to be done. I will stick by my word to the American people and ask those who give their word to keep it with me. Either result would be right for the people. To do neither and not act on extenders would be the wrong thing for the people. That is why we are here to serve the people. We are here to govern.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, I ask to be recognized for 10 minutes on the minority time.

Mr. REID. Mr. President, I will be happy to yield 10 minutes to the distinguished minority whip.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Illinois is recognized for 10 minutes.

Mr. DURBIN. Mr. President, this legislation is known as the trifecta. What a perfect name. What a perfect name for this legislation. Do you know what a trifecta is? It is when you go to the racetrack and you pick the horses that win, place, and show in the proper order—first, second, and third. The reason that is the right name for this bill is that a trifecta is a high-stakes gamble. That is exactly what this bill is. It is a high-stakes gamble with America's future. A trifecta is also a bet where there are many more losers than there are winners. And that is exactly what this bill is. There will be many more losers in America, if this bill is enacted, than winners.

How about the winners when it comes to the estate tax? How many Americans are affected by the estate tax? If one listened to the other side of the aisle, one would think that every person who gets up in the morning and goes to work is going to pay the estate tax to the Federal Government. Guess what. When you take a look at the chart, look for that thin red line on this big blue circle. It represents 2 estates out of every 1,000 in America. Mr. President, .2 percent of the estates in America are wealthy enough to pay anything into the estate tax. So the obvious question is, If this estate tax, which they want to repeal, means so much to so few, how did we end up making this the flagship issue for the Republicans in this Congress, the most important single issue to them to the exclusion of every other issue, the issue that returns to us on the floor with such frequency? How did they reach this point?

The New York Times wrote an article on June 7, 2006, that explained it. Do my colleagues want to know how these issues become big-time issues in Washington? They wrote that over the last decade, 18 of the wealthiest families in the country have spent more than $200 million lobbying in the Halls of Congress to repeal the estate tax. It turns out that these 18 families will be huge winners if this repeal is passed. How many families will benefit if the estate tax is repealed? Each year in America, a Nation of 300 million people: 8,200 families. You have to search long and hard to find them. These are families who are so well off, who have done so well in this great Nation, who have benefited from this democracy and the blessings of liberty, who have enjoyed a comfortable life because of their prosperity, who now have taken millions of dollars to hire the most effective lobbyists in Washington, DC to push through this outrageous special interest legislation.

Trifecta: Many more losers than winners, but the winners are those 8,200 families. That is what this is all about.

Of course, they came up with a new name tonight. It is not just the trifecta. You have to hand it to whoever sits in the bowels of the Capitol and dreams up the names for the outrageous bills they bring to the floor. Senator REID has reminded us so many times that they had the nerve to call a bill the ''Deficit Reduction Act'' which increased the deficit. They had the nerve to call a bill the ''Healthy Forest Act'' which cut down trees. They had the nerve to name a bill the ''Clean Skies Act'' which resulted in more air pollution. And they had the nerve to call a bill part of the ''ownership society'' which privatized Social Security.

Now comes ''family prosperity.'' Oh, you just want to pull up a chair by the fireplace, relax, look at the ceiling and think: Thank God prosperity has arrived. And what does this bill do? This bill piles on the national debt. This bill adds to the outrageous debt which we have seen accumulated under this President.

Take a look at this, my friends who call yourselves fiscally conservative. When this President was elected in 2001, our entire national debt was $5.8 trillion. In 6 years of the Bush-Cheney ownership society, family prosperity, we are now up to $8.5 trillion from $5.8 trillion. This President managed in such a short period of time to increase the national debt on America by 60 percent. And look: Follow his policies out to the year 2011, 10 years after President Bush was elected, follow them out and notice that the national debt in America virtually doubles. Boy, if that isn't family prosperity, I don't know where you would turn.

Where do we look to this bill? What does it do to add to family prosperity in America? Well, American families, look at this prosperity. This bill adds $753 billion to the national debt. Oh, I tell you, you just want to curl up by the fire and thank the Republicans for coming up with this bill to make us feel so prosperous. They are prosperous in terms of creating debt for America.

I asked Senator FRIST on the floor just a day or two ago a very basic question: Is there any limit to the amount of debt you would create for future generations in order to give tax breaks to the wealthiest people in America? He couldn't answer the question.

I think the answer is obvious. Senator FRIST has said repeatedly he wishes we could repeal the entire estate tax, which would drive us even further and further into debt. American family prosperity. We are safe in the bosom of the Grand Old Party when all they can dream up are new ways to create debt by giving tax breaks to the wealthiest people in America.

But there is a spoonful of sugar with this bitter medicine. They are going to finally increase the minimum wage. It didn't take them long to come around to this position—only 9 years. It has been 9 years since we enacted a minimum wage of $5.15 an hour; 9 years while they resisted us for every single attempt we have made to increase the minimum wage for some of the lowest-paid, hardest-working people in America; 9 years of saying no to every single proposal to give single moms raising children enough money so they can put their kids safely in day care, so they can buy their medicine and food and have a decent home to live in; 9 years of saying no.

And what led to this death-bed conversion by the Republicans at this moment in time? Could it be the threat of the Democrats that there will be no congressional pay raise until the minimum wage is increased? That kind of gets your attention around the halls of Congress. Apparently it caught the attention of the Republicans.

Could it be the looming election where the Bush-Cheney economic policies are viewed so negatively across America, where people realize that average working families are falling farther and farther behind, that now the Republicans want to increase the minimum wage?

Well, it could be all of those things. But even in their effort to get well 100 days before the election, they blew it. They blew it. Because in seven States they wrote the minimum wage change in a way which will force a pay cut on thousands of hard-working people. The waiters and waitresses who depend on tips in seven States will get a pay cut with this so-called minimum wage increase.

It is an outrage, Mr. President. It is an outrage that we have reached this point in America where the party that used to pride itself on fiscal conservatism can add $753 billion to our national debt without flinching. They don't care to cut any spending or increase any other taxes; they are going to heap this debt on future generations. Boy, if that isn't a recipe for family prosperity, I can't imagine what would be. And then they turn around after 9 years of saying no every chance they have had to an increase in the minimum wage. Now they can go along with it. They can give 6.6 million Americans an increase in their basic minimum wage—as long as we promise that the fattest of cats in America will get a great big bowl of tax cuts, tax cuts on the estate tax. That is what it has come down to.

They have thrown other things in this bill like tax extenders, but we all know what they are about. These tax extenders are kicked around like a football every congressional session. You wait and decide which bill you put them on to try to entice people to vote for the bill because everyone agrees with them. Everyone understands that they are necessary for our economy. People of all political stripes support them.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DURBIN. I ask unanimous consent for 30 additional seconds.

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

Mr. DURBIN. I would just like to say in closing, the American people know better. This is a high-stakes gamble with America's future. This trifecta is going to have many more American losers than winners. This is the worst special interest bill I have seen in my time in Congress.

This will not bring prosperity to America's families. This will bring deeper debt to our Nation at a time when we don't need it. This is the first President in the history of the United States to call for cutting taxes in the midst of a war, asking sacrifice from soldiers and their families and turning around to the wealthiest in America and saying: We are going to give you a tax cut. That is an outrage.

I hope my colleagues will join me in opposing this trifecta. Don't buy a ticket on this race, because it is a loser.

Mr. REID. Mr. President, I yield 5 minutes to the distinguished Senator from North Dakota, the ranking member of the Budget Committee.

Mr. CONRAD. Mr. President, I thank the leader for this time.

We have heard a lot of talk that there is a death tax in this country. All of us in this Chamber know there is no death tax. There is a tax that applies to estates that wealthy individuals have in this country, but only three-tenths of 1 percent of estates pay any tax in America.

This shows the current level of exemptions. In 2006 a couple has to have $4 million before they pay a penny of estate tax. In 2009, that will rise to $7 million for a couple. Some of us believe we ought to increase the exemption before 2009 to this $7 million level, but that is not the proposal before us.

The proposal before us is to virtually eliminate the estate tax or certainly the revenue that flows from it. In fact, as my colleague from Illinois just indicated, the proposal before us will cost us three-quarters of the money that complete elimination of the estate tax would cost: $750 billion in the first 10 years that it is fully effective. This at a time that we are borrowing money as a nation in an unprecedented way.

Last year we borrowed 65 percent of all the money that was borrowed by countries in the world. Let me repeat that. Last year, our country, which has now become the biggest debtor nation in the world, borrowed 65 percent of all of the money that was borrowed by all the countries in the world—65 percent. A very weak second was Spain at 6.8 percent, and the United Kingdom at less than 4 percent.

The point is very clear. This is absolutely unaffordable at a time that we are running up massive debt.

Our friends on the other side say: Well, we have a good idea. Let's eliminate some more revenue and let's eliminate it on those who are the wealthiest three-tenths of 1 percent of the American population.

If anybody wonders about the budgetary impacts or whether this is fiscally responsible, here are the budget points of order that this legislation before us now violates. It violates the pay-go rule. It exceeds the pay-go scorecard by more than $12 billion.

On revenue, it exceeds the 2006 through 2010 revenue floor by more than $6 billion. It exceeds the outlay allocation for 2006 and 2006 through 2010 for the Finance Committee by $1.5 billion. It contains unfunded mandates on State and local governments that are all subject to a point of order.

It reduces the Social Security surpluses, also subject to a point of order.

Let me just say to my colleagues, if this measure would pass tonight and cloture would be invoked, I intend to raise every single one of these budget points of order, and we will see who is serious about being fiscally responsible and who is not.

I have shown this chart to my colleagues many times. It took 42 Presidents—all the Presidents pictured here—224 years to run up $1 trillion of debt held abroad. This President has more than doubled that amount in just 5 years.

What are our colleagues saying? Our colleagues are saying: Let's go borrow some more money from abroad. Where are we going to get this money? The country we borrow the most from is Japan, so a lot of this money would be borrowed from Japan. The next country that we owe the most money to is China, so we would have to borrow more money from the Chinese to give this tax reduction to just a handful of Americans.

Right now, there will only be 13,000 taxable estates in the entire country in 2006. By 2009, that will be down to 7,000. When our friends call this family prosperity, they are right. They are talking about family prosperity for 7,000 families in America, and they want to shift the burden on to all of the other American families. That is what this is about.

If you are listening to this debate, if you have assets——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CONRAD. Mr. President, I ask unanimous consent for 30 more seconds.

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

Mr. CONRAD. If you have assets of more than $7 million, it is true, you will face a tax. If you have assets and you are a family, if you have more than $7 million, you will face a tax. Now, that is the only instance in which you will.

My friends, the proposal before us is to reduce—for 7,000 families in America who are in that category in any one year—reduce their obligation and shift it to all of the rest of us. That is not fair. That is not right.

The PRESIDING OFFICER (Mr. ENSIGN). The Democratic leader is recognized.

Mr. REID. Mr. President, I would say through the chairman to my distinguished friend, that is a net estate; it is not 7 million worth of property.

First of all, I would like to extend my compliments to CHARLES GRASSLEY, the senior Senator from Iowa, a gentleman farmer who we are so fortunate to have in the Senate. He, in his gentlemanly way, indicated in his speech tonight how terribly upset he was for what happened a week ago. We had this all worked out. The conference was completed. The extenders would have been done. The pension bill would have been passed.

Senator BAUCUS, who has been a partner with Senator GRASSLEY for a long time, is not here tonight. As we speak, he is in Dover, DE, meeting his brother and his nephew, Philip. Philip is in a casket, having arrived from Iraq where he was killed.

MAX BAUCUS would like to be here, but we are going to have printed in the RECORD what MAX BAUCUS said:

Political games congressional leaders played with this bill are not the way to get the job done. I hope that cooler heads can prevail and we can work together for sensible reform in the future.

My distinguished friend, the majority leader, has placed a name on this legislation called the Family Prosperity Act. I suggest that it should be called the Prosperous Family Act. This legislation would only help the prosperous—only the prosperous. This should be called the Prosperous Family Act.

Sunday's Washington Post had a quote from my friend—and I know a friend of the distinguished Presiding Officer—Tennessee Congressman ZACH WAMP. In this column he is quoted about why Democrats don't support the bill we are about to vote on. Congressman WAMP said: I know why Democrats are mad. We've outfoxed them.

Again:

I know why you're mad. You have seen us really outfox you.

It is not us, the Democrats, they tried to outfox; it is the American people. There is just one problem with this Republican legislation, this Republican shell game, this trick—the American people will not fall for it. As my colleague, Senator DURBIN, said: This is a bet, and a bad one. The American people simply are too smart to be outfoxed. Americans are too smart to be tricked into cutting the wages of 136,000 Nevadans, and more than a million, by far, people in Oregon, Washington, Montana, California, Nevada. Those States, under this so-called Family Prosperity Act, would give less to those families who are struggling, struggling every day. In Nevada there are 136,000 of them. They work for minimum wage. If they work 40 hours a week, 52 weeks a year, they make $10,700, plus some tips in those seven States. But not under this bill. In seven States, the poorest of the poor would get a pay cut. They would get a pay cut so that 8,100 multimillionaires can enjoy almost $800 billion in tax breaks.

Americans are too smart to be tricked into forgoing middle-class tax revenue so America can borrow hundreds of billions of dollars to give tax breaks to the wealthy few. Americans are too smart to accept any more debt and deception from this do-nothing Congress.

Here we are at 9:20, finishing this work session. The Defense bill isn't complete. The pension bill isn't complete. I hope it will be within an hour and a half or so. Middle-class tax relief isn't complete, the so-called extenders. Minimum wage has not been made possible for almost 10 years. Why? Because the majority doesn't believe in it. They don't believe in having a decent standard of living for the poor. Let the free market decide.

But, remember, the people drawing minimum wage are not kids at McDonald's flipping hamburgers. Sixty percent of the people drawing minimum wage are women, and for the vast majority of those women, that is the only money they get for them and their families. Not only do they have a tax cut for those seven States for the poorest of the poor, it is phased in over 3 years.

So the leader has said: OK, you accept this; take this or leave it. If you don't accept this, we are not going to do the extenders and we are not going to do pensions.

We have worked that out. Thank goodness we have been able to do the pensions. And we are certainly not going to do the minimum wage. We knew that. We know they don't like a minimum wage.

But it is a threat, and it is a perfect metaphor for this do-nothing Congress. For the last 19 months, congressional Republicans have done nothing for the people. The little they have done on behalf of special interests and the well connected has made America less safe and the life of the middle class much more difficult.

Look at the record. This Congress will be remembered more for interfering in the Terry Schiavo case than it will for trying to solve America's health care crisis. On every major issue, the Republican Senate has been missing in action.

Look at Iraq. Look at Iraq. Tens of billions of dollars to repair the equipment and machinery our fighting forces use; these gallant men and women—about 2,600 of them having been killed and more than 20,000 wounded, a third of them grievously, and hundreds of billions of dollars more in red ink. What we have said is please change course. But on party-line votes: No.

In fact, the situation is being made worse by rubberstamping President Bush's failed policies and allowing him to stay the course, even as the evidence suggests we desperately need to change course.

It is the same on the economy. We live in a very stressful economic situation. Over the last 6 years, the rich have gotten richer, the poor have gotten poorer, and the middle class is being squeezed. Even the administration admits their policies have failed for working Americans. Listen to what the Secretary of Treasury had to say the day before yesterday, Hank Paulson.

Amid this country's strong economic expansion, many Americans simply aren't feeling the benefits. . . . Many aren't seeing significant increases in their take-home pay. Their increases in wages are being eaten up by high energy prices and rising health care costs, among others.

The Secretary of Treasury said it. Has the Republican Congress done anything to turn this situation around? No. In fact they are seeking to make matters worse with the Prosperous Family Act—the Prosperous Family Act.

This bill, as I said, will cut the wages of millions of people, most of them in the West. This bill will add to the bankruptcy coming about of our country, as expressed by the ranking member of the Budget Committee, Senator CONRAD. It will add almost $1 trillion to the debt—$1 trillion.

Oh, well, not really. It is $200 billion less than that.

We are told by the other side that with this trifecta—which we have nicknamed the ''defecta''—8,100 of the wealthy and well-off hit the jackpot while millions of working families get $800 billion in debt. It is another example of this do-nothing Congress putting their political interests ahead of America's interests.

We keep hearing from the other side how the Senate needs to repeal the estate tax to preserve and protect small businesses and family farms. That is a myth. Very few small businesses or family farms pay any estate tax.

The State of California is a State of 35 million people. The State of California is the breadbasket of this country. They grow so many things in the Imperial Valley and other places throughout California.

Senator DIANNE FEINSTEIN asked the Farm Bureau, which supports repeal of the estate tax: Tell us how many farms were lost by families because of the estate tax.

None. None. Over a 10-year period of time—none.

It is the same with small businesses. In fact, the Small Business Council of America has said that the repeal of the estate tax will actually harm most small business owners because of how it will change the tax benefits they currently receive.

I am all for fixing the estate tax. I have said so. But there is no reason for this fiscal irresponsibility, And it is a virtual repeal.

I talked this morning for a little while about two of the richest men in the world. The richest man in the world, Warren Buffett, he is totally opposed to repealing the estate tax, as well as the Gates family. Pierre Omidyar lives in Las Vegas, NV—Henderson, actually—a rich man, worth over $10 billion. He is a young man. He is the man who invented eBay. The first time I had dinner with him he said: Whatever you do, don't mess around with the estate tax. I owe my country the prosperity that I have.

In fact, I had a conversation yesterday with the head of the Business Roundtable. He said that all he cares about in the trifecta, the Prosperous Family Act—or the ''defecta''—is that we do something to extend the R&D tax credit. That is so important to him, he said. Guess where the R&D tax credit is. It is being held hostage with this, along with some of the other add-ons.

The American people deserve more. It is unimaginable that the Republicans would deny millions of small businesses the research and development tax credit. It is unimaginable the Republicans would deny 15 million workers a $2.10 raise. It is unimaginable they would deny millions of middle-class families tax relief with our extenders. If 8,100 of their wealthy friends don't get billions of dollars of tax breaks first—nothing.

Soon the Senate will say its last words regarding the estate tax for this session of Congress, I hope. When this vote is completed, I hope we move on to the people's business—I will use leader time right now—and the majority leader will consider his threat to never bring back middle-class tax relief and the minimum wage back to the floor this session. If he is serious about that threat, it just can't happen, and we will fight this. When the Senate returns in November, Democrats will not go home until the middle-class tax relief package, the extenders, is passed. My friend can make all the threats he wants, but the Senate will not adjourn until hard-working Americans get the help they need. They have to have it. They have waited 19 months. By then it will be longer.

America needs new direction. I began with a quote by Congressman ZACH WAMP. Here is another thing Republicans have been saying about their ''defecta'' bill. They have been calling it a win-win.

My friend, the majority whip, Senator MCCONNELL, said: ''There's no risk. It's all reward.''

No risk? Tell that to the millions of workers who have been making $5.15 for the last 10 years on the verge of waiting another year at least.

Win-win? Tell that to the millions of middle-class families and small businesses that will be denied tax relief because Republicans have put their political interests first.

All reward? Republicans have not outfoxed anyone. The American people can see through these political games. I am hopeful that the cloture motion will fail, and I am confident the Republican's cynical approach to dealing with the needs of our country will be rejected.

Mr. President, I ask unanimous consent that Senator MURRAY be allowed to speak for 2 minutes. Is that OK with the majority leader? I have time left. I know we want to move on.

Mr. FRIST. Yes.

The PRESIDING OFFICER. The Senator from Washington is recognized for 2 minutes.

Mrs. MURRAY. Mr. President, a question has been raised about whether the minimum wage provision affecting States that allow tips to be exempt would be impacted by the legislation that is before us. I ask unanimous consent to have printed in the RECORD a letter from Gary Weeks, who is the director of the Washington State Department of Labor and Industries, that says definitively:

> Under our preliminary analysis, this proposal, in effect, appears to nullify an employer's obligation to pay the minimum wage rate in RCW 49.46.020 with regard to tipped employees. This means that Washington workers who receive tips—typically service industry workers—would see a decrease in income.

I ask unanimous consent to have that printed in the RECORD.

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

STATE OF WASHINGTON,
DEPARTMENT OF LABOR AND INDUSTRIES,
Olympia, WA, August 3, 2006.

Hon. PATTY MURRAY,
United States Senator,
Russell Senate Office Building, Washington, DC.

Hon. MARIA CANTWELL,
United States Senator,
Hart Senate Office Building, Washington, DC.

DEAR SENATORS MURRAY AND CANTWELL: Your office asked me to respond to an inquiry as to how the proposed HR 5970 would affect workers in the state of Washington.

As you know, Washington State does not recognize tips as part of the minimum wage. Tipped employees are entitled to the full minimum wage, currently $7.63 an hour. Additionally, Initiative 688, passed overwhelmingly by voters in 1998, tied the minimum wage to the Consumer Price Index, to be recalculated and adjusted each year.

The proposed bill, Section 402 of HR 5970, which amends the Fair Labor Standards Act to add a paragraph that states:

(2) Notwithstanding any other provision of this Act, any State or political subdivision of a State which on or after the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006 excludes all of a tipped employee's tips from being considered as wages in determining if such tipped employee has been paid the applicable minimum wage rate, may not establish or enforce the minimum wage rate provisions of such law, ordinance, regulation, or order in such State or political subdivision thereof with respect to tipped employees unless such law, ordinance, regulation, or order is revised or amended to permit such employee to be paid a wage by the employee's employer in an amount not less than an amount equal to—

(A) the cash wage paid such employee which is required under such law, ordinance, regulation, or order on the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006; and

(B) an additional amount on account of tips received by such employee which amount is equal to the difference between the cash wage described in subparagraph (A) and the minimum wage rate in effect under such law, ordinance, regulation, or order, or the minimum wage rate in effect under section 6(a), whichever is higher.

Under our preliminary analysis, this proposal, in effect, appears to nullify an employer's obligation to pay the minimum wage rate in RCW 49.46.020 with regard to tipped employees. This means that Washington workers who receive tips—typically service industry workers—would see a decrease in income. However, the proposal does give states the right to amend their laws to specifically reinstate their current minimum wage rate laws. Until and unless the Washington State Legislature amends the minimum wage act to reinstate the current wage rate provision for tipped employees, it would diminish workers' rights in Washington State.

I trust that this is useful information. Please let me know if I can be of further assistance.

Sincerely,

GARY K. WEEKS,
Director.

Mrs. MURRAY. Mr. President, their preliminary analysis shows that this provision would take away the wages and reduce it dramatically for waiters and waitresses, bartenders, barbers, baggage porters, cooks, dishwashers, hairdressers, maids, manicurists, massage therapists, parking lot attendants, personal care and services workers, service station attendants, taxi drivers, and chauffeurs.

It appears, indeed, that the provision in this bill will dramatically reduce the income of thousands of workers in my State and other States.

I again reiterate that is why we are opposed to this bill.

I yield the floor.

Mr. BYRD. Mr. President, important provisions in H.R. 5970 provide a long-term solution for the Abandoned Mine Land, AML, program as well as resolve the uncertainty of the health care needs for retired miners and their families. Right now, there are 52,320 retired miners and their families nationwide who depend on these critical funds to provide for their health care needs. At least 17,195, or about one-third of these people, are in West Virginia. I have also worked for many years to keep the AML program going for West Virginia and other coal-producing States. This important program cleans up old mine hazards and improves the environment in the coalfields. I have always been there to shore up the funding for our coal miners' health care funds, and I have always been there for the AML program. The bill before us today is an opportunity to solve these issues permanently, and I embrace it.

H.R. 5970 would also address the Federal estate tax, something that the small business owners and farmers of my State have made clear is a priority for them, and in need of reform. In the past, I have supported legislation to increase the estate tax exemption, and to lower the top tax rate, as an alternative to permanent repeal. This bill is consistent with those past efforts that I have supported.

Senators have raised concerns about the cost of this bill, and its effect on the Federal budget. The fiscal course of deficits and debt chosen by the administration is abominable, and I have advocated tirelessly that the Congress abandon it. But of the budget-busting measures endorsed by the Congress, this one does not rate top billing. The revenue loss from the estate tax portion of this bill would not begin for 3 years, and the effect on the Federal budget would not be felt until the next decade. Meanwhile, the health care needs of my State's retired coal miners and their families are immediate and urgent. I will not vote against those miners who need this assistance now, based upon budget projections that may not mean much until the next decade.

This bill would also guarantee a $2.10 increase in the Federal minimum wage within the next 3 years. Should a new Congress revisit the issue, I hope that that schedule could be accelerated.

This bill would raise wages for workers who need it the most. It would provide health care to retired coal miners and resolve our Nation's mine reclamation needs. It would codify a compromise measure that is less than repeal and consistent with previous efforts to try to reform the estate tax to help small businesses and farmers.

This is a good bill for West Virginia, and it should receive an up-or-down vote on this floor.

Mr. KENNEDY. Mr. President, we have seen many outrages from this Republican Congress but none that demonstrates such utter contempt for the American people as holding the minimum wage hostage to give tax giveaways to the wealthiest Americans. The Republican leadership is playing a cynical game of politics with the lives of millions of hardworking American families.

It may be a political game for Republicans, but it is hard reality for low-wage workers who worry every day if they can pay the bills. The bill is just a bad bargain for minimum wage workers. The minimum wage increase they receive does not have the same benefits as the Democratic proposal—1.8 million fewer workers would benefit because the increase is phased in too slowly.

And what's worse, this Republican bill takes money right out of the pockets of more than 1 million tipped workers in seven States. It's a pay cut for maids, waitresses, bellhops, and other Americans who rely on tips to make a living. The Republican bill would boost the bottom line for America's restaurants, while taking money away from hardworking Americans who depend on tips to support themselves and their families.

Under current Federal law, restaurant owners can pay their waiters and waitresses as little as only $2.13 an hour, and the rest of their compensation is supposed to come from tips. The same is true for hotel maids, parking attendants, bartenders—all workers who rely on tips to make a living. Federal labor and employment law sets a minimum floor, but States are free to guarantee higher wages for tipped workers. In fact, the Fair Labor Standards Act encourages States to enact laws that are more protective for workers than the Federal law.

Seven States—Alaska, California, Minnesota, Montana, Nevada, Oregon and Washington—do not allow a ''tip penalty.'' They guarantee that tipped workers get the full State minimum wage plus any tips they receive.

But the Republican bill would take power away from the States by nullifying these State laws providing stronger wage protections for tipped employees than the Federal standard. In fact, the bill would change the minimum wage for tipped workers in these seven States, requiring them to be paid only the Federal minimum wage—not the higher State minimum wage—until the State enacts a law with a tip penalty.

Under this bill, tipped workers would see drastic reductions in their take-home pay. A waitress at a family restaurant in Washington State, for example, will see her hourly wages drop by $5.50 an hour. That's almost $11,500 per year. A hotel maid in Oregon will see her hourly wages drop by $5.37 an hour. That's almost $11,200 a year.

Now the Republicans have spent a lot of time on the floor today trying to explain why this giveaway for the restaurant industry won't actually hurt American workers. My Republican colleagues—particularly the junior Senator from Oregon earlier this afternoon—accused Democrats of misrepresenting what this bill does. And they supported their claims with a letter authored by the chief lobbyist for the American Restaurant Industry. But the Republicans' claims that the bill is harmless just don't hold water—particularly when you look at this document from the American Restaurant Industry's own website claiming credit for the tip provision and bragging about how much money it will save employers. The Republicans know exactly what this provision does—it takes money out of workers' pockets. It's a scandalous special interest giveaway to the restaurant industry, and it's outrageous.

When we examine other, less partisan analyses, it's clear that the bill would do devastating harm to workers. The Congressional Budget Office says the bill ''would preempt the minimum wage laws of States that exclude tips from being considered as wages in determining if certain employees have been paid the minimum wage.'' The Congressional Research Service says the bill would force the affected States to choose ''between the federal tip credit requirements or the adoption of a law that allows for some form of a tip credit under State law.'' Even the Bureau of Labor and Industries in Senator SMITH's home State of Oregon says that this bill will ''trample States' rights and reduce the wages of thousands of Oregonians already struggling to make ends meet.''

I will ask to have all three of these documents printed in the RECORD.

But we don't even have to rely on these respected authorities to know what this bill does. Let's look at the language itself. The bill says, on page 182, that any State that has a minimum wage law requiring that tipped workers be paid the full minimum wage plus any tips they receive ''may not establish or enforce the minimum wage rate provisions of such law, ordinance, regulation, or order in such State or political subdivision thereof with respect to tipped employees.'' It couldn't be more clear. The bill is nullifying State laws. Once these State laws are rendered ineffective, the affected workers will be covered only by the Federal law and will lose thousands from their paychecks, until and unless their State enacts a new law that is more to the restaurant industry's liking.

This is despicable—it is truly Robin Hood in reverse, robbing from some of the most vulnerable workers on a bill that gives tax cuts to the rich. Instead of denying more than a million tipped workers the protections of the minimum wage, we should raise the wage and expand the protection. The people who work in our restaurants, carry our bags, and clean our hotel rooms work hard for a living, and they deserve better.

Everyone in America knows that after 10 long years without one, minimum wage workers deserve a raise. But this Republican bill is a cynical ploy to strongarm outrageous tax breaks for the wealthy through Congress on the backs of America's hard-working, low-wage workers. Republicans are using minimum wage families as a human shield to smuggle through tax giveaways. It's wrong. It's unfair. It has no place in America. And we're not going to let it happen.

Mr. President, I ask unanimous consent to print the documents to which I referred in the RECORD.

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

CONGRESSIONAL RESEARCH SERVICE,
Washington, DC, August 2, 2006.

MEMORANDUM

To: HON. BARBARA BOXER, Attention: Alexander Hoehn-Saric.

From: Jon O. Shimabukuro, Legislative Attorney, American Law Division.

Subject: Section 402 of H.R. 5970, the Estate Tax and Extension of Tax Relief Act of 2006.

This memorandum provides a brief interpretation of section 402 of H.R. 5970, the Estate Tax and Extension of Tax Relief Act of 2006. Section 402 would amend section 3(m) of the Fair Labor Standards Act (''FLSA'') to address the treatment of certain tipped employees. A tipped employee is ''any employee engaged in an occupation in which he customarily and regularly receives more than $30 a month in tips.''

Under the FLSA, an employer of a tipped employee is only required to pay $2.13 per hour in direct wages if that amount, when coed with the tips received by the employee, equals at least the federal minimum wage. If the employee's tips combined with the employer's direct wages of at least $2.13 per hour do not equal the federal minimum hourly wage, the employer must make up the difference.

Section 402 of H.R. 5970 would amend the FLSA'' to add the following paragraph to section 3(m) of the Act:

(2) Notwithstanding any other provision of this Act, any State or political subdivision of a State which on or after the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006 excludes all of a tipped employee's tips from being considered as wages in determining if such tipped employee has been paid the applicable minimum wage rate, may not establish or enforce the minimum wage rate provisions of such law, ordinance, regulation, or order in such State or political subdivision thereof with respect to tipped employees unless such law, ordinance, regulation, or order is revised or amended to permit such employee to be paid a wage by the employee's employer in an amount not less than an amount equal to—

(A) the cash wage paid such employee which is required under such law, ordinance, regulation, or order on the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006; and

(B) an additional amount on account of tips received by such employee which amount is equal to the difference between the cash wage described in subparagraph (A) and the minimum wage rate in effect under such law, ordinance, regulation, or order, or the minimum wage rate in effect under section 6(a), whichever is higher.

Seven states do not recognize a tip credit for employers of tipped employees. In these states, the prescribed minimum wage is the same for both tipped and non-tipped employees. Stated differently, in these states, none of a tipped employees tips may be considered for purposes of determining if such employee has been paid the applicable minimum wage rate. Under the proposed language, such states would seem to be prohibited from enforcing the minimum wage rate provisions of their laws with respect to a tipped employee unless such laws are ''revised or amended to permit such employee to be paid a wage by the employee's employer in an amount not less than'' what is prescribed in the proposed subparagraphs (A) and (B).

Under general principles of statutory construction, the meaning of a statute must, in the first instance, be sought in the language in which the act is framed. If the language is plain, a reviewing court will enforce it according to its terms. In this case, the proposed language would seem to refer clearly to those states that exclude ''all of a tipped employee's tips from being considered as wages in determining if such tipped employee has been paid the applicable minimum wage rate.'' California, as one of seven states that does not recognize a tip credit, would probably be affected by the enactment of the proposed language. As an affected state, California would appear to be unable to enforce its minimum wage rate laws with respect to tipped employees until it ''revised or amended'' such laws to permit tipped employees to be paid a wage that conforms to subparagraphs (A) and (B) of the proposed language. Thus, if enacted, California would appear to have to choose between the federal tip credit requirements or adopt a law that allows for some form of a tip credit under state law.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 1, 2006.

Hon. JUDD GREGG,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: As you requested, the Congressional Budget Office, CBO, and the Joint Committee on Taxation, JCT, have estimated the direct spending and revenue effects of H.R. 5970, the Estate Tax and Extension of Tax Relief Act of 2006.

The legislation would increase the estate and gift tax exemption amounts and reduce the rates, as well as extend and modify various other tax relief provisions. It also would make several changes to the Surface Mining Control and Reclamation Act, and it would increase the minimum wage. JCT and CBO estimate that the legislation would decrease revenues by $15.4 billion in 2007, by $48.1 billion over the next five years, and by $302.4 billion through 2016. CBO and JCT estimate that, under the bill, direct spending would increase by $83 million in 2006, by $3.8 billion over the 2007–2011 period, and by $7.3 billion over the 2007–2016 period.

For some budget enforcement procedures, the relevant budget periods are 2006–2010 and 2006–2015. Therefore, we are providing those summarized totals as well. CBO and JCT estimate that enacting this legislation would decrease revenues by $32.524 billion over the 2006–2010 period and by $240.664 billion over the 2006–2015 period. The act would increase direct spending for those periods by $3.008 billion and $6.866 billion, respectively.

The estimated budgetary impact of the act is shown in the attached table.

CBO has reviewed the non-tax provisions of the legislation—subtitle A of title III and all of title IV—for mandates and has determined that title III contains a private-sector mandate and title IV contains both intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act, UMRA. CBO estimates those mandates would impose costs that exceed the annual thresholds established in that act ($64 million for intergovernmental mandates and $128 million for private-sector mandates, in 2006 adjusted annually for inflation.)

JCT did not review the tax provisions of H.R. 5970 for mandates.

Pursuant to section 407 of H. Con. Res. 95 (the Concurrent Resolution on the Budget, Fiscal Year 2006), CBO estimates that enacting H.R. 5970 would not cause an increase in direct spending greater than $5 billion in any of the 10-year periods between 2016 and 2055. (Direct spending would exceed $5 billion over the 2007–2016 period, primarily because of amendments to the Surface Mining Control and Reclamation Act, but these effects would be significantly lower for subsequent 10-year periods.)

REVENUES

H.R. 5970 would make several changes to tax law, resulting in decreases in federal revenues. JCT and CBO estimate that the legislation would decrease revenues by $15.4 billion in 2007, by $48.1 billion over the next five years, and by $302.4 billion through 2016.

Title I would modify rules related to the estate and gift taxes. Currently, the effective exemption amount for the estate tax is larger than that for the gift tax. In 2009, under current law, the estate exemption will be $3.5 million, while the gift tax exemption will be $1 million. Under H.R. 5970, the estate and gift exemption amounts would be equal to each other, as they were prior to enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001. Further, the exemption would be increased to $5 million in 2015. The estate and gift tax rates would be reduced after 2009, and any unused exemption amounts would be allowed to be used by a surviving spouse. JCT estimates that this title would reduce revenues by $14.9 billion over the 2007–2011 period and by $267.6 billion over the 2007–2016 period.

Title II would extend and modify various tax relief provisions in current law. JCT and CBO estimate that this title would reduce revenues by $15.5 billion in 2007, by $35.3 billion over the 2007–2011 period, and by $38.2 billion over the 2007–2016 period.

Provisions in title II include:

Modification (January 1, 2007, through December 31, 2007) and extension (January 1, 2006, through December 31, 2007) of a research credit of 20 percent of the amount by which a taxpayer's qualified research expenses exceed the base amount for that taxable year. JCT estimates that this provision would reduce revenues by $7.5 billion in 2007, by $16.3 billion over the 2007–2011 period, and by $16.5 billion over the 2007–2016 period.

Extension for two years of 15-year straight-line cost recovery for qualified restaurant property and leasehold improvement property through December 31, 2007. JCT estimates that this provision would decrease revenues by $418 million in 2007, by $2.9 billion over the 2007–2011 period, and by $5.7 billion over the 2007–2016 period.

Extension for two years of taxpayers' option to deduct state and local sales taxes instead of state and local income taxes through December 31, 2007. JCT estimates that this would reduce revenues by $3.0 billion in 2007 and by $5.5 billion over the 2007–2009 period.

Extension for two years of the deduction for qualified tuition and other higher education expenses ($2,000 to $4,000, depending on gross income) through December 31, 2007. This provision would decrease revenues by an estimated $1.6 billion in 2007 and $1.7 billion in 2008.

Title III would make changes to the Surface Mining Control and Reclamation Act and the Internal Revenue Code of 1986. CBO estimates that those provisions would increase net revenues by $560 million over the 2007–2011 period and by $1.0 billion over the next 10 years.

These estimates for title III are the net result of two sets of provisions. CBO estimates that reauthorizing certain fees charged to companies that produce coal would increase revenues by $600 million over the 2007–2011 period and by $1.3 billion over the next 10 years (net of effects on income and payroll tax receipts). We also estimate that provisions that affect the financing of retiree benefits for certain retired coal miners would reduce federal revenues, on net, primarily by reducing premiums paid by certain coal companies in the future. Such changes would result in a net revenue loss of $40 million over the 2007–2011 period and $300 million over the next 10 years.

DIRECT SPENDING EFFECTS

H.R. 5970 includes several provisions that would increase direct spending. CBO and JCT estimate that the bill would increase outlays by $83 million in 2006, by $3.8 billion over the 2007–2011 period, and by $7.3 billion over the 2007–2016 period.

The bulk of the new direct spending stems from the Surface Mining Control and Reclamation Act Amendments of 2006 (title III). Title III would make several changes to the Surface Mining Control and Reclamation Act and the Internal Revenue Code of 1986. CBO estimates that enacting this title would increase direct spending by $2.1 billion over the 2007–2011 period and by $4.9 billion over the next 10 years. (Such spending would drop off, though not completely, after 2016.)

Most of the increased spending under title III—$3.8 billion over the next 10 years—would be payments by the Department of the Interior to states, primarily to support efforts to reclaim land that has been mined for coal and for other public purposes. (Roughly $2 billion of that amount would come from the general fund of the Treasury; additional amounts would come primarily from revenues collected as a result of the legislation.) An additional $1.1 billion would be spent under the legislation for health benefits of certain retired coal miners and their dependents and survivors who are eligible to receive retiree health benefits through the United Mine Workers of America Benefit Funds.

H.R. 5970 also would affect outlays by:

Instituting a refundable tax credit against the individual alternative minimum tax, which JCT estimates would increase outlays by $1.0 billion over the 2007–2011 period and $1.2 billion over the 2007–2016 period.

Authorizing, in effect, New York City or the state of New York to spend certain federal tax withholding amounts, which CBO estimates would increase spending by $1.0 billion over the 2007–2016 period.

Extending for two years, through the end of 2007, the payment to the treasuries of Puerto Rico and the Virgin Islands of certain amount of excise taxes on imported distilled spirits. CBO estimates this provision would increase outlays by $83 million in 2006 and $95 million over the 2007–2008 period, assuming that H.R. 5970 is enacted in August 2006.

Adding to the existing list of taxable vaccines two additional vaccines, which CBO estimates would result in increases in spending of $60 million over the 2007–2016 period because some of the proceeds of the excise tax are paid as compensation to injured individuals and some of the vaccines are purchased by Medicaid.

Extending for one year the option for individuals to include combat pay in earned income for purposes of the earned income credit, which JCT estimates would increase refundable outlays by $10 million in 2008.

INTERGOVERNMENTAL AND PRIVATE-SECTOR MANDATES

JCT did not review the tax provisions of H.R. 5970 for mandates.

CBO has reviewed the non-tax provisions of the bill—subtitle A of title III and all of title IV—for mandates and has determined that title III contains a private-sector mandate and title IV contains both intergovernmental and private-sector mandates as defined in UMRA. CBO estimates those mandates would impose costs that exceed the annual thresholds established in that act ($64 million for intergovernmental mandates and $128 million for private sector mandates, in 2006 adjusted annually for inflation.)

Specifically, section 312 of title III would create a mandate by requiring certain firms that currently pay for health benefits for retired coal miners (and their dependents and survivors) through collectively bargained agreements to make additional payments for those benefits in specified years. At the same time, other provisions would generate significant reductions in financial obligations existing under current law with regard to payments for retiree health benefits.

In addition, section 401 of title IV would amend the Fair Labor Standards Act to increase the federal minimum wage in three steps from $5.15 per hour to $7.25 per hour. The provision would impose mandates, as defined in UMRA, on state and local governments, Indian tribes, and private-sector employers because it would require them to pay higher wages than they are required to pay under current law. CBO estimates that the costs to state, local, and tribal governments and to the private sector would exceed the thresholds established in UMRA.

Finally, section 402 of title IV would preempt the minimum wage laws of states that exclude tips from being considered as wages in determining if certain employees have been paid the applicable minimum wage rate. That preemption would be considered an intergovernmental mandate as defined in UMRA; CBO estimates, however, that this mandate would not impose significant additional costs on states.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact for this estimate is Emily Schlect.

Sincerely,

DONALD B. MARRON,
Acting Director.

ESTIMATED CHANGES IN DIRECT SPENDING AND REVENUES UNDER H.R. 5970, THE ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006

(By fiscal year, in millions of dollars)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2007–2011	2007–2016
CHANGES IN REVENUES													
Title I: Estate and Gift Tax Effective Exclusion Amount	0	0	0	0	−803	−14,096	−39,186	−44,073	−50,598	−57,157	−61,684	−14,899	−267,596
Title II: Extension and Expansion of Certain Tax Relief Provisions	0	−15,442	−10,211	−3,956	−2,572	−1,582	−838	−435	−382	−282	−142	−33,766	−35,847
Title III: Surface Mining E Control and Reclamation Act Amendments	0	30	160	150	120	100	110	90	90	90	90	560	1,030
Total Changes in Revenues	0	−15,412	−10,051	−3,806	−3,255	−15,578	−39,914	−44,418	−50,890	−57,349	−61,736	−48,105	−302,413
On-budget	0	−15,410	−10,041	−3,805	−3,255	−15,578	−39,914	−44,418	−50,890	−57,349	−61,736	−48,092	−302,400
Off-budget	0	−2	−10	−1	0	0	0	0	0	0	0	−13	−13
CHANGES IN DIRECT SPENDING													
Surface Mining Control and Reclamation Act Amendments:													
Budget Authority	0	40	460	480	580	590	650	660	630	430	430	2,150	4,950
Outlays	0	40	450	480	570	590	640	660	630	420	430	2,130	4,910
Refundable AMT Credits:													
Budget Authority	0	0	349	283	224	174	128	86	0	0	0	1,030	1,244
Outlays	0	0	349	283	224	174	128	86	0	0	0	1,030	1,244
Spending Authorized for New York:													
Budget Authority	0	40	160	0	200	100	100	100	100	100	100	500	1,000
Outlays	0	40	160	0	200	100	100	100	100	100	100	500	1,000
Cover-over of Tax on Distilled Spirits:													
Budget Authority	83	77	18	0	0	0	0	0	0	0	0	95	95
Outlays	83	77	18	0	0	0	0	0	0	0	0	95	95
Meningococcal Vaccine:													
Budget Authority	0	2	3	3	3	3	3	3	3	4	4	16	33
Outlays	0	2	3	3	3	3	3	3	3	4	4	16	33
HPV Vaccine:													
Budget Authority	0	1	4	4	3	3	3	3	3	2	2	14	27
Outlays	0	1	4	4	3	3	3	3	3	2	2	14	27
Extend Option to Include Combat Pay in Earned Income:													
Budget Authority	0	0	10	0	0	0	0	0	0	0	0	10	10
Outlays	0	0	10	0	0	0	0	0	0	0	0	10	10
Total Changes in Direct Spending:													
Budget Authority	83	160	1,005	770	1,010	870	884	852	736	536	536	3,815	7,359
Outlays	83	160	995	770	1,000	870	874	852	736	526	536	3,795	7,319
NET INCREASE IN BUDGET DEFICIT													
Net Change in Deficit	83	15,572	11,046	4,576	4,255	16,448	40,788	45,270	51,626	57,875	62,272	51,900	309,732

Notes: Components may not add to totals because of rounding. AMT = Alternative Minimum Tax. HPV = Human papillomavirus.
Sources: Congressional Budget Office and Joint Committee on Taxation.

BUREAU OF LABOR AND INDUSTRIES,
Salem, OR, August 6, 2006.

Hon. GORDON SMITH,
Russell Building,
Washington, DC.

DEAR SENATOR SMITH: I am writing to urge you in the strongest possible terms to cast a ''No'' vote on H.R. 5970. As Oregon's Labor Commissioner, I am infuriated by this move by the House of Representatives to trample states' rights and reduce the wages of thousands of Oregonians already struggling to make ends meet.

I am speaking, of course, of the provision in the bill imposing a ''tip credit'' upon an estimated 65,000 minimum-wage workers in Oregon. It is estimated that each of these workers—waiters, waitresses, bartenders etc.—stand to lose on average $11,000 annually should this bill pass and become law.

As you know, I am a long-time champion of Oregon's minimum wage and was one of the petitioners in the successful ballot effort to link our state minimum wage to rises in inflation. Each year, it is one of my proudest duties as state labor commissioner to not only regulate the payment of minimum wages to workers, but to set the new wage rate. However, while I agree with the original efforts of lawmakers to raise the federal minimum wage above the current, embarrassing level of $5.15 per hour, the political hijacking of that effort has now resulted in a bill that will hurt, rather than help, average, hard-working Oregonians.

I would also appeal to your longstanding advocacy of states' rights on a variety of issues. Why would you and your colleagues waver from that stance when it comes to Oregon's minimum wage?

For all these reasons, I strongly urge you to vote against the ill-conceived and potentially damaging piece of legislation. All working Oregonians will thank you for protecting their right to provide for themselves and their families. I thank you for your consideration.

Sincerely,

DAN GARDNER,
Commissioner.

Mr. LAUTENBERG. Mr. President, we have very few hours before we depart for the August break. Let's say we have 6 hours—360 minutes—before we leave to campaign or vacation or meet with constituents back home.

How are we going to use 360 minutes?

The Republican leadership's idea is to use that precious time to pass the so-called ''trifecta'' bill. It's a bill that was sent to us from the House, and I think it symbolizes all that is wrong with the Republican Congress.

For one, it is a cynical ruse. This bill holds the minimum wage hostage in exchange for a dramatic reduction in the inheritance tax—which only the richest families in America pay.

The minimum wage has been stuck at $5.15 for almost a decade. That's $10,712 a year.

And even though the Republican leadership has blocked a clean vote on the minimum wage for years, this ''trifecta'' bill marries the minimum wage increase with this huge cut in the inheritance tax. This inheritance tax only affects the richest one-half of 1 percent of families in the country.

So, in other words, the Republican position is: we will only help everyday working people in America if you give multi-millionaires and billionaires a bribe.

Mr. President, that is not the way to govern this country.

This bill is also offensive because it is so out of touch with the priorities of the American people.

Why aren't we taking steps to actually bring down gas prices? Gas is over $3 a gallon. It costs $60 to fill a tank for many people. That's what most Americans are concerned about right now.

Are we going to use these last 360 minutes to deal with that issue?

Meanwhile healthcare is in crisis. We have 43 million people without health insurance.

And then there is a storm brewing over the new Medicare drug law. Indications of this storm are appearing in newspapers from Honolulu to Ho-Ho-Kus. This storm is called the Medicare prescription drug coverage gap.

Some call this coverage gap the ''Doughnut Hole,'' but that is too kind a name. It's a much more serious crisis, and can have deadly consequences.

Here is what is happening across America because of the coverage gap: millions of seniors on the new Medicare Prescription Drug Plan are going to the pharmacy counter and experiencing ''sticker shock.'' Why? Because their drugs suddenly cost four times as much as last month.

Their drugs are costing four times as much because the Republican Medicare law allows drug plans to include a massive gap in coverage. In a nutshell, once you pay $750 out of pocket from the deductible and co-pays, your coverage just stops. And to make matters worse, your coverage goes away but you still have to pay the monthly premium.

A lot of unhappy seniors are starting to experience this problem, and it will only get worse through the end of August and into September.

So what are we doing about it?

An inheritance tax break for multi-millionaires is what the Republican leadership is concerned about while millions of seniors are facing a financial gap in their prescription drug coverage.

I would like to share some stories with my colleagues from recent news articles about how this coverage gap is affecting people across the country.

The Bergen Record in New Jersey told the story of Melba Heck, who is in the coverage gap. When she started the Medicare Part D plan, she was paying $50 a month. Now, all of the sudden, the bill is $400.

Ms. Heck, a retired nurse, told the newspaper that ''For the first time in ten years, I've had to cut back on my church pledge.''

Marcella Crown of Des Plaines, IL, reached the coverage gap back in April. Her husband said ''Blue Cross is saying that even though she will get no benefit, she must still pay the premiums. That's outrageous. We have never had insurance policies that gave us no benefit yet required us to pay premiums.''

In Maryland, retired teacher Elise Cain walked into her Silver Spring pharmacy and said she nearly ''passed out'' at the cash register. Her drug monthly cost jumped from $20 to $175.

These are just some examples of the pain that millions of senior citizens will have to endure. Unfortunately, this is only the beginning of this crisis.

We need to deal with this Medicare coverage gap crisis now. If we wait until September, we do so at our own peril.

Mr. President, this Congress is out of touch, and the Republican priority is to heap more wealth on a few of the richest people in America while tens of millions of their hardworking neighbors' children will struggle to get along with less as a result.

Let's not let it happen.

Mr. REED. Mr. President, I am deeply concerned about the cynical efforts to tie a much needed boost in the minimum wage to a massive tax cut for the heirs of the wealthiest Americans.

The economic disparities between minimum wage workers and wealthy people whose large estates are subject to the estate tax are so vast that pairing these two measures together defies logic. I am also hard pressed to find a link between either of these issues and the extension of several expiring tax provisions that have been tacked on as well.

No matter how my colleagues in the majority try to dress it up, this is really just another vote on the estate tax. It was less than two months ago that full repeal of the estate tax failed to pass in the Senate. Instead of addressing the pressing problems ordinary Americans face on a range of economic issues, the leadership is back again trying to pass near-elimination of the estate tax.

The estate tax is an important component of our progressive federal tax system, it is the Federal Government's only tax on wealth, and by 2009 less than one-half of one percent of all estates will be subject to the tax. Far from being a ''death tax,'' the tax falls on heirs who seldom had any real role in earning the wealth built up by the estate holder. The decedent's estate pays a portion of the total assets to the Federal Government and the remainder is then passed on to heirs. Capital gains that have built up in the estate tax free are passed on to the heirs on a ''stepped up'' basis, and the heirs are not liable for any income tax on these gains. No tax is levied if the estate passes to a spouse or is donated to charity. The overwhelming majority of estates pay no federal estate tax.

As a matter of fact, the non-partisan Tax Policy Center estimates that only about 8,200 estates would owe any estate tax in 2011 if the 2009 exemption level of $3.5 million were made permanent. Those are the people who would benefit from further cuts in the estate tax and their estimated average tax savings is about $1.3 million—a far cry from the $2.10 hourly wage increase that the Majority has put on the table for minimum wage workers.

A minimum wage hike is long overdue. The Federal minimum wage, which today stands at $5.15 per hour, hasn't been raised since 1997. Since then, inflation has not only wiped out that pay increase but brought the real value of the minimum wage to its lowest level in half a century. Over the past 9 years, the minimum wage has lost one-fifth of its purchasing power.

The majority's plan would increase the minimum wage from $5.15 to $7.25 per hour by the middle of 2009. The Economic Policy Institute estimates that 5.9 million workers would benefit directly from the increase and that the average benefit would be $1,200 per year. Another 7.1 million workers earning somewhat more than $7.25 per hour could benefit indirectly as a ''spillover benefit'' of the minimum wage increase. However, 1.8 million fewer workers would benefit under the Republican proposal because it phases in the increase over a 3-year period rather than the 2-year phase-in under Senator KENNEDY's proposal.

Senator KENNEDY's minimum wage legislation, which I have cosponsored, also does not contain any poison pills, such as the near-elimination of the estate tax or the egregious roll back of State pay protections for minimum wage workers. Currently, there are seven States that have chosen not to include a tip penalty in their minimum wage laws. Thus, tipped employees in these States earn the full State minimum wage. Under the Republican bill, however, one million tipped employees in these seven States will see a drastic cut in their base pay.

Raising the minimum wage is vital because workers have been left out of the economic growth we have seen so far in this recovery. Strong productivity growth has translated into higher profits for businesses, not more take home pay for workers. The stagnation of earnings in the face of soaring prices for gasoline, home heating, food, health care and college tuition is squeezing workers' paychecks. Just this week, the administration admitted as much. At a speech at Columbia Business School, Treasury Secretary Paulson stated that ''amid this country's strong economic expansion, many Americans simply aren't feeling the benefits. Many aren't seeing significant increases in their take home pay. Their increases in wages are being eaten up by high energy prices and rising health costs.''

No one who works full time should have to live in poverty, but the current minimum wage isn't enough to bring even a single parent with one child over the poverty line—even if the parent works 40 hours a week, 52 weeks a year. Five million more Americans have fallen into poverty since President Bush took office—37 million Americans are now living in poverty, including 13 million children.

The minimum wage is an important policy tool to lift low-income families out of poverty. Almost two-thirds of those who would benefit are adult workers, and more than a third of these adults are sole breadwinners for their families. This is not pocket change for teenagers, as opponents of the wage floor have argued.

The devastation of Hurricanes Katrina and Rita last September put the national spotlight on the problem of poverty in America. As Senator GRASSLEY, chairman of the Finance Committee, put it last year, ''It's a little unseemly to be talking about eliminating the estate tax at a time when people are suffering.''

While the minimum wage has steadily lost purchasing power over the past 9 years, Federal Reserve data show that over roughly the same period the inflation-adjusted average net worth of the 10 percent families with the greatest wealth increased by almost 40 percent. The wealth of those most likely to have estate tax liability has increased substantially, but the taxes owed on an estate of any given size are lower now than they were in 1997 because of increases in the exclusion and reductions in the tax rate.

The differences in economic circumstances between those at the very top of the income or wealth distribution and those at the bottom are vast and widening. Again, during his address in New York, Treasury Secretary Paulson stressed that ''addressing issues of wage growth and uneven income distribution is a longer-term challenge that we can address.'' And yet, again the rhetoric of this administration does not match its actions. The consideration of this bill before us today is proof that the majority and the administration are not serious about addressing disparities.

Looking at earnings, minimum wage workers make about $206 for a 40-hour week at the current rate of $5.15 per hour. That would put them in the bottom 10 percent of the distribution of usual weekly earnings of full-time workers and these workers have suffered the largest declines over the past 5 years. Those at the upper-income levels are seeing earnings gains but for those at the bottom- and middle-income levels, there is a loss in real earnings since the President took office whereas in the 1990s, when you saw the proverbial picket fence—there were positive gains at every percentile.

Turning to household wealth, an overwhelming majority of households have very little in the way of accumulated wealth and assets and would not be subject to the estate tax. Households in the bottom fifth of the wealth distribution have a median wealth of just $2,000. In contrast, households in the top 10 percent have a median wealth of $1.4 million, which is less than the current estate tax exclusion of $2 million for an individual or $4 million for a married couple. Because half of the households in that wealthiest group have less than the median net worth of the group, most will not owe any estate tax.

The inequity of this proposal is compelling enough, but the budgetary consequences of nearly eliminating the estate tax make it completely unpalatable.

The Center on Budget and Policy Priorities estimates that this estate tax proposal would cost about $600 billion over the 2012–2021 period, or about $750 billion when the associated debt service costs are included. That is about three-quarters of the cost of full repeal, but probably understates the true cost because the latest proposal is not fully effective until 2015.

We are financing near-repeal of the estate tax with debt, because the costs will be paid for with borrowed money. Future generations of taxpayers—minimum wage workers and others who will make significantly less than the heirs of deceased multimillionaires and billionaires—will have to repay those funds. The drain on the budget would occur at the very time that the baby boom generation enters retirement and rising Social Security and Medicare costs would strain our budget. Secretary Paulson rightfully identified ''reforming entitlement programs, advancing energy security and maintaining and strengthening trade and investment policies that benefit American workers'' as ''longer-term challenges that will face our economy in the years to come.'' However, as we all know these are challenges that we can only meet if we have the resources to do so. Making permanent fiscally irresponsible tax cuts only endanger our abilities to truly address what should be our national priorities.

Raising the minimum wage will increase the likelihood that minimum-wage workers will be paying taxes and drawing on fewer government services. In contrast, virtually eliminating the estate tax will reduce Federal revenues, increase the budget deficit, and put pressure on other government programs that contribute to the economic well-being of lower-income workers, including minimum wage workers.

Today, we are at war and yet there is no sense of the shared sacrifice that has united this country in past conflicts. Ironically, the estate tax was first adopted in the nineteenth century to pay for government shortfalls due to wartime spending. Our military families are making tremendous sacrifices, and too many of them have made the ultimate sacrifice in service to our country. With $320 billion appropriated or pending for Iraq operations to date and more than 2,500 service men and women killed, the human and financial tolls are both more staggering than imagined.

With mounting war costs, the impending retirement of the baby-boom generation and deficits as far as the eye can see, due to the President's irresponsible tax cuts, it is unconscionable to think that we are going to vote again on gutting one of the most progressive taxes on the books.

Putting a minimum wage hike that is so necessary for working families to make ends meet together with an estate tax bill that benefits a few wealthy heirs reveals a warped set of priorities. The same can be said for holding hostage a package of tax extenders that all support. Our focus should be on strengthening the safety net for American families—whether it's raising the minimum wage or preserving Social Security, pensions, and health insurance coverage.

I have been a consistent supporter of the minimum wage, but this is a cruel juxtaposition of policies which I can not support.

Mr. AKAKA. Mr. President, it pains me to have to choose between the urgent needs of important groups in my constituency, which is why my decision to oppose cloture on the so-called trifecta bill, combining an estate tax compromise, minimum wage increase, and tax extenders, is a difficult one for me. However, it is one that I find to be necessary.

There are some good measures in this bill, particularly in the tax extenders package. I applaud my colleague in the House, Representative NEIL ABERCROMBIE, for his hard work to reinstate a tax deduction for spousal travel that is included in this package. It would have a positive effect on tourism-based economies, such as Hawaii's economy. I also appreciate the extension of the research an development credit and higher education above-the-line deduction, among other provisions. However, on balance, as with so many other large legislative vehicles that we consider on this floor, it is not enough to convince me to support the overall package.

I am disheartened that the majority in Congress uses the plight of our low-income and disadvantaged to better the cause for the wealthiest among us. For years, I, along with my Democratic colleagues, have offered amendments and introduced freestanding bills to increase the national minimum wage rate for our working men and women. If those in majority leadership are serious about increasing the wage rate, then they should pass freestanding bills that are currently pending action in both the Senate and the House of Representatives. This is truly an outrage that the majority has stooped so low to do this, and to take such a cynical view of the support that a minimum wage increase truly has in our country.

The package before us further disappoints me because its tip provisions will actually hurt many of those who could use a boost in wages. Restaurant staff, valets, parking attendants, bartenders, maids, and others who support themselves or their families on tip wages will have current protections taken away by this bill. States that want to guarantee a higher floor for tip wages would see their power to do so nullified. These hardworking Americans deserve to have the wage protections that their States want to grant them.

On the estate tax, I have heard most passionately from auto dealers in Hawaii of the tragedies that could occur if the estate tax is not eliminated or scaled back. Hawaii, as with other States, has lost numerous family-owned businesses due to a number of factors. Our auto dealers, farmers, ranchers, and other family-owned entities fear that they will not have the resources to keep their businesses in the event of the deaths of current owners, if the estate tax is not repealed or rolled back.

All of these concerns are heartfelt. I must assure those who have written that I have heard them and have taken their experiences and views into consideration while deciding what position to take on this matter. I have wanted to help them. However, the vote on cloture on H.R. 5970 can also be a missed opportunity to serve countless others in our home States and many who have not yet been born. I am talking about opposing cloture on a bill that would mortgage future generations by adding more than $300 billion to already alarming Federal deficits.

According to the Joint Committee on Taxation, provisions to increase the estate tax exemption and link estate tax rates to the capital gains tax rate would cost nearly $268 billion over 10 years. Add that to extensions and expansions of several expiring tax relief provisions, some of which we must pass, and the bill's cost is $306 billion over 10 years. The minimum wage increase would have a negligible revenue effect.

My colleague from North Dakota, Senator CONRAD, has instructed this body time and time again on the dire fiscal picture that we are facing on the federal level. Our Budget Committee ranking member noted yesterday that our Federal debt increased $551 billion last year and is projected to increase another $600 billion this year. These figures are shocking to me, and they will doubtlessly translate into hard decisions on programs that we already have a hard time funding yet are so essential to each of our communities.

In fact, the Center on Budget and Policy Priorities notes that, should pending budget process reforms be put into place, the combined effect with the implementation of estate tax provisions would be to force drastic cuts in various entitlement programs that serve seniors, low-income families, veterans, students, and the disabled. Some of the programs that CBPP notes would surely be on the chopping block to make up for estate tax revenue losses include Medicare for seniors, SCHIP for children, Federal civilian retirement, the earned-income tax credit for lower income families, the child tax credit, military retirement, unemployment insurance, Supplemental Security Income for the elderly and the poor, veterans disability compensation and pensions, Food Stamps, school lunch and child nutrition, and farm programs.

It is because of drastic impacts like this that I have heard from hundreds of other constituents who want me to vote to save these necessary programs and others in education, health care, and social services that would bear the brunt of further reductions in discretionary funding. I simply cannot put the needs of many above the needs of a few, even if they are a well-deserving few, which is why I cannot support cloture on this package before us.

Once again, the choice to oppose cloture on this measure has been a tough one for me. It is far better than estate tax repeal in its projected fiscal outcome, and I thank its authors for their willingness to compromise to a certain point. However, the bill does not go far enough for me.

I deeply appreciate hearing the arguments put forth on both sides of this debate and the work put in on this matter, but I cannot support this cloture motion.

Mr. JOHNSON. Mr. President, the Senate is considering today an increase in the minimum wage, a package of tax extenders, and the repeal of the estate tax. I am highly disturbed and disappointed by the course that the Senate has chosen to hold badly needed tax cut extenders and the minimum wage increase hostage to the estate tax bill. And I find it ironic that the Republican leadership has been referring to this as a ''trifecta''—betting terminology. It certainly is a gamble. It is a gamble with the livelihoods and pocketbooks of the American taxpayer and American worker, and that is surely not what I was elected to do.

Tying an increase in the minimum wage and important tax extenders to the estate tax in order to further a political agenda which has otherwise failed on this issue is outrageous and manipulative, and I will not support it. And to add insult to injury, the majority leader has refused to allow his Senate colleagues, who would like to substantively address these issues, to offer any amendments. This ''my way or the highway approach'' is quintessential partisan politics.

I would like to be very clear on my position here. I strongly support an increase in the Federal minimum wage. I supported Senator KENNEDY's amendment to the DOD authorization bill that would have increased the minimum wage to $7.25 over a 2-year and 2-month period, and I am a cosponsor of his Fair Minimum Wage Act. I am also a cosponsor of Senator CLINTON's Standing with Minimum Wage Earners Act, S. 2725, which would raise the Federal minimum wage to $7.25 per hour and link future increases in the minimum wage to congressional raises. I have always supported updating the Federal minimum wage in the past and would like to have the opportunity for an up-or-down vote on the Senate floor.

The Republican leadership in both the Senate and the House of Representatives has thus far managed to block an increase in the minimum wage. Ironically and sadly, that leadership continues to prioritize tax breaks for America's most fabulously wealthy over an increase in wages for hardworking families. It just makes no sense. A minimum wage employee working 40 hours per week, 52 weeks a year, would earn only $10,700, a figure far below the poverty level for even a two-person family. Inflation has eroded the buying power of the minimum wage since it was last increased in 1997. The current minimum wage is woefully inadequate to provide enough income for workers to afford decent housing, set aside sufficient funds for a comfortable retirement, or meet any emergency needs. Increasing the minimum wage is about both economics and values. I tire of hearing people talk about ''family values'' while at the same time doing little to increase wages or provide affordable health care and housing.

I also strongly support the package of tax extenders that were left behind during tax reconciliation. I was disappointed that the final tax reconciliation measure, H.R. 4297, failed to include provisions that would allow South Dakotans to deduct their State and local sales taxes. South Dakota collects more than 50 percent of its revenue from sales tax assessments. It is unfair to expect South Dakotans to pay an additional Federal tax liability simply because of the form of taxes my home State collects, and I strongly favor making the sales tax deduction a permanent part of the Tax Code. I was also disappointed that this measure did not include provisions to allow families paying college tuition to deduct that tuition from their Federal taxes or teachers to deduct the cost of classroom supplies. These tax cuts are important to many Americans, and I support them unequivocally, but I will not allow the Republican leadership to tell me that I can only give these tax breaks to middle-class Americans by also voting for an estate tax repeal that will leave our grandchildren hundreds of billions of dollars of debt.

Additionally, I will support tax cuts that target working Americans, so long as they are enacted in a fiscally responsible manner with appropriate revenue offsets. The estate tax noose that has been tied around this legislative package is not in keeping with this philosophy.

While I feel strongly that Congress must act to give some estate tax permanency and certainty to estate planning, I do not support full repeal or any measure that would only benefit a tiny number of fabulously wealthy estates while at the same time being so costly that it would require massive borrowing from foreign nations and from the Social Security trust fund in order to write the checks.

Since the Federal Government is already running several hundred billions of dollars annually in the red as it is, any further tax cuts and giveaways for America's multimillionaires will require that we borrow the money to give to them. Increasingly, the borrowing will be from foreign nations and from Social Security revenues. That also means that additional tax cuts for the middle-income taxpayers will be almost impossible and that the middle class and their children will have to pay higher taxes for decades to pay off the debt service on the multimillionaire tax cut. That debt service already costs the taxpayers $1 billion per day.

The estate tax legislation that has come before us thus far has been unrealistic and costly. I would be supportive of legislation exempting family farms, ranches, and small businesses from the estate tax. In fact, in 2001, I voted to do just that. Unfortunately, then, the Republican party decided to enact legislation that called for, among other things, a phaseout of the Federal estate tax that provides complete repeal in 2010 but reverts to an exemption of only $650,000 in 2011. Because of this mistake we have had to have this discussion every election year since.

Easing taxes on farms, ranches, and small businesses is one thing, but the total repeal being pushed as a political statement during this runup to the election season is irresponsible. I believe the Federal Government ought to be doing more for middle-class and working families, rather than focusing its attention on the Paris Hilton and Donald Trump crowd.

Mr. DODD. Mr. President, I rise today to express my serious concerns with a bill before this body, H.R. 5970, that unnecessarily links a long-overdue increase in the minimum wage and a broadly-supported package of tax extenders to an unaffordable and irresponsible cut in the tax on multi-million-dollar estates.

This so-called ''trifecta'' bill sends a clear message to the American people about the priorities of the leadership on the other side of the aisle—priorities that are badly out of step with the needs of ordinary Americans.

Many of us in this body support fiscally responsible reform of the estate tax. But compared to most reasonable proposals, the one in this bill would cost nearly twice as much, while adding very little additional value.

Over the last several years, the number of Americans affected by the estate tax has fallen dramatically as the exemption level has been raised. In 2000, with an exemption of $675,000, there were 50,000 taxable estates. That number has fallen to only 13,000 today, with the exemption level now standing at $2 million for an individual and $4 million for a couple. In 2009, the exemption will rise to $3.5 million—or $7 million for a couple—and only 7,000 estates will be subject to the tax. These 7,000 taxable estates represent the largest three-tenths of 1 percent of estates in America, all of which exceed $3.5 million in size. By 2009, only this small fraction will owe even a cent under the estate tax.

Compared to current or 2009 rates, this ''trifecta'' bill would provide a tax cut for only the largest 8,200 estates in the country. And the average size of the tax benefit received by each of these estates would be $1.4 million. Out of a nation of 300 million people, only the wealthiest 8,200 would gain from this bill's estate tax proposal, but it would cost the American people $753 billion over the first decade alone once it has been fully phased in.

The leadership on the other side of the aisle knows that this body would rightly reject such a gratuitously irresponsible proposal if it were offered as a stand-alone bill. So the majority leader in this body and his counterparts in the House of Representatives have decided, in what amounts to political blackmail, to attach this estate tax measure to a moving vehicle, the package of tax extenders that includes provisions like the research and development tax credit that supports innovation by America's businesses, the tax deduction for college tuition that helps students and their families pay for the skyrocketing cost of higher education, and the tax deduction for teacher classroom expenses, among many other important items.

In effect, the supporters of this ''trifecta'' bill have decided to hold hostage these important tax provisions, which benefit families and businesses across the income spectrum, to an estate tax measure that, on its own, would otherwise be rejected. And in a misguided attempt to ''sweeten the deal'' or provide political cover, they have added a provision to raise the minimum wage that, itself, is flawed due to the wage cut it would force upon many employees who earn their pay through tips.

Many of us in this body have been fighting for years to increase the minimum wage, only to have our efforts blocked repeatedly. America's lowest-wage workers have waited far too long for a raise—it has been 10 years, almost to the day, since this body last voted to raise the minimum wage to $5.15 per hour.

In the time since then, the minimum wage's real buying power has fallen to its lowest level in 51 years. For a full-time worker, a wage of $5.15 per hour translates to a yearly income of $10,700—an amount that is nearly $6,000 below the poverty line for a family of three. These are working adults, with full-time jobs, who are living in poverty.

At those wages, these working Americans can barely afford housing and food. They certainly can't afford adequate health care, child care, or education needed to lift them out of a low-wage job. With gasoline prices and other energy costs rising, one wonders how people make ends meet.

Unfortunately, too many are falling behind.

And too often, the victims are children, whose only fault was to be born into the wrong family. More than a third of the 37 million Americans currently living in poverty are children. Through no fault of their own, these voiceless Americans live day-to-day without adequate food and shelter, forced to choose between food and rent or medicine or utilities.

In my State of Connecticut, we have a population of about 3.4 million people and the perception is that we are a rich State. But we are not exempt, in Connecticut, from the scourges of poverty and hunger. In fact, more than 280,000 people in my State, many of them children, are food insecure—meaning they don't have access at all times to the food necessary to lead a healthy life. Two of the largest food banks in Connecticut provide food for more than 350,000 different people each year. Working people make up 25 percent of those using those emergency feeding programs. People are working hard and they can't even feed their families—how is this acceptable?

Raising the minimum wage from $5.15 per hour to $7.25 per hour would directly boost the earnings of 6.6 million working Americans. It would also indirectly benefit an estimated 8.3 million additional workers who currently earn close to $7.25 per hour and would likely see their wages rise in response to a minimum wage increase.

Some of my colleagues have argued that raising the minimum wage would harm employers or reduce overall levels of employment, but study after study has shown these claims to be unfounded. A recent Gallup poll found that 86 percent of small business owners do not think the minimum wage negatively affects their business. And a substantial body of research by well-known economists finds no significant harm to overall levels of employment based on changes to the minimum wage. So while a minimum wage increase would dramatically improve the lives of millions of Americans, the potential costs would be small.

America's lowest-earning working men and women desperately need a raise—even a small one. But this bill, by tying an increase in the minimum wage to a costly ''virtual repeal'' of the estate tax, has the potential to cancel out the good that would be done. By adding $753 billion to the national debt—which already stands at $8.4 trillion—this estate tax proposal would force deep cuts in services for all Americans, regardless of income. But those who earn the least would likely be hurt the most.

No one who supports raising the minimum wage or approving the bipartisan package of tax extenders should be fooled into thinking that this bill represents a serious attempt to help American workers, businesses, or taxpayers.

The estate tax proposal that has been attached to these important measures is unaffordable and unnecessary. It would drive us deeper into debt with foreign creditors, force damaging funding cuts during already tight budgetary times—not to mention during a time of war—and increase the burden on our children and grandchildren of paying for our excess.

For these reasons, Mr. President, I cannot support this irresponsible legislation, and I urge my colleagues to join me in voting against this bill.

Mr. OBAMA. Mr. President, I rise to speak about the latest effort to reduce the estate tax for a small fraction of the wealthiest Americans at a cost to all Americans of more than $750 billion. This time our friends in the House of Representatives realized that the Senate would reject such a reckless policy. So rather than scaling back Paris Hilton's tax cut to a reasonable level or suggesting a fair way to pay for their tax cuts, they have done something else. They have decided to hold an increase in the minimum wage hostage to a fiscally destructive cut in the estate tax.

This is cynical politics at its worst. This is government by gimmick. Combining the estate tax with a minimum wage increase and temporary tax cut extenders is not an example of finding common ground or moving to a reasonable compromise; this is an example of political coercion. And the American people are wise to it.

This is simply an attempt to dare members of my party to vote against an increase in the minimum wage which has been one of our long-time priorities.

But why should we have to agree to nearly $800 billion of additional Federal debt—debt that our children and grandchildren will have to pay back in higher taxes down the road—in order to get a long-overdue wage increase for those struggling to make ends meet that would have no negative effect on the Federal budget?

Why should we have to agree to an average tax break of $1.4 million for several thousand wealthy estates in order to add about $1,200 on average to the incomes of several million working families?

Why should we have to agree to a permanent reduction in the estate tax for billionaires when all the tax benefits for students, small businesses, teachers, and neighborhoods will expire under this bill in a year or two?

This bill is not the outcome of a robust policy debate or bipartisan compromise in the public interest. It's not the result of honest tradeoffs. No. This bill is a cynical ploy to say ''gotcha'' to the Democrats. At best it's politically clever, but in no way is it smart.

Increasing the minimum wage would make a significant difference in the lives of this country's most vulnerable workers. The Federal minimum wage has not been adjusted since 1997 and the proposed increase really just keeps workers from falling further behind in their struggle to keep up with inflation. It is shameful that the President and Congress have not acted sooner to raise the minimum wage.

My colleagues on the other side of the aisle know that. So they have tied the minimum wage vote to the estate tax. They have tied the fate of several million working families and their ability to buy food and gas and school supplies to the ability of wealthy heirs to inherit even larger estates tax free.

I am confident that the American people will see through this. By 2009, the estate tax will already be repealed for more than 99 percent of all Americans. For the few estates that are wealthy enough to have to pay the estate tax, they can make unlimited charitable deductions, they can pass along at least $7 million to their heirs tax free, they can take more than a dozen years to pay-off the taxes owed, and the effective tax rate will be fair and reasonable. We could extend that status forever, and members of both parties could claim victory and move on to addressing America's real priorities.

Instead we are here once more, debating tax cuts and adding to America's debt.

Now let's be honest. This is not about saving small businesses and family farms. We can reform the estate tax to protect the few farms that are affected. We can set it at a level where no small business is ever affected. We can even repeal the estate tax altogether for the 99.5 percent of families with less than $7 million in taxable assets that means families with assets almost 100 times greater than the average American household's net worth. That would be compromise. That would be sensible.

Democrats have offered to reform the estate tax in these ways time and time again. But over and over, our offers have been refused, which can only mean that the party in power is really interested in an unprecedented giveaway to the wealthiest of the wealthy.

And don't think for a minute that there is any plan to pay for this. Every proposal to enforce pay-as-you-go rules for fiscal responsibility has been rebuffed. This tax cut will have to be paid for in the years ahead by higher taxes on working families and reduced public services in all of our communities. This tax cut will have to be paid for by higher interest rates on homes and student loans. And this tax cut will have to be paid for by greater dependence on foreign countries.

It's amazing to me how little the Congress has actually accomplished this year and how much time we have wasted on the estate tax. You would think the richest among us were the most oppressed. And even now we are being blocked from dealing with bipartisan pension legislation, not to mention dealing with the costs of healthcare, our real homeland security challenges, or the threat of global warming.

So if the Republicans want to bring up the estate tax yet again to use it as an election issue later, I say go for it. Because there may be no better illustration of how we differ in priorities than this irresponsible vote.

I yield the floor.

Mr. KERRY. Mr. President, a lot has changed in the last 10 years. Gasoline prices have risen, up 70 percent since President Bush took office in 2001. Child care costs have risen and now a typical family can expect to pay almost $10,000 per year for one child, which is more than the cost of public college tuition. Health care costs are soaring, and health insurance premiums are skyrocketing. In short, the cost of everyday life has greatly increased. We in Congress have certainly taken notice: we have given ourselves a pay raise eight times since 1997, totaling $30,000, and we've given the President pay raises totaling $200,000. Yet in that time we have failed to give working Americans a raise by increasing the minimum wage.

Now, facing tough reelection races and a disillusioned public, my Republican colleagues are finally willing to do something about it, but only on their terms. Despite the fact that the rich are getting richer and the poor are getting poorer, my colleagues' ''solution'' to help American families is to attach the long-overdue minimum wage increase to an otherwise un-passable estate tax reform bill that will benefit just a few wealthy families. This is nothing more than political blackmail. If Congress were genuine about its care for the lives of hard-working Americans—if we truly believed that any honest American working a full time job should not have to live in poverty—we would never condition a minimum raise increase on a windfall for the wealthy.

Since President Bush took office, the number of Americans living in poverty has increased by 5.4 million, bringing the total to 37 million Americans who live in poverty today, 13 million of whom are children. What's even more disturbing is that over 70 percent of children in poverty live in a home where at least one parent works. So today in America we have a situation in which millions of children are living in poverty despite the fact that they live in homes with a working adult. Among full-time, year-round workers, poverty has increased by 50 percent since the late 1970s.

This may be surprising, but if you take a minute to understand the situation the picture becomes clear. Consider a single mother of two working a minimum wage job 40 hours a week for 52 weeks a year. Without taking any time off for illness or vacation, she earns just $10,700 a year, nearly $6,000 below the Federal poverty line for a family of three. The current minimum wage equals only 31 percent of the average wage for the private sector, nonsupervisory workers, the lowest percentage on record since World War II. In the past 9 years, the purchasing power of the minimum wage has deteriorated by 20 percent, and today the value of the minimum wage is as its lowest level since 1955.

What these figures make absolutely clear is that it's long past time to raise the minimum wage. Just 5 weeks ago, the Senate failed to give relief to hard-working Americans by increasing the minimum wage. What has changed? As far as I can tell, two things have changed. First, Republicans in tight races realized their failure to address the needs of working Americans would hurt their chances for reelection. Second, those in favor of repealing the estate tax realized that the likelihood of doing so was slim to none. So they agreed to increase the minimum wage to $7.25 over a 3-year period that will benefit millions of working families, but they would only do so at a cost of $268 billion in estate tax relief for a few wealthy families.

I think we can all agree that the estate tax law needs to be revisited. The current policy does not make sense, but neither does relief that benefits a few. The estate tax relief before us has a long-term negative impact on our deficit. The 10-year costs from 2012–2021 are $753 billion when interest is included. That is $753 billion that will be added to the deficit or result in vital programs having their funding slashed. And there is no discussion now about how to pay for this bill.

An increase in the minimum wage should not be saddled with an unrelated, unnecessary, and unfair tax provision. We should pass a clean minimum wage bill and then work on a bipartisan estate tax bill that is fiscally responsible and protects most small businesses from the estate tax.

The legislation before us provides an average tax cut of $1.4 million to 8,200 estates. A minimum wage increase would provide an average benefit of $1,200 to 6.6 million hard-working Americans. The package before us clearly reflects misguided priorities. I cannot think of one reason why minimum wage legislation should include estate tax relief.

When President Theodore Roosevelt advocated an estate tax nearly a century ago, he argued that, the ''man of great wealth owes a peculiar obligation to the state, because he derives special advantage from the mere existence of government.'' He further advocated that ''[w]e are bound in honor to refuse to listen to those men who make us desist from the effort to do away with the inequality, which means injustice; the inequality of right, opportunity, of privilege. We are bound in honor to strive to bring ever nearer the day when, as far as is humanly possible, we shall be able to realize the ideal that each man shall have an equal opportunity to show the stuff that is in him by the way in which he renders service.''

We need to return to a society that values hard work. We cannot let ourselves become a society divided by income inequity. Defeating this bill is a step in the right direction toward fairness and the restoration of sane, responsible fiscal policy.

In addition to the minimum wage, the bill before us includes so-called expiring tax provisions that Congress should pass. There is no reason we cannot work together to extend expiring provisions such as the research and development credit and a tax deduction for the cost of a college education, which expired at the end of 2005. It is embarrassing that the Senate is leaving for our August recess without extending these provisions, especially since the capital gains and dividends rates that did not expire until 2008 have been extended to 2010. The extension of these provisions should not be threatened. The price of helping families with college education should not be estate tax relief for the wealthiest estates.

Mr. President, I support raising the minimum wage. I support tax credits for research development and college education. But I cannot support them when they are tied to fiscally irresponsible so-called reforms. I cannot support a bill that continues to put the interests of the wealthy above the interests of hard-working Americans. If my colleagues are serious about increasing the minimum wage, I challenge them to do so in a clean bill. I challenge them to put the best interests of working Americans front and center. I challenge them to stand up to this political blackmail and oppose the Estate Tax and Extension of Tax Relief Act. The American people deserve better than this.

Mr. LEVIN. Mr. President, this so-called trifecta bill is a bet by the Republican leadership that the American people will not notice their strategy to gut the estate tax in order to give the wealthiest one-half of 1 percent of our families a huge tax break. I hope they will lose that bet.

The Republicans have tried to sweeten their fiscally reckless proposal by extending popular tax cuts that have strong support and by adding an increase in the minimum wage that many of them do not even want and have opposed repeatedly for years. Republican leaders know that their estate tax proposal would not pass on its own, so they have added other provisions that many want in hopes of drawing enough votes to pass their true goal—more tax cuts for the superrich. Failing that, the Republican leaders seem willing to settle for having as a talking point that they tried to increase the minimum wage, even though they have opposed it year after year.

The American people will not be fooled. They know that many have fought tooth and nail to increase the minimum wage, and that we will keep fighting. But we won't be blackmailed into supporting irresponsible tax cuts by a political gambit.

This estate tax proposal is unfair and unaffordable. Only a tiny fraction of all estates pay any estate tax. In 2004, only 1 percent of estates in Michigan and 1.2 percent nationwide paid any estate tax. And as the amount exempted from the tax continues to rise to $3.5 million per person in 2009, the percentage gets even smaller. And despite claims to the contrary, even without this misguided bill, those families actually subject to the estate tax will still be able to pass on great wealth to their children.

Once phased in, this so-called ''compromise'' proposal would cost at least 75 percent as much as repealing the estate tax entirely. In the first ten-year period in which the proposal would be in full effect, it would cost nearly $600 billion. The cost would be $750 billion when interest payments on the additional debt are taken into account.

We simply cannot afford such a massive tax cut that would push us even further into the deficit ditch. Today, each American citizen's share of the debt is almost $29,000. As we continue to run up record yearly deficits, the country's total debt will be more than $11 trillion by 2011, which is $37,000 per person. It is not just reckless fiscal and economic policy to saddle future generations with this kind of crushing debt burden; passing this kind of burden to our children and grandchildren goes against what should be our basic values.

In the words of Republican President Teddy Roosevelt, who proposed the estate tax: ''[I]nherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our government.''

If we have any hope of getting our Federal budget deficit under control, eliminating the estate tax for the extremely wealthy is exactly the wrong thing to do. We need to look out for all of our citizens, not just the very wealthiest among us. This giveaway to a tiny fraction of estates will ultimately have to be paid for by steep cuts in government services or tax increases that will likely impact far more Americans.

To achieve the goal of more tax cuts for the very few, this bill holds hostage two critical issues. First, it includes a desperately needed, though flawed, increase in the minimum wage. And, second, it has a package of popular tax benefits that includes allowing families to deduct up to $4,000 in tuition payments and tax credits for research and development.

Minimum wage workers have not seen a Federal raise for 10 years. During that same time period, Congress raised its own pay eight times. An employee working full-time on minimum wage earns only $10,712 per year, which is below the Federal poverty level. It is shameful this Congress find it acceptable that Americans work hard every day, all year long, at legal jobs and still languish in poverty.

I have cosponsored a bill that gives the working men and women of this country the pay raise that they deserve, legislation that would raise the minimum wage to $7.25 an hour in several increments. If the majority cared about rewarding the hard work of a large number of Americans as much as they cared about protecting the enormous wealth of a few others, there would be a clean vote just on raising the minimum wage.

Even though the so-called trifecta bill would raise the minimum wage for many workers, it would also result in a pay cut for many Americans. It includes a ''tip credit'' provision that really should be called a tip penalty. The bill allows workers in industries in which tips are commonplace—such as waiters, waitresses, hotel maids, parking attendants and bartenders—to receive as little as $2.13 before the tips.

Although this tip penalty has been Federal law for years, States have been free to guarantee higher wages to workers in these industries. This bill would supersede those state laws to permit the lower wages. This will decrease wages in at least seven States, and it will set a dangerous precedent by allowing the Federal Government to interfere with the States to cut the wages of the lowest-paid workers.

This bill also holds captive several important expiring tax provisions that have broad support and would easily pass on their own. The provisions include the work opportunity tax credit, which encourages employers to hire members of targeted groups such as high risk youth, families receiving food stamps, SSI recipients, and qualified veterans. Another provision, the welfare-to-work tax credit, enables employers to claim a credit on the first $10,000 of wages paid to certain long-term family assistance recipients.

Another provision is the deduction for the expenses of elementary and secondary school teachers of up to $125 for books and other supplies. And there is a deduction of up to $4,000 for qualified tuition and related expenses. There is also a provision that would help shippers on the Great Lakes.

Finally, the expiring provisions include a critical tax credit for research and development done here in the U.S. This is an important way for the Government to help our Nation's economic competitiveness, especially in the manufacturing sector, which represents nearly two-thirds of our total private R&D. While the R&D credit's cost of $16 billion for two years is a significant investment by the Government, each dollar of the credit leads to a significant increase in business R&D spending, thus spurring economic growth. Congress should enact this important program on a permanent basis, instead of revisiting it every year or two, given all the uncertainty that is created by doing so.

It will be shameful if these provisions—which are good for the economy, important for our people, and supported by this Congress—are not renewed because of the political gamesmanship on this bill.

Mr. President, we hopefully will not fall for this political trick. The American people deserve better from their Government.

If the Republican leaders want to pass a minimum wage increase, give us a clean bill that does that and we'll pass it today. If they want to extend the popular and reasonable tax provisions that are expiring, let's work together to do that. But the pending bill would require us to swallow two poison pills and one aspirin. Hopefully, that combination will be resoundingly rejected by the Senate.

(At the request of Mr. REID, the following statement was ordered to be printed in the RECORD.)

• Mr. BAUCUS. Mr. President, I favor repeal of the estate tax. The estate tax often forces ranchers and farmers in my home State of Montana to have to struggle just to pass their land on to their children. But the political games that Congressional leaders played with this bill are not the way to get the job done. I hope that cooler heads can prevail and that we can work together for sensible reform in the future.•

Mr. BIDEN. Mr. President, our country is at war. We face fundamental challenges to our security at home and abroad. The President himself has compared our situation to the Cold War, to World War II. Those were existential struggles, for which we made great sacrifices and which fundamentally realigned our priorities.

Thousands of American families have paid the ultimate sacrifice, tens of thousands of our sons and daughters have been wounded. Tens of thousands more have been put in the line of fire, some of them for multiple tours of duty.

The war in Iraq alone has lasted longer than World War II, and its cost, at $315 billion, continues to grow.

Here at home, we face challenges to the American dream—the faith that hard work would be rewarded with a decent job, a better future for our children, and secure retirement.

The income of the average American family has not risen in the past 6 years. Global competition from a billion and a half new workers will change the world our children inherit. American families have virtually no money left over to save, and private retirement savings are woefully inadequate to meet the wave of retirees now upon us.

To meet these challenges, we will have to make massive investments in education and in research to boost the productivity and earnings of American workers. We need to find alternative fuels to reduce our dependence on oil that undermines our foreign policy and holds our economy hostage.

Over 46 million Americans are without health insurance. Only 5 percent of the containers that pass through our ports are inspected for weapons. Our passenger rail system lacks the basic lighting, fences, dog patrols, and cameras that could prevent attacks by terrorists we know have that system in their sights. This is just a short list of the profound challenges we face as a Nation. We can all think of others.

While our needs multiply, we lack the resources to meet them. Handed a 10-year surplus of $5.6 trillion, this administration has dragged us down, through the most dramatic reversal in our Nation's history, into an additional $3 trillion in debt.

They have doubled our debt to foreign governments. We now owe more than $2 trillion to Japan, China, and others. We are losing control of our financial future.

We are borrowing from our own national retirement savings, the Social Security system. This year alone, we will borrow $177 billion from Social Security.

Every day we go deeper into debt to foreign governments. Every day we spend more of our national retirement savings. And every day our basic needs, from homeland security to our retirement savings to our children's future—those needs are ignored.

That is the setting, that is the background, those are the circumstances in which we are now asked to cut taxes on just 7,000 of the wealthiest heirs in our country—at a cost of over $750 billion in the first decade it is in effect.

All of that will be borrowed. It is a transfer of $750 billion to the wealthiest two-tenths of 1 percent of Americans, borrowed from China, from Japan, from our own Social Security system. Somebody will have to pay that back.

Our children and our grandchildren will pay that back. It is a transfer from those with no voice of their own in our system, a transfer to those whose wealth speaks the loudest.

Under current law, the estate tax will affect fewer than 7,000 estates in the whole country by 2009. That year, a couple will be able to exempt a $7 million estate from taxes—a $7 million estate will pay no estate taxes. None.

The Congressional Budget Office has estimated that only 65 family farms in the whole country will be subject to estate tax at that point, under current law. Sixty-five farms, period.

Seven thousand of the wealthiest families will be the only ones paying any estate tax, and only 65 of those estates will be family farms, barely more than 1 farm per State across Our Nation.

And yet we are here today, actually considering reducing those numbers further, and driving our debt deeper, to save the most fortunate among us from that small remainder of an estate tax.

I believe that with the changes in current law we have accomplished some appropriate reform. I believe that family businesses and family farms should not be broken up to pay taxes. With the booming economy of the 1990s, many more Americans joined the ranks of those who could face estate taxes. Raising the exemption level and lowering the rate made sense.

Under current law, in my State of Delaware, fewer than 50 families will face any estate tax in 2009. Those are reforms that protect all but a few from the estate tax. It protects family businesses and family farms.

But I opposed complete repeal of the estate tax, and I oppose this legislation that will cost us $750B, three quarters of the cost of full repeal.

I oppose it, not because those who would benefit aren't good Americans. I am sure they are. Because they are good Americans, I think most would agree that given the world we live in today, facing a global threat to our security, with gaps in our homeland security, with clear domestic needs unmet, with our Federal finances already in the red—in the face of those facts, full repeal is a luxury that we cannot afford.

We could provide our middle class with some tax relief, by extending protection from the marriage penalty for $46 billion. We could extend the child tax credit for $183 billion. We could extend the college tuition deduction for $19 billion. Instead, the top priority of the leadership in this Congress is a handout to the most fortunate, paid for by three-quarters of a trillion dollars in debt heaped on our kids.

To add insult to this injury, the first pay raise for minimum wage workers in 10 years is now hostage to this estate tax cut. Under current law, you can be paid a wage that keeps you below the poverty line even if you are working full time.

Over the past 24 years, the most fortunate Americans, in the top 1 percent, saw their incomes more than double—from an average of $306,000 to over $700,000. During that same period, the incomes of average Americans grew just 15 percent.

But the poorest fifth of our citizens saw their already inadequate incomes grow just $600—over 24 years.

We are moving apart, not coming together, as a nation.

The minimum wage has not increased since 1996—and all of that increase has been wiped out by the cost of living. The minimum wage today, at $5.15 an hour, is even worth less in today's dollars than the $4.25 rate it replaced.

Today, the minimum wage is worth only a third of the average hourly wage of American workers, the lowest level in more than half a century. The bottom rung of the ladder of opportunity is broken. It is time to fix it.

That means a pay raise for over 7 million workers, in three stages, over the next 3 years, to $7.25 an hour. That will lift the floor under everybody's wages.

But now we are told that to get those folks on minimum wage a raise, we have to go three-quarters of a trillion dollars into debt to China, Japan, and other countries so that the sons and daughters of the 7,000 most fortunate families among us will be spared the estate tax.

Everyone else's sons and daughters will get that bill. Our country, already the world's biggest debtor nation, already borrowing 65 percent of all the money borrowed by countries around the world, already spending the retirement savings that should be going into Social Security, our country will be weaker financially because of it.

The American people are tired of seeing this kind of ''gotcha'' politics while our country is at war, while we face serious challenges to our economic competitiveness, our health, our children's future. Instead of a long overdue adjustment in the minimum wage, we get political theater.

And finally, instead of extending important tax credits to promote research and development, to clean up brownfields—even to give our fighting forces tax credits for combat pay—we are given this take-it-or-leave-it deal that makes estate tax cuts the top priority.

Those are not the priorities of the American people, and this Senate should reject them.

We can pass a minimum wage increase to reward work at the bottom of our economic ladder. We can extend the tax breaks that meet real needs and that serve genuine public policy needs. We can do that, and we can leave in place substantial reforms to the estate tax that have already taken place.

First, we must say no to this transparent gimmick. Then we can do what we should have done in the first place.

Mr. FRIST. Mr. President, has time been used on our side?

The PRESIDING OFFICER. There is 7 minutes remaining.

Mr. FRIST. Mr. President, I yield 3 minutes to the Senator from Pennsylvania.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized for 3 minutes.

Mr. SANTORUM. Mr. President, thank you. I thank the leader for yielding.

This body is criticized a lot because we stand here and yell at each other and don't get a lot done. We block and we blame, we obstruct, we don't do the people's business.

The bill that we are about to vote on, 20 years ago, 30 years ago, would have been hailed by all as a compromise out of the great compromises that we have seen in the Senate over the centuries, truly a compromise.

The No. 1 highest priority of the Senate Democrats, included in this bill—their highest priority. We have voted on minimum wage more in this Chamber than probably any other issue. The No. 1 priority in this bill, their highest priority with respect to taxes, the R&D tax credit, the extenders provision, and a variety of different provisions, tax provisions, that were key provisions for many Senate Democrats, included in this bill.

In addition to that, we have the abandoned mine lands bill that Senator ROCKEFELLER and I have worked on for months and months. This is the only opportunity for the abandoned mine lands issue to be voted on in the Senate. There may be attempts to throw this in and attach it to other bills and all sorts of pounding the chest of how we are not letting it happen.

This is a compromise. This is giving things that I can tell you many on this side of the aisle don't want to give—whether it is minimum wage, whether it is AMT, whether it is many of the provisions in this bill, there are a lot of folks on this side of the aisle who do not like any of this, and, in fact, have never voted for any of these things.

In exchange for that, what most of the Members on this side of the aisle would like to see done is to do something about the onerous death tax which is scheduled to expire in 2010, and then revive itself from the dead the next year—horrible tax policy.

But that is where we are. We are trying to fix this. We are trying to get the priorities of both sides together in a bill to move this country forward in a way that both sides can walk away and say: We didn't get everything we wanted, but we made progress; I got something that was really important to me.

Both sides can say that. Both sides can say: I didn't get everything I wanted or I have to vote for something I don't like in this bill; This isn't exactly the way I would do it. This problem is bigger than all the other good things.

You know what? One thing I have always learned in my time in government is you can always find a reason to vote no. You can always find a reason to vote no. It takes a bigger step to compromise, to meet someone halfway down that middle aisle, to compromise and get something that is important for both sides. This bill does that.

Mr. FRIST. Mr. President, I yield 2 minutes to the Senator from Texas.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I was listening to the debate, and I heard the Democratic leader call this a ''do-nothing Congress.'' He said that several times. I have heard it before. Yet here we have a bill that will go directly to the President. This is a bill that brings together pieces of legislation that have been worked on for years in this body, a chance to score a huge victory for all sides, that gives a minimum wage increase of over $2 that we have been trying to do, along with tax cuts for small businesses so that it is a balance for years in this Congress. We have been trying to permanently ease the burden of the death tax ever since I got to this Senate.

It is the small businesses; it is not Bill Gates, it is not Warren Buffett who is worried about the death tax. It is the farmer who is going to have to sell his farm when he dies or his children who will because his children can't pay the taxes because the farm is more valuable than they can earn and produce to pay the taxes. It is the small business that has been built by a family. It is the restaurant owner that is going to have to sell the business that we are fixing tonight.

This is a bill that would take away the ability to call this a ''do-nothing Congress.''

Why is it that almost every Republican is going to vote for it and almost every Democrat is going to vote against it?

I think this is an excuse to make this a ''do-nothing Congress'' and we are turning our backs on the middle class and the poor people of this country who depend on the minimum wage and death tax relief.

Mr. FRIST. Mr. President, I yield 1 minute to the distinguished Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized for 1 minute.

Mr. KYL. Mr. President, the Senator from Washington had printed in the RECORD a letter from an official in the State of Washington. In response and in refutation of the point of that letter, I will read from a letter from the Assistant Secretary of Employment Standards for the U.S. Department of Labor, Victoria Lipnick.

Mr. President, this letter is dated August 2. It says, among other things:

> Were this passed into law, the Wage and Hour Division of the Department of Labor would read section 402 as protecting the current minimum wages of the tipped employees in the seven states that now exclude tipped employees' tips from being considered as wages. To do otherwise would be inconsistent with what we understand to be the intent of the Congress and Fair Labor Standards Act which the WHD enforces.

The bottom line of this legislation, as has been said, is it will increase the standards of living and decrease the cost of dying.

I urge my colleagues to support moving forward with it.

Mr. DOMENICI. Mr. President, I rise today in support of the Estate Tax and Extension of Tax Relief Act of 2006 (H.R. 5970) more commonly known as the Family Prosperity Act.

I believe that the Family Prosperity Act is a good compromise because it raises the inheritance tax exemption to $10 million per couple, increases the minimum wage by $2.10, and extends some personal and business tax cuts. I support this legislation because it represents a fair and reasonable compromise on all three of these important issues.

For some time now, the Senate has debated the death tax, which is the most confiscatory tax of all. It has been a battle to repeal or modify this tax. In my opinion this tax is in need of modification; however, a full repeal of the death tax has been unsuccessful. Congress must act before the current repeal sunsets and the death tax is reinstated in 2011. Inaction on our part will lead to taxation of estates over $1 million at a rate 55 percent. Therefore, we are now attempting to seek agreement on this compromise measure that will benefit Americans. After careful consideration I have concluded that this bill represents a fair and reasonable compromise. Furthermore, passage of this bill will bring relief that is long overdue.

H.R. 5970 is a permanent reduction of the death tax that will exempt $5 million per individual and $10 million per couple. Estates under $25 million would have a maximum tax equal to the capital gain rate of 15 percent. Estates over $25 million would be taxed at 30 percent. The exemptions and $25 million threshold are indexed for inflation and will be fully phased in by January 1, 2015.

This tax relief is substantial to States, like my home State of New Mexico that are filled with small business owners, family farms, and ranches. The assets accumulated by these hard-working people should not be taxed a second time nor at a rate that is too high. I believe that by enacting this relief from the death tax, we will be fostering economic growth, business investment, and entrepreneurship. Moreover, this bill will decrease the number of estates that are liquidated in order to pay taxes and will ultimately decrease the number of estates that are required to file a tax return.

Some have argued that this legislation is not a compromise and that it will preserve wealthy estates. I firmly believe that this argument is unfounded. This bill will continue to tax estates that hold considerable wealth while at the same time exempting small and medium sized estates that are overly burdened, and often times extinguished, by this tax.

I would now like to turn our attention to the minimum wage provisions contained in the Family Prosperity Act. It has been almost 10 years since Congress last voted to raise the minimum wage. In the meantime, our cost-of-living has increased annually and working families have struggled to meet their most basic needs.

The pending legislation before the Senate will increase the minimum wage by $2.10 an hour—phased in over 3 years. I have said many times before that I would support an increase in the minimum wage if it was crafted properly. I believe that this bill is crafted properly because it raises the minimum wage while extending some personal and business tax cuts and reduces the overreaching death tax.

The current Federal minimum wage just isn't sufficient. Now is the time to raise the minimum wage. It's time to give low-wage workers a raise.

There was an editorial published recently in my hometown newspaper, the Albuquerque Journal. The editorial was entitled ''Raise the Minimum Wage: Reduce the Death Tax.'' The editorial hit on some very important points. The focus was that we have tried to address these issues before—and we have failed. It stressed that we need compromise in order to get things done in this Congress.

Mr. President, I will ask that a copy of this Albuquerque Journal editorial be printed in the RECORD.

This bill is a good compromise. We have before us a chance to work together to accomplish something for the American people. We should embrace this opportunity and work together.

The Family Protection Act contains extensions of several important tax cuts that are currently set to expire. The research and development credit is of significant importance. H.R. 5970 will extend the research and development credit through 2007.

Advanced technologies drive a significant part of our Nation's economic strength. Our economy and our standard of living depend on a constant influx of new technologies, processes, and products from our industries. Former Federal Reserve Chairman Greenspan frequently reinforced the critical dependence between advanced technology and our economic strength.

Many countries provide labor at lower costs than the United States. Thus, as any new product matures, competitors using overseas labor frequently find ways to undercut our production costs. We maintain our economic strength only by constantly improving our products through innovation. Maintaining and improving our national ability to innovate is critically important to the Nation.

With this extension, we will significantly strengthen incentives for private companies to undertake research that leads to new processes, new services, and new products. The result will be stronger companies that are better positioned for global competition. Those stronger companies will hire more people at higher salaries with real benefits to our national economy and workforce.

Another important tax credit that should be extended is the deduction for higher education expenses. Higher education expenses are on the minds of many families. Saving to invest in education is important to the future of all young adults and to our society as a whole. We must ensure our Nation's future by helping educate America's young adults. That is why it is important to offer tax breaks for qualified higher education tuition and expenses. The Family Protection Act allows taxpayers to deduct $4,000 in qualified higher education tuition and expenses through 2007.

The last credit that I would like to comment on is the welfare-to-work credit. This bill extends the welfare-to-work credit through 2007. Business plays an important role in transitioning people receiving welfare into the workforce, and providing incentives for employers to hire welfare recipients strengthens our economy. This is an important provision in the bill and provides one more reason for me to support passage of this compromise.

I support this three-part compromise package because it represents a fair and reasonable compromise on all of these important issues.

Mr. President, I ask unanimous consent that the article to which I referred be printed in the RECORD.

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

[From the Albuquerque Journal Editorial, Aug. 1, 2006]

RAISE MINIMUM WAGE; REDUCE DEATH TAX

Santa Fe did it in 2003. Albuquerque did it in April. Sandia Pueblo did it in May. In fact, 17 states and the District of Columbia have done it.

Maybe before Senators go on vacation this week, they can get the United States to do it, too: Raise the minimum wage.

The federal minimum wage has been $5.15 an hour for almost a decade. In June the Senate killed the ninth attempt in as many years to increase what those on the lowest tier of the pay scale make. In the interim, municipalities have had to step in, creating a patchwork pay scale that follows geography instead of skill set. If a minimum wage makes sense, it's better done from Washington.

On Friday night the House passed a bill that would increase the minimum wage by $2.10 phased in over 3 years, extend some business tax cuts, create others, secure pensions and raise the inheritance-tax exemption to $5 million.

Representative Tom Udall, D–N.M., says he would have preferred a vote solely on the minimum wage—which apparently means he would have preferred a 10th defeat in as many years to a compromise.

The Republican majority can accept the minimum wage increase if the bill also includes something for one of their constituencies—in this case, excluding more wealth from the estate tax, which many Democrats oppose. Under current law, taxes would revert to 55 percent on estates worth more than $1 million after 2011. That's not soaking the aristocracy, but forcing heirs to liquidate a family-built business or a farm to pay the taxman. Not to mention these family assets have already been taxed.

Critics say Republicans want political cover come the November elections—after all, they didn't come out against their 2 percent raise last month.

But to the single mother making $10,700 a year busing tables, the only important cover is covering her family's bills, and $15,000 a year goes a lot further toward that end.

Senators have their 10th chance this week to get the United States in line with Santa Fe, Albuquerque, Sandia Pueblo, 17 states and the District of Columbia. They should take it.

Mr. ENZI. Mr. President, I rise today in strong support of H.R. 5970, the Estate Tax and Extension of Tax Relief Act of 2006. Specifically, I strongly support inclusion of the Surface Mining Control and Reclamation Act Amendments of 2006 in this piece of legislation. This legislation is very important to my home State and to coal-producing States throughout our Nation.

I have been working to fix the Abandoned Mine Land Trust Fund since I was first elected to the Senate in 1996. We have legislation before the Senate to make that happen, and I applaud my colleagues from Pennsylvania and West Virginia for their hard work on this proposal. Senators SANTORUM, ROCKEFELLER, SPECTER, and BYRD have helped produce a solid piece of legislation, and I strongly support moving this forward.

For years, reauthorizing the Abandoned Mine Land—AML—Trust Fund has been an issue that pitted the East versus the West. Consensus was never reached on the issue, and the AML Trust Fund continued to be a broken system. Members from the East argued that we needed to send more money to do reclamation, while members from the West argued that we needed to take care of the Federal Government's promise to the States. That promise was made in 1977 with passage of the Surface Mining Control and Reclamation Act, SMCRA.

When SMCRA was passed in 1977, a tax was levied on each ton of coal produced. The purpose of that tax was to reclaim coal mines that had been abandoned before laws existed that required reclamation. Half of that tax was promised to the State where the coal was mined. That money is known as the State share. The other half went to the Federal Government to administer the reclamation program and to send additional funding to the States with the most abandoned coal mines.

It was a simple enough concept. Half of the money was to be sent to the State share, and the other half administers the AML program and goes to States with the largest reclamation needs. Unfortunately, like many things in Washington, while the concept was good, the implementation has been disastrous and the program has not worked as it was intended. For years, States have been shortchanged and reclamation work has not been done. Today, the Federal Government owes States more than $1.2 billion. At the same time, more than $3 billion in reclamation remains unfinished.

When I was named the chairman of the conference committee whose job it was to find a compromise between the House and Senate on pension legislation, I was approached by Senator SANTORUM who had a proposal. He brought with him a coalition made up of coal companies, the United Mine Workers of America, UMWA, environmental groups and other businesses. Together, they expressed an interest in including an AML Trust Fund reauthorization in the pension conference report.

Where I come from, when something does not work, we work to fix it, and so the idea of fixing the AML program on the pension conference was intriguing. For years, I have worked with the other members of the Wyoming delegation to reauthorize this program, and as chairman of the conference committee, I was in a unique position to make a difference.

After listening to the proposal, I laid out a set of principles that were necessary to gain my support for such a move.

First, I wanted to see the return of the money owed to the States, including the $550 million owed to my State. Because Wyoming is a certified State, I wanted to see that money come from the Federal Government with no strings attached. The legislation we have before us today accomplishes that goal by guaranteeing that Wyoming will receive the money we are owed from the Federal Government in 7 years.

Second, I wanted a guarantee that future monies would be directed to States like Wyoming where significant amounts of coal are produced.

Third, it was important that more money be directed toward reclamation in States where the reclamation work is needed. Those goals are accomplished with the legislation that is included in this bill.

Finally, I wanted to see a reduction on the tax charged to Wyoming's coal companies. Some of the companies in my State do not have the problems associated with abandoned coal mines, nor do they have the orphan miner liability that is held by some companies. Those companies agreed not to fight an extension of the tax if it was reduced, and this legislation includes a slight reduction in the fee.

The priorities of other members are also included in this bill, including provisions that shore up health care for orphan miners who fall into the Combined Benefits Fund. Those priorities include the addition of health care coverage for members who fall into the 1992 fund and the 1993 fund. Although the shoring up of those three funds was not a priority for me, this represents compromise legislation.

The compromise brought all of the major players on board. The coal companies strongly support this bill. The United Mine Workers of America, UMWA, strongly support this bill. Other businesses who had interests in the AML fund strongly support this bill. With all these groups on board, we set out to gain support for this bill.

Senators SANTORUM and ROCKEFELLER worked hard to bring members from both sides of the aisle on board, and I commend them for their efforts. At the end of the day, we had seven committee chairmen who supported this bill. The chairman and ranking member of the Energy Committee, who have jurisdiction over a portion of the bill, signed a letter to the majority leader asking that it be included in the pension conference. The chairman and ranking member of the Finance Committee, who have jurisdiction over the rest of the bill, expressed support for moving this forward.

As we gained support, we also learned of opposition from members who objected to the cost of the legislation.

They claimed that the bill was too expensive and that the health care coverage for the orphan and widow miners was too good. As a member of the Senate Budget Committee, I want to spend taxpayer dollars appropriately. I want programs to work the way they are intended to work, and this program has not done so.

For my colleagues who have concerns about the cost of the legislation, it is important to remember that a $1.8 billion Federal trust sits in the Federal Treasury. It is important to remember that, although the fee is reduced slightly, we will continue to collect significant income from the fee. It is also important to remember that the Federal Treasury will collect significant revenues from coal production.

For years, we have been using Federal dollars in a way that they were not intended to be used. We have not made progress on the reclamation side, nor have we kept our promise to the States. This legislation corrects that error. It sends significant amounts of money to do reclamation, and it returns the money that was promised to the States.

As for the health care aspect of the bill, it is important to know that the Federal Government already provides funding for some health care. It is provided for with interest from Wyoming and other States' money. The Senators who represent the families who receive this health care continue to make sure the families receive it. Since miners' health care continues to be funded, we needed to find a way to fulfill the promise to the States. This legislation was such a fix.

As more members were brought on board, I worked with my colleagues on the pension conference to include this provision in the final conference report. Much progress was made, and at the end of the day, I included the AML bill that is a part of H.R. 5970 in my chairman's mark for the pension conference. This AML fix fit nicely in a section containing important tax credits, such as a State sales tax deduction from Federal income tax for Wyoming and other States with no income tax.

A last-minute strategy decision by some House members was made to separate the AML bill and the tax credits from the pension portion of the conference report. The House put the AML and the tax credits in a bill that also included the death tax forgiveness and a minimum wage increase. The second bill included many of the pension provisions of the pension conference report. The House then passed the pension bill and the tax credit bill and then adjourned on July 29, 2006, for the August home work period. That is where we stand.

I also take this opportunity to voice my support for the estate tax relief contained in this legislation. While I support a full and permanent repeal of this burdensome and unfair tax, the language contained in H.R. 5970 is a big step forward. Under this legislation, the estate and gift tax exemption will be increased over time to $5 million per person. The elimination of this unjust tax will allow many small, family-owned businesses throughout Wyoming and the Nation to keep their businesses open.

As I have said time and time again, the death tax is fundamentally unfair because it constitutes another layer of taxation. After years of paying State and Federal income taxes and other property taxes while trying to operate a successful business, the family must pay again at the time of death. The land subject to the death tax is the exact same land that the owner has been paying annual property taxes on. Double taxation is not only unfair on a philosophical level, it causes severe financial harm to the small businesses that are the driving force behind our economy. Our tax laws should encourage investment and growth and not stifle small businesses.

In addition to affecting many small businesses, the death tax forces landowners to sell their property to afford paying this tax and avoid passing on the costs to the next generation. Throughout Wyoming, I hear stories of families who are struggling to decide whether to sell part of their farm or ranch or risk leaving their children and grandchildren with this overly burdensome tax. Families should not have to make this impossible choice. In Wyoming, we work hard, in pursuit of the American dream, to create a better life for our children and grandchildren. Yet the death tax punishes this dream and the families who must pick up the pieces after losing a loved one.

There is another hidden cost to this double tax that many people do not consider. The death tax also forces families to spend thousands of dollars on estate planning. By requiring individuals and families to use vital financial resources on estate planning, money is being taken away from the family business, farm, or ranch. Permanently eliminating this tax will move precious financial resources to the business and employees themselves instead of to extensive estate planning costs.

Finally, I would like to briefly address one additional provision in this legislation—the State and local sales tax deduction. H.R. 5970 includes an extension of the State and local sales tax deduction for 2 years. I applaud the extension of this deduction. The ability to deduct State sales tax is an issue of fairness and parity. Under this legislation, taxpayers have the option to deduct their State and local sales tax or their State income tax. Federal taxpayers who reside in a State without an income tax should not be punished and forced to pay additional Federal taxes. Under this extension, taxpayers can choose whether to deduct their State and local sales or income tax.

I intend to vote in favor of the overall package. I strongly support the inclusion of the AML legislation. I am also strongly supportive of the tax extenders and the death tax relief. I hope that my colleagues will see the importance of this legislation and will join me in supporting its passage.

Mr. FRIST. Mr. President, how much time remains?

The PRESIDING OFFICER. Thirty seconds.

Mr. FRIST. Mr. President, I yield 1 minute using leader time to my distinguished colleague from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized.

Mr. MCCONNELL. Mr. President, how can we have bipartisanship in the Congress if Democrats won't take yes for an answer?

Of course, I am speaking about the bill before us—H.R. 5970, the Estate Tax and Extension of Tax Relief Act of 2006.

This legislation package isn't everything the Republicans wanted, and it is not everything the Democrats wanted. But both parties, and both Houses of Congress, now have an opportunity to vote on compromise legislation that accomplishes the goals we all aimed for.

We will substantially reduce the estate tax, or as I prefer to call it, the death tax. No American family should be forced to visit the undertaker and the tax collector on the same day.

Nothing could place more stress on a family than the loss of a loved one. Yet at such a difficult time, too many families in America today must make decisions about selling a business or a farm that has been in the family for generations in order to pay the death tax. That is wrong, and with this legislation, we will end that problem for many Americans.

We will also extend tax relief for many, to help encourage economic growth.

At the same time, we will increase the federally mandated minimum wage, from its current rate of $5.15 an hour to $7.25 in 2009. My friends on the other side of the aisle have continually said that raising the minimum wage is their top legislative priority.

Well, now is the time to vote for their top priority. Yet the Democratic leadership is threatening to kill this bill.

What part of ''yes'' do my friends on the other side of the aisle not understand? What part of ''bipartisanship'' do they not want?

We want to meet them halfway on this compromise legislation. We have taken their legislation, and some of our legislation, and also a host of tax provisions that we all agree on. But apparently it is not enough.

The Democrats cannot call this a do-nothing Congress on the one hand, and block every bill they can and try to blame the majority on the other.

We have a choice. We can work together and pass legislation that will benefit millions of Americans, or we can devolve into obstruction, and get nothing. I think what the American people deserve is positive action. That means passing this bipartisan compromise bill.

We were all elected to get something done on behalf of our constituents, and this legislation will mean real, tangible results for millions of Americans. As always, I stand ready to work with my Democratic friends to pass much-needed tax relief, and add to the long list of accomplishments of the 109th Congress.

Unfortunately, it appears the Democrat leadership would prefer to have a political issue rather than an accomplishment.

Mr. President, what we have heard tonight on the other side of the aisle is block and blame.

We have before us is a provision in three parts, each of which is supported by a bipartisan majority.

Let me say that again.

Each of the three parts of this bill are supported by a bipartisan majority of the Senate.

So what can possibly be wrong with passing the three bills together since they are each supported by a bipartisan majority of the Senate?

What is going on here? It is block and blame. They want to say this is a ''do-nothing Congress.''

If there is anything this Congress has not been able to accomplish, you can point the finger at the Democratic side of the aisle. Their strategy is block and blame.

I yield the floor.

Mr. FRIST. Mr. President, in closing, I will be very brief.

In a few moments, we will be voting on the motion to proceed to this very important bill called the Family Prosperity Act. It is called that very specifically for the reasons we have outlined.

There are three very important components: The extension of tax relief—we spoke about it on the floor, key provisions such as the State and local tax deduction affecting the many States, in my State alone, 670,000 Tennessee families; college tuition deduction affecting millions of families; research and development tax credit which stimulates growth, innovation, creativity, and jobs; teachers' classroom expenses deduction, affecting 55,000 teachers.

Secondly, the permanent solution to the death tax challenge that we have today is a compromise. It is not only a compromise that prevents the death rate from escalating to 55 percent and dropping to $1 million in 2011, it is a $5 million exemption per spouse indexed for inflation, and a 15-percent tax rate from $5 million to $25 million.

Thirdly, a minimum wage increase, 40 percent over the next 3 years—40 percent.

In summary, an ''aye'' vote is a vote for that permanent death tax relief. An ''aye'' vote is for that extension of tax relief. And an ''aye'' vote is for that 40 percent minimum wage increase.

We have a lot of challenges before us. We have addressed many others in the last 4 weeks. This gives us the opportunity to address an issue that will affect the typical American out their working, their family, that farmer, that small business owner.

I encourage my colleagues to vote aye.

I ask unanimous notwithstanding rule XXII that the mandatory quorum be waived.

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

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, the clerk will report the motion to invoke cloture on the motion to proceed to H.R. 5970 the Estate Tax and Extension of Tax Relief Act of 2006.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to H.R. 5970: a bill to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes.

Bill Frist, Mike Crapo, Lamar Alexander, Richard C. Shelby, Sam Brownback, Saxby Chambliss, Chuck Hagel, Tom Coburn, Richard Burr, Orrin Hatch, Thad Cochran, John Ensign, David Vitter, Pat Roberts, Craig Thomas, Jeff Sessions, Mel Martinez.

The PRESIDING OFFICER. By unanimous consent, the mandatory quorum call has been waived.

The question is, Is it the sense of the Senate that debate on the motion to proceed to H.R. 5970, a bill to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5 million, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from Montana (Mr. BAUCUS) and the Senator from Connecticut (Mr. LIEBERMAN) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—56 yeas, nays 42, as follows:

[Rollcall Vote No. 229 Leg.]

YEAS—56

Alexander	Burr	Craig
Allard	Byrd	Crapo
Allen	Chambliss	DeMint
Bennett	Coburn	DeWine
Bond	Cochran	Dole
Brownback	Coleman	Domenici
Bunning	Collins	Ensign
Burns	Cornyn	Enzi

Graham	Lugar	Smith
Grassley	Martinez	Snowe
Gregg	McCain	Specter
Hagel	McConnell	Stevens
Hatch	Murkowski	Sununu
Hutchison	Nelson (FL)	Talent
Inhofe	Nelson (NE)	Thomas
Isakson	Roberts	Thune
Kyl	Santorum	Vitter
Lincoln	Sessions	Warner
Lott	Shelby	

NAYS—42

Akaka	Feingold	Menendez
Bayh	Feinstein	Mikulski
Biden	Frist	Murray
Bingaman	Harkin	Obama
Boxer	Inouye	Pryor
Cantwell	Jeffords	Reed
Carper	Johnson	Reid
Chafee	Kennedy	Rockefeller
Clinton	Kerry	Salazar
Conrad	Kohl	Sarbanes
Dayton	Landrieu	Schumer
Dodd	Lautenberg	Stabenow
Dorgan	Leahy	Voinovich
Durbin	Levin	Wyden

NOT VOTING—2

Baucus	Lieberman

The PRESIDING OFFICER. On this vote, the yeas are 56, the nays are 42. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The majority leader is recognized.

Mr. FRIST. Mr. President, I now enter a motion to reconsider the vote by which cloture was not invoked.

The PRESIDING OFFICER. The motion is entered.

Mr. FRIST. Mr. President, the real vote would have been 57 to 41. I switched my vote from ''aye'' to ''no,'' thus the reported vote is 56 to 42.

I want to clarify, very briefly, where we are now. For purely procedural reasons, as leader, I switched my vote to a ''no'' vote to preserve all of my procedural options. As everyone knows, I strongly support cloture and moving to proceed to the three important issues in the Family Prosperity Act. I initially voted ''yes'' on cloture, but by switching to a ''no'' vote, I preserve my right, as leader, to revisit this issue in the future as a package.

The Senate just had a majority vote to move forward to this bill which reforms the onerous death tax, raises the minimum wage for millions of Americans, and provides a number of important tax relief extenders that will expire. Had the Senate invoked cloture, I am confident we could have finished this measure this weekend and presented it to the President in the next couple of days to become the law of the land.

With my switched vote, I preserve the procedural option to bring the bill back as a package. I hope the Democratic Senators will rethink long and hard over the weeks to come before we return for business in September.

Mr. President, finally, just for the record, a number of comments were made just prior to the vote about the tip wage issue. As my colleagues know, I have made it clear to them that is an issue that we would be able to address once on the bill. But we have now been prevented from getting on the bill.

I am confounded. There is no other way to put it.

My colleagues on the other side of the aisle come to this floor, time and again, raving about a ''do nothing'' Congress.

Well, today, just a few minutes ago, we had yet another opportunity to do something—as we have already many times this Congress.

We had the chance to bring three very important issues to the floor for debate: permanent death tax relief, extension of expiring tax provisions, and a minimum wage Increase.

These are issues that matter in the day-to-day lives of our constituents—issues that actually mean something to hard-working Americans.

And yet some of my colleagues decided these issues aren't important enough to debate here on the Senate floor.

This package—it's about securing America's prosperity.

It's about easing the tax burden facing America's families.

It's about helping hard-working Americans tackle an increasing cost of living head on.

And it's about fostering innovation and reinvestment in our homegrown small businesses and farms.

Quite simply, it's vital to the economic security of everyday Americans.

These are challenging issues, and they must be addressed here on the Senate floor.

And as I have said before, these issues must be addressed as a package: permanent death tax relief, tax policy extensions, and a 40-percent increase in the minimum wage.

All three together. All or nothing.

Not bringing this package—the Family Prosperity Act—to the floor is tantamount to saying, ''We don't care about America's economic security.''

And I am deeply ashamed that we, the U.S. Senate, would ever dare send such a message to the American people.

The PRESIDING OFFICER. The Democratic leader.

Mr. REID. Mr. President, everyone will be relieved to know I don't have anything to say.

PENSION PROTECTION ACT OF 2006

The PRESIDING OFFICER. Under the previous order, the Senate will proceed to the consideration of H.R. 4, which the clerk will report by title.

The legislative clerk read as follows:

A bill (H.R. 4) to provide economic security for all Americans, and for other purposes.

The PRESIDING OFFICER. Under the previous order, there are 20 minutes equally divided between the two leaders.

The Senator from Wyoming.

Mr. ENZI. Mr. President, I allocate myself 7 minutes of the 10 we have on our side.

A year ago, we were working on a pension bill, and we were working on the bill in two separate committees. We passed bills out of both committees. Then the two committees met together, and we merged it into one bill. There were a lot of difficulties in doing that process. It took quite a while. At the end of November we still had several problems and because of that, the media pronounced the bill dead. A week later, we had revived it and passed it in the Senate with just two votes in opposition to it and 97 in favor. All that in just 1 hour. Then it was brought to life on the House side. They passed the bill in December of 2005.

Then, in March 2006, a conference was named, and we worked on it diligently for hours virtually every day. A lot of moving parts started to fit into place. Some wondered if it would never get done.

I looked up the last major revisions we did on a pension bill. They were not nearly as expansive as this. This is the biggest revision of pension laws to be enacted in the past 32 years.

I noticed, in 1987, a big pension reform conference started in early March. The conference committee started a little earlier, but the bill was enacted until December 22. In 1994, there was a second pension reform conference. Again, the conference started in March of that year. The conferees wound up the conference agreement a little earlier than in 1987. This time, the bill was enacted on December 8, 1994. So we are way ahead of schedule compared to those two conferences. But we had to do it in a little different method than we might have liked to get to this point. Nevertheless, it is the most sweeping amendment to ERISA and the Internal Revenue Code in over 30 years. It is nearly identical to the product and agreements made by the members of the conference committee in a bipartisan manner. I am proud we have before us the most sweeping changes to our Nation's retirement laws since the enactment of ERISA itself.

This legislation will provide greater security for our Nation's workers who have retirement benefit plans and greater stability for the Pension Benefit Guaranty Corporation. There is little doubt this bill will be the foundation on which the future of our retirement system rests.

Today, we secure the future for American workers and their families. We ensure their hard work is rewarded and their hard-earned dollars go towards their retirement needs.

At the outset of the pension debate, I laid out three guiding principles that must be followed when the bill is enacted. Each of these has been satisfied in this bill that I am proud to have helped craft as chairman of the conference committee.

The first guiding principle is: The money workers earn for retirement must be there when they retire. This legislation contains tougher funding rules to ensure the money is there when workers enter retirement.

The pension bill puts an end to phony pension accounting rules that inflated the apparent value of pension plans, relied on inaccurate measurements of liabilities, and permitted funding holidays through the use of credit balances when plans were seriously underfunded.

Promises made to workers for their retirement will be promises kept by assuring the money needed is in the fund and by appropriately limiting when benefits may be increased, freezing future accruals, and restricting the rapid out-flow of lump sums and shutdown benefits when the plan gets into serious trouble. The bill also imposes discipline on management by restricting new executive compensation when pension plans are in trouble.

The second guiding principle is: The new rules we craft should not be so draconian that they become the cause of more bankruptcies and pension plan terminations.

The conference committee leaders spent nearly 4 months debating this exact point with regard to ''at risk'' triggers. In the final bill, I believe we have found a proper balance.

The legality of cash balance and other hybrid pension plan designs is clarified on a prospective basis under ERISA, the Internal Revenue Code, and the Age Discrimination in Employment Act, thus ending legal challenges that have driven hundreds of quality employers out of the defined benefit system. We have always felt that these plans are valid under the Code, ERISA and the ADEA.

The final guiding principle is: A taxpayer bailout of the PBGC is not an option. The full faith and credit of the United States does not stand behind the private pension insurance systems, and I am committed to keeping it that way by shoring up the finances of the agency without a taxpayer bailout.

The legislation repeals the full funding exemption on the variable rate premium which reduces the deficit at the PBGC by billions over the next 10 years. With this single vote, we will make the most sweeping changes to ERISA since its enactment in 1974.

I urge my colleagues to vote in favor of this bill. Our future generations are counting on it.

I ask unanimous consent that the following letters be printed in the RECORD.

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

PENSION BENEFIT GUARANTY CORPORATION,
Washington, DC, October 14, 1993.

We write in response to your inquiry. You ask whether the PBGC adheres to the interpretation of section 4225 of the Employee Retirement Income Security Act of 1974 (''ERISA''), as amended by the Multiemployer Pension Plan Amendments Act of 1980 (''MPPAA''), set forth in its amicus curiae brief in Trustees of the Amalgamated Insurance Fund v. Geltman Industries, 784 F.2d 926 (9th Cir. 1986). In its brief, PBGC addressed the proper application of ERISA §§4225(a) and 4225(b) where the withdrawn employer