

AWARD OF A BROWNFIELDS
GRANT TO CITY OF TRENTON, NJ

HON. CHRISTOPHER H. SMITH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 26, 1995

Mr. SMITH of New Jersey. Mr. Chairman, I am pleased that Trenton was today awarded 1 of 15 Brownfields pilot grants by the U.S. Environmental Protection Agency [EPA]. The Trenton community truly deserves this Federal recognition and financial support for all the hard work we have done to identify and clean up hazardous wastes left over from the city's industrial heyday.

Trenton has the spirit, the commitment, and a detailed plan for restoring these sites and making them available for alternative uses. In fact, over the past several years, the city has committed funds and other resources to identify contamination, develop plans for remediation, and redevelop abandoned lots. But our city has lacked the appropriate financial means to make these assets fully effective. The Brownfields Program will provide the city with that funding assistance and propel our initial program to final success.

The Brownfields project which Trenton has developed will put the \$200,000 Federal grant to good use. The city has enlisted the help of several civic organizations, State government, and community residents to devise their program and intends to call on them to implement it as well.

The city will employ a strategy to incorporate the resources of established community urban beautification and environmental justice programs, as well as the expertise of local legal, development, and other professionals.

I have worked closely with both the city of Trenton and Mercer County in a bipartisan effort to coordinate Federal, State, and local dollars and resources to improve New Jersey's capital. Together we made Trenton one of the initial pilot sites for the Weed and Seed anti-drug crime program, we helped to rehabilitate abandoned rowhouses, and we have made city gardens and parks cleaner and safer.

With its 89,000 residents, we in Trenton are proud to rank with some of the other award-ees here today—such as Baltimore, New Orleans, and Detroit—that often receive greater attention from the Federal Government. Trenton—which has the same concerns as these larger cities—will use the money effectively and quickly to clean up sites, eliminating the abandoned areas where drug use, violent crime, and gang-related activities can fester.

Trenton has taken the bull by the horns to address all of these problems. This Brownfields project will advance this fight to save Trenton.

PERSONAL EXPLANATION

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 26, 1995

Mr. FIELDS of Texas. Mr. Speaker, I was unavoidably detained during rollcall votes 555–557 on Monday, July 24. Had I been here, I would have voted “no” on rollcall 555; “no” on rollcall 556; and “yes” on rollcall 557, which was a final passage of H.R. 70.

TAX REFORM

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 26, 1995

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, July 26, 1995, into the CONGRESSIONAL RECORD.

TAX REFORM

I find Hoosiers increasingly interested in the idea of tax reform—scrapping the federal income tax and replacing it with something much simpler and fairer. Tax reform is getting more attention in Congress than it has in a decade, and several plans are under consideration. Reforming the tax system will take some time, but is an effort worth undertaking.

SUPPORT FOR REFORM

Tax reform is getting serious attention for several reasons. First, federal income taxes consistently rank as the most unpopular of all taxes. Second, many Americans spend an enormous amount of time complying with the tax code and filling out forms, at a cost of up to \$200 billion each year. That time and money could be used much more productively in other ways. Third, many Americans feel the tax code is rigged for those who can hire experts to find loopholes. Fourth, the current system encourages debt and consumption, and discourages saving and investment. That undermines our ability to boost productivity and raise standards of living. Fifth, some people believe the tax code should be used simply to raise revenue rather than try to influence behavior through a variety of deductions and exemptions. Finally, many see tax reform as another way of downsizing government and making it less intrusive.

CONCERNS ABOUT REFORM

Yet others express words of caution. They say, first of all, that the U.S. has one of the lowest overall tax burdens of the major industrialized countries—only Australia's is slightly lower—and that we should not blindly scrap our system. Second, they point out that 70% of taxpayers use the relatively simple 1040EZ form. Third, tax reform could hurt various sectors in the economy and regions of the country. Changes in the home mortgage deduction, for example, would have a big impact on housing. Fourth, they say people have an exaggerated sense of their income tax burden—most Americans pay less in income taxes than they do in Social Security taxes—so new rates that sound good may actually be no improvement. Fifth, tax reform could be like last session's healthcare reform—people support it in general but get very worried once they learn the details. Finally, reforming the tax system will be very time consuming and complicated exercise, and will open up the tax code to intense lobbying pressures for special favors.

My view is that we now have a unique opportunity for meaningful tax reform and should pursue it. At the same time we need to make sure that in our rush to change, we do not replace an unpopular system with one that turns out to be worse. We need to look at the implications of each of the major plans carefully.

MAIN VERSIONS

Several tax reform plans have been proposed in Congress. All address the public's frustration with the current system, but each has a very different impact on taxpayers and various sectors of the economy.

Flat Tax: One plan calls for a single individual and corporate tax rate of 17%, while

eliminating virtually all deductions, including those for home mortgage payments and charitable contributions. This plan has the right goal of trying to simplify the system, but has several drawbacks. It tilts its tax relief heavily toward the wealthy. For example, someone getting \$100,000 in income from stock dividends would pay no income tax at all. Also eliminating the home mortgage deduction could cut the value of most Americans' biggest asset—their home—by 15–20%. It would also increase the deficit. Adjusting it so it brings in as much as the current system would mean a flat tax rate of more like 23%.

National Sales Tax: Another plan would scrap the personal and corporate income tax system and replace it with a 17% national sales tax. This plan rightly tries to curb consumption and encourage saving and investment. But a pure sales tax risks a return to inflation and is regressive, hurting lower income people, older Americans, and large families who need to consume a large portion of their income on basic necessities like food and medical services. Trying to remedy this by exempting, say, the first \$15,000 of spending could require a burdensome enforcement mechanism. Moreover, the national sales tax would have to be closer to 25% to bring in as much revenue as the current system. That could lead to considerable consumer resistance and widespread cheating. Retailers and industries that depend on people making large purchases, like the auto industry, would be hard hit by a national sales tax.

Consumer-Income Tax: This plan would basically tax spending rather than income. A family would tally up all their savings and investments—including bank deposits, stock purchases, home mortgage payments, and educational expenses—and subtract this from their income; they would then pay taxes on the difference—their consumed income. This approach has a good emphasis on saving and investment and it is designed to be progressive—requiring the wealthy to pay more. But it does not achieve much simplification, and indeed could mean more complex tax calculations for many Americans. It also has the drawback of trying to set up a new, untried tax system. Big losers would be sectors whose products or services are not considered “investments”.

Modified Flat Tax: A recently announced modified flat tax plan would eliminate almost all current deductions and exemptions, except the home mortgage deduction, in order to reduce overall tax rates. Three-fourths of all taxpayers would pay a flat income tax of 10%, with higher rates for upper income taxpayers—but their rates would still be lower than under the current system. This approach has several advantages: it has the important goal of allowing most taxpayers to pay a flat tax of 10%, it is progressive, and it doesn't add to the deficit. It falls short in not doing enough to encourage greater saving and investment and in eliminating some worthwhile deductions. Yet despite such drawbacks, my sense is that some sort of modified flat tax will be the most likely outcome of the tax reform effort.

CONCLUSION

The tax reform debate has begun in earnest in Congress and in the country, and that is an important step. Yet the issue will not be decided during this session of Congress, instead carrying over to next year's presidential campaign and the next session of Congress. That means we should push for reform but also think carefully about exactly how we want to do it. We need to overhaul the tax system, but we also need to do it right.