

say, "Well, we are going to penalize you anyway by making you recompute your depreciation schedule so it results in a lesser deduction."

So, AMP is also modified in this bill. It seems if we are concerned with increasing jobs in this country and if we are concerned with raising taxes on the American people, that it is appropriate we have the discussion this week. The \$189 billion over the 5 years of the budget that we are reducing taxes is small in comparison to the \$250 billion that were increased, raised on the working men and women and retirees and businesses 3 years ago by this Chamber.

So, Mr. Speaker, I hope everyone will tune into the discussion and decide whether or not it is going to help this country, whether it is going to allow hardworking Americans to keep some of their own money in their own pockets rather than give it to the Federal Government to spend, as we discuss, and ultimately pass this tax reduction bill this week.

H.R. 1215 RETURNS TAX MONEYS TO AMERICAN FAMILIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Kansas [Mr. TIAHRT] is recognized for 5 minutes.

Mr. TIAHRT. Mr. Speaker, this week we are going to see a clash of ideas once again as we have seen throughout the 100 days. This time it is going to be the big-government party that likes to take tax dollars and spend it at their whim versus the party of the people who give tax breaks to American families and others, like senior citizens.

During the 1992 Presidential campaign, our current President campaigned on the middle-income tax cut. Instead, what has occurred, last August we had the world's largest tax increase, which took money out of the pockets of American families.

H.R. 1215 is a bill that will return tax money to the families so they can spend it, because the party of the people believes that American families understand better how to spend their dollars than the Government.

Each time we lose \$1 to taxes, it is a loss of freedom. Many people across America, through higher taxes, have lost freedom, have lost the ability to spend money as they see fit.

H.R. 1215 will also help America's senior citizens. Last August, the party of big government cut social security by \$25 billion in the form of a tax increase. What this bill is going to do is restore that cut to Social Security. We are going to allow senior citizens to retain more of their income, allow them to meet their long-term health care needs, we are going to allow tax incentives to encourage individuals to purchase long-term health care insurance.

We are also going to move, in H.R. 1215, to help Americans save. We are going to do this through the American Dream Savings Account. It is an IRA-

type account that will allow families to contribute up to \$4,000 per year in these IRA accounts. These contributions are going to earn interest, and after they have been there for a 5-year period, we are going to allow those individuals to withdraw that money without penalty for first-time home purchasers, for post-secondary education expense withdrawals, education expenses, medical expenses. This is going to help those who have put away money to use it for a rainy day-type situation. Plus, it allows them to save for their retirement.

If you look at the free democracies across the world, you will find by comparison Americans save less than they should, percentage-wise. In Japan, for example, their savings are around 20 percent for average income. Here it is about 5 percent. This is a method of getting people around America to save money, put money away, and also put money into the capital stream to help create jobs.

Next thing we are going to do in H.R. 1215 is to help farmers and ranchers and those in the timber industry by allowing a 50 percent reduction in capital gains taxes, capital gains indexing, estate and gift taxes.

I want to tell you about one farmer I was very close to, my grandfather, J.W. Steele, who had a farm in South Dakota, and spent most of his time working very hard.

He used to tell me as a young boy that farmers were an interesting lot because they spent their whole life poor but they died rich. Sure enough, when he passed on to the next life, he died as a millionaire. His farm went through the estate tax, and my parents had to purchase that farm at the cost of approximately the price of a new farm because of the way land prices had gone up and down in that time frame. This is going to help people who are trying to keep the farms in their families, so that they can continue the tradition. It is going to help people. It is going to help ranchers to pass on what they have invested their entire lifetimes on.

□ 1900

Mr. Speaker, it will allow a situation where you are not just a millionaire for one day, but that you can go on, pass this on to your heirs. Also capital gains is very important when it comes to creating jobs.

An uncle of mine who lives in Mecklenburg, NC, one time told me, "How many who are poor hired you for a job," and I had to tell him, "No, no one has," because it is those who have capital that hire people for jobs.

So the capital gains tax reduction here is going to increase jobs here in America, and increasing jobs is what increases hope for America.

We found out for giving people free money that their self-esteem is reduced. You cannot have self-esteem without accomplishment, and you cannot have accomplishment without work, and it is always helpful to have

a job when you are going to work. So we are trying to restore hope in America by creating new jobs through capital gains reduction.

Mr. Speaker, I spoke with the majority leader, the gentleman from Texas [Mr. ARMEY]. He talked about the benefits of capital gains tax, and that 90 percent of the benefits go to the workers and only about 3.1 percent actually goes to people.

So I encourage my fellow Members of the House to pass H.R. 1215 and give America hope for the future.

FEDERAL STUDENT AID PROGRAMS TARGETED TO PAY FOR THE CONTRACT WITH AMERICA

The SPEAKER pro tempore. (Mr. KINGSTON). Under a previous order of the House, the gentleman from California [Mr. MILLER] is recognized for 5 minutes.

Mr. MILLER of California. Mr. Speaker, Members of the House, this past Friday the gentlewoman from San Francisco, CA [Ms. PELOSI] and the gentlewoman from the Palo Alto Valley south of San Francisco, CA [Ms. ESHOO] and myself held a hearing to listen to both school administrators, and parents and young people who are attending our university system, private university system, our public university system, the California State University system, and our community colleges, and who were doing so because of the availability of student loans and the interest subsidy that we provide on those student loans while young people are attending school and for a 6-month period after they graduate from school or cease to attend school before they start paying back those school loans. What we heard was a rather remarkable set of stories from young people and their parents, some young people on their own and some accompanied by their parents, telling us what their families are doing, are prepared to do and have done in the past to try and secure the opportunity of higher education, of a college education and degree, for their young people. They have made personal sacrifices in trying to obtain savings so that they can provide for their children. Many of them have refinanced their houses, gone into the workplace, worked extra hours, and yet still they do not have sufficient money to attend the State university system or the UC system, or our private universities, and, as a result of that, they have used the student loans that are made a part of the fabric of American society because of the Federal student loan program. Many of those students have also used the campus-based programs, work study programs, to provide additional moneys, and what we heard was the kind of sacrifices that hard-working American families of modest means in most instances are prepared to make so that their children will have, in some cases, a better education than their parents,

but certainly so they will have an opportunity to have that education so that they can participate to the fullest possible extent in American society, and certainly in the American economic system, and yet what we see in the illustrative list of cuts being proposed by the Republicans is what could cost California some \$266 million in student aid that otherwise would be flowing to those students.

Mr. Speaker, what we heard from the people testifying was in some instances this would mean that they could no longer continue school. Others would have to reduce the number of classes they take and try to increase the number of hours that they are already working today, which means they would have to be in school for a longer period of time and then borrow more money because they were in school for an extra semester or an extra quarter to achieve their degree. We heard from such individuals as May Wu who was at Stanford Law School. She said,

After I graduate, my monthly payments for school loans alone will be approximately \$1,000 . . . it would have been substantially higher, and therefore beyond my reach, if not for the availability of federally-subsidized low-interest loans.

Michael Rodriguez told us, as he filled out his application, he never knew that student loans existed. He was a 9-year veteran of the Marine Corps, and somebody told him while he was in Kuwait, while he was fighting in Desert Storm, that he filled out his application in the foxhole, and he says,

I give thanks every day that programs like financial aid exist for students like myself . . . Financial aid has become more important now than ever before as we face proposed [State] cuts in education.

For me, financial aid has allowed me to achieve my goals, for which I am thankful. Now, with one semester left before I graduate, I work with high school students so that they might be able to have chances that were afforded to me through the help of financial aid.

He is now telling other young people how they might secure a college education.

The parent of Michael Garibaldi, Ronelle Garibaldi, talked about what this meant to her family, how she and her husband sat around the table and tried to work out the finances so that their son could continue in school. She said,

We hold our breath until the envelope comes with Michael's award package and don't start breathing again until we've sat down with paper and pencil to once again determine if he can return in the fall.

I am often told I have a passion for financial aid. While that is true, it goes much deeper than that. Actually, I am a mother with a passion for opportunity for a higher education for my children, as well as all children.

That is what is at risk with the proposals by the Republicans to slash student loans so they can give tax breaks to people earning over \$100,000 who do not necessarily need it and certainly give no indication that they want it when they understand this is the kind

of penalty that is paid by America's young people and families.

WE NEED TO CUT TAXES FOR THE AMERICAN FAMILY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio [Mr. CHABOT] is recognized for 5 minutes.

Mr. CHABOT. Mr. Speaker, the minority leader, a Democrat, made an interesting statement the other day. Referring to the tax cut bill that we will consider this week he said, "This issue," meaning taxes, "may be the best expression of the differences between the parties," and you know he is probably right. Republicans understand that the American people are overtaxed. We Republicans understand that the tax burden that the Government imposes on families and on senior citizens is becoming simply intolerable. We understand, and we are taking a first step to reduce that burden, to reduce taxes. That is a big difference from the last Congress when the Democrats were in charge, when President Clinton was able to ram through the biggest tax increase in American history.

Well, there is a new majority here now, and I say, "You're right, Mr. Minority Leader." This new majority leader does seek to cut taxes. We are tired of seeing our Government throwing money around and expecting working families to pick up the tab.

The most devastating change in the Federal tax system over my lifetime has been that Government has shifted the tax burden so heavily onto the backs of working families. The tax code now discriminates against families. It penalizes marriage, and it burdens parents trying to care for their own children.

In fact, during my lifetime, and I'm 41 years old—actually 42 now—the Federal income tax burden on a family of four has increased by over 300 percent as a share of family income. That is outrageous. It threatens the very foundation of the American dream. It denies opportunity to people trying to work their way up.

The Government has been imposing a hidden tax increase on families every year by holding down the exemption that parents can take for dependent children. Right now a lot of you at home are probably working on your income taxes or thinking about it, and you probably know, in looking at the taxes all this year, that you can claim \$2,450, almost \$2,500 per person in your family as an income tax exemption. Well, if that rate had gone up to match inflation, that exemption would now be \$8,000, \$8,000, and we can only claim \$2,450.

Mr. Speaker, that is just not fair, but, despite that fact, there are some in this body who would begrudge parents even a \$500 per child tax credit, and that is sad, and they call us mean spirited.

Well, we ought to remember that it is not our money. We are proposing allowing families to keep a little bit more of the money that they themselves earn. We should not act like it is a gift or a handout; it is not. It is simple fairness.

So, too, is the rollback we propose of the 1993 recordbreaking tax increase on senior citizens. Seniors were unfairly singled out for punitive treatment. We are going to undo that, and we are going to provide relief from the unwise earnings limit that insidiously taxes seniors who choose to continue working.

We are also going to reduce the marriage tax penalty. We have just been through a long debate over outdated welfare policies that tear families apart, and we voted for reform there. Let us reform the tax system's ridiculous marriage penalty as well.

Now opponents of tax reform who do not think that the American people are overtaxed argue that you cannot have take both tax relief and a balanced budget. Quite frankly, some of them do not seem to want either goal, judging from their votes, but I believe that we have got to send a message that Government just cannot continue to increase spending at the rate that it has. Government spending is out of control. That does not mean that taxes are too low. Quite the reverse. We just spend too much up here in Washington.

We also need to reduce capital gains taxes so that we can create more jobs. There are still a lot of people in this country who need jobs. If we cut capital gains taxes, that will mean more jobs for Americans. The old class-warfare arguments for keeping capital gains rates high will not wash anymore. Productive investment, whether in a home or in job-creating business is something that everyone should want to encourage, and nearly 60 percent of capital gains tax filers have adjusted gross incomes under \$50,000, so it is not just tax breaks for the wealthy.

So, please, let us not try to divide Americans up and pit one group against another anymore. We are all in this together, and, as a people, we are overtaxed. We need to cut taxes, we need to cut taxes on the American family, and we are going to do that this week.

AMERICANS WANT TAX CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. FOX] is recognized for 5 minutes.

Mr. FOX of Pennsylvania. I want to continue the remarks that were made by my colleague, the gentleman from Ohio [Mr. CHABOT]. I think he well elucidates the reasons we need to have the tax credits and the tax cuts adopted here in the House this week. You know, looking at what the American people want, Mr. Speaker, they want three things. They want to see tax cuts, spending cuts, and deficits reduction,