

gentleman from Montana [Mr. HILL] is recognized during morning hour debates for 5 minutes.

Mr. HILL. Mr. Speaker, I am planning to introduce a bill to reduce the high rate of capital gains and eliminate the current estate tax burden that falls disproportionately on farmers and small business owners.

My legislation will restore the American dream to hard-working citizens who choose to invest in or expand a business. It will give hope to those who wish to pass along their life's work to their children and grandchildren without fear that more than half of their estate will go to the Government.

Reducing the high rate of capital gains is vital to our ability to compete in the global marketplace and to expand our work force here at home. My bill will reduce the capital gains rate to a new, lower 15 percent rate on investments held 3 years or more. Taking this action would create a strong incentive to help establish a vibrant and growing economy. And a strong, growing economy will help us achieve a balanced budget.

Mr. Speaker, reducing the burdensome estate tax has long been a goal of mine. My bill will entirely replace the estate tax. At the time of death, the estate would pay a 15-percent capital gains tax rate on investments held 3 years or more in excess of the \$600,000 unified exemption credit and in excess of the tax basis. The gains on assets held less than 3 years would be taxed at the current 28 percent rate. Any assets without gains would be passed without tax.

By replacing the current estate tax with a lower capital gains tax, children of farmers and small business owners would not be forced to break up their inheritance to pay estate taxes. Unlike most other tax proposals, my legislation will pay for itself. It would simplify the tax law by establishing the same treatment for the taxation of trusts. A trust would pay a 15-percent capital gains tax and follow the same tax treatment as the estate tax on all capital assets.

My bill would create an even playing field between trusts, estates, and prior gifting. Life insurance proceeds would not be taxed and there would be no tax on cash transfers.

When the estate tax began in 1913, it was limited to 10 percent of one's inheritance. Today the tax has become exorbitant and punitive. With the highest marginal rate of 55 percent, more than half of an estate can go directly to the Government. It hinders passage of many family owned farms and small businesses to the next generation.

In addition, if the estate must be sold to pay the tax, application of current capital gains tax can further diminish the inheritance. Many observers rightly see this as double taxation of income from capital assets. And it does not end there. Families must often pay lawyers and accountants and planners for estate tax planning purposes, one of the

most complicated areas of our Tax Code.

According to the IRS, families average 167 hours complying with the maze of estate tax law. Further, even after the best tax planning, the IRS undertakes tax audits in nearly 40 percent of the estate returns compared to a mere 1.7 percent on normal income tax returns.

After all the money and effort spent on compliance, the estate tax contributes only 1 percent of our national revenues. The inefficiencies of the estate tax are further demonstrated in recent economic studies that indicate compliance and enforcement costs 65 cents of every dollar collected. Every IRS field office has separate estate and gift tax units to handle the more than 80 pages of the Tax Code and almost 300 pages of rules in the Federal Register that are devoted to enforcing this tax. The Federal courts are now clogged by 10,000 estate tax cases.

Mr. Speaker, the bill I will soon introduce reduces the capital gains tax rate, replaces the estate tax with a simpler, fairer tax on capital gains. It will revitalize the American economy and restore the American dream to hard working citizens who choose to pass their assets onto their children and grandchildren instead of pouring them into the Government's tax grinder.

The American Dream Tax Fairness Equity Act of 1997 will help level the playing field between estate tax, trusts and gifting. It will stimulate the economy, expand investment incentives and reinvigorate the American tradition of individual enterprise and risk taking. Unlike most tax proposals, it will pay for itself.

I urge my colleagues to join me in doing the right thing. Let us restore the American dream with an equitable estate tax policy and provide America the capital gains incentive she needs for competition in tomorrow's marketplace.

#### TAX DAY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997, the gentleman from South Dakota [Mr. THUNE] is recognized during morning hour debates for 1 minute.

Mr. THUNE. Mr. Speaker, when most folks think about April 15, they think about somehow coming up with enough money to fend off the tax man. However, if the truth be told, April 15 is really about people subjecting themselves to government. In other words, it is about giving up your God-given freedom.

By forking over your hard-earned dollars, you are empowering the Government to decide how your money should be spent to help you, instead of you deciding how you should spend your own money to help yourself.

I am not suggesting for a moment that you should not pay your taxes.

You should. Nor am I suggesting that the Government should not collect taxes. It should.

However, Mr. Speaker, I am suggesting that average American families should not have to pay 40 percent of their income to the Government. That is way too much freedom for any one family to give up. Let us reduce taxes on saving and investment. Bring tax relief to families and pass the tax limitation amendment.

#### NO TAXATION WITHOUT RESPIRATION

The SPEAKER pro tempore. Under the Speaker's announced policy of January 21, 1997 the gentleman from Colorado, Mr. BOB SCHAFFER, is recognized during morning hour debates for 1 minute.

Mr. BOB SCHAFFER of Colorado. Mr. Speaker, it is April 15, tax day, and I rise to speak about a grave matter. The American farmer, the owners of small businesses, the freedom-loving Americans across the land want to abolish one of the most offensive taxes of all. That is right, I am talking about the inheritance tax or the death tax as it has come to be known.

Mr. Speaker, let me be clear about what our policy ought to be. No taxation without respiration. The injustice of this tax, a tax that strikes at the hearts of the bond between generations, cannot be denied. It is offensive to the American ideal. This tax is a scandal among thousands in our Tax Code and, an outrage against the living and a crime against the departed.

□ 1045

Mr. Speaker, what kind of sinister motives lie behind this tax? Who could conceive of such a scheme that assures that the Federal Government has more of a claim on our life's work than the family we have left behind?

I say death to the death tax. The tax man cometh already once, may the tax man cometh no more.

#### TAX LIMITATION AMENDMENT

The SPEAKER pro tempore (Mr. SNOWBARGER). Under the Speaker's announced policy of January 21, 1997 the gentleman from Washington [Mr. METCALF] is recognized during morning hour debates for 5 minutes.

Mr. METCALF. Mr. Speaker, we are all very much aware that today is April 15: Tax day. Millions of Americans are feverishly working to complete and mail their tax returns by midnight tonight.

With that in mind, it is very appropriate that today we will vote on the tax limitation amendment. I have joined with 118 colleagues from both parties to sponsor this amendment to the Constitution. It would require a two-thirds congressional appropriation for any new or higher taxes.

Mr. Speaker, in 1950 about 3 percent of the average American family's income went to taxes. Three percent in

1950. Now, over 40 percent of the family's income goes for local, State, and Federal taxes. And, for what? Intrusive regulation on small business, tobacco subsidies, snooping into tax records by Internal Revenue Service agents, duplication in the Federal bureaucracy, and an ever increasing agency bureaucracy that hinders rather than helps our local schools teach our kids.

According to a 1994 study by the National Taxpayer Union Foundation, the coming explosion in Federal entitlement spending could cause after-tax incomes to fall by as much as 59 percent over the next 45 years. We cannot stand a 59-percent increase.

The study shows that funding benefits and other Government services will require taxes of between 57 to 69 percent of our income. Mr. Speaker, the American family simply cannot survive and pay those kinds of taxes. At 40 percent we are close to the breaking point.

For 124 years the U.S. Constitution protected the American people against the expansion of the Federal Government and against unlimited taxes. It prohibited the income tax, and constitutional scholars stressed that Congress had only 18 powers that were granted specifically in the Constitution.

Ratification of the 16th amendment in 1913 authorized an income tax with no limitation. The result: With constitutional limits on taxes stripped away, Federal tax collections have climbed more than 175,000 percent since 1913. Now, let us go over that again. My colleagues heard me right. It has increased 175,000 percent since 1913.

It is time we restored constitutional limits on taxation. The tax limitation amendment is in the spirit of the Bill of Rights, which limits Government to preserving individual freedom. We must protect the people from excessive taxes.

The fact is, Mr. Speaker, it is just too easy to increase taxes on the American people. During the past 30 years, of 16 votes to increase taxes, only 8 would have passed if the two-thirds supermajority requirement had been in place. In the 1980's and 1990's, more than \$660 billion in new taxes was passed by the slimmest of majorities. That is \$660 billion that taxpayers would not have had to pay if the tax limitation amendment had been in effect.

President Clinton's 1993 tax increase, the largest in our Nation's history, at \$275 billion in one shot, passed by only one vote in the House. That hammered small businesses, millions of people on Social Security and anyone who drives a car.

Opponents say that passage of the Tax Limitation Amendment would be fiscal disaster for our country. The facts just do not support that argument. Already 28 States have some form of limitation on taxes or government spending, and 13 of those States require supermajorities to increase

taxes, including my own home State of Washington.

In addition, Mr. Speaker, the tax limitation amendment will help check runaway Federal spending because it is tougher to pass taxes. Congress and the President will need to make the tough choices necessary to slow the growth of the bloated Federal bureaucracy. Under our current system it is not easy to cut spending. Every line item expenditure has a constituency or interest group fighting to keep their pet program in place.

History has shown us that tax increases do not reduce the deficit, they make it worse by fueling more Federal spending. Example: In 1982, Congress passed \$217 billion in higher taxes with the promise they would match every dollar in new taxes with \$2 in spending cuts. In fact, spending skyrocketed and the national debt went through the roof.

Mr. Speaker, we must pass the tax limitation amendment today.

#### RECESS

The SPEAKER pro tempore. Pursuant to clause 12 of rule I, the House stands in recess until 12 noon.

Accordingly (at 10 o'clock and 51 minutes a.m.), the House stood in recess until 12 noon.

□ 1200

#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. GOODLATTE) at 12 noon.

#### PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Let us pray. We know, O God, that we need the power of the spirit to walk the paths of life and to do the work of justice. And so we ask Your guidance as we seek that way that honors our own creation and shows us the way of service to other people. Grant us strength for the task, wisdom for our minds, love for our hearts, and enthusiasm for our spirits that we will be the people You would have us be. Bless us this day and every day, we pray. Amen.

#### THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

#### PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Oregon [Mr. DEFAZIO] come forward and lead the House in the Pledge of Allegiance.

Mr. DEFAZIO led the Pledge of Allegiance as follows:

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

#### WORKING AMERICANS WAGE RESTORATION ACT

(Mr. NETHERCUTT asked and was given permission to address the House for 1 minute.)

Mr. NETHERCUTT. Mr. Speaker, today taxpayers throughout America will do their civic duty by paying their Federal income taxes. The typical American family will pay more in all taxes than it spends on food, clothing and shelter combined.

Our colleague in the Senate, Senator JOHN ASHCROFT, and I believe this is too much, that working Americans know better how to spend their money than the Government does. So I am pleased today, with Senator ASHCROFT in the Senate, to introduce the Working Americans Wage Restoration Act.

This bill will allow American workers to deduct their share of Federal payroll taxes. These payroll taxes are inherently unfair because workers are taxed twice in the same income. They are taxed once as a portion of gross income for Federal income purposes and for a second time for the contribution to the Social Security trust fund.

By allowing workers to deduct on their income taxes their share of Social Security contributions, the Working Americans Wage Restoration Act will eliminate this double taxation and allow workers to keep more of the money they earn.

So I urge my colleagues to join with us in this bill in giving fair tax relief to the American workers.

#### LINE ITEM VETO ACT HELD UNCONSTITUTIONAL BY FEDERAL DISTRICT COURT

(Mr. SKAGGS asked and was given permission to address the House for 1 minute.)

Mr. SKAGGS. Mr. Speaker, I am joining with three other colleagues in introducing a bill to give the President and Congress new, effective and, very importantly, constitutional powers to weed out wasteful Government spending.

As my colleagues know, the Federal District Court last week held unconstitutional, as it should have, the Line Item Veto Act that was passed by Congress last year and became effective the first of this year.

The bipartisan approach that I am taking today with colleagues is the introduction of the Expedited Rescissions Act of 1997, it will provide an effective tool for getting at those items of wasteful spending that sometimes get buried in appropriations bills, but doing so in a way that honors the constitutional principle of separation of powers that was central to the court's