

Morella	Rivers	Stokes
Murtha	Rodriguez	Strickland
Myrick	Roemer	Stump
Nadler	Rogan	Stupak
Neal	Rogers	Sununu
Nethercutt	Ros-Lehtinen	Talent
Neumann	Rothman	Tanner
Ney	Roukema	Tauscher
Northup	Roybal-Allard	Tauzin
Norwood	Royce	Taylor (MS)
Nussle	Rush	Taylor (NC)
Oberstar	Ryun	Thomas
Obey	Sabo	Thompson
Olver	Salmon	Thornberry
Ortiz	Sanchez	Thune
Owens	Sanders	Thurman
Oxley	Sandlin	Tiahrt
Packard	Sawyer	Tierney
Pallone	Saxton	Torres
Pappas	Schaefer, Dan	Towns
Parker	Schaffer, Bob	Trafficant
Pascrell	Schumer	Turner
Pastor	Scott	Upton
Paul	Sensenbrenner	Velazquez
Paxon	Serrano	Vento
Payne	Sessions	Visclosky
Pease	Shaw	Walsh
Pelosi	Sherman	Wamp
Peterson (MN)	Shimkus	Waters
Peterson (PA)	Shuster	Watkins
Petri	Sisisky	Watt (NC)
Pickering	Skeen	Watts (OK)
Pickett	Skelton	Waxman
Pitts	Smith (MI)	Weldon (FL)
Pombo	Smith (NJ)	Weldon (PA)
Pomeroy	Smith (OR)	Weller
Portman	Smith (TX)	Wexler
Poshard	Smith, Adam	Weygand
Price (NC)	Smith, Linda	White
Pryce (OH)	Snowbarger	Whitfield
Quinn	Snyder	Wicker
Radanovich	Solomon	Wise
Rahall	Souder	Wolf
Ramstad	Spence	Woolsey
Rangel	Spratt	Wynn
Redmond	Stabenow	Yates
Regula	Stark	Young (AK)
Reyes	Stearns	Young (FL)
Riley	Stenholm	

NAYS—14

Barr	Johnson, Sam	Sanford
Barton	Kolbe	Scarborough
Campbell	Porter	Shadegg
Ehrlich	Riggs	Shays
Fowler	Rohrabacher	

NOT VOTING—6

Army	Markey	Skaggs
Burton	Schiff	Slaughter

□ 1248

Messrs. ROHRABACHER, PORTER, SHAYS, RIGGS, BARR of Georgia, BARTON of Texas, and Mrs. FOWLER changed their vote from "yea" to "nay".

Ms. DEGETTE and Mr. BLUNT changed their vote from "nay" to "yea."

So the motion to instruct was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Without objection, the Chair appoints the following conferees:

For consideration of the House bill, and the Senate amendment, and modifications committed to conference: Messrs. KASICH, HOBSON, ARMEY, DELAY, HASTERT, SPRATT, BONIOR, and FAZIO of California.

As additional conferees from the Committee on Agriculture, for consideration of title I of the House bill, and title I of the Senate amendment, and modifications committed to conference: Messrs. SMITH of Oregon, GOODLATTE, and STENHOLM.

As additional conferees from the Committee on Banking and Financial Services, for consideration of title II of the House bill, and title II of the Senate amendment, and modifications committed to conference: Messrs. LEACH, LAZIO of New York, and GONZALEZ.

As additional conferees from the Committee on Commerce, for consideration of subtitles A-C of title III of the House bill, and title IV of the Senate amendment, and modifications committed to conference: Messrs. BLILEY, DAN SCHAEFER of Colorado, and DINGELL.

As additional conferees from the Committee on Commerce, for consideration of subtitle D of title III of the House bill, and subtitle A of title III of the Senate amendment, and modifications committed to conference: Messrs. BLILEY, TAUZIN, and DINGELL.

As additional conferees from the Committee on Commerce, for consideration of subtitles E and F of title III, titles IV and X of the House bill, and divisions 1 and 2 of title V of the Senate amendment, and modifications committed to conference: Messrs. BLILEY, BILIRAKIS, and DINGELL.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitle A of title V and subtitle A of title IX of the House bill, and chapter 2 of division 3 of title V of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, TALENT, and CLAY.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitles B and C of title V of the House bill, and title VII of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, MCKEON, and KILDEE.

As additional conferees from the Committee on Education and the Workforce, for consideration of subtitle D of title V of the House bill, and chapter 7 of division 4 of title V of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, FAWELL, and PAYNE.

As additional conferees from the Committee on Government Reform and Oversight, for consideration of title VI of the House bill, and subtitle A of title VI of the Senate amendment, and modifications committed to conference: Messrs. BURTON of Indiana, MICA, and WAXMAN.

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of title VII of the House bill, and subtitle B of title III and subtitle B of title VI of the Senate amendment, and modifications committed to conference: Messrs. SHUSTER, GILCHREST, OBERSTAR.

As additional conferees from the Committee on Veterans' Affairs, for consideration of title VIII of the House bill, and title VIII of the Senate amendment, and modifications committed to conference: Messrs. STUMP, SMITH of New Jersey, and EVANS.

As additional conferees from the Committee on Ways and Means, for consideration of subtitle A of title V and title IX of the House bill, and divisions 3 and 4 of title V of the Senate amendment, and modifications committed to conference: Messrs. ARCHER, SHAW, CAMP, RANGEL, and LEVIN.

As additional conferees from the Committee on Ways and Means, for consideration of titles IV and X of the House bill, and division 1 of title V of the Senate amendment, and modifications committed to conference: Messrs. ARCHER, THOMAS, and STARK.

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. KASICH. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request from the gentleman from Ohio?

There was no objection.

MOTION TO INSTRUCT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer a motion to instruct the conferees.

The Clerk read as follows:

Mr. RANGEL moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the bill, H.R. 2014, be instructed to work in a bipartisan fashion to provide fair and equitable tax relief to working families and avoid large and growing out-year revenue costs. In doing so, the conferees shall, within the scope of the conference,—

1. Recede from their insistence on the provision of the House bill that provides for indexing of capital assets,

2. Support tax relief that provides a family credit commonly referred to as the \$500-per-child credit, to working families, who pay Federal taxes,

3. Support tax provisions designed to assist working families in meeting the costs of college education and those provisions shall—

a. Include a HOPE Scholarship credit for the first 2 years of postsecondary education consistent with the objectives of the HOPE Scholarship credit proposed by the President so that students attending low-cost community colleges are not disadvantaged,

b. Include tax benefits for families paying tuition costs for the second 2 years of postsecondary education out of wages and salary income, and

c. Not include the provisions of the House bill that impose new taxes on graduate students receiving tuition waivers.

Mr. RANGEL (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. Pursuant to clause 1 of rule XXVIII, the gentleman from New York [Mr. RANGEL]

and the gentleman from Ohio [Mr. KASICH] each will control 30 minutes.

The Chair recognizes the gentleman from New York [Mr. RANGEL].

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

My colleagues, my motion is to move that the managers on the part of the House conference be instructed to work in a bipartisan fashion in order to avoid this historic piece of legislation from being vetoed by the President of the United States.

No one can challenge that our President has gone through great lengths to achieve what is hoped to be a bipartisan agreement as relates to the budget and as relates to taxes. There are sharp disagreements on both sides of the aisle as to how this should be done, and the President has made it abundantly clear that the House bill and the Senate bill, in its present form, would be subject to a veto.

It seems to me, however, I think that some of the things that we can ask those that are in conference to look at is to question, where both sides agree that we are seeking to give middle-income tax relief, that calling people who do not make much money but do have tax liability as being welfare recipients, this would not be the climate in which to create a bipartisan agreement.

When the President and this Congress says it wants to give assistance to middle-class working people, I do not really believe that Republicans or Democrats have the right to set the income level that says that these people deserve or not deserve the child credit.

The second thing is that we did not come into this agreement in order to fix capital gains. It may be a passion with some, but the President has made it abundantly clear that indexing is not a part of what he thinks should be in this bill. It would seem to me, if we want a bill rather than a confrontation, that we should consider removing this obstacle in the bill so that the President can pass it.

And last, I think that some support should be given to the executive as he maps out and assumes the responsibility for an education opportunity. All of us recognize that more emphasis is being placed today on our jails, on police, and on penitentiaries than it is on kids and to prepare them for college, to make sure that they are productive, to give them the hopes and the dreams and the jobs that are necessary so that we can move our country forward.

The President feels very strongly about this, and I would encourage the conferees to try to work with the President to make certain that the educational mandates that he has there would allow him to be able to sign the bill.

□ 1300

I want to thank the gentleman from Texas [Mr. ARCHER], the chairman of the committee, for confiding with me his willingness to be flexible and me

just going to conference, I think, would already display the flexibility that I have in trying to reach agreement.

Mr. Speaker, I reserve the balance of my time.

Mr. KASICH. Mr. Speaker, I yield myself 4½ minutes. I would just like to talk about a concern I have in the nature of this debate. I think it was Abraham Lincoln who said that you never can build up a poor man by tearing down a rich man.

The interesting thing is I see us, particularly officials within the administration, beginning to engage in a debate to try to rekindle the flames of class warfare. One of the things that has been confusing to me in this debate is if we take a look at the tax bill that we have before us, we have, Mr. Speaker, the big bulk of this tax bill relating to the child tax credit, \$500 for every child under the age of 17 whose income levels are under \$100,000. That is a very costly provision in the tax bill. It eats up a whole lot of the amount of money that is available under the tax cut program.

Another provision in the tax bill is the education credits, which I strongly support and I frankly want to commend the administration for making a priority. Obviously, it is very difficult for mothers and fathers to educate their children. While we need to work on those reasons why college education grows at rates far beyond the rate of inflation, it is also necessary that moms and dads have a chance to educate their kids. And anything that we can do to begin to relieve the stress of time, the time burdens on moms and dads and families in this society is very positive. That is another thing that applies, of course, to the middle class.

We have the family tax credit, and we also have the education credit. Then when we talk about the issue of capital gains, I think it is fair to say that there are many people who are middle-income folks who have sat on their homes, their farms, and their investments for a long period of time who do not believe they ought to be punished for taking a risk and who really believe that over time they should not be paying taxes on inflation, which is what this indexing provision is all about.

Mr. Speaker, let me also suggest, though, that I think we have a serious problem in our country with the growing difference between the rich and the rest of Americans. There are a lot of things that have to be done to resolve that problem, including education. But beyond that, part of the reason why our workers have wages that are not advancing is because frankly they have not had the tools to compete and win. Our savings rate, our investment rate is very low. If we expect the members of the All-Star team, Mark McGwire, to stand up at the plate and try to hit a home run with a Little League bat, I do not think he is going to be very successful. But if we are interested in having McGwire have that big major

league bat and Americans have major league investments and major league equipment, it is necessary to provide incentives for people of means to take risks. It is not confusing in our society for people who have means to not take risks if there is no incentive. I not only believe the capital gains tax cut will apply to middle-income people, it will apply to people of means. But to punish and beat them down is going to mean that they harbor their money and the people we are very concerned about, which are middle-income workers who are spending more time working and getting less gain for it, they need to be given the tools. Part of the way in which they get the tools is through an investment strategy and a Tax Code strategy that provides reasons for people to invest their resources so that our workers can compete and win.

I think this is a problem that we have got in the country that needs to be addressed. I think this tax bill is, by and large, a fair tax bill. Let me just suggest again, as we were fighting about trying to fight off the notion of a generational war of dividing Americans, the idea that we should engage in a class warfare in this country and try to convince one group of Americans that the reason they do not have is because somebody else ripped them off is the last thing we need in our country. We need healing. We need unity.

I think when we take a look at this bill, when we look at the child tax credit and when we take a look at the education credit, it is very hard to argue that this program is skewed toward the wealthiest of Americans. But at the same time let us not beat people down who have had the bypasses and spent time away from their family to provide jobs for Americans just like my mom and dad.

Mr. Speaker, I ask unanimous consent to yield the balance of my time for purposes of distribution to the gentleman from Illinois [Mr. CRANE].

The SPEAKER pro tempore Mr. GILLMOR. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CARDIN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from the Virgin Islands [Ms. CHRISTIAN-GREEN].

(Ms. CHRISTIAN-GREEN asked and was given permission to revise and extend her remarks.)

Ms. CHRISTIAN-GREEN. Mr. Speaker, I rise in support of the motion to instruct conferees on H.R. 2014 and in opposition to the increase in airline taxes, especially as it affects travel to the Virgin Islands.

Mr. Speaker, I rise today, during the debate on the motion to go to conference on H.R. 2014, to voice my strong objection to those provisions of the Revenue Reconciliation Act of 1997 that would increase the taxes on airline passengers.

If these taxes become law, they will place a heavy burden on American citizens going to and from the Virgin Islands and hurt businesses in the territory. These provisions are

particularly hard to accept because they will, for the first time, place an unprecedented excise tax on international travel.

The economy of the Virgin Islands is presently trying to recover from one devastating hurricane after another. Tourism is the largest segment of our economy. In the past year, nearly 500,000 primarily mainland U.S. residents visited the Virgin Islands by air.

The imposition of these new taxes, which at a minimum would mean an additional \$31 per round trip ticket to the islands, could have a severe negative impact on our local economy.

Mr. Speaker, I thought this was the Congress of no new taxes. Apparently, I was wrong.

Don't pay for the new capital gains tax cuts my making it too expensive for average middle-class families to fly to the U.S. Virgin Islands for a much needed vacation and undermine our already fragile economy. I urge my colleagues to reject this new tax increase.

Mr. CARDIN. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, I want to thank the gentleman from New York [Mr. RANGEL] for the motion to instruct because it points out one of the most important differences between the Republican tax bills and the Democratic position. That is, we want a tax bill but we want one that is fair, that provides tax relief to the people who need tax relief.

Both parties profess a desire to help middle-income taxpayers. We differ on the definition of what is middle income. That is understandable. But if we take the middle-income taxpayers, those that are between 20 percent of the income and 80 percent, so we eliminate those at the bottom quintile and the top quintile and then find where the tax relief is going, there is no dispute that under the Democrat position, over two-thirds of the tax relief will go to those that are in the middle income.

Mr. McDERMOTT. Mr. Speaker, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from Washington.

Mr. McDERMOTT. Mr. Speaker, if what the gentleman says is true, why when the Republicans show us graphs does it always look like their bill gives all the benefit to the middle class, when he says that in fact they give it mostly to people at the top? How do they do that with the graphs?

Mr. CARDIN. I appreciate the gentleman asking me that question. What the Republicans are doing in making their presentation is that they are using 5-year numbers. They are not using the data that reflects the total implementation of the tax changes. Therefore, the indexing of the capital gains is not reflected, which basically will help wealthier individuals. The backloaded IRA's are not included in their recommendation. Again, that will help basically higher income people.

The estate tax provisions that are implemented over a long period of time, if we use the tax provisions that they recommend as fully implemented, less than one-third of the tax relief goes to those between 20 percent and 80 percent, the middle-income taxpayer.

Mr. McDERMOTT. The issue is at full implementation. They never talk about what happens way out, 10 years or beyond. That is really what the gentleman is saying, is it not?

Mr. CARDIN. The gentleman is correct. When we look at the tax proposals when fully implemented, under the Republican bill less than one-third of the tax relief goes to those that are of middle income, no matter what definition we use for middle income.

Mr. McDERMOTT. There is another issue that they keep raising with us, and that is that the rich people pay most of the taxes so why should they not get most of the benefit? That makes some sense, I guess, in some way, but when I go to my district, people say, well, it is the people at the bottom who need the benefit, not the people at the top. Where is the fairness? How does that work?

Mr. CARDIN. The gentleman raises a very good point. The truth is that our Tax Code is slightly progressive. That is, those in the upper incomes pay a slightly higher percentage of their income in taxes. But the people who are hurting, the people who are having a difficult time paying their grocery bills, the people who are having a difficult time sending their kids to college are not those in the upper 1 percent of our income bracket. If we want to provide relief to those who really need it, it is the middle-income taxpayer that is hurting and needs some relief.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I thank the gentleman for yielding. Picking up on the questioning of the gentleman from Washington, it would be my understanding that we were unable to find the funds to, say, give a working-class family any relief in either bill because if you get \$1 million in capital gain, it is my understanding you would save \$80,000. That is 80,000 bucks to somebody who is making \$1 million in capital gain. The person who is working as a teamster or a carpenter and, say, has no children is getting nothing, zip. That \$80,000 as that capital, if you postpone selling that and the stock went up and up and up, that \$80,000 would increase over time, and 5 and 10 years from now, the person working at \$45,000 has still got nothing out of this bill.

Mr. CARDIN. The gentleman is correct. That is why under the Republican bill, the top 1 percent in income receive almost 19 percent of the benefits for the reason that the gentleman has pointed out. The large gains in capital, et cetera, are going to be the wealthiest who are going to get the benefit of it.

Mr. McDERMOTT. If the gentleman will yield further, putting in mind for me is the story I read in one of the major newspapers about the family of four living in a southern city, the fa-

ther is a rookie policeman, makes \$23,000 a year. Some people have been saying that the people that we want to give this child tax credit, that this is like giving welfare to them. This is a rookie policeman making \$23,000. Under the Republican plan, he would get nothing. Under the President's plan he gets \$767. I cannot understand how we cannot raise the issue of fairness, because it does not seem to me to call a policeman who is making \$23,000 a welfare recipient because he is going to get an income credit, or a tax credit on the basis of his children. That to me is not a welfare person. That is a working person. I find that extraordinarily unfair.

Mr. CARDIN. The gentleman makes a very interesting point. It is interesting that that person actually pays over \$2,700 in taxes and, if we put in the employer's share of FICA, pays over \$4,500 in taxes. Under the Republican bill, that family would receive not a dime under the child credit.

Mr. McDERMOTT. Because they say he is not paying taxes. Are they not deliberately misleading people by saying he is not paying taxes when they mean he is not paying income taxes? He is paying FICA taxes. Those are Federal taxes.

Mr. CARDIN. The gentleman is correct. In fact, that person actually is paying some income taxes, paying about \$600 in income taxes but they are paying FICA taxes and other taxes, that for many American families, the FICA tax is the largest amount of taxes that they pay. They need help. They are trying to raise their family. They are playing according to the rules. They are working 40 hours a week trying to support their family, in many cases even working second jobs. Under the Republican bill, they would be out of the child credit. It makes no sense, it is certainly not fair. I appreciate the gentleman bringing that to our attention.

We could give many, many more examples. A family with \$50,000 of income, one child going to an average 2-year community college full-time, under the bill passed by this House, that family would get a \$600 credit. Under the Democratic proposal, it is \$1,100. On and on. That is why the motion to instruct the conferees as presented is a matter of fairness. I urge my colleagues to support it.

Mr. Speaker, I reserve the balance of my time.

Mr. CRANE. Mr. Speaker, I yield myself such time as I may consume.

I have appreciated listening to some of the discussion on the other side of the aisle, notwithstanding the fact I think they misunderstand what the real source of the problem is. There was an interesting article that Milton Friedman recently wrote in the Wall Street Journal where he was pointing out the parallels in terms of average per capita income in this country versus that of Hong Kong, tiny little Hong Kong with 6 million people and the

United States with 260 million and all the resources we have available here. In that article, he pointed out that, to be sure, our average annual income rates exceed those of Hong Kong. But if Hong Kong continues to function as it has, that is going to end in about 2 more years because of the astronomical growth there.

□ 1315

The main distinction he made in his article was that their average per capita or payment of taxes, rather, as a percentage of GDP is 15 percent; ours averages 50 percent already in this country, and we are long overdue for significant tax relief, and put that money to work.

In addition to that, another distressing thing is to hear some of the figures quoted on the other side of the aisle coming from the Department of Treasury. Treasury is unbiased in making its submissions?

We have the Joint Committee on Taxation, which is a nonpartisan organization that did the analysis of the economic impact of the tax figures that we were working with in committee, and the Joint Committee on Taxation showed that in contrast to what the Democrats were touting at the time we passed the bill out of committee that our tax bill would give 93 percent of the tax relief to people making under \$100,000 a year, and roughly 72 percent of that tax relief goes to people making under \$75,000 a year. And by contrast, the figures that our distinguished ranking minority member held up representing what their proposal would do, it only gave 70 percent of that relief to people making under \$100,000 a year, and that was based on Treasury figures, biased figures, if my colleagues will. I submit to my colleagues the Joint Committee on Taxation is a better reference source for making an analysis of these things.

Let me touch upon one other issue though, and that has to do with the objections we have heard from the administration and from some of our colleagues on the other side of the aisle about indexation, preserving indexation that is provided now for capital gains.

I fought for indexation of the Tax Code for over 25 years in this body, and I did not originate the idea, I got it from Milton Friedman, the distinguished economic scholar who formerly taught at the University of Chicago. And as Friedman explained back there a generation ago, absent indexation, what we are doing is permitting the Government to raise taxes in a subtle and undetectable way, and they do that by destroying the integrity of this piece of paper.

They say up here this note is legal tender, good for all debts, public and private. If we have a steady erosion of the integrity of that piece of paper, what we are experiencing over time is a progressive tax increase. And in 1981, mercifully we got incorporated in that

monumental Tax Reform Act of that time, indexation of most of our Code so that people did not keep getting ratcheted into higher brackets with no improvement in their earning power, but rather the destruction of the integrity in the purchasing power of that piece of paper.

Now I tell my colleagues some people are extremely sensitive about this issue, and those are people that trace their roots in German history back to that period when their government totally destroyed the integrity of those pieces of paper over there.

When I taught history back 30 years ago, I used to have in my wallet a 50 mark note that was printed in Germany in 1914, about that size, fine quality paper, fine engraving, the ratio was about 4 to 1. And then I showed those kids a little piece of paper that size, printed just 9 years later. They did not even bother to print it on both sides. It was a 500 million mark note, and no German would have bent over to pick one of those out of the gutter.

Mr. Speaker, they had totally destroyed the integrity of their currency, and in the process they taxed their people out of existence, wiped out all of their savings, all of their investments, all their insurance, everything, and we all know the history that followed: that man with a charismatic appeal coming down the pike on his white horse, promising hope and salvation.

Mr. Speaker, we cannot blame the Germans in that state of desperation for falling for that appeal, but the fact of the matter is even though he was featured on the cover of Time magazine in the mid-1930's as Man of the Year—and why? Because he had restored a sound currency, he built the autobahn and he put them all in VW's. We all know the rest of that story.

Mr. Speaker, I am telling my colleagues that indexation of that Tax Code is the only way we can protect individual citizens against this very clever, but very insidious means of imposing increased taxes on individuals without them realizing it.

Keep in mind that in 1970 President Nixon took us off the gold standard, and he did because the world price of gold had at that point jumped to about \$45 an ounce, and this piece of paper was redeemable still at \$35 an ounce. One could turn their paper in and get gold in return.

Gold today is \$350 an ounce, and that is a commentary on the insidious erosion of the integrity of this piece of paper that has gone on as a result of inflation through the years, a hidden tax, if my colleagues will, and that is why it is absolutely essential that we preserve indexation of capital gains that is long overdue so that those people who were doing the things we were all counseled to do as kids, and that is to not blow it all at the end of the week on instant gratification, put something away for that proverbial rainy day. Do that, and get hammered repeatedly under our stupid absurd Tax Code, but

this is especially true with investments that are made in the capital gains that are realized.

So if we want to enjoy a reduction in capital gains taxes, than guarantee that it stays in place, and we guarantee it stays in place by indexing that into the future.

Mr. Speaker, I yield 3 minutes to our colleague, the gentleman from Louisiana [Mr. MCCRERY].

Mr. MCCRERY. Mr. Speaker, I thank the gentleman for yielding me time to talk about this issue, basically the refundability of our child tax credit. That is a fancy word to mean that somebody gets something from the Government that they do not send in the first place. It is a negative income tax. We already have that in the form of the earned income credit. It is a very generous credit. One can get up to about \$3,400 a year back from the Government without paying any income taxes. That is a good program because it encourages people to work rather than rely on cash welfare programs.

So I think all of us agree that the earned income credit is a valuable program, but it is already in place, and in fact we increased it in 1993. We made it more generous in an effort to help people who were making those low wages have a livable wage, a livable income for their families. That is in place.

What we are trying to do in this tax bill is give a break to those middle-class families that do pay income taxes. This is an income tax cut, so it does not make any sense for us to be here on the floor today talking about not an income tax cut, but basically an increase in what is essentially a welfare program, the earned income credit.

And that is what my friends on the other side are doing, trying to confuse the issue. We already have the welfare program in place. The earned income credit; I like it, I support it, but that is not what this bill is all about. This bill is about giving middle-class folks in this country who work hard and pay income taxes a break. Do not be confused.

So I would say to my good friends, "If you want to increase the earned income credit, let's talk about it. If you want to give a break in Social Security taxes, let's talk about it; or in Medicare taxes, let's talk about it. But you know very well if we do those things, there are consequences with respect to those programs."

I would also point out that if my colleagues want to talk about relief from payroll taxes such as Social Security taxes and Medicare taxes, they ought to know that those folks in our society who are at the lower end of the income scale and pay those payroll taxes are paying for very specific programs that they will benefit from, and in fact those programs and the tax system supporting those programs are very progressive. That is to say, those folks at the lower end of the income scale will get back in benefits much, much

more than they ever pay in payroll taxes.

Mr. CARDIN. Mr. Speaker, I yield 2½ minutes to the gentleman from Michigan [Mr. LEVIN] a distinguished member of the Committee on Ways and Means.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, first of all let me respond to my friend from Louisiana. The way the President has shaped this, this is the question:

Should people who are paying income tax and/or payroll tax receive the child credit?

And essentially what my colleague is saying is the child credit should not go to people who are paying payroll taxes. Why? Because it is for a specific purpose.

I think taxes are for specific purposes, and we are willing to take this issue to the country. It is not welfare to say to somebody who has a couple of kids, who is paying net payroll taxes, we are going to give you a child credit. A lot of these people are middle-income taxpayers.

Now let me say a word about this 10-year versus 5-year analysis. The Joint Committee on Taxation has refused to give a 10-year analysis period. Why? For two reasons. A 10-year analysis will change the distribution and will show that increasingly from the fourth, fifth year on, more and more of the tax cut goes to very wealthy families. So they will not show, they do not come up with it.

Second, it will show, as the years go on, there is a greater danger of blowing a hole in the deficit.

So essentially the refusal of the Joint Committee on Taxation to come up with a 10-year versus a 5-year analysis is kind of a coverup, and it makes the figures of the gentleman from Illinois [Mr. CRANE] essentially half fact at best. This is a 10-year budget agreement. We need a 10-year analysis. Where is it?

Mr. Speaker, where is the gentleman's 10-year analysis? He does not have one.

So the gentleman can repeat his half fact, and at best it is a half fact, forever, and it is nothing more than a half fact.

The gentleman from New York [Mr. RANGEL] and I wrote to Mr. Keys yesterday. He said in an article, we will service Democrats equally with Republicans. We do not have an answer, and now I guess we are told it is going to be a number of weeks away. The CRS has said the Treasury Department analysis is more reliable than that of the Joint Committee on Taxation.

Republicans, come up with a 10-year analysis.

Mr. CRANE. Mr. Speaker, I yield myself 30 seconds to respond to my colleague across the aisle.

Show me any projection out over 10 years, whether it is Treasury, CBO, Joint Committee on Taxation, that is on target.

What I said before, though, was the Joint Committee on Taxation at least is comprised of bipartisan membership in contrast to Treasury.

Mr. Speaker, I reserve the balance of my time.

Mr. CARDIN. Mr. Speaker, I yield 30 seconds to the gentleman from Michigan [Mr. LEVIN] to respond.

Mr. LEVIN. Mr. Speaker, I thank my friend for yielding this time to me.

So now, now the answer from the majority is we will not come up with a 10-year analysis because they are not reliable, even though this is a 10-year budget agreement. No, the reason the majority will not come up with a 10-year analysis is because the second 5 years show the maldistribution and show that they blow a hole in the deficit.

So I say again to the Joint Committee on Taxation, "Show your bipartisanship, give us a 10-year analysis right away."

□ 1330

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. KENNELLY], a distinguished member of the Committee on Ways and Means.

Mrs. KENNELLY of Connecticut. Mr. Speaker, as I look at this motion to instruct conferees and read down the list, I see what could be a very, very fine bill for us to pass and have the conferees write and that could get a majority on both sides of the aisle.

No. 1, created from insistence on the provision of the House bill that provides for indexing of capital gains, this sounds like a sensible idea. However, we cannot afford to do it down the line. Too many people have sacrificed their hard-earned dollars to pay taxes to find out that we finally balanced the budget, and then down the line 5, 6, 7, 8 years from now, that deficit goes right back up. It is not fair, it is not right, and we should not do it.

I read down and I see about education. Every one of us in this House can agree that, if this country is going to compete, we have to educate our young people and all people, because jobs are changing. The HOPE scholarship, people like the HOPE scholarship. President Clinton campaigned on the HOPE scholarship. The people liked it so much they returned him to the White House. We should have that. We should have the whole HOPE scholarship, not 50 percent of it, in the bill that is written by the conferees.

Include tax benefits for families paying tuition costs for the second 2 years of post-secondary education. Mr. Speaker, this is something I know about. The bill before us or the bill that has passed has a savings account that you can put money in, and then down the line you can have that in place for tuition, for anybody.

But what happens here as you enter into the second 2 years, there is nobody who is paying, just earning wages, living, taking care of their families, and

they get nothing. If you are on salary and you cannot afford to save, and my husband and I had four children that we put through 4 years of college and graduate school, not taking loans. Let me tell the Members, we really had to work to do it. We could not save those years. Those years we were trying to buy a house. So I really hope that is put in there.

And they should not include a provision in the House bill that imposes taxes on graduate students. Do we not know anything? Graduate students, we need them if we are going to compete in this world. Take this motion to instruct, conferees, do something about it, and we will all vote for it.

Mr. CARDIN. Mr. Speaker, I yield 2½ minutes to the gentleman from Tennessee [Mr. TANNER], a distinguished member of the Committee on Ways and Means.

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I thank my friend, the gentleman from Maryland, for yielding time to me.

Mr. Speaker, I want to talk about the outyear deficit that is in the current plan passed by the House last week. We have a promise of a vote for an enforcement mechanism to translate the idea of a balanced budget to reality that we have been promised to vote on by July 24. I certainly hope it passes when it comes up, but if it does not, let us talk about where we are today in the House-passed plan.

The indexing of capital gains basically will put the revenue side of our Nation's budget on automatic pilot after the year 2002. If we learned anything about entitlement programs, we learned that beyond 1970, the early 1970's until today, we have had the entitlement programs on automatic pilot. That is the spending side. Our enforcement mechanism that I mentioned earlier will attempt to get our arms around the spending side of this equation as soon as possible under this deal. We know we have to do it.

Can Members imagine that in 1963 every dollar that came to Washington, DC was obligated, about 30 cents of that was obligated for mandatory spending, either interest on the debt or other entitlement spending, and 70 percent was available for us to make public policy with? If we do nothing about the spending side entitlements in the 21st century, that ratio will be reversed. Over 70 cents of every dollar that comes to this town will be obligated.

It does not take a rocket scientist to figure out that it then becomes impossible to cut out of the 28 percent that includes our Nation's defense enough money to keep up with the escalating cost of the 72 percent that is represented by interest and entitlements.

Here in the House-passed plan we are going to exacerbate that problem by putting on automatic pilot the revenue side, when we are trying to stop that

on the spending side. This is not good public policy. This motion to recommit would remedy that shortcoming, that failure in the House-passed plan.

I would say this, while we are here in public office as stewards of this great land, I can think of no legacy that would make our forefathers less proud of us than to leave a broke America to those who come. We owe \$5.4 trillion. We must not continue public policy statements that put on automatic pilot these programs.

Mr. CRANE. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, I would simply like to remind my distinguished colleague that it is the lack of discipline in this body and the body across the Chamber here, of the Capitol Building, that is responsible for that escalation of spending beyond control.

We have increased taxes dramatically. In fact, just in the decade of the 1980's we doubled total revenues from \$500 billion to \$1 trillion, and yet our national debt combined to escalate astronomically because of the lack of discipline here. I would urge colleagues to keep that in mind.

Mr. Speaker, I yield 3 minutes to our distinguished colleague, the gentleman from Michigan [Mr. CAMP].

Mr. CAMP. Mr. Speaker, I thank the chairman for yielding the time to me. Mr. Speaker, I also want to comment on the remarks of my colleague on the Committee on Ways and Means, who I have great respect for, and his eloquence in terms of having us control the spending side.

But I rise to oppose this motion to instruct because the second provision, which says that they would like to provide the focused per child tax credit to people who are not paying taxes, that would make that credit a refundable credit. The only way we could do that is to make it a cash payment.

I think people should understand that is a huge source of fraud and non-compliance. When I visit the middle part of Michigan and have town meetings, people are always talking to me about the fraud in these programs, and how can we get at that.

In April of 1997 the IRS released a study that said the EITC, which is a refundable credit, had an error and fraud rate of 21 percent. So that meant of the \$28 billion in 1998, nearly \$6 billion was due to error and fraud, according to the Clinton administration's IRS. That is completely and totally unacceptable.

We have heard a lot of rhetoric about how much help is enough. All EITC recipients already receive public assistance which is unavailable to middle-income taxpayers. For example, a family of four with one worker and two children who earns \$18,000 a year receives an EITC of \$2,555 and has a total income and FICA due of \$199. A family, the same family of four that had an income of \$24,000, would have an EITC of \$1,292, a total income and FICA taxes due of \$2,380. A middle-income family of \$50,000 would receive no EIC, would have a total income tax of \$11,505.

Mr. Speaker, I would like to be able to help every taxpayer and every individual more, but we really need to bring some help to these middle-income taxpayers. And just as a note, under the Clinton administration proposal, at \$60,000 of income a family of four would have a tax liability over \$14,000 and they would see their \$500 per child tax credit begin to be phased out or lost under that proposal.

So I think we have no alternative but to oppose this motion to instruct, because what it does is make this \$500 credit refundable. There is so much fraud in the refundable credit system we have seen already with the EIC, and Americans are saying, please, do something about the fraud; do not create another fraudulent program.

Mr. CARDIN. Mr. Speaker, I yield 15 seconds to the gentleman from Tennessee [Mr. TANNER], my friend, to respond to the comments made by the gentleman from Illinois.

Mr. TANNER. Mr. Speaker, I just would like to reiterate that the gentleman from Illinois emphasizes a point I am making. Spending did go up in the 1980's because of the automatic pilot that was put on the entitlement programs in the early 1970's. It is rising faster than we can cut domestic discretionary and other spending. We are going to do the same thing on the revenue side. It is a mistake.

Mr. CARDIN. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. BECERRA], a distinguished member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank my colleague, the gentleman from Maryland, for yielding time to me.

Mr. NEAL of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. BECERRA. I yield to the gentleman from Massachusetts.

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman for yielding to me, and I also wanted to thank the gentleman from Maryland [Mr. CARDIN] for this opportunity.

I want to clarify a couple of issues here. Perhaps the gentleman could help me seek that clarity. There have been many changes that appear to have been made to the President's education package. These changes to me appear to be detrimental to low- and moderate-income students and seem to benefit those in the higher income brackets. Do not the Republicans provide a reduced HOPE credit for the first 2 years in college in the case of students attending a low-cost institution?

Mr. BECERRA. That is correct, Mr. Speaker. If the gentleman looks at it closely, for a student who attends a low-cost public college with tuition somewhere around \$1,000, under our plan, under the Democratic plan presented by the President, that HOPE credit would be \$1,500. But under the Republican plan we have passed out of the House, the credit would only be \$750. This change would particularly hurt students from low- and moderate-

income families, those working class families that typically attend those junior colleges that do not cost all that much.

I am as concerned, as anyone else on this floor should be concerned, about helping working families pay for all 4 years of college. Is the gentleman aware of any tax incentives that the Republican proposal has for families paying tuition expenses for the last 2 years of college out of their salary or wage incomes?

Mr. NEAL of Massachusetts. No, it is my understanding that families will receive tax incentives provided by the Republican proposal for families paying tuition costs out of dividends and interest. There are no income limitations on the tax incentives provided by the Republicans.

Mr. BECERRA. The President's education proposal, supported by the Democrats, would have provided tax benefits for working families paying those tuition costs out of salary or wage income, but do not those proposals have income limitations?

Mr. NEAL of Massachusetts. Yes, they do. The proposals were not available to families with incomes in excess of \$100,000, and they began to phase out at incomes over \$80,000. Families with incomes over \$100,000 paying tuition costs out of dividend and interest income are one of the few categories of taxpayers to receive more benefits under the Republican approach than under the Democratic approach.

Mr. BECERRA. We are talking about higher education here. Graduate education, which is postsecondary education at the highest level, where we have our chemists, our scientists, our teachers coming out of our schools, that is extremely important as well. I am concerned that there are some provisions in this bill that would detrimentally affect graduate students, those who have already got the undergraduate degree and now are trying to get that graduate degree to be the scientists and chemists and inventors of the future.

Can the gentleman explain it? There is a particular provision that is harmful to those graduate students. Can the gentleman explain that to us?

Mr. NEAL of Massachusetts. Mr. Speaker, I am glad the gentleman raised that. I used to teach these courses. Under current law, graduate students, teachers, assistants, or researchers are not taxed on the amount of tuition waivers granted by the institution. The House bill would repeal this exemption and these students would have to pay taxes on the amount of those tuition waivers.

Mr. BECERRA. It is my understanding, and it has been a while since I was in college as a graduate student as well, that these graduate students, we are talking not about so much the business school and law school and medical school graduates, but the folks studying science and chemistry and mathematics, that they average about

\$10,000 to \$15,000 in income. How much of a tax does this bill impose on those types of students?

Mr. NEAL of Massachusetts. Their bill, the Republican bill, would treat as taxable income the tuition reduction of these students, and this could be as much as \$25,000. It would result in an average tax increase on graduate students of \$4,000. It is hard to believe we are taxing hard-working students who are serving the future needs of the Nation.

In Massachusetts alone we have numerous graduate students who are making technological advances, and we should not reward their efforts with a tax increase.

Mr. BECERRA. I have taken a look at the tax bill as best I can find. The tax that is being imposed on students who earn, say, \$10,000 or \$12,000 is not going to help provide other opportunities for other people going to college, it is there to help pay for the cost of these tax breaks that mostly well-to-do Americans are going to be receiving.

How does that strike the gentleman?

Mr. NEAL of Massachusetts. That is true. And on the House bill, it simply does not include permanent extension of employer-provided education either. We live in an atmosphere now and at a time when people are going to have to be continually called upon to upgrade their skills. There is nothing in the House bill that supports lifelong learning. Maybe the gentleman could explain to me the absence of this exclusion.

Mr. BECERRA. By not providing for that tax credit for employers that try to provide education to some of their employees, what we are doing is saying if an employer has decided that it would be good for that employee to get further trained, that no longer can the employer say to that employee, you can now get that training and we will both receive the benefits of a tax credit by having had you better educated.

□ 1345

Now the IRS will have to decide if there is any tax credit to be had by the employer or the employee.

Mr. NEAL of Massachusetts. Mr. Speaker, that was very helpful. I thank the gentleman very much.

Mr. CRANE. Mr. Speaker, I yield myself 30 seconds.

With respect to item 3(c) relating to graduate teaching assistance with respect to tuition waivers, it is expected that the conferees will clarify that no change in current law will apply to tuition remissions for graduate students. There was no intention on the part of the House to change the treatment of graduate students.

Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, let me begin my brief remarks by commending the gentleman from Illinois [Mr. CRANE] and other members of the Committee on Ways and Means for trying

to keep what I would define as a good balance between various groups of taxpayers in this bill.

The colloquy that we just heard, Mr. Speaker, is just a continuation, and I might say a very good continuation, of the debate that was started by Secretary Rubin 10 days or so ago, when we began to try to point out that the Republican proposal, which this motion seeks to change, benefits the more wealthy taxpayers in this country, which is simply not true.

As a matter of fact, the balance that I spoke about just a minute ago, which the gentleman from Illinois [Mr. CRANE] and the gentleman from Texas [Mr. ARCHER] and others on the Committee on Ways and Means have been so careful to try and maintain, is exactly the same balance that the Democrats voted for in 1993 and that Bill Clinton signed into law, the same balance among various groups of taxpayers.

This chart will help me to explain what I mean.

This chart shows in 20 percent jumps five groups of taxpayers ranging from the 20 percent lowest group of taxpayers to the 20 percent highest group of taxpayers. Under the bill that was voted for by all of you in 1993 and subsequently signed into law by President Clinton, 1 percent of the taxes that are paid in this country are paid by the lowest 20 percent of the taxpayers.

Conversely, 63 percent of the taxes that are paid in this country, as shown by the red line at the far end of the chart, 63 percent of the taxes that are paid by all taxpayers are paid by the highest 20 percent. And as you note, coming from right to left, this way, 21 percent are paid by under the current tax system by the second 20 percent down, if you will, and 11 percent and 4 percent and back to the 1 percent.

Now, the balance that I speak of that is so important in the Republican proposal maintains exactly the same ratios as demonstrated by the yellow bars at the far end. Still under this proposal, 63 percent of the total taxes that are paid, I want my friends to understand this, are still paid by the highest quintile or the highest 20 percent.

Likewise, 21 percent of the total taxes that are paid are paid by the fourth quintile or the step down one notch, 20 percent. That is those taxpayers between 60, who are between the 60 and 80 percent mark. So this is very important.

What this motion seeks to do is to change this balance rather dramatically, as Secretary Rubin tried to do 10 days or so ago before our debate when we passed the Republican proposal, and the colloquy that we just heard also seeks to disrupt the ratios that all of you supported in 1993.

I frankly, Mr. Speaker, have a hard time understanding why if it was good in 1993, why it would be bad under the Republican proposal that passed this House just a few days ago.

I thank the gentleman for yielding me the time, and I hope that this helps to clear up this matter somewhat.

Mr. CARDIN. Mr. Speaker, I yield myself 15 seconds to respond. I have not run into too many people that are in the upper 5 or 10 percent that are complaining that they cannot support their children going to college or that they need the child credit. The people at the highest incomes are paying about 21, 22 percent of their income in taxes; middle-income people paying about 19, 20 percent. The people who need the relief are the people in the middle income.

Mr. Speaker, I yield 15 seconds to the gentleman from Massachusetts [Mr. NEAL].

Mr. NEAL of Massachusetts. Mr. Speaker, just a quick response to the gentleman from New Jersey. I have a quote here from the Boston Globe on June 19 of this year in which it suggests, "'and graduate students include future doctors, lawyers and engineers,' he said. 'We do not think it is appropriate to give people who are on the verge of becoming society's highest paid workers tax benefits that are not available to others.'"

The University of Massachusetts Medical School is at the other end of my district.

Mr. CRANE. Mr. Speaker, I yield 30 seconds to the gentleman from New Jersey [Mr. SAXTON].

Mr. SAXTON. Mr. Speaker, I would respond to the gentleman by saying that the chart that I just showed demonstrates full well that 84 percent of the taxes that are paid in this country are currently paid by people who are in the 60 to 100 percent number of people who pay taxes. That is the highest incomes. So that 84 percent of the total taxes that are paid in this country under the Republican proposal are likewise paid by that same upper income group.

Mr. CARDIN. Mr. Speaker, I ask for the time that remains on both sides?

The SPEAKER pro tempore [Mr. GILLMOR]. The gentleman from Maryland [Mr. CARDIN] has 6¼ minutes remaining, and the gentleman from Illinois [Mr. CRANE] has 7 minutes remaining.

Mr. CARDIN. Mr. Speaker, I yield 1 minute to the gentleman from Ohio [Mr. KUCINICH].

Mr. KUCINICH. Mr. Speaker, the Revenue Reconciliation Act contains a very destructive provision that would destroy employment relations in our country and eliminate key economic benefits essential to working families.

I am speaking of the independent contractors proliferation clause. This provision would reward employers for reclassifying their employees as independent contractors. It would let employers avoid paying Social Security taxes and overtime pay. Workers who are classified as independent contractors would lose health insurance, lose jointly-funded pensions, lose family medical leave, lose workers' compensation and lose unemployment benefits.

Millions of American workers would be exploited and an American tradition of respect for workers would be lost as well. This radical change in worker classification will enable the companies which can reassign workers to independent contractor status a competitive advantage over socially responsible companies. This will reduce American workers, rob them of their benefits, harm the American family and steal from the U.S. Treasury. It is financially and morally bankrupt and it should be defeated.

Mr. CARDIN. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. JOHNSON].

Mr. JOHNSON of Wisconsin. Mr. Speaker, I thank the gentleman for yielding me the time. I do not have any charts today or pictures or graphics. I want to talk about real people, Mr. Speaker.

Real people want tax relief. Real people want to target tax cuts to families who get up every morning and go to work and pay their bills. Real people want to target tax cuts to students so they can pay for the college or vocational training, and real people want to target tax cuts for farm families and small business owners.

These Republican tax cuts are like those aliens in Roswell, NM. Real people will never see them. It is just wrong to have two-thirds of the tax cuts go to families earning \$100,000 or more. The bulk of the tax cuts should go to the hardworking middle-income real families in America.

The original bipartisan balanced budget agreement called for the \$1,500 tax credit for college tuition. Let me give you a real-people example. The student at Northeast Wisconsin Technical College currently pays \$1,600 in tuition. Under the Republican tax bill, he or she would save half the amount. Under the bipartisan tax plan, the student would save the full \$1,500. It is real savings for real people.

Mr. CARDIN. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, I rise as one of the 27 Democrats that voted in favor of this bill, but voted for it because, first, I believe my constituents back home in Indiana, whether they want to send their kids to college or they are a farmer or they have worked hard on a business, they deserve a tax cut. But it needs to be fair. It needs to be paid for, and it should not have hidden taxes in it.

I rise in support of this motion to instruct for one reason, because it gets the indexing out. The indexing provision in the last 5 years costs \$14 billion.

Second, this motion to instruct will provide tax relief to the \$25,000-a-year plant worker or policeman who pays FICA taxes. They get a child tax credit.

Third, this motion to instruct removes the hidden tax on graduate students that are receiving tuition waivers. If you are for tax fairness, if you

are for fiscal responsibility, if you are for delivering taxes in educational areas for people across this country, vote for the motion to instruct.

Mr. CARDIN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Texas [Ms. JACKSON LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise to support the motion to instruct, a commonsense plan and a commonsense tax bill.

Mr. Speaker, I would like to urge my colleagues to vote in favor of the motion to instruct the conferees on the Reconciliation Tax Act. The conferees should be urged to provide fair and equitable tax relief to working families, support a child credit and education tax benefits for working families, and oppose indexing of capital gains. A new Treasury Department analysis reveals that the Republic bill is light on relief for working families, and heavy on tax breaks for the rich. According to the Treasury Department analysis, only a third of the tax breaks in the Republican plan go to the middle 60 percent of all families—that's families making between \$17,000 and \$93,000 a year. By stark contrast, the Democratic alternative gives two-thirds of the tax breaks to the same middle 60 percent.

The Republican plan skimps on the tax breaks for college students in their budget. The Republican tax bill provides only half of the \$1,500 tuition credit for the first 2 years of college, does virtually nothing for juniors and seniors, and raises taxes on some graduate students. In stark contrast, President Clinton and congressional Democrats have offered an alternative that includes the full \$1,500 HOPE credit for the first 2 years of college, plus a 20-percent tuition credit for any subsequent years.

A Wall Street Journal/NBC poll released on June 26 revealed that Americans prefer the Democratic tax alternative to the GOP plan by a 2-to-1 margin, 60 percent to 31 percent. A USA Today/CNN/Gallup poll released on July 1 found that 52 percent of Americans think the Republican tax plan favors the rich. Based on these numbers, I urge my colleagues to vote in favor of the motion to instruct.

Mr. CARDIN. Mr. Speaker, I reserve the balance of my time.

Mr. CRANE. Mr. Speaker, I yield myself such time as I may consume.

Let me reiterate one point that I made before. It has to do with indexing of the Tax Code. Indexation of the Tax Code was one of the most profound, fair, and proper things that we did in our Tax Code when we did it back in 1981. It eliminated that subtle, disguised means of steadily imposing increasing taxes on all working Americans unbeknown to them. It was a clever gimmick. Whoever thought it up, we have to give the guy credit because people did not seem to catch on to that for a generation. But indexation of capital gains is something that is essential to guarantee that we are not going to reverse what we are trying to do with this package, and that is to provide tax relief 5 years out. You reverse that and you vote for the elimination of index-

ing of capital gains, what you are calling for is an increase in taxes that you are trying to produce at that time. You want to start raising taxes again.

Many of you, I am sure, were not here in 1980, but on the other hand I am sure you all have a vivid recollection of Jimmy Carter's last year, what the inflation rate was in that single year, 14.6-percent. It could happen again. That was a 14.6 percent increase in taxes on all Americans through this hidden, devious means of inflation of our currency.

I would urge all of our colleagues to support and preserve and protect indexation of our entire Tax Code.

Mr. Speaker, I yield back the balance of my time.

Mr. CARDIN. Mr. Speaker, I yield the balance of my time to the gentleman from Michigan [Mr. BONIOR].

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] is recognized for 3¼ minutes.

Mr. BONIOR. Mr. Speaker, we worked very hard to bring the Reagan-Bush deficits down to a 20-year low. In 1992, when Bill Clinton was elected to the U.S. Presidency, he inherited a deficit of \$290 billion a year. In 1993, without one Republican supporting our budget deficit proposal, in the House or the Senate, all being supported by the Democrats, we have brought that deficit down, year-after-year, from 290 to 255 to 203 to 164 to, in 1997, \$45 billion and next year it will be balanced. That was the balanced budget proposal that got this country back in balance.

What this tax proposal that we are debating today will do will shoot these numbers off this chart, back up to the range of not \$300 billion but as the Center for Budget Priorities estimated, \$650 to \$700 billion because of the issue that the gentleman from Illinois just touched on, indexing of capital gains.

This Republican tax bill is an ugly attack on America's working families. It is a big bonanza for big corporations and the wealthy. It is a bad deal for everyone else. It is a bad deal for teachers, for nurses, for plumbers, for secretaries, and every other working person who is going to have to pick up the tab when this starts to skyrocket again.

□ 1400

American working families deserve tax relief. We need to cut their taxes and we can do it while balancing the budget, but this Republican tax bill is nothing. There is nothing in it for working families.

If we take the case of a rookie police officer in the Speaker's own district in Georgia, he and his wife are trying to raise two young children, they have a household income of \$23,000, they pay thousands of dollars, thousands of dollars in Federal taxes. Under the Republican bill, this family will get zero tax relief. Not a single dollar. This police officer, a family man who puts his life on the line every day, gets absolutely nothing.

Under this same Republican tax plan, the millionaire who spends his day on his yacht talking to his stock broker on his cell phone will get a tax cut on capital gains. He will get an estate tax cut. If he owns a corporation, there is a \$22 billion giveaway on the corporate minimum tax. He may even qualify for that special tax loophole to benefit 1,000 wealthy investors that somehow slipped into this bill, a tax break that will cost all of us about \$9 billion.

Under this Republican tax bill the millionaire gets thousands of dollars in tax breaks, while the working people, the police officer, the teacher, the secretary, the plumber, the manufacturing worker get absolutely nothing. And this Republican giveaway to the wealthy is going to bust the deficit wide open again and put us into the same situation we inherited with Reagan and Bush.

Now, some of my Republican colleagues have the gall to say that an income tax cut for young working families would constitute welfare. In fact, one conservative columnist wrote the other day that the proposed cuts are welfare benefits to inspire breeding. That is an insult to every working family, that is wrong, this motion to instruct needs to be passed and I urge my colleagues to support it today.

Ms. SANCHEZ. Mr. Speaker, I rise today in support of tax relief for millions of hard-working Americans.

It is time to give every American their first tax cut in 16 years. It is our job to ensure that all Americans receive the benefits promised from this tax bill.

Fortunately, this plan does provide tax relief for young families who are worried about the future educational needs of their children.

While this is a good first step toward helping families and students there is still much more to be done.

I am a fiscal conservative. That is why I voted for the taxpayer relief bill. But being fiscally conservative does not mean that working class Americans should be left out of these tax cuts. We can do better to ensure a fair distribution.

We have seen many fancy charts and graphs in this debate but what really matters is what the American people see in the bottom line on their 1040 next April.

Working class Americans carried the burden of financing the cold war. Working class Americans carried the burden of financing oppressive Federal deficits of the last decade. Working class Americans deserve a return on their investment. Working class Americans deserve the bulk of this tax cut.

The SPEAKER pro tempore (Mr. GILLMOR). Without objection, the previous question is ordered on the motion to instruct.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to instruct offered by the gentleman from New York [Mr. RANGEL].

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. CARDIN. Mr. Speaker, I object to the vote on the ground that a quorum

is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 199, nays 233, not voting 2, as follows:

[Roll No 258]

YEAS—199

Abercrombie	Gordon	Nadler
Ackerman	Green	Neal
Allen	Gutierrez	Oberstar
Andrews	Hall (OH)	Obey
Baesler	Hamilton	Olver
Baldacci	Harman	Ortiz
Barcia	Hastings (FL)	Owens
Barrett (WI)	Hefner	Pallone
Becerra	Hilliard	Pascarell
Bentsen	Hinchey	Pastor
Berman	Hinojosa	Payne
Berry	Holden	Pelosi
Bishop	Hooley	Peterson (MN)
Blagojevich	Hoyer	Pomeroy
Blumenauer	Jackson (IL)	Poshard
Bonior	Jackson-Lee	Price (NC)
Borski	(TX)	Rahall
Boswell	Jefferson	Rangel
Boucher	John	Reyes
Boyd	Johnson (WI)	Rivers
Brown (CA)	Johnson, E. B.	Rodriguez
Brown (FL)	Kanjorski	Roemer
Brown (OH)	Kaptur	Rothman
Capps	Kennedy (MA)	Roybal-Allard
Cardin	Kennedy (RI)	Rush
Carson	Kennelly	Sabo
Clay	Kildee	Sanchez
Clayton	Kilpatrick	Sanders
Clement	Kind (WI)	Sandlin
Clyburn	Klecza	Sawyer
Condit	Klink	Schumer
Conyers	Kucinich	Scott
Costello	LaFalce	Serrano
Coyne	Lampson	Sherman
Cramer	Lantos	Sisisky
Cummings	Levin	Skaggs
Davis (FL)	Lewis (GA)	Skelton
Davis (IL)	Lofgren	Smith, Adam
DeFazio	Lowe	Snyder
DeGette	Luther	Spratt
Delahunt	Maloney (CT)	Stabenow
DeLauro	Maloney (NY)	Stark
Dellums	Manton	Stenholm
Dicks	Markey	Stokes
Dingell	Martinez	Strickland
Dixon	Mascara	Stupak
Doggett	Matsui	Tanner
Dooley	McCarthy (MO)	Tauscher
Doyle	McCarthy (NY)	Taylor (MS)
Edwards	McDermott	Thompson
Engel	McGovern	Thurman
Eshoo	McHale	Tierney
Etheridge	McIntyre	Torres
Evans	McKinney	Towns
Farr	McNulty	Turner
Fattah	Meehan	Velazquez
Fazio	Meek	Vento
Filner	Menendez	Visclosky
Flake	Millender-	Waters
Foglietta	McDonald	Watt (NC)
Ford	Miller (CA)	Waxman
Frank (MA)	Minge	Wexler
Frost	Mink	Weygand
Furse	Moakley	Wise
Gejdenson	Mollohan	Woolsey
Gephardt	Moran (VA)	Wynn
Gonzalez	Murtha	Yates

NAYS—233

Aderholt	Bliley	Campbell
Archer	Blunt	Canady
Armey	Boehlert	Cannon
Bachus	Boehner	Castle
Baker	Bonilla	Chabot
Ballenger	Bono	Chambliss
Barr	Brady	Chenoweth
Barrett (NE)	Bryant	Christensen
Bartlett	Bunning	Coble
Barton	Burr	Coburn
Bass	Burton	Collins
Bateman	Buyer	Combest
Bereuter	Callahan	Cook
Bilbray	Calvert	Cooksey
Bilirakis	Camp	Cox

Crane	Istook	Quinn
Crapo	Jenkins	Radanovich
Cubin	Johnson (CT)	Ramstad
Cunningham	Johnson, Sam	Redmond
Danner	Jones	Regula
Davis (VA)	Kasich	Riggs
Deal	Kelly	Riley
DeLay	Kim	Rogan
Deutsch	King (NY)	Rogers
Diaz-Balart	Kingston	Rohrabacher
Dickey	Klug	Ros-Lehtinen
Doolittle	Knollenberg	Roukema
Dreier	Kolbe	Royce
Duncan	LaHood	Ryun
Dunn	Largent	Salmon
Ehlers	Latham	Sanford
Ehrlich	LaTourette	Saxton
Emerson	Lazio	Scarborough
English	Leach	Schaefer, Dan
Ensign	Lewis (CA)	Schaffer, Bob
Everett	Lewis (KY)	Sensenbrenner
Ewing	Linder	Sessions
Fawell	Lipinski	Shadegg
Foley	Livingston	Shaw
Forbes	LoBiondo	Shays
Fowler	Lucas	Shimkus
Fox	Manzullo	Shuster
Franks (NJ)	McCollum	Skeen
Frelinghuysen	McCrery	Smith (MI)
Galleghy	McDade	Smith (NJ)
Ganske	McHugh	Smith (OR)
Gekas	McInnis	Smith (TX)
Gibbons	McIntosh	Smith, Linda
Gilchrest	McKeon	Snowbarger
Gillmor	Metcalf	Solomon
Gilman	Mica	Souder
Goode	Miller (FL)	Spence
Goodlatte	Molinari	Stearns
Goodling	Moran (KS)	Stump
Goss	Morella	Sununu
Graham	Myrick	Talent
Granger	Nethercutt	Tauzin
Greenwood	Neumann	Taylor (NC)
Gutknecht	Ney	Thomas
Hall (TX)	Northup	Thornberry
Hansen	Norwood	Thune
Hastert	Nussle	Tiahrt
Hastings (WA)	Oxley	Trafficant
Hayworth	Packard	Upton
Hefley	Pappas	Walsh
Herger	Parker	Wamp
Hill	Paul	Watkins
Hilleary	Paxon	Watts (OK)
Hobson	Pease	Weldon (FL)
Hoekstra	Peterson (PA)	Weldon (PA)
Horn	Petri	Weller
Hostettler	Pickering	White
Houghton	Pickett	Whitfield
Hulshof	Pitts	Wicker
Hunter	Pombo	Wolf
Hutchinson	Porter	Young (AK)
Hyde	Portman	Young (FL)
Inglis	Pryce (OH)	

NOT VOTING—2

Schiff Slaughter

□ 1422

Messrs. SHUSTER, GRAHAM, DEAL of Georgia, BARRETT of Nebraska, CHRISTENSEN, NUSSLE, AND RIGGS changed their vote from "yea" to "nay."

Mr. SCHUMER and Mr. ORTIZ changed their vote from "nay" to "yea".

So the motion to instruct was not agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. GILLMOR). Without objection, the Chair appoints the following conferees:

For consideration of the House bill, and the Senate amendment, and modifications committed to conference: Messrs. KASICH, ARCHER, CRANE, THOMAS, ARMEY, DELAY, McDERMOTT, RANGEL, STARK, and MATSUI.

As additional conferees from the Committee on Transportation and Infrastructure, for consideration of sections 702 and 704 of the Senate amendment, and modifications committed to conference: Mr. SHUSTER, Ms. MOLINARI, and Mr. OBERSTAR.

As additional conferees from the Committee on Education and the Workforce, for consideration of sections 713-14, 717, 879, 1302, 1304-5, and 1311 of the Senate amendment, and modifications committed to conference: Messrs. GOODLING, FAWELL, and PAYNE.

There was no objection.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

Mr. SOLOMON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 181 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 181

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2107) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1998, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with section 306 of the Congressional Budget Act of 1974 are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. Points of order against provisions in the bill for failure to comply with clause 2 or 6 of rule XXI are waived except as follows: beginning with “: *Provided*” on page 46, line 25, through “part 121” on page 47, line 6; and page 76, line 10, through line 13. Where points of order are waived against part of a paragraph, points of order against a provision in another part of such paragraph may be made only against such provision and not against the entire paragraph. The amendments printed in the report of the Committee on Rules accompanying this resolution may be offered only by a Member designated in the report and only at the appropriate point in the reading of the bill, shall be considered as read, shall be debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, shall not be subject to amendment, and shall not be subject to a demand for division of the question in the House or in the Committee of the Whole. All points of order against the amendments printed in the report are waived. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a

recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be fifteen minutes. During consideration of the bill, points of order against amendments for failure to comply with clause 2(e) of rule XXI are waived. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. CAMP). The gentleman from New York [Mr. SOLOMON] is recognized for 1 hour.

REQUEST TO AMEND HOUSE RESOLUTION 181

Mr. SOLOMON. Mr. Speaker, I would respectfully ask unanimous consent that the amendment to House Resolution 181 that I have placed at the desk be considered as adopted.

The SPEAKER pro tempore. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLOMON:
Page 2, line 14, after “line 6;” insert “beginning with ‘: *Provided*’ on page 61, line 22 through ‘*Reserve*’ on page 62, line 4;”.

□ 1430

The SPEAKER pro tempore (Mr. CAMP). Is there objection to the request of the gentleman from New York?

Mr. YATES. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. SOLOMON. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts [Mr. MOAKLEY], pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

Mr. Speaker, House Resolution 181 is an open rule. It provides for consideration of H.R. 2107, the Department of Interior and related agencies appropriations bill for fiscal year 1998. The rule provides an open amending process, allowing any Member of this House to offer cutting amendments or offsetting amendments, including limitation amendments normally allowed under an open rule. No additional restrictions are written into this rule. This is the open amendment process. It also offers an acceptable compromise for many Members on the contentious issue of funding the National Endowment for the Arts.

The rule provides 1 hour of general debate divided equally between the chairman and ranking minority member of the Committee on Appropriations. The rule also provides necessary waivers to allow the bill to be considered on the House floor here today. The rule waives section 306 of the Budget Act, which prohibits matters within the jurisdiction of the Committee on the Budget in a measure not reported by that committee, against consideration of the bill.

The Committee on Rules understands this waiver to be technical in nature and that it does not constitute a substantive violation of the Budget Act. Otherwise we would not be giving the waiver here today.

The rule also provides certain waivers of points of order against the bill itself with certain exceptions as specified in the text of the rule. Members have copies on the desks in front of them.

Specifically, the rule waives clause 2, prohibiting unauthorized and legislative provisions in an appropriations bill, and also clause 6, prohibiting reappropriations, of House rule XXI against the bill, except as noted in this rule.

The first items in the bill left exposed to points of order for lack of authorization or legislating on an appropriations bill are two provisions relating to Forest Service credit issued for purchasers of timber for the construction of roads, and a limitation on the availability of timber purchaser road construction credits to small businesses. These provisions were objected to by the chairmen of the authorizing committees, the Committee on Agriculture and the Committee on Resources.

The second item in the bill left exposed to a point of order for lack of authorization is a \$10 million appropriation for necessary expenses of the National Endowment for the Arts.

Mr. Speaker, the exposure of this agency to a point of order in this rule bears further explanation. As I mentioned earlier, clause 2 of House rule XXI prohibits unauthorized appropriations and legislation on an appropriations bill. Those are the rules of the House.

General appropriations bills are privileged on this House floor. However, the Committee on Appropriations in modern practice has sought special rules from the Committee on Rules which provide for consideration of bills and waive appropriate points of order. Mr. Speaker, in the 104th Congress the Republican leadership established a protocol relating to waivers of unauthorized programs or legislative language in general appropriations bills. Under this protocol, the Committee on Rules would provide the necessary waivers to enable the bill to come to the floor if the authorizing committee chairmen did not object to them. If the authorizing chairmen object to the waivers, then under the leadership's protocol, the Committee on Rules would leave the specific language in question exposed to a point of order on the floor.

We attempted to do that a few minutes ago, before the gentleman from Illinois [Mr. YATES], the ranking member, objected, because it was inadvertently protected for the Strategic Petroleum Reserve, which if we had received the letter in a timely manner from the Commerce Department, we would have certainly left that measure exposed, as we have others like the NEA.