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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore [Mrs. EMERSON].

DESIGNATION OF SPEAKER PRO TEMPORE

The Speaker pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
July 22, 1997.

I hereby designate the Honorable JO ANN EMERSON to act as Speaker pro tempore on this day.

NEWT GINGRICH,
Speaker of the House of Representatives.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate disagrees to the amendment of the House to the bill (S. 858) "an act to authorize appropriations for fiscal year 1998 for intelligence and intelligence-related activities of the U.S. Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes," agrees to a conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints from the Select Committee on Intelligence: Mr. SHELBY, Mr. CHAFEE, Mr. LUGAR, Mr. DEWINE, Mr. KYL, Mr. INHOFE, Mr. HATCH, Mr. ROBERTS, Mr. ALLARD, Mr. COATS, Mr. KERREY, Mr. GLENN, Mr. BRYAN, Mr. GRAHAM, Mr. KERRY, Mr. BAUCUS, Mr. ROBB, Mr. LAUTENBERG, and Mr. LEVIN, and from the Committee on Armed Services: Mr. THURMOND, to be the conferees on the part of the Senate.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 21, 1997, the Chair will now recog-

nize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member except the majority and minority leader limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Ohio [Mr. KUCINICH] for 5 minutes.

IMPACT ON INDEPENDENT CONTRACTORS IN REVENUE RECONCILIATION ACT

Mr. KUCINICH. Madam Speaker, the independent contractor provision in the Revenue Reconciliation Act will do great damage to employer relations in our country. Millions of Americans would lose health care coverage and pension benefits.

Working women would suffer the most. For women, being an independent contractor means much lower wages than male employees in similar jobs. What about health care and pensions? Only 2 percent of women independent contractors have health care and pensions paid by their employers. Women also would lose critical employment protections.

Independent contractors are not covered by equal employment opportunity laws. They do not receive family and medical leave. Some employers have misclassified janitors and garment workers to evade minimum wage and overtime laws affecting many low-wage workers who are women.

Working women have fought hard to win equal employment opportunity, fair wages, and economic security. The independent contractor provision would be a disaster for them and their families. That is why a coalition of 130 women's organizations is against this measure.

Finally, Madam Speaker, the bipartisan budget bill is the wrong vehicle to carry this issue. As my colleague from

Connecticut, [Mrs. JOHNSON] pointed out in a letter to the Speaker of the House, Congress needs to protect working women and to delete this clause from the budget bill.

THE TRUTH IS IN THE NUMBERS

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

Mr. STEARNS. Madam Speaker, I will bet most Americans would be surprised to realize that they are rich. To accomplish this amazing feat, the Clinton administration has formulated a new exercise in wordspeak that simply defines a significant portion of all Americans as rich. But, frankly, most Americans probably do not feel rich. Most probably rely on two incomes, have a couple of children, a lot of bills to pay and, in fact, feel very far from being rich.

But, more than anything else, Madam Speaker, they deserve a tax break today. Well, why should the White House have any interest in inventing a new measurement of wealth? Well, it is actually quite simple. In order for the administration to score political points at the expense of hard-working middle-class Americans, they must create millions of wealthy taxpayers where none exist.

For decades, American taxpayers have paid taxes based upon the adjusted gross income, the AGI. The AGI is a rather simple and straightforward calculation of earnings. It is at the bottom of the first page of everyone's tax return.

Perhaps the AGI is too simple for the White House, for they have worked diligently over the recent past to prejudice the AGI and with it the tax package that the President initiated. They have done everything in their power to modify and create a new formula to

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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calculate the supposed wealth of American taxpayers today.

Here is how it works. Instead of using the adjusted gross income in tax computations, the administration uses a complicated formula known as the Family Economic Income, or FEI, which adds to one's income the fringe benefits they receive every year: Keogh deductions, most nontaxable cash transfer payments, the buildup of the IRA, your pension.

Here is the real catch. The FEI even adds something known as imputed rental income, or what a family would earn if they were to rent out their home. What? Yes. If you had to rent out your home, that is part of your family income.

To say the least, this is an unusual and rather inaccurate definition of a family's income. To say the most, the administration is engaging in political gamesmanship, designed solely to demagog an issue that otherwise only serves to assist middle-income Americans.

Madam Speaker, put simply, by employing the imputed income calculation, the administration is able to considerably overstate income levels for most households today, making middle-class taxpayers appear to be much richer than they themselves would ever, ever recognize.

For example, employing the administration's new income formula, 1.7 million union members, 2.4 million teachers, 8.1 million government workers, and 4.2 million mechanics, repairmen, and construction workers are now considered rich by the administration and therefore are undeserving of a tax break.

The problem is that the Clinton administration chooses to employ this odd income calculation to change the idea of who is wealthy. They are working hard to mislead the public and turn a positive situation into a negative political game.

The bottom line is this: The Republican tax plan accurately targets America's middle-income class. In fact, 76 percent of the relief provided in the Republican plan will go to those Americans who make less than \$75,000 a year. Although the President has worked hard to distort this fact, it remains difficult for anyone to argue that these Americans are rich and that they are undeserving of a tax break.

Madam Speaker, the Republican Congress has passed real tax relief for all middle-class taxpayers at every stage of their lives, from child tax credits to estate tax reform. We are doing the right thing.

Meanwhile, the President is trying to change the debate with this new "imputed rental income formula." But the truth is in the numbers; and no amount of imagined, imputed income will turn hard-working middle-class Americans into what the President calls the evil rich.

Middle-class Americans deserve a tax break today. The Republican Congress wants to give that to them. For the millions of Americans who do not con-

sider themselves rich, for the two-earner families who struggle to provide a nice home and a good education for their children, for all the middle-class Americans, I implore the President today to put politics aside, stop the distortions, join the Republican Congress in providing some much-needed and much-deserved tax relief to middle-class Americans.

TAX BILL MUST PASS CLEAR TESTS

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

Mr. MILLER of California. Madam Speaker, as the press now starts to report and to analyze the Republican tax cut legislation, the reviews are coming in from across the country and from independent journalists. What we now see is a recognition that what the Republican bill does is provide for a forced feeding of tax cuts to the wealthiest people in this country.

As Time magazine's journalist Jonathan Alter noted, the Republican bill showers millions of dollars on the richest 1 percent of Americans.

As the Wall Street Journal noted, it allows the IRA provisions to create opportunities primarily for upper income Americans to shift large chunks of their assets into tax-free accounts, where they would be beyond the reach of Uncle Sam forever.

The Washington Post notes that the Republican tax bill is heavily tilted toward the better off, and the Democrats are right for calling the Republicans on this.

They go on to note that the plain facts are that the bill would not only benefit the better off but would cost the Government revenues it cannot afford.

Yesterday, the Post quoted a number of economists supporting different political parties which reached agreement that the Republicans are relying on numbers that mask the extent of the size of the Republican tax proposals favoring high-income households which would mushroom over the years to come.

What we now see as the conventional economic analysis suggests that the permanent benefits of the tax cut will favor high-income individuals, and it will do so by denying the \$500 tax credit to families who pay thousands of dollars in payroll taxes but the Republicans have determined somehow are welfare families and not entitled to the \$500 tax credit. Unfortunately, for thousands of working families in America today, they pay more in payroll taxes than they pay in income taxes; and yet the Republican proposal would not share the child care tax credit with them.

What we now see is someone like Gary Bauer, the conservative head of the Family Research Council, saying, "The family tax credit ought to go to

any working families that pay income or payroll taxes. That is not welfare."

Gary Bauer has it right. The Republicans have it wrong. These families are entitled to share this. But why can't they share in the tax cuts, the family child credit tax cut? They cannot share in that because the Republicans are so busy providing capital gains tax cuts to the wealthiest people in this country, the vast majority of which goes to the top 2, 3, 4 percent of the taxpayers in the United States.

These are not the people who need relief from taxes. The people who need relief from taxes are people who are trying to raise their children, educate their children, provide shelter for their children and are doing it on a few thousand dollars a year. Yet the Republicans say they cannot do that. They cannot do that because they want to get rid of the alternative minimum tax that suggests that corporations ought to pay something for the privilege of doing business in America.

When they get done with all of their deductions, where they can eliminate their obligation to pay taxes, there ought to be something they pay in this country. By giving away capital gains tax, by doing estate tax relief for the wealthiest people in this country, there is no money left. There is no money left for hard-working families in this country that, unfortunately, earn between \$15,000 and \$30,000 a year; and the Republicans are going to deny them a tax cut.

The bill should be changed in conference, it should be fair, and it should take care of working families. It does not do that now.

A BLOODY SHIRT ON TAXES

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

Mr. DREIER. Madam Speaker, I have taken this time to continue with the debate that my very good friend from Martinez, CA, Mr. MILLER, was engaged in; but I have a completely different view. Actually, it was put forward very well by a former adviser to President Clinton.

Yes, he served also in Republican administrations; but he most recently in his public service was an adviser to President Clinton. I am referring to the editor-at-large of U.S. News & World Report, who in this week's U.S. News & World Report on the back page has an editorial, which I would commend to all of my colleagues on both sides of the aisle as this debate proceeds.

The editorial is entitled "A Bloody Shirt on Taxes: It's time for the left to stop twisting the truth about tax relief."

Now, the gentleman from California [Mr. MILLER] was referring to many