Imagine, if you will, owning a family farm in southwestern Illinois which you have worked for 30 years. You have built and developed the land with the hope of passing it along to your children so that they may have a better life. But after your death, your children tragically find that the farm will not be staying in the family. In fact, most of the farm must be sold off to pay the Federal taxes due on the property.

This tax costs Americans a great deal back in Illinois but the sacrifice shows up for very little in Washington tax coffers. According to the Office of Management and Budget, the estate tax raises little more than 1 percent of the total Federal revenues. In addition, costs to the Government to collect this tax can be as high as 65 cents of every dollar.

Mr. Speaker, this tax policy is not an effective way to help America create jobs and grow the economy. This policy taxes the middle class and destroys the dreams of countless families. It is time we abolish this tax and start letting Americans know that their dreams can come true and not end up in the hands of some big-spending bureaucrats in Washington.

TAX REFORM

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

Mr. RYUN. Mr. Speaker, the Federal Government is taking too much of the American taxpayer's money. As the representative from the Second District of Kansas, I have been elected to be a custodian of their money and I am here to make a report that their taxes are too high.

Right now Americans, and Kansans in particular, pay more in taxes than they do on three essential things: food, shelter, and clothing. All of those things combined, they pay more taxes. They have to work until May 7 before they can realize even one penny of their hard-earned money. That means that January, February, March, April, and the first 7 days of May, they have to work to support the Federal Government before they can realize even one penny of their hard-earned money.

In 1992, families were promised a tax cut, only to have that promise broken and to see the largest tax increase in American history. I along with others have personally felt this tax increase. As a small independent businessman, there were times as I finished collecting and putting together the payroll that I would come up and I would say to my family, I would show them in fact what I earned, say, 10 years before and what I earned last year and I would show them that the difference was taxation. It is too large, it is too much, and we need to make a change.

Some people do not understand that, though. They think that the Government is entitled to every penny that they earn. They need to realize and here is an opportunity to realize that it is their hard-earned money, it is not the Federal Government's money.

Recently I was in Pittsburg, KS, seeing some of my constituents, and as I was leaving, traveling to another southeast Kansas city, I was stopped on the highway by a construction worker as I was waiting for construction to be completed. The young man that was holding the sign came back to me, and as we talked at the window I began enlisting him hopefully in support of my campaign to elect me to the Second District of Kansas. I handed him one of my fliers and he responded by saying, ''I'm not involved in the process, I don't vote.'' And so as we continued to talk, he began explaining to me that he did not want to be a construction worker the rest of his life but that he would like to be an underwater welder like his uncle and earn lots of money. I then reached over to the side of my car where my wife normally sat and gave him a voter registration, and I explained to him that when he started earning more money and started paying taxes like the rest of us, he would want to be involved in this process and have more say-so as to how his taxes were being spent.

Specifically, I think we need to help Kansas families, Kansas working families, and there are four areas. One of them is in the area of the marriage penalty. We need to eliminate that. Another area is in terms of capital gains. We need to reduce capital gains. By reducing capital gains, we will free up more money, we will provide for better jobs and we will provide more opportunities for hard-working Kansas family members. We need to reward Kansas families. The $500 per child tax credit would be an opportunity to do that. Finally, we need to eliminate the estate, or I would like to say the death tax. When you have been taxed all of your life, there is nothing worse than one more insult from the Federal Government.

I intend, Mr. Speaker, to work hard with other freshmen, my freshman colleagues and other Members from both sides of the aisle who are willing to reduce the level of taxation on families. We need to restore back to the American public the opportunity to see more of their hard-earned and realized dollars.

THE MOST UNFAIR TAX, CAPITAL GAINS

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

Mr. PETERSON of Pennsylvania. Mr. Speaker, it is a pleasure today to stand and speak out against the tax that I think is the most unfair tax in this country, the capital gains tax. This is a tax that has been debated for a decade in this country and it has been debated and has not been cut because, in my view, those who oppose cutting this tax say that it would be a tax break for the rich. And who wants to give the rich a tax break? None of us.

But that is not a fair statement. When you look at the record, 37 percent of the people who pay the capital gains tax make less than $30,000 in income a year. Is that the rich? Fifty-seven percent make less than $50,000 a year. Is that the rich? Seventy-four percent make less than $75,000 a year. Is that the rich? Who does it really affect? I think one of the most detrimental effects is on our farmers, our restaurateurs, our merchants, small manufacturers, small investors, and many of our senior citizens.

I want to give Members an iron-clad example. If a couple bought a farm in 1957 for $40,000 and they just maintained that farm until today and sold it, it would probably bring about $400,000, only because of inflation, not because it is of more value, just keeping equal. That couple would pay $111,000 of that money back to the Federal Government who has done nothing to help them, only tax them, for all of that time. Is that fair? I do not think so.

Most farmers and small businesspeople do not have savings plans and do not have retirement systems. They depend on the value of their farm and their small business when they sell it as a nest egg to augment their Social Security.

Yes, the capital gains tax taxes inflation as it did with that farmer. Who taxes capital gains? The growing countries of the world, Hong Kong, the Netherlands, Germany, and Japan, do not. They do not tax capital gains. Other countries index assets for inflation so that you do not pay on a false growth. Inflation is not a growth in value.

The record is clear. In 1978 through 1985 when we cut our capital gains tax in this country 30 percent, from 50 to 20, revenues actually increased from $9 billion a year to $26.5 billion. In 1986 when we increased it from 20 percent back to 28 percent, 6 years later revenues were just equal. It did not grow. We did not benefit.

The 28 percent capital gains tax rate has locked up trillions of dollars of needed capital to reinvest in our sluggish rural economy in America. Too much of rural America is struggling to provide opportunities for our young people. It is certainly obvious to me that a capital gains tax cut is not a tax cut for the rich. It is for our family farmers. It is for the local merchants, small manufacturers, our neighbors who have invested in a business or in stocks, and many of our senior citizens who would like to sell their business and be able to enjoy the fruits of their labor.

I call upon my colleagues today to make our No. 1 priority cutting and initially eliminating the capital gains tax, because it is the greatest deterrent to economic growth and a future for our young people that we have in this country today.

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

[Mr. HULSHOF addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

TAX REFORM

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

Mr. THUNE. Mr. Speaker, many of my colleagues have gone before me and addressed an issue which I think is of great importance to the future of our country. In fact if you look back in 1948, the average tax burden in America on the average family was about 2 percent of their income. Today the Federal tax burden is 24 percent and when we factor in State and local taxes, it gets upward of 40 percent. And if you figure the overall cost of government to the American family today, it is over 50 percent of their income.

If you look at some of the statistics that were released by the Kemp Commission last year, the fact is that we spend in this country over 5 billion man-hours a year filling out tax returns. You think about the number of people who do nothing. Three million full-time equivalent people who do nothing but fill out tax returns. I think it is ironic because that is more people than we have in our entire Armed Forces in America. That tells me one thing; that we spend more time, money, and energy in resources defending ourselves from our own tax system than we do from foreign enemies. So we have a tax system in this country that is desperately in need of overhaul, of simplification, of common sense for American families and businesses.

I would also point out that there are 471 different tax forms. I think the complexity of our Tax Code today was illustrated recently when the Internal Revenue Service expended $4 billion to come up with a computer system to process it which they discovered could not work. And so we need to simplify the Tax Code in this country in a way that makes sense for American families and American businesses and lowers the overall tax burden for our families.

One of the things that I think you will find in this town in particular is a lot of institutional resistance to that. It is ironic as well, as I was reading some time back in the Wall Street Journal, an op-ed piece which suggested that in 1964 there were some 16,000 lobbyists in Washington and today there are over 64,000 lobbyists, which is 125 for every Member of Congress. There is nothing wrong with lobbying and many of us rely on the information that they provide to us, but I think it points to the fact that government has become so inordinately complex that it takes people to interpret the laws and try and tell us and try and tell the American people what they mean. In fact lobbying, according to the article, today is an $8 billion industry which is larger than 57 economies in the world.

The other point I would make in terms of the complexity of the Tax Code, I was also reading last year in the Wall Street Journal a story about the number of people in tax writing committees of the Congress who actually fill out their own tax returns and of the 57, I think the article stated that there were 6 who confirmed that they in fact did that. I suspect that is probably because again of the complexity of the Tax Code.

And so as we look at this priority in this next session of our Congress and as we embark upon many of the things that we have laid out in terms of things that we want to accomplish and the goals, there are a number of us, many of my colleagues in the freshman class who are here today to speak to this issue, who in the course of their campaigns talked about what we can do to come up with a Tax Code that is simple, that is fair, that lowers the overall tax burden on American businesses and families.

I too would issue the call today upon my colleagues in the Congress to make this a priority, so that in this session of Congress we do something that we have lacked the courage, the will before to do, and that is to address this behemoth Tax Code which clearly has gotten out of control.

And I think that the people of this country, the men and women who fill out tax returns every day, those who are in business, those who are creating jobs and creating wealth, it was just alluded to earlier by my colleague from Pennsylvania, the enormous cost of capital in this country and how that compares with other industrialized nations in the world. And we do tax capital at a high rate and we tax labor at a high rate.

I was reading recently as well that if you look at the number of people who file tax returns in America, 72 percent spend more on payroll tax than they do on income tax. And so we need to do something to allow the economic engine in America to continue to move our country forward, to create new jobs and make our economy all that it can be. I do not believe that we will see that happen if we continue to be bogged down and mired in this complex web that we know today as our U.S. Tax Code.

And so along with my colleagues who have spoken before me and those who will follow, I today as well would ask that we make this a priority for the 105th Congress, that we be the Congress that is known and that our legacy be that we simplified and made sense of the American Tax Code.

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IT IS TIME TO REPEAL THE ESTATE TAX

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

Mr. CANNON. Mr. Speaker, I would like to address an issue today that is very important to me and, in particular, to America's small family farms and businesses, the repeal of the estate tax or, as many like to refer to it, the death tax.

Yesterday I met with Mr. And Mrs. Mouskondis, the owners of Nicholas & Co., a family-owned and operated food distributing company in my home State of Utah. About 40 years ago, Mr. Mouskondis' father passed on his business to his son Bill. While a small company at the time, Nicholas & Co. today is steadily expanding and diversifying, and Bill now works with more than 250 employees and is constantly working to improve his company by using new technology and streamlining his service.

Yet in order to prepare to pay the estate tax, Bill is facing steep costs and may have to sell off assets or, worse yet, release employees. This is something Bill has not done since he became the owner of the company.

When the owner of a family business or farm dies, the value of the enterprise is added to the owner's estate and is taxed after exemptions. While the owner of this business has spent his entire life working hard to contribute to society, provide for his family and to establish his own American dream, in the end his family must endure the loss of him and cover the cost of his commendable life's efforts.

Not only is the tax a burden, the rates currently run between 37 and 55 percent, but the costs involved in dealing with this tax are exorbitant as well. The average family business spends $20,000 in legal fees, $11,900 for accounting fees, and $11,200 for other advisers just to pay the taxes.

But dollars do not tell the real story. Family businesses are exactly that, businesses for families. But the Small Business Administration reports that a full 33 percent of grieving relatives must sell all or part of the family business to pay the estate tax.

Is it any wonder why only 30 percent of family businesses are passed on to the second generation?

This is simply wrong, wrong because America was founded and its government established to protect the life, liberty, and pursuit of happiness of each American citizen. We here in Washington are not fulfilling our duties when we penalize Americans for working hard.

It is time to repeal the estate tax. I encourage each of you to support H.R. 902, the Cox-Kyl Family Heritage Preservation Act.