

be overstated. The clubs across the country are a bulwark for our young people and deserve all the support we can give.

Indeed, Federal efforts are already paying off. Using over \$15 million in seed money appropriated for fiscal year 1996, the Boys and Girls Clubs of America opened 208 new clubs in 1996. These clubs are providing positive places of hope, safety, learning, and encouragement for about 180,000 more kids today than in 1995. In my state of Utah, these funds have helped keep an additional 6,573 kids away from gangs, drugs, and crime.

The \$20 million appropriated for fiscal year 1997 is expected to result in another 200 clubs and 200,000 more kids involved in clubs. We need now to redouble our efforts. The legislation we introduce today demonstrates our commitment to do that. I urge my colleagues to support it.

By Mr. HATCH (for himself and Mr. BENNETT):

S. 477. A bill to amend the Antiquities Act to require an Act of Congress and the consultation with the Governor and State legislature prior to the establishment by the President of national monuments in excess of 5,000 acres; to the Committee on Energy and Natural Resources.

#### THE NATIONAL MONUMENT FAIRNESS ACT OF 1997

Mr. HATCH. Mr. President, along with my colleague, Senator BENNETT, I am pleased to introduce the National Monument Fairness Act of 1997. This act will promote procedural fairness in the creation of national monuments on Federal and State lands under the Antiquities Act of 1906 and further congressional efforts in the area of environmental protection. Identical legislation is being introduced today in the House of Representatives by Congressman JIM HANSEN with the support of Congressmen MERRILL COOK and CHRISTOPHER CANNON.

As my colleagues know, on September 18, 1996, President Clinton invoked the Antiquities Act of 1906 to create the Grand Staircase-Escalante Canyons National Monument. The 1.7 million acre monument, larger in size than the States of Rhode Island and Delaware combined, locks up more than 200,000 acres of State lands, along with vast energy reserves located beneath the surface.

Like the attack on Pearl Harbor, this massive proclamation came completely without notice to the public. Although State officials and members of the Utah congressional delegation were told that the Administration would consult us prior to making any change in the status of these lands, the President's announcement came as a complete surprise. The biggest Presidential land set-aside in almost 20 years was a sneak attack.

Without any notification, let alone consultation or negotiation, with our

Governor or State officials in Utah, the President set aside this acreage as a national monument by the stroke of his pen. Let me emphasize this point. There was no consultation, no hearings, no town meetings, no TV or radio discussion shows, no nothing. No input from Federal managers who work in Utah and manage our public lands. As I stated last September, in all my 20 years in the U.S. Senate, I have never seen a clearer example of the arrogance of Federal power than the proclamation creating this monument. It continues to be the mother of all land grabs.

We in Utah continue to work with the hand President Clinton has dealt us. That is, we are attempting to recognize and understand the constraints placed upon the future use of the land and resources contained within the monument's boundaries. We are trying to identify the various adverse effects this action will have on the surrounding communities.

Personally, while I would have preferred a monument designation considerably smaller in scope, I could have enthusiastically supported a monument designation for the area covered by the proclamation had I been consulted prior to last September and invited to work with the President on a designation that was tailored to address the many concerns we have heard over the years on this acreage. Two of these concerns involve the 200,000 acres of school trust lands captured within the monument boundary and the locking up of 16 billion tons of recoverable, low-sulfur, clean-burning coal.

Remember, our wilderness bill considered last year proposed designation of approximately one-quarter of this land as wilderness. I wanted to protect most of it; the people of Utah wanted to protect most of it. But, we were not consulted; we were not asked; our opinion was not sought. Rather, in an effort to score political points with a powerful interest group 48 days before a national election, President Clinton unilaterally acted.

In taking this action in this way, the President did it all backwards. Instead of knowing how the decision would be carried out—and knowing the all ramifications of this implementation and the best ways to accommodate them—the President has designated the monument and now expects over the next 3 years to make the designation work. The formal designation ought to come after the discussion period. It is how we do things in this country. Unfortunately, however, the decision is now fait accompli, and we will deal with it as best we can. I hope the President will be there to help our people in rural Utah and our school system as the implementation of the designation order takes place.

The legislation we are introducing today, the National Monument Fairness Act, is designed to correct the problems highlighted by the Clinton Antiquities Act proclamation in Utah. It will do this in two significant ways.

First, the act makes a distinction between national monument proclamations greater in size than 5,000 acres, and those 5,000 acres and less. The President retains his almost unfettered authority under the Antiquities Act over monument designations 5,000 acres and less. Specifically, the Antiquities Act delegates to the President discretion to declare as a national monument that part of Federal land that contains historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest—but only as long as the declared area is confined to the "smallest area compatible with proper care and management of the objects to be protected." The 5,000 acre limitation will give effect to this "smallest area compatible" clause, which both the courts and past Presidents have often ignored.

For areas larger than 5,000 acres, the President must consult, through the Secretary of Interior, with the Governor of the State or States affected by the proposed proclamation. This consultation will prevent executive agencies from rolling over local concerns—local concerns that, under the dictates of modern land policy laws such as the Federal Land Policy and Management Act of 1976 [FLPMA] and the National Environmental Policy Act, certainly deserve to be aired.

The National Monument Fairness Act also provides time constraints on the consultation requirement. From the date the Secretary of Interior submits the President's proposal to the appropriate State Governor, the Governor will have 90 days to respond with written comments. Ninety days after receiving the Governor's comments, the Secretary will then submit appropriate documentation, along with the Governor's written comments, to the Congress. If the Governor fails to comment on the proposal, the Secretary will submit it to the Congress after 180 days from the date of the President's proposal. These time constraints assure that the process will be fair. It will prevent State officials from unnecessarily delaying proposed proclamations, but will allow appropriate time for State and localities to voice their concerns through the Governor's comments on the President's actions.

Consequently, the consultation requirement ensures that large monument designations will be made fairly, and in a manner that allows the participation, through their Governor, of the people most directly affected by the proclamation.

Second, the National Monument Fairness Act allows all citizens of the United States to voice their concerns on large designations through Congress. The act provides that after the Secretary has presented the proposal, Congress must pass it into law and send it to the President for his signature before the proposal becomes final and effective. Thus, the Nation, through its elected representatives, will make the decision whether certain

lands will become national monuments. This is the way our democracy ought to operate. Indeed, it furthers the intent of the Framers in the Constitution who anticipated that laws and actions affecting one or more individual States would be placed before the legislature and debated, with a State's representatives and senators able to defend the interests of their State.

Mr. President, the purpose of our legislation is to ensure that a fair and thorough process is followed on any future large-scale monument designations under the authority granted in the Antiquities Act. Since Utah is home to many other areas of significant beauty and grandeur, I am concerned that this President or those within his administration, or a future President or administration, might consider using this authority in the same manner as last September. In other words, it will be "deja vu all over again." We cannot afford to have the entire land area of our state subject to the whims of any President. Many have proposed plans, including myself, for these areas, that have been the subject of considerable public scrutiny and comment. The consensus building process must be allowed to continue without the threat that a Presidential pen will intervene to destroy any progress and goodwill that has been established or that may be underway among the citizens of our State.

I am aware that Interior Secretary Babbitt stated publicly last month that "there are no plans for any additional executive withdrawals" during the remaining years of the Clinton administration. That is fine. However, as my colleagues know perfectly well, Secretary Babbitt told me and other members of our congressional delegation last December that there was no final decision to designate the Grand Staircase/Canyons of the Escalante Monument and that we, the congressional delegation, would be consulted prior to any designation. Since then, we have learned from press reports that many decisions leading to the monument announcement had already been made, if not finalized, prior to our meeting with the Secretary.

But, regardless of whether the Clinton administration plans to designate any more monuments, I do not think it is unreasonable to look at the authorities contained in the Antiquities Act—particularly the authority that permits such sweeping and long-lasting changes for individual States and towns without State input and congressional approval. That is the issue.

That is why we are introducing this legislation today. This matter of due process for State and local officials—as well as for small business people, ranchers, school systems, and many others affected by locking up lands—is an issue about which I believe all Senators and Congressmen need to be concerned. While Senators representing the so-called public lands States may

need to pay particular attention, if the long arm of the Federal Government can do this to Utah without so much as a day's notice, it can do it to your State as well.

It is time we incorporate some common sense protections for all States into the Antiquities Act. I continue to believe that last September's act was a Federal land grab, and I unwilling to stand by and let it happen again in my State or any other State without a fair and proper airing in the court of public opinion.

Some may ask why this legislation focuses only on proposed areas over 5,000 acres. First, it is not our desire to completely withdraw the authority granted the President in the 1906 act. But, the original act is clear when it States that this authority should be limited to "the smallest area" possible. In my mind, this authority should be available for those areas that are small in nature that may require quick or emergency protection for which a monument designation is warranted. That is how I envision this authority being used.

Second, there is already precedence in Federal law for 5,000 acres as the threshold amount for determining certain pending or future Federal action or consequence. For example, the Wilderness Act of 1964 defines wilderness as having "at least 5,000 acres of land." Also, FLPMA authorizes the Secretary to withdraw 5,000 acres or more for up to 20 years "on his own motion or upon request by a department or agency head." And, there is reference to "roadless areas of 5,000 acres or more" in that section of FLPMA that authorizes the 15-year Bureau of Land Management wilderness study process.

I am sure that any detractors of this bill will State that had our bill been enacted in the past, some of the Nation's most gorgeous and long lasting monuments would never have been designated as a national monument. I would say two things to this point.

First, our bill will not prevent the establishment of any monument consisting of 5,000 acres or more. The bill simply modifies the process by which proposed monuments of acreage above this amount can be designated. Second, and most importantly, I understand that there are 72 national monuments in the United States. Of that number, only one-third, or 24, have a total acreage figure greater than 5,000 acres. Enactment of our bill will not bring a halt to the ability of Congress—or even the President—to designate national monuments.

In addition, I realize that some of our existing national parks, such as Arches and Canyonlands National Parks in Utah, were originally established as national monuments, only to be designated a park afterward. It is not fair to say that had our bill been in law prior to the designation of these monuments that parks like Arches and Canyonlands or the Grand Canyon National Park would never have been des-

ignated. Certainly, any monument proposal consisting of more than 5,000 acres that is proposed by the President where a consensus exists within Congress that such a designation is warranted would be favorably received and acted upon by Congress. And, at least home State senators and representatives have a voice. In many cases, it is likely that they would pursue a designation of these areas prior to the President exercising his authority under the Antiquities Act.

But, let's not lose focus of the purposes of this bill. We simply want to ensure that a public process is undertaken prior to any large monument designation under the Antiquities Act. As I stated earlier, we conduct such a process whenever a similar proposal is introduced in Congress; why can't Congress insist that it be done when the President desires to achieve the same purpose?

I mentioned that we are in the process of recognizing and understanding the constraints this proclamation will place on the economic and social aspects of the surrounding communities. When an area the size of the Grand Staircase-Escalante Canyons National Monument is withdrawn from public use and given a special designation, there are many ramifications that need to be addressed, the burden of which falls primarily on the shoulders of the local community. These include the following items:

First, county land-use plans will have to be studied and amended to address necessary changes relating to the new monument.

Second, consideration of the transportation improvements required to improve the existing inadequate transportation system to access the new monument for visitors to the area.

Third, increased visitation to the area will place greater burden on services provided by local government, such as law enforcement, fire, emergency, search-and-rescue, and solid waste collection.

Fourth, increased visitation to the area will place greater burden on the proper disposition of limited natural resources, such as water, both for culinary and irrigation purposes.

These are just a few items that are currently being discussed and reviewed by local leaders in the area of the new national monument. These are not trivial matters; they are critical to continuing the livelihood of the cities and towns in the area. So, no one should think that creating a new monument of this size, as endearing a concept as that is, does not create significant matters that must be addressed.

Of course, the other consequence the creation of this monument has created which continues to be of utmost concern to me is the final disposition of the State school trust lands captured within the monument's boundaries. The inability to access the natural resources contained on these lands will

have a devastating impact on providing crucial funds to Utah's public school educational system. The Utah Congress of Parents and Teachers has indicated that "the income from the mineral resources within the Monument could have made a significant difference in the funding of Utah schools now and for many generations to come." It remains to be seen the manner in which the President will fulfill the promises he made to the children of Utah last September when he created the new monument. Specifically, he said "creating this national monument should not and will not come at the expense of Utah's children." He also added that it is his desire to "both protect the natural heritage of Utah's children and ensure them a quality educational heritage." I am eager to work with him to fulfill these promises.

I mention these items to simply paint a picture for my colleagues that there are many pieces to the monument puzzle that remain to be resolved. The President can come to town—or 75 miles to the south in another State—and designate a monument, but Utahns are left to pick up the pieces of his action to make sure that it works—and that it works properly. That is what I want, and I am sure that is what the President wants.

Finally, Mr. President, I must point out that the adoption of this act will likely result in more stringent environmental protection of Federal lands. The most ironic fact of the administration's monument designation in Utah is that national monuments permit a greater level of activity than does a wilderness designation. Last year, the Utah delegation proposed that 2.1 million acres of land on and around the Grand Staircase/Escalante Canyons area be declared wilderness, under the language of the Wilderness Act of 1964. The wilderness designation is far more stringent than the administration's monument designation and prevents the construction of the roads and visitors centers envisioned under the monument designation. The Utah proposal of the 104th Congress included more area than BLM had officially recommended to Congress following its 13-year inventory of the lands in Southern Utah. This is yet another compelling reason why it is vital for local and State officials to be consulted prior to national monument declarations.

Mr. President, the Antiquities Act is antiquated. It needs to be updated. It can be amended in a manner consistent with today's pressing land policy concerns without destroying the original intent behind the act. That is what we have proposed in this legislation and why I urge passage of the National Monument Fairness Act of 1997. This bill will preserve the President's ability to act to protect lands of historic and scientific significance that are threatened with development. However, the act will promote greater environmental stewardship by forcing the executive branch to consider the views

of local and State officials prior to making large-scale changes in land designation and management.

Finally, the requirement that massive monument proposals be passed through the Congress, under the strictures of article I of the Constitution, will ensure that all Americans have a say in land policy decisions that fundamentally change the Nation. And, this, Mr. President, may be the most compelling reason of all to enact this measure.

I invite Senators to join me in support of this legislation and ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 477

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**section 1. short title.**

This act may be cited as the "National Monument Fairness Act of 1997."

**sec. 2. consultation with the governor and state legislature.**

Section 2 of the Act of June 8, 1906, commonly referred to as the "Antiquities Act" (34 Stat. 225; 16 U.S.C. 432) is amended by adding the following at the end thereof: "A proclamation under this section issued by the President to declare any area in excess of 5,000 acres to be a national monument shall not be final and effective unless and until the Secretary of the Interior submits the Presidential proclamation to Congress as a proposal and the proposal is passed as a law pursuant to the procedures set forth in Article 1 of the United States Constitution. Prior to the submission of the proposed proclamation to Congress, the Secretary of the Interior shall consult with and obtain the written comments of the Governor of the State in which the area is located. The Governor shall have 90 days to respond to the consultation concerning the area's proposed monument status. The proposed proclamation shall be submitted to Congress 90 days after receipt of the Governor's written comments or 180 days from the date of the consultation if no comments were received."

By Mr. GRASSLEY (for himself,  
Mr. MURKOWSKI, Mr.  
TORRICELLI, Ms. LANDRIEU, Mr.  
CRAIG, Mr. KERREY, Mr. HAGEL,  
Mr. BAUCUS, Mr. LOTT, Mr.  
BREAUX, Mr. NICKLES and Mr.  
HUTCHINSON):

S. 479. A bill to amend the Internal Revenue Code of 1986 to provide estate tax relief, and for other purposes; to the Committee on Finance.

**THE ESTATE TAX RELIEF FOR THE AMERICAN FAMILY ACT**

Mr. GRASSLEY. Mr. President, I rise today to introduce a bipartisan effort to relieve the estate tax burden on the American family. I want to thank the other original cosponsors and particularly the Majority Leader. Estate tax relief is on the respective top ten legislative objective lists of both parties. It is my honor to lead the effort for my party. I think that estate tax reform will happen in this Congress. Therefore, I encourage my colleagues to associate themselves with our bipartisan

legislation. It doubtlessly will become the focus of the estate tax reform efforts in the Senate efforts. The list of original cosponsors already includes Senators BAUCUS, LOTT, BREAUX, NICKLES, MURKOWSKI, KERREY, HAGEL, TORRICELLI, LANDRIEU, and Mr. HUTCHINSON.

I will go about this introductory statement in two steps. First, I am going to discuss the importance of this legislation to my state of Iowa. Then, I will make some remarks about the specific provisions of the bill.

In nearly every area of my state and the nation, we saw in the past decade estate tax ultimately confiscate many family farms. For example, in 1981, the children of two family farmers in Hancock County, Iowa, inherited tracks of land that were debt free. In both of these cases a father was passing the farm to one of his children. The estate was forced to borrow the amount to pay for both the state inheritance tax and the federal estate tax. At the time, the profitability of farming was low, and the value of farm land plummeted. In both cases the estate tax unfortunately brought about the foreclosure of these farms which had been in each family for four generations.

That was sixteen years ago, and the estate tax has hardly improved since then. The general estate tax exemption has risen to \$600,000, but that number is over \$200,000 behind the rate of inflation. The important thing to keep in mind about estate tax reform is that estates do not pay taxes, surviving families pay taxes. This bill is simply about fairness and equity for families. Furthermore, it is about correcting latent defects in the estate tax rules that make tax lawyers rich, but also make families crazy.

Reform in this legislation comes in three major parts. First, we increase the broad based estate tax exemption from \$600,000 to \$1,000,000 over a period of six years. Second, we grant family owned businesses relief similar to what was introduced by former Senators Dole and Pryor. For businesses passed down among the family, this bill provides a complete exemption for the first \$1,500,000 of family business assets. It also provides an additional 50 percent exemption on the next \$8,500,000. Thus, there is a \$10,000,000 cap on our family-owned business relief. This provision is therefore a smaller provision than the original Dole/Pryor legislation.

Finally there is a section that I call repair and maintenance. Here we improve some popular existing provisions. For example, housekeeping and improvement is done to special use valuation. The Government financed estate tax deferral provision is improved. A generation skipping tax equity problem is fixed that has already been passed twice but vetoed for unrelated reasons. Finally, an IRS gift tax audit statute of limitations problem for families is fixed.

Because it is especially complicated, I want to discuss the generation skipping transfer tax problem that is addressed in the repair and maintenance section of this bill. For reference purposes, this legislation was known as bill number S. 1170 in the 104th Congress. It too was passed on the Balanced Budget Act of 1995 which was subsequently vetoed.

The GST tax is an extra tax that families pay when a grandparent makes a gift to a grandchild. The provision in our bill has the support of over 200 charities in the Nation including the public universities in my State of Iowa. It has passed twice in the last 10 years, but was not enacted because the greater legislation was vetoed for unrelated reasons.

Our provision expands the current law predeceased parent exception. This is an exception to the GST tax where a grandparent gifts to a grandchild but the grandchild's parent has already died. The grandchild steps up into the place of the parent. In our bill, this exception is broadened to include gifts not only to grandchildren with predeceased parents but also grandnieces and grandnephews. The expansion to include these gifts that are affected by trusts is necessary to promote charitable giving and also protect families. The White House supported this provision during the debate of the Balanced Budget Act of 1995, given the prospective effective date as in our bill.

Humility requires me to admit that each of these provisions passed as part of the vetoed Balanced Budget Act of 1995. In some places we have made technical improvements suggested by the tax experts, but by and large there is little original thought here. If you have good legislation you don't need to improve upon it.

Some will ask about how this estate tax bill fits into the debate over a balanced budget. The answer is that the balanced budget is still a No. 1 priority and this bill will need to fit in a balanced budget. Since the White House has supported provisions in the President's budget similar to these provisions, we should expect the White House to offer assistance to us in resolving the estate tax problem. If the era of big government is over, then the White House should step up to the plate and aid us in eliminating estate tax theft upon surviving families.

Mr. BAUCUS. Mr. President, I am very pleased to join with Senator GRASSLEY and my other colleagues in introducing the Estate Tax Relief for the American Family Act of 1997 today. This bill is designed to provide farmers, ranchers, and others who own family businesses and much needed relief from the estate tax.

Montana is a small-town, rural State, Mr. President. People run farms, ranches, and work in small businesses. One of the wonderful things about life in rural Montana is the way these operations stay in the family. It holds communities together, and creates a lasting bond between generations.

As I listen to farmers, ranchers and small business owners, one topic comes up every time, and that is the estate and gift tax. I hear about the burden it puts on agricultural producers and small businesses, and about how difficult this tax makes it to hand down an operation to your sons and daughters.

To avoid this tax, an operation today has to be under \$600,000 in value. That amount hasn't budged since 1987. Our State, on the other hand, has changed a lot in that time. In 1988, the average Montana farm was worth \$579,735. In 1995, that amount was up to \$867,769. If we had figures for today, I am confident this amount would be even higher.

So if you're an average fellow, you often have three choices when your farm goes on to the next generation. You can subdivide the land and thus decrease production. You can sell off part of the farm to pay the taxes. Or, you can sell the whole thing and get out of farming altogether. None of these options are good for the family, nor are they necessarily good for the community. Unbridled development brings with it its share of problems, and changes the nature of Montana life—not always for the better. Our farms, ranches and other small businesses are a part of our heritage and valuable contributors to our economy and the Montana way of life. It is simply not right to destroy them with onerous estate taxes.

The Estate Tax Relief for the American Family Act of 1997 is the first step toward bringing the estate tax up to date and making it more fair. Our bill raises the unified credit to cover estates up to \$1 million, which is roughly where the cap would be if the credit had kept pace with inflation all these years. We give folks a bit longer to pay off the bill when they do have a tax due, by lengthening the deferral from 10 years to 20. We provide additional exemptions for family-owned small businesses, by allowing them to exclude completely the first \$1.5 million in value of their estates, and one-half of the next \$8.5 million. We also make a few other common-sense changes to make it easier to keep these business operations in the family.

That's good news for farmers, ranchers and small business owners. It's good for the communities they live in. And more than anything else, it's the right thing to do. So I'm very proud to be a part of this effort today, and I look forward to working with my other colleagues, and with the administration, to get this relief enacted into law this year.

Mr. LOTT. Mr. President, I am delighted to take part in introducing the first bipartisan family tax relief bill of the 105th Congress—the Estate Tax Relief for the American Family Act.

Today, the Government can confiscate up to 55 percent of an estate in tax when a person dies. This tax is a grotesque relic of an earlier era when

some people believed it was the Government's job to determine who should be allowed to keep what they earn. They believed it was the Federal Government's job to confiscate the hard-earned dollars of working Americans when they died.

The estate tax is a monster that must be exterminated. If it were up to me, we would simply repeal the estate tax in its entirety. Unfortunately, our budget process does not allow us to completely repeal this tax all at once. We must do it in stages.

Therefore, the bill we are introducing today will increase the amount of every estate that will be exempt from estate tax. When fully phased in, up to \$1 million will be automatically excluded from every estate before imposition of the estate tax.

The bill also creates a new category of excludable assets for family-owned businesses that are passed on to succeeding generations. No longer will small business owners be forced to sell part or all of their business assets merely to feed the voracious tax appetite of the Federal Government. Our bill allows an exclusion of \$1.5 million of the assets of a family-owned business from the estate tax, and 50 percent of the next \$8.5 million. For many small businesses this will make the difference between staying viable and closing their doors. It will preserve jobs, give many communities around the country stability and certainty, and encourage entrepreneurship. It is the right thing to do for our farmers, for our ranchers, for every American who owns a small business that he or she wishes to keep in the family.

These businesses are, after all, the engines of prosperity in communities across America, and we must help them to remain so.

This bill is the first step. The tax on death should be zero, and that is what we will continue to work for.

I want to thank Senator GRASSLEY for his leadership on this bill, and Senator BAUCUS and Senator BREAUX as well for joining in this bipartisan effort to reduce the crushing tax load on all Americans.

Mr. BREAUX. Mr. President, today I join with several of my colleagues to introduce the Estate Tax Relief for the American Family Act of 1997.

Tax policy should meet two criteria. It should provide an effective and efficient way to collect taxes for the operation of our Government and it should encourage positive economic and social policies. This tax does neither. After looking at the current system, I have concluded that Federal estate and gift taxes are not worth the cost to our economy, to businesses and to American families.

In 1995, the estate tax generated \$14.8 billion in revenue, only 1.09 percent of total Federal revenues. Conversely, the cost of collecting and enforcing the estate tax to the Government and taxpayers was 65 cents of every dollar collected.

The effects of the estate tax are felt most by family-owned businesses. More than 70 percent of family-owned businesses do not survive the second generation and 87 percent do not survive the third generation. Many families are forced to liquify their businesses in order to pay the estate tax.

There is a definite need to remedy these problem and this bill takes steps in the right direction. The legislation would increase the estate tax exemption from \$600,000 to \$1 million, and allow estate tax-free transfers of certain qualified small business assets.

I hope that any tax bill we put forth this year will include estate tax relief based on the principles we have put forth in this bill.

Mr. NICKLES. Mr. President, I have always believed that economic freedom is a critical part of life, liberty, and the pursuit of happiness. Unfortunately, the Internal Revenue Code does not always promote or encourage economic freedom, and one area where this is strikingly clear is the confiscatory, anti-family, anti-growth estate tax.

Most Americans work diligently throughout their lives to provide for their families and give their children and grandchildren a better future. This work often results in the accumulation of assets like homes, businesses, and farms; all acquired with hard work and bought with after-tax dollars. Unfortunately, those without high-paid lawyers and accountants realize too late that up to 55 percent of those assets could be confiscated by the Federal Government upon their death.

Some people mistakenly believe estate taxes only affect the rich, but there are thousands of small businesses and farms throughout the country owned and operated by middle-income Americans that are affected by existing estate tax laws. These small businesses may appear to be economically significant on paper, but often they have little liquid assets to cover estate tax liabilities. Historically, these businesses have created most of the new jobs in this country and fueled the growth of the economy.

The unfortunate result of high estate taxes is that families are frequently forced to sell off part of the family business to pay the taxes incurred by the deceased family member's estate. This liquidation of productive assets to finance tax liabilities is anti-family and anti-business. At the very least, families and businesses are forced to employ an army of expensive experts to avoid the worst estate taxes, a make-work exercise that exacerbates the inefficiency of the system.

Mr. President, I believe it is patently unfair for the Federal Government to assume that it has the right to take an individual's hard-earned assets and redistribute them to others. If our goal as a society and a government is to encourage long-term, private savings and investment we cannot continue the policy of confiscating estates. With an average savings rate in the United

States of 2.9 percent, which is lower than that of any other industrialized country, we should be encouraging individuals, families, and businesses to save and invest.

Since 1987, a unified tax credit for gifts and estate transfers has effectively exempted \$600,000 worth of assets from estate taxes. This basic exemption has increased modestly over the years, from \$60,000 in the 1940's, 1950's and 1960's to \$225,000 in 1982. Unfortunately, the current estate exemption of \$600,000 has been greatly eroded by inflation.

The legislation I am introducing today with the Senate majority leader, Senator GRASSLEY, Senator BREAUX, Senator BAUCUS, and others addresses the problems associated with the estate tax in a thoughtful, bipartisan manner. It is not the perfect solution to these problems, Mr. President, but it is a good first step. I believe that ultimately we must radically restructure the estate tax by reducing marginal rates, which now exceed 55 percent for estates larger than \$3 million, and I believe we must strive to treat all types of family businesses equally. However, I recognize the budget constraints Congress is working under, and I believe it is important to move forward in a bipartisan manner.

The legislation we are introducing today increases the estate tax exemption from \$600,000 to \$1,000,000, thus allowing more homeowners, farmers, and small businesses to keep their hard-earned wealth. Further, our bill would provide special relief for closely-held family businesses. We would allow estate-tax free transfers of up to \$1.5 million in small business assets to qualified family members, and a 50 percent exclusion for up to \$8.5 million in assets above that threshold, as long as the heirs continue to operate the business.

The legislation we are introducing today makes simple pro-family, pro-business, and pro-economy changes to our tax code. It will allow more homeowners, farmers, and small businesses to keep their hard-earned wealth. I encourage my colleagues to join us as cosponsors of this bill.

Mr. TORRICELLI. Mr. President, I am proud to include my name as an original cosponsor of the Estate Tax Relief for the American Family Act of 1997, which was introduced today. This is a critical tax reform bill that will modernize our antiquated estate tax policy, provide significantly improved economic security for family businesses, promote efficient and pro-growth economic policy and ensure sound financial practices for millions of American working families.

This legislation gradually increases over 6 years the estate and gift tax exemption from the current limit of \$600,000 to \$1 million. The graduated time schedule would increase the exemption by \$100,000 in each of the first 2 years following enactment and \$50,000 in each of the next 4 years.

For families with their own small business, the bill would provide a new small business exemption of \$1.5 million of business-related assets above the first \$1 million in an estate as well as 50 percent of the next \$8.5 million of such assets. This proposal would provide new safeguards for family business solvency that is not currently provided under current law.

These changes are desperately needed as our current estate tax policy has not been upgraded in a decade. Even worst, the current policy has proven to be an economic failure. Estate and gift taxes are one of the smallest sources of revenue, collecting only \$10 to \$15 billion per year, mostly because Americans have found legal means of avoiding the tax. Indeed, Prof. Douglas Bernheim of Stanford University has theorized that more income tax revenue may be lost through clever estate planning than is actually collected through the estate tax.

Even worse, the current policy encourages Americans to spend capital on consumption items rather than save because saving their money would increase the value of their estate and, ultimately, their estate tax liability. Indeed, it has been estimated that the tax cost of a dollar saved increases by an amount somewhere between 7.4 cents and 55 cents because of current estate tax law.

And for small business, the current policy is devastating. The family-owned pizza parlor, dry cleaning store, grocery and family farm are failing to provide the kind of generational economic continuity that national policy should be encouraging. Indeed, more than 70 percent of family businesses don't survive the second generation and almost 90 percent don't survive to a third generation. Most of these failures occur because current estate tax policy drains a family's financial ability to keep a business afloat as it passes from one generation to the next.

The existing estate tax policy creates economic inefficiencies and places its heaviest burdens on the middle class. The rates of estate taxes are excessive, unfair, punitive, and contrary to the interests of both business owners and their employees. Indeed, these taxes destroy the work of a lifetime and the dreams of a generation of Americans. The time to make genuine and sensible changes is now.

Enactment of the Estate Tax Relief for the American Family Act of 1997 is an essential part of any plan to balance the budget by 2002. It would likely provide a net increase in revenues while at the same time restore tax fairness for millions of Americans. I am proud to be an original cosponsor of this legislation and will be a tireless advocate for its enactment into law.

By Mr. WELLSTONE:

S. 480. A bill to repeal the restrictions on welfare and public benefits for aliens; to the Committee on Finance.

## THE FAIRNESS TO IMMIGRANTS ACT

• Mr. WELLSTONE. Mr. President, on April 1, the Nation will begin to see the disastrous effects of the Personal Responsibility and Work Act of 1996, passed and signed into law in the 104th Congress. When Congress debated the bill, strong arguments were made for getting people off welfare and back to work. I supported those intents. However, I believed then as I do now that the bill we were debating went beyond what is humanly justifiable in terms of repealing basic assistance to people who are in need. This bill was not about able bodied people working. It was about good people suffering. Under the guise of able bodied people working, we are forcing disabled and elderly people into hunger, into homelessness.

Beginning around April 1, roughly 500,000 legal immigrants will lose their SSI benefits and about 1 million will lose food stamps. By the year 2002, approximately, 260,000 elderly immigrants and 140,000 children will lose Medicaid coverage.

The bill I am introducing today restores those benefits to elderly and disabled immigrants by repealing provisions of the Personal Responsibility Act of 1996.

When the American people supported welfare reform, they supported that able bodied people would work. I want that. You want that. However, I do not think that the American people intended the ensuing consequences.

These consequences are people like Yanira, who, with her husband came to the United States legally 20 years ago from her native El Salvador. For 20 years they raised three children. For 20 years, they paid income taxes. For 20 years, they paid sales taxes. For 20 years they paid State taxes. For 20 years, they paid their car registration. For 20 years, they abided by the laws and rules here.

Then Yanira's husband divorced her. So, Yanira got a job. For about 8 years she cleaned toilets, washed floors and laundered towels in a hotel near her home. Eventually, the work became too demanding physically and she quit. At 64, Yanira has received SSI for a few years. Soon, she will not.

Since her husband is no longer married to her, she is not entitled to count her husband's work history toward the required 40 quarters—10 years. In spite of the fact that we willingly took her taxes and other fiscal contributions, we are denying her the basics for human survival, human dignity. How will Yanira survive? She doesn't know. Neither do I.

Yanira's situation is not isolated. There are Yaniras living in Minnesota, in Ohio, in New York and Mississippi. They are here legally but will not receive SSI until they become U.S. citizens. Many of them are elderly and cannot work and considering their age, learn all that is necessary to become citizens. They will be denied benefits for the rest of their lives.

Gladys has lived in the United States for 40 years, working as a nanny—car-

ing for children in our Nation. Though she paid taxes and followed all the rules of the United States, she will lose her SSI benefits in July. She does have the option of struggling through forms and tests to become a citizen. Sounds like a good option until you realize: Gladys is 105 years old, blind and housebound. Gladys spent a good share of her times caring for and nurturing our children. She now needs the same.

Lucrecia has lived here for 17 years. For 8 of them, she labored in a factory, assembling artificial Christmas trees. At 75, facing the loss of her sole means of support, Lucrecia is desperate.

Rose, a 92-year-old, came from Lebanon 76 years ago. She has lived in a nursing home for the past 30 years. She has dementia. In December, she received a letter from the Government. The letter said, in essence, Rose had been shirking her responsibilities and she will no longer receive her benefits that support her stay in a nursing home. She can't speak for herself. I think we should speak for her. We should send the message that this is unacceptable. We must not let this happen to Rose.

During my many visits with communities in Minnesota and while talking with folks here, I have never seen more fear in the faces of so many people, so many good people, people who came to this country and followed the rules. I hear stories every day of people so full of fear that they take their own lives.

The Personal Responsibility and Work Opportunity and Reconciliation Act has abjured the contributions the legal immigrants like Yanira have made to our economic livelihood. I ask, How will their contributions be rewarded? Taxation without benefits is morally wrong.

Last year, we discussed and debated the merits and failings of the welfare reform law. As you know, I voted against it. I did not vote against it because I am against people working, people contributing to our country. I did not vote against it because I am against paychecks replacing welfare checks. I voted against it because I am against pushing the unemployable into poverty. I am talking about benefits for the disabled and elderly immigrants in our country. On April 1, we will see the first trickle in the torrent of suffering that this bill will inflict on our Nation's most vulnerable.

Around this time last year, we heard testimony from Robert Rector of the Heritage Foundation that "welfare is becoming a way of life for elderly immigrants." A picture was painted depicting newly arrived immigrants being picked up by a sponsor at the airport and driven in a Cadillac directly to the welfare office to sign up for benefits such as SSI and food stamps. While I will not argue with you that there has been some abuse, I think this assertion is absurd.

Last year, Robert Rector also testified that "the presence of large numbers of elderly immigrants on welfare

is a violation of the spirit, arguably, the letter, of U.S. immigration law." I beg to differ. This country was based on the dignity of the human spirit, fairness and equity. The spirit of this country is to give voice to the voiceless, to care for the elderly and to nurture the children.

When we talk about reform, we should focus on change for the better, improvements to the system, revisions on our mistakes. When we talk of reform, we should not be discussing more people in hunger, more people who are homeless, more people in poverty. That is what this "reform" has led to.

People who supported the welfare reform bill said they "responded to the wishes of the American people and put an end to the widespread use and abuse of our welfare system." I am asking you now to respond to the voice of the American people. A recent nationwide L.A. Times poll found that 56 percent of the American people favor restoring cuts to legal immigrants. Not too long ago, several Republican Governors were here. They are already anticipating the effects of this legislation. The American people do not want people like Gladys and Lucrecia left hungry and homeless. They want responsible, ethical government.

Responsible, ethical government costs money. I know that. I propose that instead of taking food from our Nation's elderly and children, we tax oil companies, we tax tobacco companies, we tax pharmaceutical companies. Why should wealthy corporations flourish and benefit from our policies while hardworking, law abiding people go hungry? This is not reform. This is a sham. Furthermore, it is shameful.

People like Gladys and Lucrecia don't have high-paid lobbyists. Privileged industries avoid paying their fair share of taxes because of the efforts of lobbyists. I propose that we take away the privileges of the wealthy and provide necessities for the poor.

Today, I am imploring you to look beyond politics and look beyond polls and see the faces and hear the stories that this reform will portend. This is no longer a political issue. This is an issue concerning humanity. To disregard this population, to turn our backs on those who are so vulnerable is disgraceful and dishonorable. Tonight, you know where you are sleeping. Tonight, you know what you will eat. Soon, Gladys and Lucrecia will not be able to say the same.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 480

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

## SECTION 1. REPEAL.

(a) IN GENERAL.—Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193;



110 Stat. 2260-2277), as amended by title V of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (Public Law 104-208; 110 Stat. 3009-1772-3009-1803), is repealed.

(b) NOTICE AND REDETERMINATION.—Not later than 30 days after the date of enactment of this Act, any Federal or State official responsible for the administration of a Federally funded program that provides benefits or assistance to an individual who, as of such date, has been determined to be ineligible for such program as a result of the provisions of title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193; 110 Stat. 2260-2277) (as so amended), shall—

(1) notify the individual that the individual's eligibility for such program shall be redetermined; and

(2) shall conduct such redetermination in a timely manner. •

#### ADDITIONAL COSPONSORS

S. 28

At the request of Mr. THURMOND, the name of the Senator from Wyoming [Mr. ENZI] was added as a cosponsor of S. 28, a bill to amend title 17, United States Code, with respect to certain exemptions from copyright, and for other purposes.

S. 66

At the request of Mr. HATCH, the names of the Senator from Nebraska [Mr. HAGEL], and the Senator from North Carolina [Mr. FAIRCLOTH] were added as cosponsors of S. 66, a bill to amend the Internal Revenue Code of 1986 to encourage capital formation through reductions in taxes on capital gains, and for other purposes.

S. 72

At the request of Mr. KYL, the name of the Senator from Nebraska [Mr. HAGEL] was added as a cosponsor of S. 72, a bill to amend the Internal Revenue Code of 1986 to provide a reduction in the capital gain rates for all taxpayers, and for other purposes.

S. 75

At the request of Mr. KYL, the names of the Senator from Missouri [Mr. ASHCROFT], the Senator from Idaho [Mr. CRAIG], the Senator from Ohio [Mr. DEWINE], the Senator from Wyoming [Mr. ENZI], the Senator from Utah [Mr. HATCH], the Senator from Oregon [Mr. SMITH], and the Senator from Wyoming [Mr. THOMAS] were added as cosponsors of S. 75, a bill to repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

S. 114

At the request of Mr. INOUE, the name of the Senator from Idaho [Mr. CRAIG] was added as a cosponsor of S. 114, a bill to repeal the reduction in the deductible portion of expenses for business meals and entertainment.

S. 219

At the request of Mr. DASCHLE, the names of the Senator from South Dakota [Mr. JOHNSON], the Senator from North Dakota [Mr. CONRAD], and the Senator from Illinois [Ms. MOSELEY-BRAUN] were added as cosponsors of S.

219, a bill to amend the Trade Act of 1974 to establish procedures for identifying countries that deny market access for value-added agricultural products of the United States.

S. 239

At the request of Mr. DASCHLE, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 239, a bill to amend the Internal Revenue Code of 1986 relating to the treatment of livestock sold on account of weather-related conditions.

S. 295

At the request of Mr. JEFFORDS, the names of the Senator from Colorado [Mr. ALLARD], the Senator from South Carolina [Mr. HOLLINGS], and the Senator from Arizona [Mr. MCCAIN] were added as cosponsors of S. 295, a bill to amend the National Labor Relations Act to allow labor management cooperative efforts that improve economic competitiveness in the United States to continue to thrive, and for other purposes.

S. 306

At the request of Mr. FORD, the name of the Senator from Nebraska [Mr. HAGEL] was added as a cosponsor of S. 306, a bill to amend the Internal Revenue Code of 1986 to provide a decrease in the maximum rate of tax on capital gains which is based on the length of time the taxpayer held the capital asset.

S. 314

At the request of Mr. THOMAS, the name of the Senator from North Carolina [Mr. FAIRCLOTH] was added as a cosponsor of S. 314, a bill to require that the Federal Government procure from the private sector the goods and services necessary for the operations and management of certain Government agencies, and for other purposes.

S. 388

At the request of Mr. LUGAR, the name of the Senator from Iowa [Mr. HARKIN] was added as a cosponsor of S. 388, a bill to amend the Food Stamp Act of 1977 to assist States in implementing a program to prevent prisoners from receiving food stamps.

S. 400

At the request of Mr. GRASSLEY, the names of the Senator from Michigan [Mr. ABRAHAM] and the Senator from Arkansas [Mr. HUTCHINSON] were added as cosponsors of S. 400, a bill to amend rule 11 of the Federal Rules of Civil Procedure, relating to representations in court and sanctions for violating such rule, and for other purposes.

S. 413

At the request of Mrs. HUTCHISON, the name of the Senator from Arkansas [Mr. HUTCHINSON] was added as a cosponsor of S. 413, a bill to amend the Food Stamp Act of 1977 to require States to verify that prisoners are not receiving food stamps.

S. 440

At the request of Mr. FEINGOLD, the name of the Senator from New Hampshire [Mr. GREGG] was added as a co-

sponsor of S. 440, a bill to deauthorize the Animas-La Plata Federal reclamation project and to direct the Secretary of the Interior to enter into negotiations to satisfy, in a manner consistent with all Federal laws, the water rights interests of the Ute Mountain Ute Indian Tribe and the Southern Ute Indian Tribe.

S. 447

At the request of Mr. NICKLES, the name of the Senator from Michigan [Mr. ABRAHAM] was added as a cosponsor of S. 447, a bill to amend title 18, United States Code, to give further assurance to the right of victims of crime to attend and observe the trials of those accused of the crime, and for other purposes.

At the request of Mr. HAGEL, his name was added as a cosponsor of S. 447, *supra*.

S. 456

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 456, a bill to establish a partnership to rebuild and modernize America's school facilities.

#### SENATE JOINT RESOLUTION 19

At the request of Mr. HELMS, the names of the Senator from Arkansas [Mr. HUTCHINSON] and the Senator from New York [Mr. D'AMATO] were added as cosponsors of Senate Joint Resolution 19, a joint resolution to disapprove the certification of the President under section 490(b) of the Foreign Assistance Act of 1961 regarding foreign assistance for Mexico during fiscal year 1997.

#### SENATE JOINT RESOLUTION 20

At the request of Mr. HELMS, the names of the Senator from Arkansas [Mr. HUTCHINSON] and the Senator from New York [Mr. D'AMATO] were added as cosponsors of Senate Joint Resolution 20, a joint resolution to disapprove the certification of the President under section 490(b) of the Foreign Assistance Act of 1961 regarding foreign assistance for Mexico during fiscal year 1997.

#### SENATE JOINT RESOLUTION 21

At the request of Mr. COVERDELL, the name of the Senator from Colorado [Mr. ALLARD] was added as a cosponsor of Senate Joint Resolution 21, a joint resolution to disapprove the certification of the President under section 490(b) of the Foreign Assistance Act of 1961 regarding assistance for Mexico during fiscal year 1997, and to provide for the termination of the withholding of and opposition to assistance that results from the disapproval.

At the request of Mr. HELMS, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of Senate Joint Resolution 21, *supra*.

#### SENATE CONCURRENT RESOLUTION 11

At the request of Mr. GREGG, the names of the Senator from Alaska [Mr. STEVENS], the Senator from Nevada [Mr. REID], the Senator from North Dakota [Mr. DORGAN], and the Senator from Nebraska [Mr. HAGEL] were added as cosponsors of Senate Concurrent