

have the option to do that. But I guarantee you, as more and more people understand what this plan will offer them, I think very few will elect to go back to a 1965 model when they have the opportunity to select a 1997 model which makes sense and gives them a great many more benefits.

Mr. President, I conclude my remarks by saying we will continue to talk about this, to help educate our colleagues about what we are attempting to do. Others have come up with this plan. We have had groups like the Progressive Policy Institute that has suggested this. The Brookings Institution has suggested this type of approach. The Heritage Foundation has suggested this type of approach. We have liberals, conservatives, and moderates saying we have to fundamentally make some changes. This is the way to go. This is the right approach. I agree with them. I think as we know more about it, more and more of our colleagues will agree with this approach as well.

Mr. President, I yield the floor. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. THOMAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered. The senior Senator from Wyoming is recognized.

#### TAXES

Mr. THOMAS. I rise to speak about taxes and will be handling the time that has been set aside for Senator COVERDELL, if that is acceptable.

The PRESIDING OFFICER (Ms. COLLINS). Without objection, it is so ordered.

Mr. THOMAS. Madam President, tomorrow is tax day. I guess every one of us knows that. Certainly some of us are a little sleepless from having dealt with it. So it is an appropriate time to talk, I think, about taxes. There are lots of things to talk about in the area of taxes, of course. One of them is the tax system. Obviously, most people believe the tax system needs to be changed, needs to be made simpler, needs to be made more fair. We could talk about the IRS. A lot of people talk about that, particularly in April. There need to be changes there, clearly. On the other hand, most believe, and I do as well, that if we really expect something different from the enforcement and collection agency for taxes, then we have to change the tax system which they enforce.

But, today I wanted to take this time, along with a number of my colleagues—and I appreciate very much Senator COVERDELL setting aside this time; I expect there will be six of us here over the next number of minutes—to talk about taxes, what taxes mean to us and what they mean to our con-

stituents. It is an appropriate time, also, not only to talk about taxes, but to talk about the agenda that we have in the Senate, particularly the Republican agenda with respect to taxes: What our plans are, what we have on our menu with regard to taxes, to provide some tax relief for American families, provide an opportunity for American families and American businesses to spend the money that they earn themselves; to talk a little bit about the fact that, on the average, American families spend almost 40 percent of their total income on taxes, all kinds of taxes—Federal, State, local—40 percent. That is an awful lot of our labor that is paid to the government. So, let me make it clear that Republicans want tax relief, we want tax relief soon, we want tax relief this year, and I am hopeful—we want tax relief as part of this budget that is now being prepared.

We hear a lot—I hear it from my constituents and I am sure my associate from Wyoming hears the same thing—that families are having difficulties getting ahead, families are having difficulties in savings, families are having difficulties paying their bills. Part of the reason is the level of taxes. So, it seems to me that it is necessary for us to respond. People in my State remind me that nearly 40 percent of their income is paid in State and local taxes, as well as Federal taxes. That is an awful lot of our money.

Surveys have indicated that Americans are willing to pay taxes, but they perceive that like 25 percent would be a more acceptable and reasonable figure. My constituents want to know what we are doing about taxes in this Congress. Frankly, there is a great deal of opposition to doing very much of anything. I think, really, if you want to be serious about tax relief, you have to go back to the basic issue, the really basic issue. The talk about taxes and balanced budgets is more than talking about arithmetic, more than talking about balancing numbers. It represents a philosophy. It represents the point of view that people have with respect to Government. There are those in this body who believe—certainly in this country there are those who believe—the Government spends money better than individuals, that more and more money ought to be brought into the central Government so it can be disbursed for all kinds of ideas. There is a legitimate point of view that the Federal Government should be involved in almost everything that is troublesome to people in this country. As a matter of fact, I think one could say that has been the President's political philosophy, to get involved in all kinds of things, some say the kinds of things that ought to be done by the city council, that ought to be done by the school board. But the President has found those to be politically viable. So it is a philosophy.

Those who want more and more Government, of course need to have more

and more taxes. I do not agree with that point of view. I think our efforts ought to be designed toward reducing the role of the central Government in our lives. Those things that are inherently governmental, and there are some, ought to be done by government at the level closest to people. There is a role for the Federal Government. There are things the Federal Government ought to be doing. But, conversely, there are things that the Federal Government should not be doing. So my point is that when you talk about budgets, when you talk about tax relief, the response is always, we—you—cannot balance the budget; we cannot cut spending enough to have tax relief for American families.

I suggest that we can. We have a \$1.7 trillion budget, and in that budget there are many things that could be reduced. There are many things that could be combined. There are many things that could be, in fact, eliminated. It is possible to balance the budget and have tax relief. The other alternative, of course, which again is the one the administration has taken over the last several years, is let us balance the budget but let us do it by continuing to increase spending and raise taxes. The President's budget that is out before us now raises taxes by \$23 billion. It has some tax relief in it but that is offset by more tax increases.

So that is really the issue. We will talk about all kinds of details on the floor. Details are fine. We ought to talk about them. When you really peel it all away, you are talking about a philosophical difference of more Government versus less Government. Frankly, I think it would be sort of interesting and honest if those who want more Government would simply get up and say, "Yes, I want more Government. I think we ought to have more spending." Seldom do you hear that. There are a million other reasons for it, but that is really the bottom line.

So, that is what we talk about, I think, when we talk about the budget. That is what we talk about when we talk about tax relief. It is possible to balance the budget, reduce taxes and get tax relief at the same time. The two are not mutually exclusive in a \$1.7 trillion budget. Can you imagine what \$1.7 trillion is? There are plenty of examples of waste and abuse. There are plenty of examples and opportunities to create a smaller, more efficient Government. For a few examples, the State Department has \$500 million in unneeded real estate. How to dispose of that? Repeal of Davis-Bacon would save \$2.5 billion, so contracts in the Government sector are the same as they are in the private sector. There are 160 employment and job training programs in 15 different agencies—160. I cannot imagine that we could not be more efficient than to have 160 programs aimed at the same thing. In fact, we could get more money to the people who need the money if we would consolidate those, in addition to spending

reductions. There are 73 Federal programs aimed at gathering statistics.

I have introduced, along with a number of my associates, what we call the Freedom From Government Competition Act. It is a simple idea, an idea that has been policy for a very long time. It has not been implemented. That is, to identify those activities within the Federal Government that are commercial in nature and also those that are inherently Government; and those that are commercial, put them out for a bid in the private sector so they could be accomplished in the private sector, substantially saving dollars, some say as much as \$30 billion, in the private sector. That is really what we all say we want to do, is to strengthen the private sector and limit the size of Government. Here is an opportunity to do that. Yet the administration drags its feet and says, "Oh, we are doing all this." The fact is, they are not. The fact is, there are lots of things that can be contracted out that are commercial in nature.

I happen to be chairman of the Parks Subcommittee. We are entering into a long-term study of strengthening the parks and seeing how we can provide more resources to protect the resources there, more dollar resources to protect the natural resources. One of the ways is to take some of those functions and put them into the private sector. So, we have introduced a bill to do that.

There are all kinds of ways in which efficiencies can be found, in which Government can be smaller. The result of that can be a balanced budget and a reduced tax burden on American families. There are two that particularly come from my constituents when I am in Wyoming. One of them has to do with the estate tax. As you might imagine, a lot of our folks are ranchers and farmers and small business people, families who have worked all their lives, perhaps several generations, to put together a farm or a ranch which has asset value and, frankly, has relatively little cash flow. Yet, quite often under our current estate taxes, that family has to dispose of their assets, dispose of their ranch, on the death of the senior person in order to pay the taxes. So he or she cannot pass it on, that lifetime of work, to their family. The fact is, we spend more money in this country avoiding estate taxes than we do paying them—it is relatively minor.

Capital gains? We would like to have a good healthy economy, of course, and it seems to me there is nothing that would provide more strength to the economy than to provide an opportunity for people to invest in businesses without having all their growth taken in capital gains taxes. This is a direct result of reducing taxes, to have investments, and, indeed, for the first several years it increases revenue.

So that is what we are talking about here. Again, let me say I get concerned sometimes, when we seem to kind of trivialize the debate, whether this is

going to produce that. We get very involved in the numbers game when beyond that, in a much broader sense, is a philosophical direction. Where are we going with the Federal Government? Do we want more? Do we want less? Do we want people to have more money to invest for themselves? Do we want to invest in the private sector to create jobs and therefore increase revenues?

We always hear about the 1980's in which the deficit grew, and, indeed, the deficit did grow. But if you take a look at it, revenue grew exceedingly fast. It was the longest growth of revenue in history. The problem was Congress continued to spend more. It was not a matter of not having enough revenues; it was a spending issue, and that is what we ought to face up to, it seems to me.

So we are talking here a great deal about the philosophy—philosophy. Do you want more Government? Do you want less? Do you want it more efficient? Do you want to continue as it is? It makes some sense to reduce the size of the budget and cause some of the agencies to have to find some better ways to do things, and they can. Specific tax cuts, it seems to me, that are most important have to do with capital gains, which helps to increase jobs, helps to allow people to have a living wage and to take care of their own families; and estate tax, which allows people to work their lives to create an asset and to be able to keep it; to provide \$500 per youngster under 18 for families, so they can take care of their own health insurance for young people. It seems to me that is the direction we ought to go and this is the time to make those kinds of decisions.

I am joined by my friend and associate, the Senator from Nebraska. I would like now to yield to the Senator.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Madam President, I wish to thank my distinguished colleague and fellow tax cutter, the distinguished Senator from Wyoming.

The people of the United States are drowning in a sea of taxes. Reducing the tax burden on the American taxpayer was a principal reason I ran for the U.S. Senate last year. Tax relief is a top priority for my State, for Nebraskans, and I believe for all Americans. We must make it a top priority in this Congress. We must make it a top priority in this Congress for the American people.

American taxpayers are honest, hard-working people. They deserve to reap and to keep the benefits of their labors. Yet, the typical American family pays more in taxes than it spends on food, clothing and shelter combined.

On average, nearly 40 percent of income goes for taxes; 28 percent goes for those other necessities of life. I say other necessities because it seems in America today taxes are considered a necessity, a more important necessity than food, shelter, and clothing. These numbers are according to the Tax Foundation.

That is not what our forebears envisioned for America. That is not the freedom that so many of our people have fought, sacrificed, and died to defend. That is not the America we want to leave our children and our grandchildren. Our people, Madam President, deserve better. The American people want less Government, less regulation, less spending, and less taxes. It is time for our leaders, the leaders of this body, the leaders of the Congress of the United States of America to act on America's wishes. It is time for significant tax relief.

Tomorrow is tax day 1997. We must make change happen. We must provide the leadership to make tax relief happen now. The heavy burden of taxes must be taken off the American people so they can enjoy the life they work hard to provide their families and not have to worry if they will have enough to be able to survive financially.

As we look down the road into the next generation, we know by any scoring of the budget that unless we make drastic changes in our spending habits, spending habits that now have given this country a \$5.3 trillion debt, and we add \$700 million a day to that debt, if we do not change those spending habits and out of control fiscal policy in this country, we know one thing: that within 10 years, every dollar in the Federal budget will be consumed by four programs—interest on the national debt and entitlements. There will be not \$1 for national defense, for roads, for scholarships, for the environment—not \$1. It will go to pay interest, not even the principal, interest on the national debt and for entitlements.

This is the modern challenge. This is the modern challenge to our ongoing quest to secure life, liberty and the pursuit of happiness for all Americans. We need to look to the future, we need to look seriously to the future, and we need to look to the future now. We need to completely overhaul our present Tax Code. It is a sham, it is ridiculous, it is an embarrassment.

Our system is too complicated, too punitive and too unfair. We need to make it flatter, fairer and simple, and we need to get at it now. We need to look at all the options as we tackle this issue, but we must make sure that a new Tax Code eases the burden on the American taxpayer and encourages—encourages—rather than inhibits or destroys growth, investment, and savings. Growth, investment and savings, that is our future. That is how we pay down this debt. That is how we continue to give generation after generation in this country real opportunities, like my generation has had and every preceding generation has had.

We have a very important stewardship here. This is a stewardship about fiscal responsibility, that our children and our grandchildren inherit something worth inheriting, not a mound of debt, not a concern that they will not have an opportunity to buy a home or send their children to college. We must

ensure that the American taxpayer is treated fairly and that any new tax system is managed correctly. The people who enforce our tax system must always—always—act with respect for taxpaying men and women. We need a smaller, leaner, more responsive Government. Americans are willing to pay for the Government they need, but they are not willing to keep paying for the oversized, overreaching Government that we now have.

The Omaha World Herald, the State daily newspaper in my State of Nebraska, recently put the case very well, and I quote from the Omaha World Herald:

Taxation isn't evil. Without it, the Constitution's mandate of providing for the common defense and promoting the general welfare might well go unfulfilled. But there's a point at which too much taxation makes Government the master of the people instead of their servant.

Let me repeat that.

There's a point at which too much taxation makes Government the master of the people instead of their servant. That point comes nearer each year that Government figuratively gobbles up more of the workday for its own needs, leaving Americans less time to support themselves and provide for their families.

Today, the typical worker works 2 hours 49 minutes of each 8-hour work day just to pay taxes at every level of government. That is almost three times as high as it was in 1930 when it took only 1 hour each day to earn enough to pay taxes at every level of government. This trend will continue until something is done.

The time for tax relief is now. If we fail to provide that relief, our economy will weaken—it surely will weaken—our people will suffer and our role in a global economy will be lessened, and just at a time when America should be leading the world into a grand hopeful new century, a century that should be full of promise and hope and opportunity. We will have to forfeit the leadership and the opportunities that should be there for our young people. But if we meet the challenge, we will open the door to an exciting new era in America and the world.

This country is great, not because of its Government, not because of the country; the Government is great and the people are great and the Nation is great because of our culture, because of our people. Let's not hold our people back from their potential with a heavier and heavier tax burden. But rather, let's allow our citizens to flourish, prosper and soar, just as we have done in this country for over 200 years. Americans deserve tax relief. I intend to do all I can to make that happen. We need tax cuts and spending cuts now.

Madam President, I thank you for the time, and I yield the floor.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. GRAMS. Madam President, I join my other colleagues this morning in talking about the dubious date of April

15, which comes upon us tomorrow. I rise today to speak briefly in support of what we call profamily and progrowth tax relief. I will focus on two of the most frequently asked questions, and that is: Why is it critical to provide tax relief this year, and then, can we do it while still trying to balance the budget?

You always hear the question asked of the people: "Do you want a balanced budget, or do you want tax relief," just like they are two separate questions and they cannot be one. I believe they are dual track and both have to be done at the same time.

Before I begin, let me set one fact straight, and that is, over the next 5 years, the Federal Government will take away \$8.6 trillion in taxes from the pockets of working Americans. What we are asking is that 2 cents of every dollar that the Government takes from the taxpayers—again, I repeat, just 2 cents of every dollar—be returned to them in the form of tax relief. That is what S. 2, the Family Tax Relief Act is all about. It is 2 cents worth of tax relief. Too much? Well, I don't think so.

Madam President, tomorrow will be the cruelest day of the year for millions of Americans as they rush to meet the April 15 tax filing deadline, and cruel is not only an appropriate word to describe the tax burden faced by working Americans, it is perhaps the best word. Taxes imposed on American families are at an all-time high, as we have heard from other colleagues this morning, and this year, tax freedom day—that is the day when Americans stop working for the Government and start working for themselves—will be announced by the Tax Foundation this morning and it could come as late as May 9, which would be later than ever before.

The average American family today spends more on taxes than it does for food, clothing, and housing combined. A typical median-income family can expect to pay nearly 40 percent of its income in Federal, State, and local taxes. This means, again, more than 3 hours of every 8-hour working day are dedicated just to pay taxes. In 1996, an average household with an annual income of between \$22,500 and \$30,000 paid an average of about \$9,073 for food, clothing and housing, but they paid \$11,311 in taxes. Households with incomes ranging from \$45,000 to \$60,000 averaged about \$16,000 for basic necessities but paid more than \$25,000 in taxes.

If the hidden taxes that result from the high cost of Government regulations are factored in as well, a family today gives up more than 50 percent of its annual income to the Government. If you want to put that in context, 50 percent to taxes, if you go back to the Boston Tea Party, that was staged over a one-half of 1 percent tax when the Revolutionary War started and people thought they were being taxed too high at one-half of 1 percent.

When the Government takes more, families get less. Between 1989 and 1995, the typical American family's real income fell by about 5.2 percent. Most economists point out that the decrease in income was the result of slow economic growth, and that is a direct result of higher Federal taxes.

We all recognize the children are our future of our Nation and that families are the foundation of our society, but Washington's deficit spending and high-tax policies have systematically ignored our children's future and severely have undermined the basic functions of the family. We must abandon the policies and help restore the family to an economic position that is capable of fulfilling its vital responsibilities and, therefore, we should provide American families with meaningful tax relief, allowing them to keep more of their hard-earned money.

Again, S. 2, the Family Tax Relief Act, is truly a progrowth, profamily tax-cut plan for working Americans. It will reduce taxes by \$172 billion and with 95 percent of that tax relief going directly to middle-class families.

I am proud we have built our plan around the \$500 per child tax credit which the taxpayers in Minnesota have asked me to make a top priority. The \$500 per child tax credit means real relief and will return nearly \$500 million to overtaxed Minnesota families every year.

Our plan will also expand individual retirement accounts for spouses and allow penalty-free withdrawal from an IRA for education, business startup and emergency expenses. It promotes savings in investment by lowering the antigrowth capital gains tax and takes on the damaging estate tax, or the death tax, that jeopardizes so many family businesses and farms.

By enacting these tax cuts, we can begin turning back the decades of abuse that taxpayers have suffered at the hands of their own Government, a Government that has been too often eager to spend the taxpayers' money with reckless disrespect. As the Government takes money out of the hands of private citizens, the Government itself keeps expanding. Even though President Clinton has proclaimed otherwise, he said the era of big Government is over, but the era of big Government is far from over. Despite a shrinking Federal deficit, the Government is getting bigger not smaller.

Total taxation is at an all-time high. So is total Government spending. According to the Congressional Budget Office, the Government will spend \$9.4 trillion over the next 5 years, much of it going toward wasteful or unnecessary Government programs, and tax relief is the right solution because it takes power out of the hands of Washington's big spenders and it puts it back where it can do the most good, and that is with families.

By leaving \$500 per child in the family bank account, taxpayers are then empowered to use it to directly benefit

their household. If you wonder what kind of impact that could have on a family budget, consider that for a family with two children, the \$500 per child tax credit could pay for 3 months of groceries, nearly 20 months of clothing for the kids or your home mortgage for a month and a half.

The President's tax cut proposal, on the other hand, includes a mini-child-tax credit that only begins with \$300 per child and increases to \$500 per child 2 years later, but only to be eliminated entirely after that. Furthermore, the President's plan provides tax credit only to families with children under the age of 13. So only up to the age of 12, again greatly diluting its value.

We have 18.3 million teenagers age 14 to 18 in this country. As we all know, family expenses soar during those teenage years, so excluding this age group from the benefits of family tax relief simply makes no sense.

Let me focus for a moment also on the estate tax. Today, when a small business owner or a farm owner dies, the Federal estate tax confiscates 37 percent of his or her assets valued between \$600,000 and \$1 million. That rises to 55 percent of assets valued at more than \$3 million.

Gifts valued at more than \$1 million to grandchildren are also taxed at 55 percent. Many, if not most, businesses are severely crippled or forced to close by this unfair tax hit.

Family-owned and closely held businesses are the backbone of America's economy and a bedrock of the American culture. They must be preserved.

I am reminded constantly by proud family farmers in my home State of Minnesota—like Andy Quin, who is a corn farmer from Litchfield, and Don Buhl, a pork producers from Tracy—that if we are to preserve our proud, rural traditions, we must ensure that farming remains an attractive and viable profession.

Making it easier to pass the farm from one generation to the next should be a priority in Congress. I am also pleased that S. 2 includes a meaningful estate tax cut for small family business owners and for farmers.

Beyond the direct benefits to families, tax cuts can have a substantial, positive impact on the economy as a whole.

It was John F. Kennedy who observed that "an economy hampered with high tax rates will never produce enough revenue to balance the budget just as it will never produce enough output and enough jobs." It was President Kennedy who said that.

And he was able to put his theories to work in the early 1960's, when he enacted significant tax cuts that encouraged one of the few periods of sustained growth we have experienced since the Second World War.

Twenty years later, President Ronald Reagan cut taxes once again. The reinvigorated economy responded enthusiastically as 19 million new jobs were created and take-home pay grew 13 percent between 1982 and 1989.

Madam President, let me now turn to the other question of whether we are able to balance the budget and provide tax cuts at the same time. The truth is we can absolutely do both at the same time, as long as we have the political will to do it. Many States have already proved that this can be done.

Some examples. While Washington was busy debating whether to give 2 cents of every dollar it collected back to working Americans, many States took action to lower their taxes.

In the State of New York, Governor Pataki cut taxes 15 times, returning more than \$3.5 billion to New Yorkers in just 2 years. By the end of Governor Pataki's term, \$13 billion will be returned to New Yorkers.

What is remarkable about New York is that the Governor provided tax cuts while balancing the budget. What is more, New York ran a \$400 million surplus and it put the money into the State's rainy day fund for the first time since 1978.

Governor Rowland of Connecticut also cut taxes and balanced the budget. He turned deficits into a \$250 million budget surplus in only the first full fiscal year of his term. Many other States, including New Jersey, Mississippi, Michigan, Iowa, and Arizona, have done the same.

My own State of Minnesota is another example. When Gov. Arne Carlson was elected to office in 1990, he inherited a deficit greater than \$1.8 billion and a government that was spending 15 percent faster than the rate of inflation.

But the Governor cut spending by making the tough choices that elected officials are supposed to make, decisions that cut wasteful spending and cut taxes.

Thanks to that dedication, Minnesota today finds itself with a stronger economy, more jobs, and an unemployment rate of just 3.8 percent—that is well below the national average—and a \$2.3 billion budget surplus. Now the Governor is planning to cut income taxes by 22 percent.

By balancing the budget and lowering taxes, those States have produced remarkable economic results: The 10 States that cut taxes the most have seen strong job growth, a 10.8-percent increase compared to a national average of 5.9 percent.

And also the top 10 tax-hiking States, they registered a zero job growth during that same period. No wonder even the State of Maryland has recently adopted a plan to cut tax by 10 percent. Madam President, I strongly believe we should follow the tax-cutting trend at the Federal level.

By implementing profamily, pro-growth tax relief and creating a tax system that is more friendly to working Americans and more conducive to economic growth, Congress and the President can make our economy more dynamic, our businesses more competitive, and our families more prosperous as we approach that 21st century.

I strongly disagree with those who insist the deficit cannot be reduced as we simultaneously provide tax relief. The States have shown us that the deficit can be reduced, the budget can be balanced, and taxes can be cut at the same time.

After eliminating wasteful, redundant, and needless spending from the Federal budget, we can still allow for a spending increase while providing tax relief to working Americans.

To omit tax cuts from the budget resolution is not acceptable to Republicans seeking to deliver on our commitment to return money to the taxpayers.

Therefore, I support the alternative budget prepared by Senator GRAMM, a budget Democrats and President Clinton have supported that is based on the President's own numbers. It is a compromise for us that includes tax relief.

I also disagree with the suggestion that we should delay any tax cuts or separate our budget agreement from tax relief. Again, the taxpayers have been very clear on this: A recent USA Today/CNN/Gallup Poll shows that 70 percent of Americans want us to keep tax relief in our budget plan.

Despite what you hear from the arguments on the other side, 70 percent of Americans want us to keep our pledge to cut taxes.

Madam President, as I close, I am certain there is nothing we can ever do to make tax day an occasion to celebrate. But it is within our power to make it a great deal less painful. So we have made a promise. We must keep that promise. And let us give back that 2 cents on every dollar to America's hard-working families.

Madam President, thank you very much.

I yield the floor.

Mr. COVERDELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. I thank the Senator from Minnesota. I would like to get a copy of those remarks. They are very well stated.

I yield up to 10 minutes of my time to the distinguished Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. ABRAHAM. Thank you very much, Madam President.

Madam President, earlier this year I joined Senator ROTH and 32 of our colleagues in introducing Senate bill S. 2, legislation to provide American taxpayers with a \$500-per-child tax credit, a reduction in capital gains taxes, an increase in the exemption from estate and gift taxes, and full access to IRA's for nonworking spouses.

I support this and other efforts to reduce the tax burden on Americans because, Madam President, we owe it to the American people. We owe it to the hard-working families who have built this country, to whom we owe our way of life and the honor and privilege of serving in this House.

S. 2 is necessary for the well-being of our families, Madam President for a number of reasons. Let me explain why.

To begin with, families today pay a higher proportion of their incomes in taxes than ever before in our history—almost 40 percent. That is more than food, clothing, and shelter combined. And it means that families have less money to spend on necessities, and less to save for their retirement and for their children's education.

S. 2 would address this tragedy through a \$500-per-child tax credit. It would allow the typical American family to live better, and to save for a better future.

But there is much more to S. 2 than just these specific family tax provisions.

Suppose, for example, that your family, like most, is trying to save for retirement. This bill would make that task much easier. How? By cutting our capital gains tax—one of the highest and most punitive in the industrialized world.

By cutting the capital gains tax we would spur capital investment and increase the value of the mutual funds in which so many Americans invest, either directly or through their company pension plans.

Lest we forget, Madam President, well over half those who would benefit from the capital gains tax cut in this bill earn under \$50,000 per year. And all Americans would benefit from the increased economic activity and competitiveness it would produce.

Now, let us say that your family owns a small business or a small farm. Right now you probably live in fear that, when you die, your family will have to sell the farm or business just to pay the estate taxes.

This bill will allow you to rest easy. It would do so by increasing the exemption from estate taxes on family-owned businesses from the current \$600,000 to a more realistic \$1 million.

Madam President, the Government should not be in the business of breaking up the family farm, or the family business. Under this bill we help eliminate that problem.

Now, suppose you belong to a family in which you have small children. Today, unfortunately, too many such families require two paychecks just to make ends meet.

Mothers of young children too often are pushed into the workplace, not by their own desire, but by economic necessity.

This bill would provide a full IRA deduction for nonworking spouses. This will help some mothers who do not want to work outside the home stay with their children. It also will provide much needed financial security to homemakers currently discriminated against by the tax laws.

A child tax credit that directly lowers income taxes. A capital gains tax cut that increases the value of retirement and other savings. An increase in

the estate and gift tax exemption to protect family farms and family-owned businesses. A spousal IRA to provide financial security to spouses working in the home.

This, Madam President, is what our tax bill would provide. It grants much needed relief from a tax system that is out of control. It begins the long road back toward frugal, manageable Government and toward prosperity for our working families.

I urge my colleagues to give their full support to this much needed legislation.

I can assure this body that reducing taxes does not drain a government of its resource base. I also can assure this body that reducing taxes will create prosperity.

In my own State of Michigan, over the last 6 years we have cut taxes 21 times. The result has been dramatic. Six years ago Michigan had a deficit of \$1.8 billion. Today it not only has a balanced budget, but it has a rainy day fund in which \$1 billion is available to our State for tough times, should they come again.

Because of 21 tax cuts, we have an unemployment rate, for the first time in 30 years, that is consistently below the national average and below that of other industrialized States. In fact, last month our unemployment rate in Michigan was the lowest it has ever been in the history of our State as long as we have been keeping records of unemployment.

That experience, to me, is the kind of model we ought to use in Washington. For that reason, I believe S. 2 sets us in the proper direction.

Today, I noticed in my office there arrived, amid all the mail that comes to us, one piece of mail that I was not anxious to see. It was the tax returns that have been sent by my accountants for my wife and me. Our tax return is in there. I have not yet opened it. When I leave the floor after my speech, I am going back to the office to do that. I am going to be quivering as my hands reach for that envelope to open it up, because I am not sure exactly what the consequences are going to be.

But I am not going to be happy when I finally put in perspective exactly what the bottom line is, because whether we have, through withholding, satisfied our obligations for this year, I do not know. But I do and will soon know exactly how much we will be paying in taxes.

Our family is obviously not the average American family. But when I travel around my State and talk to average working families, the same kind of concerns, as April 15th approaches, are expressed to me time after time; families who say, "Look. We work hard. We play by the rules. And every year it seems we have less to show for it."

One reason that families have less to show for it is because the basis on which their taxes are calculated has continued to go up. As I indicated in my remarks, it is at an all-time high

for the working family. As a collective, our country now takes more dollars to Washington as a percentage of gross domestic product than we ever have in the history of America.

We do not have the crises of a world war. We do not have the Vietnam war. We do not have a depression. We do not have the sorts of things that might justify an unusually high demand for the hard-working dollars of our taxpayers. But today we have 20.8 percent of the gross domestic product sent to Washington. Madam President, that is too high. It does not build the base for a strong economy in the long term.

The experiences in our State of Michigan, to me, make sense and ought to be emulated here in Washington. For that reason, I am glad to be here today, not just to support S. 2, but to speak at a very timely moment about taxes that are too high. It is time, as my colleague from Minnesota said, to balance the budget and do so in a way that lets the working families of our country keep more of what they earn.

That is one of the reasons I came to Washington and is certainly going to be something that I continue to speak out on as long as I am here.

I thank my colleague from the State of Georgia for putting together today's special order.

I yield the floor.

Mr. COVERDELL. I certainly thank the Senator from Michigan, not only for the legislation he is proposing but for the common sense rationale he brought to the floor today.

I would like to yield, if I might, Madam President, up to 10 minutes of my time to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. ENZI. Madam President, thank you.

I rise today to address an issue that is of great concern to the people of the State of Wyoming as well as the citizens of America.

During my campaign last summer and fall, and again since I have taken office, I have traveled all across the great State of Wyoming. I have traveled from Cheyenne in the south to Sheridan in the north and from Evanston in the west to Sundance in the east and all of the counties in between. One message came through loud and clear from the citizens of Wyoming: Our tax system is too complicated and our taxes are too high.

Working families are forced to pay too much for their income to a bloated Federal Government. Small businesses, which are the backbone of the American economy, are strangled by a complicated and often punitive Tax Code. As the only accountant in the U.S. Senate, I have had to weed through a Tax Code which is frustratingly complex. And as a small businessman, I have experienced firsthand the Tax Code which all too often discourages individual enterprise and penalizes ingenuity. As a husband and a father, I

have felt the burden of working for nearly half a year to pay all the taxes levied by the Federal, State, and local governments. I promised the people of Wyoming that I would work to make the tax system simpler and fairer so that the taxpayers of Wyoming and America could keep more of their hard-earned money.

I should note that it has been the Republicans who have long been sounding the battle cry for lower taxes and smaller Federal Government. It was the Republicans who led the charge on the balanced budget constitutional amendment. And it is the Republicans who have shown the determination to provide meaningful tax relief for America's families. I was proud to be an original cosponsor of the balanced budget constitutional amendment. I am also proud to be a cosponsor of several bills that would get us closer to a simpler and fairer tax system.

With tax day now upon us, we are reminded of the impact our current tax system has on all of us. We are paying the price for a Government that has too long lived beyond its means. Like a child in a candy shop, the Federal Government hasn't met a sugar-coated spending project it did not like. To pay for its appetite, Congress has left the American people holding the tab with higher and higher taxes. It's time for Congress to rein in the Federal Government and ease the burden it places on America's taxpayers.

Since I was sworn in as a Member of the U.S. Senate, I have joined my Republican colleagues in cosponsoring legislation that would allow America's families to keep more of what they earn. The American Family Tax Relief Act includes a \$500-per-child tax credit, substantial cuts in the capital gains rate, and sizable reductions in the punitive estate tax. This legislation helps families with children by returning some of their hard-earned money to them. The American Family Tax Relief Act encourages investment and frees up creative capital by lessening the penalty of the capital gains transactions.

I have cosponsored legislation that would help small businesses by allowing them a 100-percent deduction on health insurance coverage for their employees. This home-based business tax relief would put small businesses on a similar footing with the larger competitors who currently enjoy full deductibility of their employee's health care costs. It would also broaden the home office deduction so that parents and other individuals who choose to operate businesses out of their homes can receive more benefit from their expenses. This legislation encourages economic growth and creativity and lessens the tax burden on America's families. It would also take us another step closer to a Tax Code which sparks ingenuity and encourages family-owned business.

There remains little doubt in the minds of the American people that the

Tax Code is in need of serious surgery. The present Tax Code is needlessly complicated and treats American businesses and individuals unfairly. One example of this is the alternative minimum tax. This tax system, first instituted in 1986, has imposed substantial hardships on capital-intensive businesses, like mining and manufacturing, in Wyoming and across America. These businesses are forced to compute their taxes under both the regular corporate method and the alternative minimum tax method. This affects the farms and ranches as well. And they have to pay the greater of the two amounts. This compliance is expensive for businesses, and it ties up valuable capital that could be used to expand their operations and provide new jobs.

The alternative minimum tax is a punitive tax because it effectively penalizes businesses that invest in equipment and structures necessary for the operation of their businesses. The current alternative minimum tax system is yet another example of why it is time to inject some common sense into the Internal Revenue Code.

Reform of the alternative minimum tax would simplify the Tax Code and make the accounting method more consistent with the regular corporate tax rules. This legislation would make the Tax Code fairer for thousands of businesses that are now at a serious tax disadvantage. It marks an important step toward restoring simplicity and integrity to America's tax system.

Reforming the alternative minimum tax depreciation allowance would work wonders for the American economy. One recent study estimates that the investment resulting from AMT reform would increase America's gross domestic product by \$15 billion over an 8-year period. This would spur a surge in employment. Total jobs would roughly increase by 100,000 per year during a 5-year period. These jobs would be largely concentrated in the high-paying manufacturing sector of the economy. That is why this reform is needed so badly. The new high-paying jobs that would be available in my home State of Wyoming and throughout America will do wonders to improve our economy and the strength of our families. It is high time we give the American people the commonsense tax relief they so strongly desire.

Right now, we tax anything that moves, we tax what doesn't move, we tax it when you buy it, we tax it when you sell it, we tax you for living. One of the worst taxes of all is that we tax you for dying. We want you to be able to keep more of your own money to do what you know how to do best. As tax day quickly approaches, I urge my colleagues in the U.S. Senate to join me in giving the American people meaningful tax reform.

I thank the Chair and yield the floor.

Mr. COVERDELL. Madam President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has until 12 noon remaining.

Mr. COVERDELL. I believe that will be sufficient time.

I thank the Senator from Wyoming and all the others that have visited with America this morning from the Senate floor about the consequences of tomorrow, April 15. I think perhaps that day resonates among more Americans than even our more famous holidays.

I want to comment for a moment about the consequences of the data that was presented this morning by the Senator from Minnesota. He was talking about the impact of current taxation on American families and inferring that an average family forfeits about half of their income to taxation and the cost of Government. Specifically, we have taken a good look at this in Georgia. If you add up direct taxation—Federal Government, State and local government—and if you add on top of that the share that each family pays for the cost of regulation today, which is now approaching \$7,000 per family, and if you add in the cost that an average family pays because of higher interest rates due to the national debt, which was created by the Federal Government over the last 30 years, which has spent 5-trillion-plus more dollars than it has, that adds up to 55 percent of their income. That is just stunning. And you wonder what is causing so much stress and behavioral changes in the American family? I suggest that before you look to Hollywood, you look to Washington. What else marches through their checking accounts and takes over half of what they earn?

To put it another way, I figure if somebody is taking over half of what I earn, they probably have more to do with my life than I do. And you can see the impact on those families in the number of families that have both spouses working and the fact that the average family isn't saving any money—what would they have to save—and the fact that bankruptcies are up; the fact that consumer debt is at an all-time high; the fact that we find more children without adult supervision; that the teenage suicide rate has quadrupled from 1960 to 1990; that SAT scores have plummeted, and the fact that families are smaller. These are all phenomena that are as a result of an oppressive economic policy from their own Government.

If you ask the American family what they think is a fair burden, it is real interesting that, no matter what economic strata they represent, they all come forward with the same answer: They think that a fair contribution for the services they receive from Government is 25 percent. So, in other words, it is over double what they think is fair.

Madam President, let's, for a moment, say that it is at least reasonable that, at a minimum, an American family worker would be able to keep two-thirds of their paycheck. Most people think that is a minimum. But given today's circumstances, that is a large

reach. Let's put this into real dollars. An average family in the State of Georgia—and this would equate pretty much across the country—makes about \$40,000. So it makes it a lot more clear what our goal is. If we were going to adopt as a principle that we need to return to the worker at least two-thirds of the fruits of their labor to manage his or her family, that means that the goal for the U.S. Congress is to return or let them keep \$8,000 more a year. That is a pretty significant undertaking. But if we set out to accomplish that, we will do enormous good.

If we can figure out how to leave another 20 percent of that paycheck in their checking account to be talked about at their kitchen table, we will see many, many positive results. We will see larger savings. We will see new companies forming because there is capital to invest in them. The job lines will be shorter. Interest payments will be less. The family will have an opportunity to make sound judgments about educating their families. They won't have as high a consumer debt on their credit cards because they will have their own cash in their accounts. The list just goes on and on.

I want to reiterate, what do all these numbers mean? They mean that for an average family in America, the Government is taking \$8,000 out of their checking account that it really can't rationally claim and that is doing severe damage to these families—severe damage. They can't prepare for the future, for education, or retirement, or a health crisis. There is nothing left. They can barely get through the ABC's of running that family. There is no margin. You can't pick up a newspaper without reading about the distress in middle America. This is what causes it. We are choking the resources necessary for them to make healthy decisions about running their families.

Madam President, I hope that more and more Members of Congress will just write a very simple goal on their ledger: Let's go to work and fight to ensure that an American worker can keep two-thirds of what he or she makes. Let's resolve that the fact that they keep less than half today is unconscionable. If we could line up our forefathers here and they could see what we have done to the fruits of labor, they would be stunned and they would admonish us all.

Now is the time, in this 105th Congress, to start turning that around and leaving those resources in the checking accounts of American families.

Madam President, I see that the hour of noon has arrived. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. WELLSTONE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE BILLINGS MONTANA STORY: "NOT IN THIS TOWN"

Mr. BAUCUS. Madam President, I rise today to tell my colleagues about some events that took place in Billings, MT, a few years ago. It is the story of a town whose citizens decided that hatred and bigotry were not welcome in their community.

The people of Billings enjoy the high quality of life that only Montana can provide. The magic city is the largest city in Montana, but it still has the feel of a small town. Folks still say hi to each other on the street. Families go to the symphony in Pioneer Park during the summer. And neighbors still go out of their way to help someone when they need a hand.

That placid life was shattered in November 1993, when a group of skinheads threw a bottle through the glass door of a Jewish home. A few days later they put a brick through the window of another Jewish home—with a 5-year-old boy in the room. Then they smashed the windows of a Catholic high school that had a Happy Hanukkah sign on its marquee.

The events frightened and repulsed the citizens of Billings. They were shocked to find that hatred and violence had penetrated their peaceful community.

But the people of Billings did not allow this outside menace to take root. The community banded together. Thousands of people put menorahs in their homes. They showed the skinheads that they were united against hate. And that year, Billings held the largest Martin Luther King Day march ever in Montana. The skinheads left town. Billings showed that hatred can be overcome.

Madam President, the people of Billings didn't ask to be recognized. They just did what came naturally. Recently, the USA network has decided that the Billings story was worth telling to the world. With all the bad news out there these days, it is refreshing to know that someone wants to tell a positive story. The people of Billings can be a shining example to the rest of our country; Montana will not tolerate hatred in any way, shape, or form.

I commend the USA network and—most important—the people of Billings, for their efforts in making this country a more tolerant place for us all.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### NUCLEAR WASTE POLICY ACT AMENDMENTS

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 104, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 104) to amend the Nuclear Waste Policy Act of 1982.

The Senate resumed consideration of the bill.

Pending:

Murkowski amendment No. 26, in the nature of a substitute.

Reid (for Wellstone) amendment No. 29 amendment No. 26), to ensure that emergency response personnel in all jurisdictions on primary and alternative shipping routes have received training and have been determined to meet standards set by the Secretary before shipments of spend nuclear fuel and high-level nuclear waste.

Reid (for Wellstone) amendment No. 30 (to amendment No. 26), to express the sense of the Senate regarding Federal assistance for elderly and disabled legal immigrants.

Lott (for Domenici) amendment No. 42, (to amendment No. 26), to provide that no points of order, which require 60 votes in order to adopt a motion to waive such point of order, shall be considered to be waived during the consideration of a joint resolution under section 401 of this Act.

Lott (for Murkowski) amendment No. 43 (to amendment No. 42), to establish the level of annual fee for each civilian nuclear power reactor.

Mr. WELLSTONE. Madam President, I wonder whether I might, before I ask unanimous consent that the pending amendment be set aside and the Senate now consider amendment No. 29—I am actually waiting for my colleague Senator MURKOWSKI from Alaska, under courtesy—I wonder whether I might ask unanimous consent that I be able to speak for 3 or 4 minutes on another matter without this counting against my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WELLSTONE. I thank the Chair.

Madam President, I shall be brief and then go on with the amendment as soon as my colleague is here.

#### WELFARE ASSISTANCE FOR LEGAL IMMIGRANTS

Mr. WELLSTONE. Madam President, I wanted to call the attention of my colleagues and the people in the country to what I think is an important gathering here in the Nation's Capital.

It is a gathering which focuses on the elimination of assistance for legal immigrants. The sponsors of this gathering have done over the years a great deal of work with the Soviet Jewry, and I guess we can now say Russia and other republics. And, of course, they are concerned about legal immigrants—Jews that have come from Russia or the other new republics, many of whom are elderly, many of whom have meager resources, and many of whom now as a result of action taken last Congress in the welfare bill will be without supplementary security income assistance and will be without food nutrition assistance.

What is important about this gathering, this rally, that is now taking place is that the sponsors have made it very clear that they don't want to focus just on Jews who have come to our country or who have fled persecution, but really on legal immigrants across the