

Thank you, Mr. President.

TAX RELIEF

Mr. THOMAS. Mr. President, I want to take this time—and I am sure some of my colleagues will join me—to talk a little bit about one of the items that has been before us and will continue to be before us that I think is probably the premier legislature, and that is tax relief.

I hope, as we move toward the conference committee agreement and as we move toward voting again in the Senate and in the House on tax relief, that we will keep in mind the big picture; the idea that American taxpayers are working harder than ever before, and the concept and the fact that the typical family is now paying more in taxes than they do for food, shelter, and clothing. Too many families have to rely on two incomes, partially because of the burden of taxes. The typical worker faces nearly 3 hours of an 8-hour day to pay their taxes.

So that is what we are talking about. Of course, it is appropriate to talk about and of course it is appropriate to debate how this tax relief is designed. But we ought to keep in mind that we are talking about for the first time in 10 years significant reductions in taxes—tax relief for American families.

What are we talking about? First of all, a child tax credit; \$500 per child tax credit, so the families can use their own money to spend in their own way to support their own children.

We are talking about educational tax incentives; tax credits so that tuition for higher education can be offset with tax credits. We are talking about the reduction so that families can send their kids to college.

We are talking about retirement savings; IRA's to encourage savings to cause people to prepare for their old age, to be able to put away money and have incentive to do that by the incentive of providing for tax-free savings.

Capital gains reduction; taxes on capital gains to be reduced in order to encourage investment so that we could create jobs and so we create an economy that is healthy and robust.

Estate and gift tax relief. I happen to come from a State where there are a large number of small businesses, where we have lots of farmers and ranches, and families work their entire lives to put together a business or put together a farm or ranch, and when the time comes when there is a death in the family, they often have to sell these assets to pay 50 percent in taxes. That ought to be changed.

So I hope we can focus on those things that are beneficial and those things that are useful. I hope we don't allow this idea to be politicized. I hope we don't allow ourselves to enter into this political class conflict which, frankly, the administration is moving toward.

I was disappointed that the Secretary of the Treasury has gotten into sort of

political class warfare. It seems to me if there is one office in the Cabinet that ought to be one that you can sort of depend on for facts, that it ought to be the person who is in charge of monetary policy, who is in charge of our money. Unfortunately, that has not been the case. I hope that it changes. The idea that some opposition, those who really do not want tax relief has been to make it a class warfare thing. And indeed it isn't.

According to Robert Novak, in his article, economist Gary Robbins showed that 75 percent of the tax cuts go to people who make \$57,000 or less in adjusted income. I think that is interesting. Those are the people who pay 38 percent of the total taxes. Taxpayers who get more than \$200,000 in income would get but one dime of relief for every \$100 in total taxes.

This is not a tax break for the rich. Interestingly enough, in the same article he indicates—this is a congressional Joint Economic Committee using Treasury data—that the upper fifth of income now pays 63 percent of all income taxes. After the proposed tax cuts, the figure remains exactly 63 percent.

Similarly, the share paid by the bottom two-fifths of the income earners remains unchanged.

This is not a tax break for the rich. We will hear some things about the tax cuts for the rich. Actually, 75 percent of the taxes, as I said, go to families who make less than \$75,000. Families with two kids making \$30,000 a year, their tax bill will be cut in half; less than half.

So, Mr. President, we have the first opportunity since early in the 1980's to have some tax relief for people who are heavily burdened with taxes.

If in fact the era of big Government is over, then we need to have big taxes to be over as well. We have the highest percentage of gross national product paid now in taxes in history—the highest percentage.

So, as we move away from big Government, we ought to allow American families to spend more of their own money.

Mr. President, I yield to my friend from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. HAGEL. Mr. President, I thank my friend and colleague from Wyoming for an opportunity to speak this morning about something that is rather important to Americans, all Americans, Americans who pay the bill, the forgotten American, I think, as we enter this next phase of debate in this country about tax relief. Make no mistake, Mr. President, this is what it is about. This is not about social tinkering. It is not about environmental policy. It is about tax relief—tax relief for those people who pay taxes, those people who have been footing the bill in this country for a long time. So, let's first of all put this in perspective.

I say that especially in light of the news conference that I saw yesterday

and again this morning held by the Vice President and Secretary Rubin. I have the highest regard for Vice President Gore and Secretary Rubin, but I was astounded that much of the focus in that news conference was not about tax relief for the average middle-class American. It was about brownfields. It was about inner cities. It was about other policies.

This policy is about providing Americans tax relief, providing relief for the forgotten American.

The bill that we passed in this body 2 weeks ago, and the bill that was passed in the House 2 weeks ago, is not perfect, but it is a very significant first step. As my friend and colleague from Wyoming just said, it is the first significant tax relief legislation in 16 years.

We are here to do the Nation's business. We are here to focus on the average man and woman who pay their taxes, raise their family, and need to keep more of their income. You heard all of the numbers. You heard the statistics. But I think it is worth noting that we talk a little bit about what is in fact—in fact, not theory, not fabrication, not imputed income, not phony economic tax models that we are hearing from some corners—but in fact what is in this bill. Let's just take a moment to review some of this.

This is about helping the 6 in 10 Americans who must file Federal tax returns, the people who work hard to make a good life for themselves, their families, and their communities.

It is about helping the 3 in 4 Americans who file tax returns and earn less than \$50,000 a year. Three-fourths of all taxpayers make less than \$50,000 a year. In fact, three-fourths of all the tax cuts in the Taxpayer Relief Act that the Senate and the House passed overwhelmingly in a very strong, bipartisan way go to people making less than \$75,000 a year.

This act has a number of provisions that will help families, small businesses, students, farmers, ranchers, and single parents who earn less than \$75,000 a year. Couples earning less than \$110,000 will get the full benefit of the family tax relief in this bill.

Parents with children age 12 and under get a \$500 per child tax credit against their taxes—keeping more of their money. Parents with children ages 13 to 16 also get a tax credit. The Taxpayer Relief Act allows parents to set up special tax-deferred savings accounts to help with their children's education. It allows single people with incomes under \$50,000 and couples with incomes under a \$100,000 a tax credit for part of their children's college expenses.

Mr. President, come on. This is not a rich person's tax bill. This is a middle-class, average-American tax bill. And anyone who says to the contrary doesn't understand what we are doing here.

This also allows recent college graduates who are struggling to get established to deduct up to \$2,500 in student

loan interest payments during each of their first few years after graduation.

Capital gains tax cuts will help anyone who owns property—not rich people. Come on. Anyone who owns property is affected by the capital gains tax in this country. A capital gains tax cut helps middle-class Americans. Fifty-six percent of all tax returns reporting capital gains come from taxpayers with total incomes below \$50,000. We move in this bill capital gains taxes from 28 percent to 20 percent.

Estate tax cuts will help millions of Americans. Both the House and Senate bills raised the estate tax exemptions to \$1 million. It is not perfect. We need more. Of course, we do. But it is a good, strong beginning. It is a start. We need to phase these out. These estate taxes are not only unfair but they are un-American. You work all of your life. You work hard. You pay taxes. And at the end automatically the Government comes in and takes half of your estate.

You tell me, Mr. President, where that is fair. Some people think it is. I don't. I don't think most Americans think it is fair.

There are many, many other tax provisions in this bill to help farmers with livestock killed by severe weather and farmers hurt by unwarranted IRS rulings regarding the alternative minimum tax. Truckers are restored with the business meal deduction to 80 percent.

These are not rich people.

This bill helps small businesses by delaying a new, burdensome requirement that they file their income tax returns on anything other than electronic payroll tax means.

It helps universities and other researchers by extending the research and experimentation tax credit.

It helps people suffering from rare diseases by permanently extending the orphan drug tax credit.

This is real America. This is for real Americans.

We need to pass this tax relief bill. None of us likes everything in this bill. But we can either squabble ourselves into total stalemate or we can pass this bill and get the first real tax cuts since 1981.

Congress needs to reconcile this, move ahead in our conference, and send it to the President. He needs to sign it. America expects us to do this business. Mr. President, we have a responsibility and an obligation to do America's business.

I encourage my colleagues in the U.S. Senate and in the House to do the right thing and vote for a conference report and bring real tax relief to the American public.

Mr. President, I yield the floor.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I think it is interesting that new Members, such as the Senator from Nebraska, who come from the private sector come

here and feel very passionate about this and come more recently talking in behalf of people who are paying taxes. That is great. I appreciate it.

Another Senator who has worked most diligently on tax relief since he has been in the Senate is the Senator from Minnesota. I yield 5 minutes to him.

The PRESIDING OFFICER. The Senator from Minnesota is recognized to speak for 5 minutes.

Mr. GRAMS. Thank you, Mr. President.

Mr. President, Washington has undergone a remarkable transformation since the people of Minnesota first sent me here in 1993. Back then, no one was talking about tax relief. Certainly no one was talking about family tax relief. And with both the White House and Congress under Democratic control, the chances were slim that we would ever have an opportunity to give working Americans the tax relief they so desperately need.

My good friend and colleague from Arkansas, Senator HUTCHINSON, and I were freshman Members of the House in 1993 when we came together to develop a budget proposal that could serve as the taxpayers' alternative to the higher taxes and bigger government plan offered by President Clinton. The key component of our legislation at that time was family tax relief, and that was through the \$500-per-child tax credit.

We were able to convince the House and the Senate leadership to make our families-first bill—with the \$500-per-child tax credit as its centerpiece—the Republican budget alternative back in 1994. That November it became known as the crown jewel of the Contract With America. The Washington crowd was finally beginning to listen to the people and to talk about tax relief. In 1995, the \$500-per-child tax credit seemed certain to finally be passed into law, with a Republican congressional majority and a President who had campaigned at that time on family tax relief. Unfortunately, however, it never made it past the President's desk.

In 1996, the voters again asked us to enact the taxpayers' agenda, but this time they wanted Congress and the President to come together to complete the work that we started in the 104th Congress. So this May, both President Clinton and the congressional leadership agreed on a number of tax-cutting measures built around the \$500-per-child tax credit. The House and Senate passed them in a reconciliation package just before the Fourth of July recess.

Mr. President, working families need tax relief today more than ever, and Minnesotans have asked me to make it a top priority because taxes dominate the family budget. In fact, a survey just released in Minnesota last week showed that the main concern of Minnesota families was taxes.

Now, you factor in State and local taxes and also those hidden taxes that

result from the high cost of Government regulation, and a family today gives up more than 50 percent—50 percent—of its annual income to the Government.

So all we are saying is let us allow the working people of this Nation to keep a little bit more of their own money in their pockets.

It is hard to believe that there are some who say we are offering too much in the way of tax relief in our Senate budget plan, and that is just plain wrong. Working families are not getting nearly the amount of tax relief we promised them.

Over the next 5 years, as we know, the Federal Government will take in about \$8.7 trillion in taxes from the American people. What we are asking in this bill is just that 1 cent of every dollar the Government plans to take from the taxpayer be left in their hands.

That is what the \$500-per-child tax credit and other tax cuts are all about, and that is making sure that a penny earned by working Americans would be a penny kept.

Unfortunately, by imposing severe restrictions on who can receive it, the \$500-per-child tax credit proposal passed by the Senate falls still well short of delivering meaningful tax relief to working families that are trying to raise children.

The \$500-per-child tax credit that I introduced originally says families are eligible for the credit as long as their children are under the age of 18. The bill passed by the Senate, however, cuts the tax credit once a child reaches the age of 13. If your children are between the ages of 13 and 16, the Senate bill says we will give you a tax credit but only if you spend it the way Washington thinks it should be spent. In this case, it would have to be spent on education.

I applaud the parents who take the \$500-per-child tax credit and dedicate it to their child's college education fund, but that is a decision that belongs with parents, not with Washington.

It is not our place to tell families what they can and what they cannot do with their own money. Some may elect to spend that \$500 on braces for their child or groceries or maybe health insurance, and that is fine because it is their money. An unrestricted \$500-per-child tax credit takes the power out of the hands of Washington's big spenders, and it would put it back where it could do the most good, and that is with families.

The second unreasonable restriction in the Senate bill was to deny the child tax credit to families with children at the age of 17. According to the Agriculture Department, this age group is the most expensive one in the typical middle-income household, and it makes no sense to cut off the tax relief just when working families need it most.

The hard-working families of Minnesota and the Nation have been waiting far too long since Congress last cut

their taxes—16 years ago. And we have yet to prove to them that we understand and, more importantly, we appreciate the hardships they face every day. I know we cannot increase the level of tax relief we are offering in the fiscal 1998 budget, but I urge my colleagues, the conferees, to take whatever steps they can to repair the \$500-per-child tax credit so that it benefits the maximum number of Americans.

This debate will be revisited many times in the months ahead and the years ahead, and I look forward to working again with my fellow Senators to finally deliver on the tax relief promise that we made to the people.

I thank the Chair. I yield the floor.

Mr. INHOFE addressed the Chair.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Oklahoma.

Mr. INHOFE. Mr. President, first of all, I wish to thank you and those who are participating in this discussion for bringing this up. This is a very difficult and frustrating time for all of us, and I think the Senator from Nebraska, Mr. HAGEL, gave a pretty good outline of what this is all about, what we want to accomplish, and what we have offered. And when I say "we," I am not talking about the Republican Party. I am talking about Congress.

To put it in perspective, the House passed the tax cut bill on June 26—just June 26—and it passed by a fairly substantial margin, 253 to 179. There was a substitute that was offered by Congressman RANGEL that has come in the nature of what the President is announcing now, and it was rejected by 197 to 235. Then the Senate, on the following day, June 27, passed a tax cut bill 80 to 18. When the minority leader, Senator DASCHLE, offered a substitute, it was rejected 38 to 61.

So we went through a long and arduous process of having 29 amendments. We finally came up with a product, and we went out for the Fourth of July recess. And after we were out, the President announced a different, totally different tax cut plan while Congress was out of town, when we did not have any chance to react to it, and now he is saying that he wants his plan. His plan doesn't really provide tax cuts that are meaningful and will have a positive effect on our economy.

I have to ask the question, Mr. President, what has happened to the Democrats in their philosophy? The whole idea that we can cut taxes and increase revenue is not a Republican idea, and yet it is totally rejected by this administration. I can remember when President Clinton was first elected. His chief financial adviser, Laura Tyson, was quoted as having said there is no relationship between the level of taxes that a country pays and its economic productivity.

I suggest that if that is true, if you carry that to its logical extreme, you could tax everybody 100 percent and they will work just as hard, but we know that does not happen. And up until this administration, the Democrats knew that that could not happen.

I have to credit a Democrat with the whole idea that you can increase revenue by cutting taxes, exactly what we are trying to do, looking at taxes in general. President Kennedy said in 1962, and this is a direct quote:

It is a paradoxical truth that tax rates are too high today and tax revenues are too low, and the soundest way to raise the revenues in the long run is to cut rates now.

The soundest way to raise revenues is to cut rates now. That is exactly what we are trying to do. And we remember what happened during the Kennedy administration. The first year he was in office, the total revenues that came in to support government, that we used to spend on government, amounted to \$79 billion. After he went through his series of tax reductions, it had grown to \$112 billion. We remember what happened during the Reagan administration. And we always hear from the other side that the Reagan administration came up with tax cuts and the deficits went up.

Well, sure, the deficits went up—not because of the tax cuts but because the liberals who dominated the Congress at that time voted for more government spending. And so in 1980, the total revenues that came in to run Government amounted to \$517 billion. In 1990, the total revenues that came in were \$1.03 trillion. It exactly doubled during that 10-year period.

Now, what happened during that 10-year period? During that 10-year period, we had the largest tax reductions in contemporary history. It has been shown—in fact, if you look at marginal tax rates, the revenues developed in 1980 were \$244 billion; in 1990, it was \$466 billion. And that happened during the time the tax rates were cut. So we know that we can increase revenues by reducing taxes and also relieve the burden on the American people to allow them to have more money—and not the rich. We know better than that. We have been playing that game and demagoging it for so long now that I think the American people are aware we are not talking about the rich.

With just a couple minutes remaining, I want to be more specific as to one of the particular tax cuts I feel very strongly about. In fact, Mr. President, you had made a comment about some of the farms in Wyoming. I had the same experience over the break. I was down in Lawton, OK, and I had a guy come up to me saying they were selling their family farm to a corporate farm because they could not get the price for some of their acreage in order to pay the estate taxes, and that's happening all over the country. They say, what is happening to the family-owned farm? That is what is happening.

I remember in our history, when this country was first founded and the pilgrims came over here and risked their lives—half of them did die—they came over for economic and for religious freedom. When they got over here, they established a system where each one had a plot of land to do with as he

wanted and to be able to pass that wealth on from generation to generation. And it was so great, the wealth that was accumulated as a result of that, that in one of his letters back home John Smith said, now 1 farmer can grow more corn than 10 could before—because of that freedom that they had to be able to pass it on. It is called productivity, motivation, knowing the Government is not going to come in and take the money away from you that you have worked so hard to pass on to future generations.

Mr. President, I have six grandchildren, four children. I quit working for me. The motivation is for the future generations. When the estate tax was first formed, it was formed as a temporary tax. The maximum rate was 10 percent, and it was supposed to be dropped down.

I conclude by reading something that I found, an excerpt from a 1996 Heritage Foundation study that said if the estate tax were repealed, over the next 9 years the Nation's economy would average as much as \$1.1 billion per year in extra output and an average of 145,000 additional jobs would be created, personal income would rise by an average of \$8 billion per year above current projections, and the deficit would actually decline due to the growth generated by its abolishment.

So I think we need to reject the failed notion that has been proposed and stated over and over again by members of this administration, including Laura Tyson and the President himself, that we need to raise taxes and not lower taxes. We could actually raise revenues by lowering tax rates, and that is exactly what we intend to do and should do for ourselves, for the American people and for our country.

I yield the floor.

The PRESIDING OFFICER. The Senator from Washington is recognized to speak for up to 10 minutes.

Mrs. MURRAY. I thank the Chair.

FUNDING ENVIRONMENTAL CLEANUP

Mrs. MURRAY. Mr. President, as a country we have congratulated ourselves time and time again on our enormous victory in winning the cold war. But today I want to remind my colleagues that the cold war was won at a cost, a very steep cost, and one of the biggest debts owed remains unpaid: the environmental devastation created at places like Hanford Nuclear Reservation in south-central Washington State.

Later today, the Energy and Water Development Appropriations Subcommittee will mark up its fiscal year 1998 appropriations bill. We will have a lot of work to do to make up the shortfalls found in both the Senate Armed Services defense authorization bill and the House national defense authorization bill. Rather than funding the cleanup bills, the authorizing committees have taken nearly \$1 billion—billion—from the defense environmental