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## Senate

The Senate met at 9 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Sovereign Father, as we begin this new day filled with responsibilities and soul-sized issues, we are irresistibly drawn into Your presence by the magnetism of Your love and our need for guidance. We come to You at Your invitation; in the quiet of intimate communion with You, the tightly wound springs of pressure and stress are released and a profound inner peace fills our hearts and minds.

We hear again the impelling cadences of the drumbeat of Your Spirit calling us to press on in the battle for truth, righteousness, and justice. Our minds snap to full attention, and our hearts salute You as Sovereign Lord. You have given us minds capable of receiving Your mind, an imagination able to envision Your plan and purpose for us, and a will ready to do Your will.

Help us to remember that no problem is too small to escape Your concern and no perplexity is too great to resist Your solutions. We know You will go before us to show us the way, behind us to press us forward, beside us to give us courage, above us to protect us, and within us to give us wisdom and discernment. Through our Lord and Saviour. Amen.

### RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader, Senator COATS, is recognized.

### SCHEDULE

Mr. COATS. Mr. President, for the information of all Members, this morning the Senate will be in a period for morning business until the hour of 11 a.m. By consent, at 11 a.m., the Senate will begin consideration of S. 1033, the

Agriculture appropriations bill. The majority leader has indicated that it is his hope that the Senate will be able to complete action on the Agriculture appropriations bill during today's session of the Senate. Therefore, Members can anticipate rollcall votes throughout today's session of the Senate. However, as was announced last evening, no votes will occur prior to the hour of 4 p.m. today. Also, as previously announced, the Senate may begin consideration of the Commerce, Justice, State appropriations bill upon disposition of the Agriculture appropriations bill.

I thank my colleagues for their attention. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER [Mr. COATS]. Without objection, it is so ordered.

### MORNING BUSINESS

The PRESIDING OFFICER. Under a previous agreement, the Democratic leader, or his designee, is recognized to speak for up to 60 minutes.

### TAX CUTS

Mr. DORGAN. Mr. President, a number of us this morning want to visit about the issue of tax cuts. We are having a debate—I was going to say a dispute, but it is more a debate—in Congress, between the House and the Senate and between Members of both parties, about how taxes should be cut. It is clear now from the votes in the House and the Senate that there will be a tax cut. We do have bills in conference that call for a tax cut in a number of different ways—cuts in the income tax, cuts in estate tax, cuts in capital gains and a range of other

areas. But there is substantial debate about who gets what.

Mr. President, the debate is not idle, and it is not just political. I suppose there is some partisanship involved in this as well, but when you say that the Federal Government has the capability of reducing taxes for the American people, the question then is, for whom and by how much and with what purpose? The stakes are fairly large because we are talking about a fairly substantial tax reduction, and the question is how to divide that.

There has been a dispute on the floor of the Senate about what the numbers show and who puts together a chart that shows what part of the population will get how much in tax relief. There have been editorials written about that in the Washington Post, New York Times, and others and a substantial amount of analysis of these charts.

One thing to me is certain, however. There are impulses in Congress to define how we provide a tax cut in a narrow way in order that the tax cut ends up providing substantially greater benefits to those at the upper end of the economic ladder than those at the lower end of the economic ladder. I happen to come from a part of the country that largely believes that the economic engine in this country comes from work, from people who go out and work and toil all day. That represents the economic engine that keeps this country going. They earn a wage and they have a view about the future in this country.

If their view is optimistic, if their view is positive, then they make decisions with the money they have earned. They perhaps buy a washer or dryer, buy a car, buy a home, take a vacation. If their view is pessimistic or if their outlook is less than positive, they make decisions to defer those purchases. They don't buy a washer or dryer. They defer it. They don't buy a

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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car. So our economy really rests on a cushion of confidence.

You can talk to all the economists in the world, you can talk to the best trained people in this country in the field of economics, and it doesn't matter what they say. What matters is that the American economy rides on a pillow of confidence. If it exists, the American economy does well; if it doesn't, the American economy retracts.

People in this country generally feel pretty good today. The economy is generally moving in the right direction. Unemployment is down, inflation is down, the deficit is down, way down. People feel pretty good. Economic growth is up. The result is we have more revenue coming in to the Federal coffers, and the decision by Congress is to give some back in the form of tax cuts. Then the question is, to whom?

I come from a town of about 400 people, when I left. It is now 300 people. If, in my hometown making this decision, a local community decision, we had proposed what is proposed in terms of the distribution now in Congress of this tax cut, I think it would cause some real consternation.

Let's think just a moment about my hometown of 400 people. When there is a meeting, they put a little sign in the middle of Main Street, because there is not that much traffic and the sign won't be knocked down, that says, "Meeting tonight, 8 o'clock, the Legion Hall." Then folks come to the meeting.

So they come to the Legion Hall, and 400 of them would come and we would say, "All right, now we have some money we want to distribute here, and it comes from you because you pay taxes. The question is, How shall we give it back?" And someone in the back of the room stands up and says, "I have an idea. Why don't we give 60 percent of this money to those four people sitting up in the front row. Out of 400, we will take 4 of them. That is 1 percent. One percent of the people, those four people we propose should get 60 percent of what we are going to give back."

Gosh, I think that would cause real trouble in that room. Let's assume they are all working now, all working, all paying taxes, but we say, "Let's have the four people up in front get 60 percent of the tax cut."

Then we say, "Let's take the bottom 20 percent, let's take 80 people who make the least money in town. They are working, but they make the least money in town, the lowest wages. They are having the toughest time. Let's take those 80 people and have them move their chair over to the left side of the building, and we are going to give them one-half of 1 percent of the tax cut." Gosh, I don't think that is a decision my hometown would make in a million years, not if they are all working.

Yet, that is what is at the root of the proposals in Congress. It is to say, if we are going to give a tax cut, let's give it

back only on the basis of taxes paid, sufficient so that we say let's have a child tax credit of \$500 per child, but you don't get it if you don't make enough money. It's true if you are working, in two-thirds of the cases, the American workers are paying more in payroll taxes, yes, to the Federal Government, more in payroll taxes than they are paying in taxes. But those in the bowels of this decisionmaking process say, "Payroll taxes don't count. We don't want to measure payroll taxes that you pay in terms of whether or not you should get a tax cut; it is only taxes."

The result is this family. Lashawn Buckman is from Washington, DC. She works downtown as an administrative assistant in a hospital. She is expected to earn about \$25,000 this year. She has a child aged 3 and a child aged 7. She will pay about \$3,250 in income and payroll taxes this year, and under the bill that was passed by the House of Representatives, despite the fact that it advertises a \$500-per-child tax credit, she will get no income tax cut. She will get no tax cut at all, because she doesn't quite earn enough money. She pays a substantial amount of payroll taxes, works hard, but she is defined as ineligible.

To those of us who think she ought to be eligible, we are told by those who oppose it that we are proposing welfare. No, we are proposing giving some taxes back to someone who works who pays substantial payroll taxes.

Here is another family. Elisa Garcia lives in Fairfax County, VA, and works for a technology firm. She makes about \$10 an hour, works 40 hours a week. She works hard. She expects to earn about \$20,800 this year. She has three children—George, Samantha, and Liz. They are 6, 10, and 15 years of age. She pays about \$2,200 in taxes and payroll taxes, and under the tax bill passed both by the House and the Senate, she will receive no tax reduction. She works hard, she pays taxes, but because of the way we have defined it, we say it doesn't count. Unless you are paying a specific amount of income tax and unless you are in a specific income category, it doesn't count, you don't count as a taxpayer and, therefore, when it comes time to provide some tax relief, you don't get any.

The reason I mention this is we have a lot of occupations in this country. This is from Parade magazine describing the incomes of people that just get left out. This would not happen in my hometown, I don't think. I think if everybody came to a meeting in that town, and 400 people said, "Let's decide how to divide up the tax cuts," they would say, "Everybody is working and paying taxes, so let's have everybody get something back from this tax cut."

Here is a store owner, \$25,000. They are not going to get anything. They don't make enough money. A preschool teacher, \$11,000; a medical technician, \$13,000; an assistant store manager, a nurse, a policeman, they do not make

enough money. They pay payroll taxes, but they do not make enough money to get a tax cut. I am sorry, that is wrong. And we have a chance to correct it.

The opportunity to correct it exists right now in that conference committee, the opportunity to say to this country that it is wrong to provide 60 percent of the tax cut to the top 1 percent of the American people.

It is right to decide that we ought not continue to decide that we should tax work and exempt investment. It is right to decide that we ought to have a fair distribution of the tax cuts so that all of the American people who are out there working are benefited by this proposed cut in taxes.

Mr. President, my colleague from New Jersey is here, and I appreciate him coming to the floor today to speak about this same subject. Let me yield the floor to him for as much time as he may consume.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I want to thank my colleague, the Senator from North Dakota, for his persistence on this issue and on issues of fairness altogether. His leadership on so many issues has been, frankly, the motivator for many here to take up causes that he so ably leads. And in this case, once again, he has indicated how important it is for us to be a fair society.

Mr. President, I was one of those privileged to be part of the negotiating team. I say "privileged"—some days I am not sure—because the decisions were tough ones. But as we review the tax cuts that are going to be made in the reconciliation bill, the bill to put into place the elements of the budget that we prescribed as a direction, I want to talk about the importance of ensuring that any tax cuts that we make be principally targeted to ordinary middle-class families and that we not permit an explosion of the deficit in the future as a result of tax cuts.

Mr. President, we are coming off of a really good period for America. The economy is strong. People are working, inflation is down, and we are assured by the comments yesterday of the Chairman of the Federal Reserve that inflation still looks like it is going to stay down. It is the kind of scene that almost a writer could produce in terms of what you would like to see in an ideal world.

Our deficit was \$290 billion when President Clinton took over, now predicted to be \$45 billion for this fiscal year ending September 30. And it is believed that in the year 1998, if things continue as they are, that we will actually be at a zero deficit or perhaps even have a surplus in the 1998 year. That is a wonderful thing to be able to think about because one of the things that we want to do is relieve the burden from our children, our grandchildren in the future to have to pay off debts and

to pay the debt service that incurs with deficits.

But, Mr. President, despite all of the good news—and I come out of the corporate world. I spent 30 years of my life building a business. And I know lots of people who have been successful in business, and I still talk to them. And I have learned in my informal polling that lots of people who have been successful, corporate leaders, CEO's, chief operating officers, chief financial officers, marketing managers, they will say to me in public, "FRANK, I don't need a tax cut. What I need is an America that's going in the direction that it is going, that people can count on jobs, where people can believe that inflation and that deficit growth will not be a burden to their children." That is hardly the legacy that we want to leave.

As I heard one CEO I had occasion to meet over this weekend describe, who runs a giant, giant company, with over 30,000 employees, he said, "I don't need a capital gains tax cut and I don't need an income tax cut. We don't pay enough," he said—this is a corporate executive—"We don't pay enough in this country for the benefits we get out of this Nation of ours."

And so as we talk about our tax cut, we know where we have to direct it. It has to go to the middle-class families. It has to go to the people who find that two of them have to work in order to do what one was able to do in the past, that they pay the price in many ways for their two-job requirements. They neglect their children, not intentionally, not the kind of neglect that comes with abuse, but they just do not have the time or the energy to put into their families when mother works and dad works and they meet only as they pass through the door.

I had occasion to meet with one of the service organizations across this country that does mentoring where they tie an adult and child and make sure that child has someone to answer to, someone to converse with. And I asked them about the profile of the children that they see. A lot of them are obviously from poor families, but not all. They said to me a lot of the kids that they are seeing are kids whose families are so beset with the need to earn a living that they do not have time for them. And the kids resort to strangers' encouragement to just get a lift and to get some attention.

So as we discuss these tax cuts, I plead with my colleagues, make sure that we put them in the hands of the middle class so people can talk to their kids about their education in the future and know very well that they have a chance to get out of the economic difficulties that they may see their parents in, that they can get the education they need, they can get the skills that they need.

These families love their children. They do not see them much. And they want to plan for their future. And we can help them, Mr. President. We can

help them by directing these tax cuts primarily to the middle class so that they can help their kids with their education and provide for their own retirement. These are the people who need the tax relief.

But, unfortunately, these are not the people who are going to get the bulk of the relief in the House and the Senate tax bills. Those bills provide roughly 45 percent of their tax cuts to the top 10 percent of income earners in the country. And it is just not right. There is a better way, Mr. President. And President Clinton has shown us how. His plan provides many of the same types of tax cuts that are included in the Republican plan, and the total amount of tax relief is roughly the same but the provisions in the President's plan are structured differently to give most of the benefits to ordinary hard-working Americans.

Under the President's plan, the middle 60 percent of income earners receive two-thirds of the tax cuts, the middle 60 percent get two-thirds of the tax cuts. By contrast, under the Senate and House plans, the middle-income working families receive only one-third of the benefits—one-third.

The President's plan provides a \$500 tax credit for children, but unlike the Senate and the House plans, it makes the credit available for working families with little or no tax liability. In fact, the Senate and the House plans deny the child tax credit to millions of hard-working families who pay taxes and earn less than \$30,000 a year, the subject that the Senator from North Dakota was addressing just moments ago.

Some in Congress are claiming that providing tax breaks to teachers and police officers, firefighters somehow amounts to welfare. It is ridiculous and it is an insult to millions of hard-working American families.

The President's plan cuts capital gains taxes. It cuts estate taxes, and it provides new incentives for savings. But the President does it in a fair way that benefits primarily the middle class. And that is the key difference. Another advantage of the President's tax plan is its costs do not explode in the outyears, the years after those that we are talking about with our budget prescription now.

The Senate and House bills include several provisions with costs that increase substantially in the future. Why should we give a tax break today and have to pay for it doubly in the 5- to 10-year period after this?

Yesterday, the Treasury Department released an analysis showing that the House's capital gains rates balloon from \$35 billion in the first 10 years to almost \$200 billion in the subsequent 10 years—from \$35 to \$200 billion. And that is an exploding tax cut if there ever was one. There is no way for us to function.

Mr. President, I have heard it argued there is no way to cut taxes without disproportionately benefiting the

wealthy. Some serious people make that argument, but it is an absurd argument. Surely, if we can plan to get to Mars and do all the great things that this country has the capacity to do, we can find a way to target tax cuts to the middle class. It does not take a rocket science. It is much simpler. It does take, however, a commitment not only from the head but from the heart as well. And President Clinton's plan proves it can be done.

So, Mr. President, I want to continue working with all of my colleagues to make the tax bill as fair as possible. I would like to cut the taxes for the middle class and working Americans, the people who need it the most. And I would like to see it done in a fiscally responsible way that does not burden future generations with the exploding deficits in the future.

I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

I have come this morning to join my colleagues in talking about the issue of tax fairness that this Congress is now working toward in the conference committee between the Senate and House, working with the White House, to move us toward the final parts of the budget reconciliation and tax package.

First of all, I want to say it is really incredible to me that I stand here today in the summer of 1997 talking about a tax cut. When I came to the Senate, back in 1992, I came at a time when we had a \$300 billion deficit. And I remember campaigning back in that year, when Ross Perot was running around the country showing us his charts of the exploding deficit, and for all of us who were elected in that year and since that time our No. 1 goal has been to come here to balance the budget.

As one of those people who came here in 1992, with a \$300 billion deficit, I have continually told my constituents, the families that I represent, the people that I work for, that my No. 1 goal here is to get to a balanced budget, and that although I agree that tax cuts are a good thing to have, that we need to do it in a rational way and we should not do it until we get to a balanced budget.

I remember back in 1993, when we passed our first budget here, it was a budget that we all remember well, that passed by one vote here in the Senate, that began us on the road today to where we are now in the summer of 1997 able to talk about a tax cut because we made a tough decision 4 years ago to work us toward that balanced budget.

We now have a deficit that is less than \$70 billion. And in fact, some predict that without Congress doing anything, we will be at a balanced budget within a year because of the tough votes that we have taken over the last 5 years. Because of the Members here

who were willing to say no to many of the special interests who came to us and wanted more and more, we were able to say no. And we have worked very, very hard to get ourselves to this point.

Having said that, I am a member of the Budget Committee. I have worked very hard since the beginning of this year to put together the budget reconciliation package, to work with my fellow members on the Budget Committee, to work with the White House, to work through the conference, to get to the point of having a balanced budget to present to this country.

As part of that agreement, we do have a tax cut package. Because I have worked hard on that, because I am committed to the reconciliation package that the Budget Committee agreed to, I did vote for the tax cut package that came out of the Senate.

That tax cut is now being debated by the conference committee again between the Senate and the House and the President, the White House, and I think the most important thing we can do at this point as we work to the final negotiation of this package is make sure we do the right thing for this country.

When I fly home to my State of Washington 2,500 miles away from here, every weekend I spend time attending town hall meetings, going around to small communities in my State. Where I get the best input is when I go to the grocery store on Sunday afternoons with my family and people walk up to me and talk to me about what they are hearing about what is happening in Congress. Time and time again I have young people coming to me—a young teacher this past Sunday, a policeman, a young family—and their question is the same as every other American: What am I going to get out of the tax cut? What will I get? I hear the Members of this Senate and this body asking the same question as well: What am I going to get out of this tax cut?

I think the important question is not what am I going to get out of this tax cut, but what will this tax cut do to strengthen the America that we all worked so hard here for, and what can we do so that 10, 15, 20 years from now we are not having another Ross Perot run around the country with charts and graphs showing a deficit that is out of control.

As I talk to my constituents around my State, what I hear most often is that if we invest in our young people, invest in our children, we will do the right thing for the country's future. When I look at this tax package, those are the questions I ask. Are we doing the right thing so that young children, as they grow up and get out and start their own families, have the money they need to make sure that their children get a good education, that they have access to health care, that they are able to send their children to college. That is how we are going to make our country strong.

So when I look at this tax package that we are now debating, I see that the President's tax package will actually do the most for those young families, for that young teacher, for that young policeman, for that young law clerk, for that family that is just starting out, for those families who are earning less than \$30,000 or \$40,000 a year. That is why I believe so strongly that the refundable tax credit has to be part of this package.

I see my colleague on the floor, Senator LANDRIEU, who is new here, from Louisiana, who has worked very hard to ensure that the tax cut is refundable. Yet, I hear this being debated, I hear it characterized as the people who are on earned income tax credit, those who are earning less than \$25,000 or \$30,000 a year, if we give them a tax credit, it is giving tax credits to people who are on welfare. Nothing could be further from the truth. These are working families. They go to work every day. They are struggling to make ends meet. They are paying for day care. They are working to make sure they have nutritious food on the table. They are trying to save a few dollars for their children to go on to higher education so they can contribute to our economy. Those are the people we need to help. Those are the people that the President's tax cut really goes to, and that is what we have an obligation as a Senate and a Congress today to make sure that we take care of in the future.

We will do the wrong thing if we pass a tax cut that merely inflates the income of those at the top, that gives away tax dollars to people who are already able to send their children to college, who are already able to take vacations in exotic places, who are already able to ensure that their family has a good home and a safe neighborhood to live in. We will do the right thing if we make sure that the tax cuts we pass help those young families who are struggling today, because if we lift them up and make sure that their children are healthy and well-educated and secure and that they have a good quality of life, then this country will be stronger in the future.

I urge my colleagues to step back from this big debate about who is going to benefit and how the tax package will be put together, and say, what do I want this country to look like 10, 15, 20 years from now? Do I want to see it strong? Do I want to see a lot of young people with hope in their eyes who know they will be able to go to college? Do I want to see young families who are saying, I can save enough to buy a home and feel secure? Do I want to see a country where children have the nutrition that they need, that have the health care that they need? If that is the country we want, we will ensure that we move toward the President's tax cut, that we have a refundable tax credit in here, that we put our tax cuts where they will make the most difference.

That is why I support the President's tax cut plan and urge my colleagues to do the same. I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Thank you, Mr. President.

I am happy to be here this morning to join my colleague from Washington State and so many of our colleagues to talk about the issues regarding this tax package and the budget that we are debating.

I will be setting up in just a moment a picture of a family, Mr. President, from Shreveport, LA, the Meyers family. It is Lois and Scott Meyers, their son, Clayton, and Jessica, their daughter, who is 17. Their son Clayton is 5, the same age as my son Connor. This family works very hard, Mr. President. They only make, however, \$17,000 a year. She, Mrs. Meyers, has a master's degree, but she works at a homeless shelter as a counselor. He has a \$7-an-hour job. Of course, it is not full-time, but he also is a counselor and does not work a full 40 hours, but under contract has a flexible schedule. They are struggling hard to raise these two children.

If we do not make this change that so many of us have talked about, expanding this \$500 tax credit, this family in Louisiana, the Meyers family, and so many families like them in your State, in the State of Washington, in Texas, in South Carolina, will simply be left out. I believe, as so many of our colleagues do, that everyone in America, frankly, deserves a tax break. I really believe that, and I believe there are ways for us to provide tax breaks for those at the higher end, for those at the middle end, and for those working hard and struggling to make ends meet at the lower income levels. This family is not a welfare family. They are a hard-working, lower income family.

In Louisiana, 95 percent of the people in my State—95 percent—make less than \$75,000. Ninety-five percent of the households in Louisiana make less than \$75,000. As their Senator, it is my job to argue that all of them, I believe, deserve some sort of tax relief. If we do not make this child credit stackable against the earned income tax credit, families like this, the Meyers family, will simply be left out. I just think that is not right. I believe they need to have tax relief.

Now, this family, at \$17,000 income, is frankly not going to be able to take much advantage of the capital gains tax relief, although I support capital gains tax relief. They are not going to take advantage of the estate tax relief. Their estate is not anywhere close to \$600,000 in assets. They will be able to take advantage of, hopefully, the HOPE scholarship for Jessica as she gets ready to go into college, but if they don't get the \$500 tax credit, they will not be a part of this tax plan.

Now, it is true that they did only pay \$200 in income tax last year because of the earned-income tax credit. They received a credit of about \$1,200, but this

family paid approximately \$1,300 in payroll taxes, and that is what is important—for them to get this child tax credit against their payroll taxes, as well as the credit against the income tax.

The President is fighting very hard, along with many, many of the Democrats. I hope some of the Republicans will join us in saying that we want tax relief for these families.

In other States, the average school-teacher salary, preschool and kindergarten teacher, is \$18,700. The average sales occupation in America today is \$24,000. Bookkeepers and accountants make on an average \$20,000. Dental assistant, about \$18,000. If this tax credit is not corrected in the way we believe it should be in conference, all of these families that I have mentioned—firefighters, bookkeepers, teachers, and this Meyers family—will not get the tax relief I think they deserve.

I am here this morning to speak for them. They are not able to speak on this floor. They are only able to write letters and to call in. I am here this morning, along with many of my colleagues, to speak for these families, to say, "Let's make this tax package fair."

We also need, as you know, Mr. President, and so many of our colleagues, to make sure that we move toward a balanced budget, that we do it in a fair way, by giving tax relief broadly in the ways that we can, also cutting back where we can to make sure that we are running this Government in a very fiscally responsible way that promotes growth, that promotes job development, but also promotes fairness.

When we can give a tax cut, let's give it to the families that deserve it. This is a hard-working family. They are not on welfare. They never have been on welfare, and they deserve a break today.

Another subject of the tax bill that is important to me and so many on both sides of the aisle is the provision for a tax exemption for the State-sponsored savings plans. Florida has an extensive plan: 450,000 families have been able to join the Florida prepaid tuition plan. Senator GRAHAM has been very supportive of this provision.

In Louisiana, before I was elected to the Senate, as State treasurer I helped to institute a Start Smart plan, where families of all incomes up to \$100,000—which includes just about everybody in Louisiana—would be able to set aside a small amount of money, as much as they were able to, sometimes as little as \$10 a week, into a savings plan, and in our State, our general fund in Louisiana matches. For every \$1 that a family is able to put up—it can be a parent, a guardian, a grandparent, a corporation can set up a savings plan for a child so they could go to college—whatever amount they are able to save, the State general fund matches that savings. For those at the lower income level, as the Meyers family, \$18,000 to \$20,000, the State makes a greater

match, but the State gives some help or match to families making up to \$100,000 on a progressive scale.

The bottom line, in our conference, we have a possibility, which I understand the President supports—and I hope the American people will support this, too—to give tax-exempt status to those savings plans. We want more children, Mr. President, to be able to go to college. We want everyone to have the education they need to compete in a world very different than the world we grew up in. They need those technical skills. If they are not able to go to a 4-year college or a 2-year community college to at least get the technical training, post high school—12 years of education is no longer what is required. They need to go the extra 2 or 4 years to get the education they need to compete. Families need to be able to save.

One of the other great provisions in this tax bill, but it is not a done deal yet, another great provision, which will cost about \$1 billion, but it will be the best \$1 billion we will ever spend, is leveraging the great will and great hope and great aspiration that families have to be able to have their children and grandchildren do better than themselves, to enable them to set up these savings accounts. I hope we will urge the President and urge the Republicans and Democrats to support this one provision in this tax bill that will make these savings plans tax exempt, encourage more States outside of Florida and Louisiana—and only a few others have set up these programs—urge them to set them up.

This is supported by the National Treasurers Association, which has been a very strong advocate for this savings plan. This is not a handout, Mr. President. This is a handup. This says to families, if you are willing to set aside \$10 a week or \$50 a month or even \$100 a month, we will match that effort, we will allow that fund to grow, tax exempt, so you will have that money.

Mr. President, \$500 a year, \$17,000 a family would be able to save, almost \$30,000 under a savings plan, even a modest savings plan, which is a good amount of money, actually a very large amount of money to be able to have that young person attend school. Also, this is for adults who set up in Louisiana this savings plan which allows them to go back to school to get the degree they need to have a higher salary and a more productive income level.

So, besides the \$500 tax credit that we on this side feel so strongly about making fair, this provision that allows and actually encourages families to save and increases the savings rate of America—which any economist and any person that is involved in the financial sector will tell you, America's savings rate is too low. It is not good for our country.

So we do two things at once. We help families do the right thing by saving for their children. We also increase the

savings rate for America, which helps our business to have more capital to invest. It is a win-win for everyone. I hope my colleagues will join me in supporting the change in the \$500 child tax credit, as well as the provision for the statewide savings plans which would be so helpful to thousands, millions, of American families.

Mr. ROCKEFELLER. Mr. President, the next few days could make the difference between every working family getting the benefit of the child care tax credit in the budget—or the benefit of the child credit only going to families earning more than \$30,000. The next few days could make the difference between whether or not more than 25,000 West Virginia families get the benefit of child tax credit or not. Nationwide we're talking about almost 5 million families who could get left out if we don't make the child credit fairer to all families. Democrats want all hard working families to get the benefit of the child credit—under the tax bills that passed the House and Senate they won't. As congress and the President try to wrap up the bipartisan budget deal and its family tax cuts, we need to improve the child tax credit so it helps American families that need it most.

The average family in West Virginia has an income of \$27,500. What that means is that about 25,000 West Virginia families won't benefit from the Republican child credit plans under consideration unless we change the tax bills so that all working families share in the benefits of the child tax credit just like middle income families do. The President has a child tax credit proposal that benefits all working families.

We should adopt it as part of our tax cut package or too many West Virginians and lower-middle income families across the country will be left out.

For the average hard-working American family to get a direct, real benefit from this year's budget agreement, we need to make sure that all working families get the benefit of the \$500 child tax credit.

Average American families don't have multi-million dollar estates, and they're not playing the stock market. They don't have enough money to invest in IRA's. They go to work every day, often both parents work full time, and they have a tough time paying their bills, putting food on the table, making the mortgage, and seeing to it that their kids grow up safe and healthy. Those are the families who I think this budget agreement should deliver for first and foremost—before we give the wealthy a chance to save tax-free, benefit a handful of the wealthiest Americans with big estates, or provide a capital gains tax cut.

Extending health care coverage to the children of working families who don't qualify for Medicaid is the other major benefit of this tax bill for working families.

Right now, we don't know if these families will get real health care coverage from the final agreement, with

health care benefits they can count or not. That is another major issue which could be decided in the next few days. I am here to tell my colleagues and the American people that there is simply no choice but for us to stand up for hard working American families and give them the family tax credit they were promised, and the health insurance coverage their children need.

It defies common sense to allocate \$85 billion in net tax cuts—as called for under the bipartisan budget agreement—and leave out the working families who need it most. The President's proposal directly benefits families who work and who pay taxes—it is not welfare—it is the helping hand they need.

These families deserve to share in the benefits of the tax cut. These families are the families of a rookie cop in West Virginia, a public school teacher, a bank teller, or a fireman. Middle class families deserve a break, so do families who are lower-middle class, and we don't have to choose between them. Working families all can benefit from the child tax credit as it is constructed in the President's child tax credit proposal. It would treat the children of all working families equally—all the families who are working hard and pulling the proverbial wagon should benefit from the child tax credit.

The Children's Commission unanimously endorsed this kind of child tax credit. This tax bill is where we can deliver.

I am here to report that in the next few days or over the next few weeks as we complete our work on this historic budget agreement, I will not stop fighting for the families in West Virginia who deserve a child tax break, who deserve health care coverage for their kids, and who deserve our help, now.

#### FAIR TAX RELIEF FOR WORKING AMERICANS

Mr. KENNEDY. Mr. President, as the Clinton administration and the conferees on the tax cut bill work out their differences, we need to do all we can to guarantee that fair tax relief is delivered to the American people. The last thing Congress should do is enact a tax relief bill that offers plums to the wealthy and crumbs to everyone else.

Who deserves the tax relief? Is it the average hard-working family on Main Street, or the wealthy millionaire on Wall Street? Is it the rookie policeman walking the beat? Or is it the heirs of fortunes worth millions of dollars? Is it the nurse trying to raise a family on \$27,000 a year? Or is it the financier buying and selling stocks and bonds?

That is what is at stake this week and next week, nothing less. There are two key questions: will Congress target the scarce funds available for tax cuts to working Americans in blue-collar shirts or to tycoons in designer suits? Will the amount of tax relief be responsible, or will it explode in the out-years and unbalance the budget we are trying so hard to balance?

Everyone at the negotiating table now agrees that \$85 billion is a realistic figure for tax relief over the next 5 years. The debate is no longer about how much tax relief we should enact for that period. Now the debate is over who should benefit from that tax relief, and how much they should benefit.

Our Republican friends want to target the vast majority of the benefits of tax relief on those who have already benefited the most from the Nation's soaring economic growth—the wealthiest individuals and corporations in our society.

Clearly, this tax bill cannot close the widening income gap in our society. But just as clearly, it should not make the gap wider.

Over the last two decades, the rich have gotten richer, and everyone else has fallen behind. During the 1950's and 1960's, all income groups in the population participated in the economy's growth. We all advanced together. But, in the 1980's and 1990's, we grew apart. The benefits of economic growth have tilted heavily toward the rich.

Instead of reducing this inequality, the Republicans would add to it. Their tax cuts are weighted heavily to the rich. According to the Treasury Department, the House Republican tax plan would give two thirds—two thirds—of its benefits to the richest fifth of the population.

And that estimate is conservative. Citizens for Tax Justice included the estate tax cuts and corporate tax cuts in their analysis and calculates that the richest fifth would get 80 percent of the benefits.

By contrast, under the President's proposal 83 percent of the tax cuts would go to working families and the middle class, and only 10 percent would go to the wealthy.

The largest tax breaks in the Republican plan are the lower tax rate on capital gains, the indexing of capital gains for inflation, the estate tax cuts, and the expansion of IRAs and other tax-preferred savings accounts. All of these provisions benefit the wealthy, not average Americans.

In addition, the Republican proposal opens the way for more tax loopholes and other special interest tax breaks. The changes to the corporate alternative minimum tax alone will make it easier for large corporations to earn billions of dollars in profits but pay little or no taxes.

The most unbalanced giveaway in the Republican bill is the capital gains tax cut. Under the Republican bill the rich will see their capital gains tax rate cut in half. The lowest bracket taxpayers will only see a reduction of one-third.

The Republican tax break on capital gains will be worth all of \$6 to the average family with median income. But it will be worth over \$7,000 to those in the top 1 percent of the population.

By contrast, under the President's proposal, everyone will get the same tax break of 30 percent on their capital gains. The President's proposal ensures

that the same breaks granted to the rich are also given to every taxpayer. It is simple fairness that everyone should receive the same treatment.

Another unbalanced provision in the Republican proposal is the estate tax reduction. The Republican provisions are aimed at the top 2 percent of all estates. They help those who have done extremely well in recent years. Median income taxpayers will see no tax reduction at all from these provisions.

The Republicans claim that they are helping families with the \$500 children's tax credit. But most families earning under \$30,000 will not be eligible to receive the full benefits of the credit under the Republican plan, and many of these hard-working, tax-paying Americans will receive no benefit from the credit at all. The President's proposal is far fairer in enabling these families to take advantage of the credit.

Furthermore, no tax bill can be considered fair if it does not address the needs of low and moderate income families for affordable health insurance coverage for their children. Ninety percent of uninsured children are members of working families. These parents work hard—40 hours a week, 52 weeks a year—but all their hard work does not buy the insurance their children need for a healthy start in life.

The Senate bill offered a downpayment on this problem by providing \$24 billion to help such families purchase affordable coverage. This coverage was financed, in part, by a 20-cent-per-pack increase in the cigarette tax. Whether to include this cigarette tax increase, and the additional \$8 billion in funding for child health insurance it will buy, in the final tax bill is now in dispute. In view of the immense costs that smoking inflicts on society and the critical need for children's health insurance for low and moderate income families, it would be a travesty if big tobacco prevails and eliminates these provisions from the final legislation.

Finally, the Republican proposal has serious defects in the long run that make it irresponsible and that will cause the deficit to explode in future years. According to the Center for Budget and Policy Priorities, the Republican proposal will increase the deficit by \$500 billion to \$600 billion in the 10 years after 2007.

We went down this deficit road once before, with the excessive Reagan tax cuts of the 1980's. We should learn from that history, not repeat it. It is a pyrrhic victory if the budget is in balance in 2002, and then grossly unbalanced in the years that follow.

Democrats are proud to stand for responsible tax relief that is fair to the American people. The Republican alternative flunks the test of fairness, and it flunks the test of responsibility. The choice is clear and the people will judge Congress by how we respond.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.