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Senate

RAILROAD DEFICIT REDUCTION FUEL TAXES

Mr. CHAFEE. Unfortunately, I understand the conference agreement on H.R. 2014 takes no action to equalize the rate of deficit reduction fuel taxes paid by the various modes of transportation. As the distinguished chairman of the Finance Committee and I have discussed, an obvious inequity currently exists which requires that railroads pay a 5.55 cents-per-gallon fuel excise tax, while all other modes of transportation pay no more than 4.3 cents-per-gallon for this purpose. In fact, by transferring deficit reduction taxes paid by other transportation users, including truckers which compete with the railroads, into trust funds for infrastructure improvements, we exacerbate the current inequity. Railroads continue to contribute to deficit reduction, while their competitors instead contribute to their own infrastructure.

If transportation is to be singled out for deficit reduction, the burden of contributing to a balanced budget should be shared equally among all modes. While I regret that no solution to this problem was possible in this legislation, I hope you share my belief that the fuel tax inequity imposed on the Nation's railroads must be remedied at the earliest opportunity.

Mr. ROTH. As the Senator from Rhode Island knows, I am deeply concerned about the unfair situation faced by railroads. While we were unable to include a solution to this problem in H.R. 2014, it is my hope that we will have the opportunity to pursue such a remedy as quickly as possible, perhaps in the upcoming ISTEA reauthorization legislation.

Mr. CHAFEE. Let me express my appreciation to the Chairman, Senator ROTH, for his interest in this important issue. I look forward to working with him on this matter during the upcoming ISTEA legislation.

Mr. FAIRCLOTH. Mr. President, I rise in strong support of the tax bill, H.R. 2014.

Mr. President, this is a major tax cut for the American people—more than $90 billion in tax relief.

This is the largest tax cut for the American people since 1981.

In terms of education, the provisions are very significant. My legislative priority for this year has been a tax credit for community college students of any age to improve their job skills. On the first day of this Congress, I introduced S. 50, a bill to provide a $1,500 tax credit for community college students. Technology has brought about rapid change in the workplace, and the need to update one's skills on a daily basis is critical. I think the community college system is the best job training program we have in this country. North Carolina has been a leader in education and in job growth. There is a strong link between the two. The tax bill will provide a 100-percent tax credit for the first $1,000 of expenses for attending a community college or the first 2 years of college. It will provide a 50-percent credit for of the next $1,000. In sum, it's a $1,500 tax credit for all of America's community college students. I was a strong supporter of this provision, and I am pleased it has been retained and improved.

The legislation also provides an interest deduction for student loans. Under the bill, State prepaid tuition plans will receive tax-free treatment. And, the bill permits penalty free withdrawals from IRA's for education expenses. All of these provisions will improve our education system without spending more money on bureaucrats or Government programs.

For families, the bill has significant tax relief. We have provided a $500 tax credit for children under the age of 17. For a family of four making $30,000—this is a 50-percent tax cut. For a family of four making $50,000, this is a 21-percent tax cut.

Mr. President, this is major tax relief for America's working families. For too many years, these families, working men and women have been the backbone of America, going to work every day, paying the mortgage, raising families, and paying their taxes and their debts. The Government has put a greater and greater tax burden on them every year. This tax relief is long overdue. In fact, it's 16 years overdue. Their last tax cut was 1981. There have been plenty of tax increases in the intervening years.

Mr. President, there are a number of other positive items in this tax bill. For example, the bill: Cuts capital gains taxes; cuts the capital gains on the sale of one's home; provides greater estate tax relief, particularly for small family-owned businesses and farms; accelerates the phasein of self-employed health insurance tax deduction; and provides a more generous IRA for at-home spouses.

Mr. President, we should not lose sight of the fact that the Republicans have now controlled Congress for 3 years. We have finally overcome the President's opposition and cut taxes. In 1993, President Clinton passed the largest tax increase in American history. To me, this is a stark contrast in philosophy. If the Senate was not in Republican hands, we would be debating the size of the tax hike, not the tax cut. Although the White House has at times tried to blur the differences, it should not be lost on the American public that wasteful Government spending is going down, and taxes are being cut for the first time in years.

The battle for greater tax relief does not end here. The Tax Code has to be simplified dramatically. Overall tax rates are too high. Americans are working until May just to pay taxes. We need to set a protection into law that not more than 25 percent of one's wages can be taken in taxes.

I can assure the Senate and my constituents in North Carolina that I will

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

continue my work for greater tax relief.

Thank you, Mr. President, I am pleased to support this bill.

Mr. LAUTENBERG. Mr. President, I rise in support of the conference report on the tax reconciliation bill.

Mr. President, before I begin to discuss this legislation, let me take a moment to again congratulate the chairman and ranking member of the Finance Committee, Senator ROTH and Senator MOYNIHAN, for their leadership on this legislation. Both these distinguished Senators reached out to Members on the other side of the aisle to make this happen, and they deserve enormous credit for their leadership.

Mr. President, I am supporting this legislation for four primary reasons. First, it will help ordinary, middle-class families and especially their children. Second, it will promote education. Third, it will help clean up our environment and promote economic development. And, fourth, it's part of a broader bipartisan agreement that will balance the budget and prepare our Nation for the 21st century.

First, Mr. President, this legislation would provide valuable assistance to middle-class families in the form of a $500 tax credit for children under the age of 17. This credit will help millions of ordinary people who are raising their children, working hard, and struggling to pay their bills. For these Americans, an extra $500 or $1,000 per year can go a long way. And, so long as our Nation can afford to provide this relief in the context of a balanced budget, I think it's the right thing to do.

Mr. President, I am especially pleased that the child tax credit included in this legislation will be available to lower income families who also qualify for the earned income tax credit, or EITC. This proved to be one of the most contentious issues in the conference, much to my surprise. Yet some around here argued that providing direct tax relief to police officers, nurses, and teachers somehow amounted to welfare. I never understood the logic of that. But, fortunately, Democrats made this a top priority. And, in the end, these hard-working Americans will be able to benefit from the child tax credit.

Mr. President, the second major element of this legislation is the section that promotes education. The bill includes a $1,500 tax credit to help students afford the first 2 years of college. In addition, there's a tax credit worth up to $1,000 for those who want to pursue additional education beyond that.

This latter benefit will be available to adults of all ages. And it's especially important. In an increasingly technological age, education must be a lifelong process. And it's something that we should encourage and support.

Mr. President, the third major reason why I'm supporting this legislation is that it includes new incentives to clean up thousands of contaminated, abandoned sites in economically distressed areas. That not only will improve the environment, but it will help encourage redevelopment of these areas, known as brownfields. It's a win-win approach that will make a real difference for communities around our Nation.

Mr. President, the final reason I am supporting this legislation is that it's part of the broad bipartisan budget agreement that I helped negotiate with leaders from both parties and the President. That agreement will provide several benefits outside the tax area that we never could have achieved without this broader compromise.

We're getting $24 billion to provide health care coverage for uninsured children. We're restoring disability benefits for legal immigrants. We're ensuring that 30,000 disabled children don't lose their Medicaid coverage. We're investing $3 billion to move people from welfare to work. And the list goes on.

None of these important advances would have been possible without a broad bipartisan agreement. And to get that agreement, Democrats had to accept some significant new tax breaks that we otherwise would have resisted.

Mr. President, I, for one, do not share the faith of my Republican friends that cutting taxes for rich Americans is the ticket to economic growth. We've tried trickle-down economics in the past. And it's proved not only unfair, but ineffective in promoting the economy.

Most Democrats have a different approach, Mr. President. We like to focus on tax cuts for ordinary Americans. The people who work hard, raise their kids, and who often have a hard time keeping their heads above water.

In other words, Mr. President, rather than showering tax breaks on the rich and having that money trickle down, we'd rather provide relief to ordinary Americans, and allow those funds to flow back up.

Fortunately, Mr. President, while this bill does contain some new tax breaks for the very wealthy, the bulk of its benefits are focused on the middle class. The most expensive element in the package is the child tax credit. The next most expensive area is education. Both of these types of tax relief are targeted on people who really could use the help.

Having said that, Mr. President, there clearly are other provisions, such as the capital gains rate cut and the backloaded IRA, I'm concerned about the costs of these new tax breaks, especially in the future. If it were up to me, I would have done much more to constrain those costs.

But, Mr. President, these provisions were necessary to reach the broader agreement. There simply would not have been a deal without them. And so, on the whole, many on this side of the aisle felt that this was the price we had to pay to get the other benefits in the budget agreement.

At least, Mr. President, the legislation before us does not include some of the more egregious proposals that would have exploded the deficit in the future.

But the bottom line, Mr. President, is that, though it has real flaws, I am going to support this legislation. And I would encourage my colleagues to do likewise.

No, it's not perfect legislation. But it's part of a compromise that will do a lot of good. It provides significant tax relief to middle-class families. It will help millions of Americans afford college. It will encourage millions of others to pursue their educations throughout their lives. It will lead to the cleanup and redevelopment of many abandoned sites around our nation. And it's part of a bipartisan plan that will balance the budget and prepare our Nation for the next century.

Mr. SPECTER. Mr. President, I am pleased to vote in favor of the Taxpayer Relief Act, which will provide the first significant tax cut to working Americans in 16 years.

Although I still believe that we ought to move to a system of a fairer, flatter tax without myriad exemptions and deductions, this bill represents an important first step toward relieving the tax burden on working Americans and families. This tax bill provides a net tax reduction of $96 billion over 5 years while remaining on a glide path toward a balanced budget.

Specifically, I am pleased that the final package includes a $500 per child tax credit, tax incentives for education, including education IRA's, a modified Hope Scholarship and tax free treatment of State prepaid tuition plans. It also takes important steps toward expanding participation in IRA's, a reduction in the capital gains tax and AMT, and incentives for small business by reinstatement of the home office business deduction and an acceleration in the phase in of the self-employed health insurance deduction.

On estate taxes, an area where I have long believed that we must have relief, this bill would help family farmers and small businesses by increasing the exclusion to $1.3 million. It would also increase the exclusion for families to $1 million over 10 years.

In conclusion, Mr. President when combined with the budget savings bill passed earlier today, we have made real progress on putting our financial house in order and providing necessary tax relief to millions of Americans.

REPEAL OF LIMIT ON SEC. 501(C)(3) BONDS

Mr. MOYNIHAN. Mr. President, one provision of H.R. 2014 would repeal the $150 million limit on section 501(C)(3) bonds. This is a change I have long sought, and I am grateful for my chairman's support for this change. It is my understanding that the intention of the provision is that bonds that meet the requirements of the bill will be eligible for tax-exempt treatment without being subject to the $150 million limitation. Furthermore, these bonds will not be taken into account with respect to other qualified section 501(C)(3) bonds that are subject to the $150 million limitation, which bonds may continue to be issued on a tax-exempt basis to finance and refinance expenditures as permitted under existing law.

Mr. ROTH. I agree with the Senator's interpretation of this provision of the bill.

Mr. ALLARD. Mr. President, I must admit that I was less than pleased with the spending portion of the budget reconciliation package. I regret that I was unable to give that section my support. Unfortunately, we failed to address the problem of growth in entitlement spending. We passed on making some needed reforms to the Medicare system. We owe our children and grandchildren much more, Mr. President. I am much more pleased with the tax portion of the budget reconciliation package. One of my primary goals has always been to reduce the tax burden on hard-working Americans. I am proud to say that we will take a step toward this goal today. For the first time in 16 years, we give the American people a measure of tax relief. I am especially pleased that we are taking steps to reduce two of the most onerous and economically harmful taxes—the capital gains tax and the death tax.

Mr. President, with this act today, we will move in the direction of protecting family farms and businesses from Uncle Sam's grasping arms. Under current law, many family farms and small businesses have to be sold off just to pay the taxes on the founder's estate. This is tragic and irresponsible. But today, we will change that law to allow estates containing small businesses and family farms to deduct the first $1.3 million of the value of the estate. This change in death tax law is a good step in the right direction, although I must emphasize that it is only a first step. No family owned business or farm should have to be sold to pay death taxes. I will continue to fight to see that no family owned business is ever again the victim of the Federal Government's insatiable appetite for more money.

We also make some good progress in the area of capital gains tax relief in this bill. Under current law, the U.S. has one of the highest capital gains tax rates in the world. These high rates have the perverse effect of punishing those who help our economy to grow by saving and investing and they raise the cost of capital, thereby lowering growth in productivity. With this bill today, we will reduce this economically harmful tax.

Although we did not get the indexing provisions that I championed, most investors will get a reduced rate of 18 percent if they hold an asset purchased after 2000 for more than 5 years. Low-income investors will be charged an even lower rate of 8 percent for long-term investments. In addition, we are reducing the rate on all capital. Most taxpayers will now be charged a 20 percent rate and those in the lowest income bracket will only have to pay 10 percent. The 43 percent of Americans that now invest in stocks in one form or another will benefit from these provisions.

Mr. President, I am pleased with these steps that we are taking today to reduce these economically harmful and unfair taxes, and I am proud to say that I will support this portion of the budget reconciliation package. I look forward to working with my colleagues in the future to enact further tax reduction measures that will help our family farms and small businesses.

Mr. HUTCHINSON. Mr. President, the United Kingdom deregulated its electric utilities in 1990. There is now a central power pool. Power stations with capacities of over 10 megawatts are ordinarily required to sell all electricity generated into the pool. Consumers buy from the pool or from regional electric companies that buy from the pool

Thus, for example, if an independent generator wanted to build a power station to supply electricity to an oil refinery in England, it might lease land from the refinery and build the power station. However, a direct sale of electricity to the refinery would not be permitted. The generator would sell electricity to the pool, and the refinery would buy from that pool. The pool prices change each half hour based on demand and supply and, therefore, fluctuate frequently.

The refinery will want protection against price fluctuations. Consequently, it will enter into a contract for differences with the generator. The parties will agree on a schedule of fixed prices that the generator would have charged had the generator been free to make a direct sale. When the pool price exceeds the agreed price in the schedule, the generator will pay the refinery the difference. The refinery will pay the generator the difference when the pool price is less. Thus, the differences contract is a way for both parties to buy certainty. The generator is certain of his revenue stream. The refinery is certain of how much electricity will cost over an extended period. It is a hedging agreement.

It my understanding that the relevant provision in the bill does not turn payments under such differences contracts into subpart F income. Would the Chairman clarify this understanding?

Mr. ROTH. The legislation is not intended to affect arrangements which do not constitute notional principal contracts under present law. In addition, the legislation is not intended to change the treatment of notional principal contracts entered into as part of a hedging arrangement referred to elsewhere in section 954.

Mr. HUTCHINSON. I thank the Chairman.

AMTRAK

Mr. MCCAIN. Mr. President, the conference agreement to H.R. 2014 includes a provision to provide Amtrak up to $2.3 billion during the next 2 years. This funding provision would be provided in the form of tax credits. While I have already made my concerns known regarding this provision, I note that it would require enactment of reform legislation prior to the Treasury providing these credits to Amtrak.

As Chairman of the Senate Committee on Commerce, Science, and Transportation, which has jurisdiction over Amtrak, I would like to ascertain for the record what the authors of this tax credit provision envision would constitute reforms. Since I was not a conferee, I would appreciate the majority leader clarifying this matter and explaining the conferees intent.

Mr. LOTT. I would be happy to offer clarification to the Chairman of the Amtrak authorizing Committee. As members know, we have spent significant congressional time working to develop comprehensive Amtrak reform and reauthorization legislation. As Members further know, I worked for 2 years on a bipartisan reform package in the 104th Congress. Senator HUTCHISON has picked up this legislation effort and has worked diligently to advance the process. However, we cannot justify new Federal subsidies for Amtrak unless we also fix the many impediments imposed by statute which prevent Amtrak from operating like a business. Comprehensive reforms in the areas of Amtrak operations, labor, and liability must be enacted if we are serious about addressing Amtrak's financial crisis. Amtrak cannot survive without these fundamental changes. Money alone will not address Amtrak's systemic problems.

Mr. MCCAIN. I thank the majority leader for his comments. From your description, the reforms you envision to release this new funding for Amtrak are the type of reforms included for in S. 738, the Amtrak Reform and Accountability Act of 1997. That bill, sponsored by the Chairwoman of the Surface Transportation and Merchant Marine Subcommittee, Senator HUTCHISON, was approved by the Commerce Committee on June 26, 1997. I note that the sponsor of S. 738 is on the floor. I would like to ask what her intentions are for moving that bill.

Mrs. HUTCHISON. Thank you. I had hoped we would be able to accomplish the necessary Amtrak reforms within the context of this tax bill. I believe that Members of the Senate from both parties were prepared to do that. Given that Amtrak has warned us it could reach bankruptcy by the spring of 1998, the reforms embodied in S. 738, which include labor reforms and limits on liability, are simply critical. I am committed to moving S. 738 as soon as possible after the August recess. The Chairman of the House Transportation and Infrastructure Committee shares my commitment to provide honest legislative reforms in order to release the tax credits to Amtrak. I hope the majority leader will work with me to assure timely floor action.

Mr. LOTT. I look forward to having the full Senate consider the authorization legislation reported by the Senate Commerce Committee and will be happy to work with the Senator.

Mr. MCCAIN. I thank the majority leader and Senator HUTCHISON for clarifying this issue. The reform language in this tax bill linked to the release of tax credits clearly means comprehensive, substantive, meaningful reforms to ensure Amtrak operates more efficiently and to set up a process that will protect taxpayers if Amtrak does not meet its financial goals. Let there be no misunderstanding. There will be no new funding provided to Amtrak until we first enact legislation providing operational, labor and liability reforms. The hard working men and women whose tax dollars are subsidizing Amtrak deserve to have their contributions invested as responsibly as possible. I stand ready to work with the majority leader and the subcommittee chairman to bring this reform measure before the full Senate.

Mr. THURMOND. Mr. President, I rise to support the Tax Relief Act of 1997. I commend the Finance Committee and the leadership, along with the Budget Committee, for their hard work.

This bill, along with the Balanced Budget Act of 1997, fulfills our promise to the American people—to restrain Government spending, and to bring Tax Relief to the American people.

This tax reduction act has some tax relief for all Americans, at all stages of life. The child tax credit will boost the family budget for parents with children.

Homeowners, and others with capital assets will benefit from the capital gains tax reduction. The education provisions will encourage savings and assist all students. The bill has provisions for savings and investment, and for businesses. This will encourage economic growth and promote employment. Finally, there are estate tax reforms which will help preserve family businesses and farms.

Mr. President, this Nation has waited too long for a balanced budget—nearly 30 years; and it has been 16 years since we have delivered any significant tax relief. These measures passed today keep us on the track of smaller government and a strong economy.

I am proud to support this measure, because it is good for the people of South Carolina and good for the Nation. It is a good down payment toward a simpler, fairer, and less burdensome tax system.

Finally, Mr. President, these two bills put us on course to fiscal responsibility. We must continue to keep spending within the limits of our resources, and begin to reduce the national debt. We owe no less to our children and grandchildren.

Mr. ENZI. Mr. President, I rise in support of H.R. 2014, the conference report on tax relief. Through this tax package, we can give the American people the first serious tax reduction package in 16 years. This legislation provides tax relief to families with children, it offers greatly needed relief for small business, and it encourages education and investment. Finally this legislation gives some relief to individuals and small businesses from the punitive Federal death tax. I commend the Chairmen of the Finance and Budget Committees and the other conferees for their hard work on this package. We must realize that we still have a long journey ahead in relieving the tax burden on American taxpayers and in simplifying the cumbersome tax code.

Mr. President, our tax burden in this country is overwhelming. We tax income, we tax investment, and we tax savings. In fact, we have pretty well figured out a way of taxing a person from the time he gets up in the morning to the time he goes to bed. From the time you wake up in the morning and have your first cup of coffee, you are paying sales tax. When you get in your car and drive to work, you are paying gasoline tax. As you work all day to support your family, you are also supporting the Government by paying income tax. When you go home and spend time with your family and finally go to bed, you are paying property tax. If you decide to make a telephone call or turn on the light switch, you get taxed for that too. This taxation on almost all your daily activities goes on your entire life and to add insult to injury, we even tax you when you die. It is a tragic situation in this country when most people spend more money on taxes than they spend on food, clothing, and shelter combined. It is time that we relieve this tax burden on our Americans.

Just as our tax burden is too high, our Tax Code is frustratingly complex. Like a critically-ill patient, the Internal Revenue Code is in desperate need of surgery. We have continued to operate our Tax Code with layer after layer of bandages while ignoring the gasps of the dying patient beneath. This complexity has often left even the professional tax preparers in a quandary about the meaning of the myriad of code provisions and revenue regulations. When even the experts cannot understand our Tax Code, it is time for meaningful reform.

I had the pleasure of conducting a small business committee field hearing in Casper, WY, this past April in order to find out the concerns facing many of our small businesses. One of the consistent messages I received from the hearing was that the complexity of our Tax Code is strangling small businesses. Even the representatives from the accounting profession testified that our Tax Code is in desperate need of simplification. They are concerned about their own liability because they cannot even count on representatives of the Internal Revenue Service to understand the Tax Code they attempt to enforce. I have found that many of these accountants are reluctant to simplify the code, however, because every time we've attempted to simplify the Tax Code, we have ended up raising taxes. We in Congress must begin by reevaluating our tax policy. We will be able to accurately chart our course only if we know where we are going.

This conference report takes an important step in lessening the tax burden on individuals and small businesses alike. This tax package provides broad-based tax relief for America's families. The $500-per-child tax credit would provide over $70 billion in tax relief for families over the next 5 years. The child credit has long been championed by the Republican Party as a means of helping in the evergrowing cost of raising families. Our Tax Code has failed miserably to keep up with the evergrowing demands of raising children. The current exemption for dependent children is less than one-half what it should be to keep pace with inflation. Many of America's families have two parents working with one working to pay the bills and the other working to pay the taxes. We should be working to strengthen our families in any way we can, and this credit will help in that effort.

Mr. President, this package moves us a step closer to the eventual repeal of the punitive death tax. This is an area I have taken a special interest in since the Federal death tax adversely impacts a large number of small businesses and farms in Wyoming. The death tax punishes people who work hard their entire lives in order to pass something on to their children. This bill increase the exemption for individuals and provides for a $700,000 exclusion for family owned businesses. This exclusion was an important priority for me. I joined several of my colleagues in urging the conferees to include a provision which excludes the death tax for family businesses and farms. We need to build on this foundation and work toward an eventual repeal of the Federal death tax.

Mr. President, this bill gets us closer to leveling the playing field between small businesses and their larger competitors. Most notably, it accelerates the phase in for the deduction of health insurance for the self-employed and it reinstates the home office business deduction. As a small businessman myself, I was pleased to see some tax relief going to those who form the backbone of our economy.

This legislation also encourages education by providing tax credits for tuition and expenses for college and technical school training as well as tax deductions for the interest on student loans. These tuition tax credits will provide the means for many students to pursue a college education or receive technical training. The tax deduction for individuals who have already invested in college or graduate education provide tax relief for one of the largest investments many people will make in their lifetime.

Mr. President, this package makes important strides toward encouraging

Americans to save and to invest for their future. We currently have a dangerously low savings rate in this country, and this is due in large part to our current tax structure which not only taxes income but it taxes savings. This bill expands the availability of tax-free Individual Retirement Accounts to include nonworking spouses and it creates a new ''super IRA'' the proceeds of which can be withdrawn tax-free for purposes such as first time home purchases.

We also provide relief for investment by providing for long-overdue capital gains relief. This bill cuts the top capital gains rate from 28 percent to 20 percent and reduces the 15 percent rate to 10 percent for assets held longer than 18 months. This reduction of the capital gains rate will benefit millions of Americans. A news report just this week showed that nearly one-half of Americans have some current investment in the stock market. Many companies have allowed their employees to invest in their future by buying stock in the company. Many of these employees have counted on this investment for retirement. This package provides relief for people who have planned wisely for their future.

Mr. President, I support his tax relief proposal because I believe we need to return some of the Americans' money back to them this year. This legislation will return over $90 million to those who have paid the taxes. It has been far too long since Congress has passed a tax relief package for the American families and small business, and I applaud this effort. We must not, however, believe that our work is done. Rather, it has just begun. We must now focus our attention and effort on the reducing the enormous complexity of the Internal Revenue Code. We need to set our sights on the clearly defining our Nation's tax policy, and then muster the reserve to implement our goals with simplicity and fairness. As the only accountant in the U.S. Senate, I fully realize the need of reforming a tax code so that it strengthens families, encourages enterprise and thrift, and rewards savings. I look forward to working with my colleagues in this most important endeavor.

I thank the Chair and yield the floor.

TAX INCENTIVES THAT PROMOTE FORESTLAND CONSERVATION

Mr. GREGG. Mr. President, I am very pleased that the Senator from Delaware [Mr. ROTH], included language in this tax bill, H.R. 2014, the Revenue Reconciliation Act, which promotes land conservation through the use of conservation easements and allowing the postmortem election of these easements. Still, I believe that more must be done in the future to ensure that forestland, especially in the Northeast, is preserved. This issue is of particular importance in the Northeast, where 85 percent of our forestland is in private ownership.

Mr. LEAHY. Mr. President, I agree with the Senator from New Hampshire, and I intend to work with him in a bipartisan manner to promote land conservation by pushing forward the recommendations made by the Northern Forest Lands Council in 1994. As highlighted in S. 552, the Forestland Preservation Tax Act, certain tax polices work against the long-term ownership and management of forestland and instead force landowners to sell or change the use of their land. H.R. 2014 begins to address this program with the provisions for conservation easements and estate tax relief for small businesses and family farms. In the Northeast, the timber production is part of our agriculture and faces many of the same challenges as family farms.

Mr. ROTH. I agree with both Senators and look forward to working with both of you on these issues in the future.

CHILD HEALTH PROVISIONS

Mr. MOYNIHAN. Mr. President, I would like to enter into a colloquy with Chairman ROTH to clarify the conference agreement as it relates to the children's health initiative. First, the issue of what benefits must be provided to children has been very important to us in this Chamber, on both sides of the aisle. Under the conference report, a State covering children under the new title XXI must offer at least the coverage listed under the options specified in section 2103(a). Do these options establish floors or ceilings?

Mr. ROTH. These four options are floors. States are given flexibility to design their programs, while meeting the standards of section 2103(a). States may also build upon the benchmark packages. With grant funds, States, if they wish, may provide additional benefit coverage, but they must provide at least the coverage described in section 2103(a). For example, a State may supplement the benchmark-equivalent package of the standard Blue Cross/Blue Shield plan for Federal employees by expanding vision, dental, and hearing services benefits.

Mr. MOYNIHAN. Another benchmark is the coverage for State employees. It is my understanding that this benchmark coverage is equivalent to the health benefit plans in which State employees are enrolled. Is that correct?

Mr. ROTH. Yes, this benchmark allows States to provide children with coverage benefits equivalent to the health benefit plans that enroll State employees.

Mr. MOYNIHAN. Another clarification. Is it intended that children, including those with special needs, receive quality care?

Mr. ROTH. The conferees expect State programs to provide access to appropriate treatment for special needs children. In addition, the new legislation is clear that children who are eligible for Medicaid under current law may not be shifted to the new program under title XXI. Medicaid coverage may not be rolled back and replaced by new insurance programs. For example, the new program cannot replace an existing medically needy program for children or existing Medicaid eligibility through waivers for children receiving home and community based care.

Mr. MOYNIHAN. I thank the distinguished chairman of the Finance Committee for his helpful remarks. I would also emphasize that, in the Finance Committee, members on both sides of the aisle strongly agreed that these child health grants should not supplant current State spending, and instead would supplement and enhance current State child health insurance programs. The conference report included such maintenance of effort provisions. To ensure a cost-effective grant program, Federal funds should not replace existing State spending.

Mr. NICKLES. Mr. President, the chairman of the Senate Finance Committee has worked closely with me on a provision in this bill to clarify the application of section 168(j) of the Internal Revenue Code to Indian lands in Oklahoma.

Section 168(j) was enacted in 1993 to provide accelerated depreciation for property placed in service on Indian reservations. Since Oklahoma has no formal reservations, the House of Representatives included a provision in their tax bill to clarify that lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe and eligible for trust-land status would qualify for section 168(j).

As the chairman knows, the Senate receded to the House provision in conference. However, since the House leaves the interpretation of the provisions to the U.S. Department of the Interior, I believe it is essential that we clarify congressional intent.

There needs to be a ''bright-line'' test for determining which Oklahoma lands qualify for section 168(j) in order to treat Oklahoma fairly compared to other States and to avoid costly litigation. The Department of the Interior has indicated that ''lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe'' would be defined as lands within boundaries of the last treaties with the Oklahoma tribes. This definition narrows the land area compared with current law by eliminating the unassigned lands.

Because I believe it is important that we clarify this matter, does the chairman of the Senate Finance Committee concur with my explanation?

Mr. ROTH. The Senator from Oklahoma is correct. I thank the Senator for his cooperation on this issue.

Mr. DOMENICI. Mr. President, pursuant to section 313(c) of the Budget Act I submit the following list of extraneous material for H.R. 2014, the Taxpayer Relief Act of 1997.

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

EXTRANEOUS PROVISIONS—CONFERENCE REPORT ON H.R. 2014—TAXPAYER RELIEF ACT OF 1997

Provision	Comments/Violation
Sec. 901	Deposit general revenue portion of highway motor fuels taxes into highway trust fund. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 909	Require study of feasibility of moving collection point for distilled spirits excise tax. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 910	Codify BATF regulations on wine labeling. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 931	Delay penalties for failure to make payments through EFTPS until after 6/30/98. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 954	Modification of empowerment zones and enterprise communities criteria in the event of future designations of additional zones and communities. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 976	Combined employment tax reporting five-year demonstration project for Montana. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1031(d)	Dedicate 4.3 cents/gallon tax on aviation fuel to the Airport and Airway Trust Fund. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Following provisions are from the Simplification section of H.R. 2014	
Sec. 1223	Due date for furnishing information to partners of large partnerships. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1283	Repeal of authority to disclose whether prospective juror has been audited. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1284	Clarification of statute of limitations. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1285	Clarify procedures for administrative cost awards. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1310	Adjustments for certain gifts made within three years of decedent's death. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1314	Authority to waive requirement of United States trustee for qualified domestic trusts. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1412	Authority to cancel or credit export bonds without submission of records. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1413	Repeal of required maintenance of records on premises of distilled spirits plant. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1415	Repeal of requirement for wholesale dealers in liquor to post sign. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1417	Use of additional ameliorating material in certain wines. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1420	Authority to allow drawback on exported beer without submission of records. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1431	Authority for IRS to grant exemptions from excise tax registration requirements. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1432	Repeal of expired provisions. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1444	Repeal of expired provisions. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1451	Clarify Tax Court jurisdiction over interest determinations. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1503	Elimination of paperwork burdens on plans. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1510	New technologies in retirement plans. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.
Sec. 1604(f)(3)	Coordination with tobacco industry settlement agreement. Byrd rule (b)(1)(A): Produces no change in outlays or revenues.

RAILROAD DEFICIT REDUCTION FUEL TAXES

Mr. CHAFEE. Unfortunately, I understand the Conference Agreement on H.R. 2014 takes no action to equalize the rate of deficit reduction fuel taxes paid by the various modes of transportation. As the distinguished Chairman of the Finance Committee and I have discussed, an obvious inequity currently exists which requires that railroads pay a 5.55 cents-per-gallon fuel excise tax, while all other modes of transportation pay no more than 4.3 cents-per-gallon for this purpose. In fact, by transferring deficit reduction taxes paid by other transportation users, including truckers which compete with the railroads, into trust funds for infrastructure improvements, we exacerbate the current inequity. Railroads continue to contribute to deficit reduction, while their competitors instead contribute to their own infrastructure.

If transportation is to be singled out for deficit reduction, the burden of contributing to a balanced budget should be shared equally among all modes. While I regret that no solution to this problem was possible in this legislation, I hope you share my belief that the fuel tax inequity imposed on the Nation's railroads must be remedied at the earliest opportunity.

Mr. ROTH. As the Senator from Rhode Island knows, I am deeply concerned about the unfair situation faced by railroads. While we were unable to include a solution to this problem in H.R. 2014, it is my hope that we will have the opportunity to pursue such a remedy as quickly as possible, perhaps in the upcoming ISTEA reauthorization legislation.

Mr. CHAFEE. Let me express my appreciation to the Chairman, Senator ROTH, for his interest in this important issue. I look forward to working with him on this matter during the upcoming ISTEA legislation.

PUERTO RICO TAX INCENTIVES

Mr. D'AMATO. Mr. President, I joined with Senators MOYNIHAN, Chafee, HATCH, GRAHAM, and BREAUX recently in introducing S. 906, which would provide job creation incentives for our fellow 3.8 million American citizens in Puerto Rico. I am disappointed that these incentives were not included in the bill before us today, H.R. 2014, the Taxpayers Relief Act.

S. 906 had the unified support of the public and private sectors in Puerto Rico, was endorsed by the President, and has received bipartisan support in Congress. It was my goal to include this job creation incentive in today's legislation. But because of extreme economic constraints on available resources, this was not possible.

As a result of the changes made to tax incentives affecting Puerto Rico in 1993 and 1996, Puerto Rico has no Federal economic incentives to attract new businesses or jobs. Further, existing U.S. companies operating on the island have little incentive to make new investments or replace depreciating plant and equipment. This is inequitable and should be changed. Our fellow citizens in Puerto Rico, where there is an unemployment rate more than twice the national average, and well over 50 percent of its population living below the poverty line, can least afford to suffer economic setbacks.

Mr. President, I urge the Senate to consider S. 906, or other incentives for economic growth in Puerto Rico at the first available opportunity. This legislation provides a wage-based tax credit that encourages U.S. companies to stay and expand on the island.

We cannot wait until the damage is done. Puerto Rican Americans, no less than Americans living in the States, should be receiving the benefits of economic growth and job creation that the Taxpayer Relief Act provides to so many others.

Mr. BROWNBACK. Mr. President, I rise to make a few remarks on the tax cut package being considered before us today.

Not since 1981 have we been able to offer the American people as comprehensive a tax relief package as we are offering in this tax bill. Through this historic tax bill we will offer American families much needed tax relief in the form of $500 per child tax credit, capital gains tax rate cuts, as well as an increase in the unified credit exemption for death taxes. Families will also be able to save through tax relief for education expenses.

But this is just the beginning.

Cutting taxes and shrinking government spending are two things that will help to remove the obstacles that impede the progress of our economy. We must continue to cut taxes even more.

Current estimates by the Congressional Budget Office place our deficit this year around $45 billion. With a robust economy and continually declining deficits we could easily reach a balanced budget next year—we might even go into surplus for the first time in well over a generation—something that would truly make this budget deal historic.

In the spending portion of the budget deal the Administration has stated that the amounts agreed to are enough for the operation of the federal government. Although I believe that we need to reduce the size of the federal government even further.

We have a deal that limits government, we cannot and should not let government grow beyond what we have agreed to here today when revenues exceed the costs of the operation of the federal government.

The question is now upon us as to what we should do next—what we should do after having achieved the goals so boldly outlined just three short years ago. The debate is no longer about whether we should balance the budget or not—it's not about whether we should cut taxes or not—we have done those things. The debate before us is now in terms of a more limited government with lower taxes. The next question is now that we have agreed on the acceptable size of government what should we do next.

The short answer is we must continue to cut taxes.

Surpluses that are generalized either next year or five years from now must be used for further tax reduction. We must make it clear that our priority is to provide Americans with as much tax relief as possible—and using surpluses to provide additional tax relief makes that priority clear. Cutting taxes will continue to fuel the economy and will further unleash the potential of our economy to perform at full speed. For too long the Congress has worked to hinder the functioning of our economy by imposing a multilayered tax system that punishes success more than it rewards it.

We must continue to cut taxes and to make that our priority as we move into the next century.

Currently, whenever revenues come into the Treasury higher than estimated the revenues automatically go to deficit reduction and will eventually contribute to paying down the Federal debt once we are running a surplus.

I believe that it is critical that we continue to eliminate the deficit and pay down the debt—but we must do that in the context of lower taxes for the American people. We can do both—we can provide the American taxpayers with much needed tax relief and pay down the debt by allocating excess revenues to both tax reduction and debt reduction. But we must be vigilant in ensuring that excess revenues do not go to more Government spending; they must go to tax cuts and debt reduction alone.

We must continue to limit the size, scope, and intrusiveness of the Federal Government. We must further limit Government and force its shrinkage through a continuing effort to cut taxes.

And when we cut the size of Government further we must return the money to the taxpayers who have been forced to subsidize its woefully inefficient operations for much of this century. The taxpayers deserve a break.

Now, however, we must reject any notions of relaxing at having completed this historic budget deal. Rather, we must pick up again, and begin again, fighting for more tax relief, more tax cuts, and a smaller, less intrusive Federal Government.

The American people have said they want these things—now we must bind ourselves to provide those things—it would be irresponsible to do otherwise.

Thank you Mr. President, I yield the floor.

Mr. BOND. Mr. President, I rise today in support of H.R. 2014, the Revenue Reconciliation Act of 1997. This conference report is the product of months of effort by Members of the Senate as well as our colleagues in the other body and representatives of the administration. This legislation also represents the first real tax cut for the American people in over a decade. Today, Americans are bearing an enormous burden when it comes to income taxes. According to a recent study by the Tax Foundation, the per capita Federal tax burden has increased 36.5 percent since 1992 and 57.5 percent since 1988, largely because of the severity of the administration's 1993 tax increase.

In simple terms, the tax burden on Americans today is too high. Many Americans now pay more in taxes than they do for food, clothing, and housing combined. This bill takes a positive step toward easing that burden in an effort to let the hard-working men and women in this country keep more of the money they earn.

While the provisions of this bill reduces taxes in a variety of ways, I want to focus on two important groups who will benefit the most from this legislation—our American families and the millions of small businesses across the Nation.

FAMILY TAX RELIEF

Family tax relief is a critical part of the conference report that we consider today. The child tax credit has long been a Republican priority, and as a result of this bill, it is now a reality. Beginning in 1998, families will be able to claim a $400 credit per child, which will increase to $500 beginning in 1999. In addition, by making the credit available for children under age 17, we help many families when they need it the most. As a parent, I can attest to the fact that the costs of raising a child explode during the teenage years, and through this bill millions of parents will not have to struggle so much to meet those higher expenses.

The availability of this credit will benefit more than 43 million children and their families. In fact, the Joint Economic Committee estimates that a married couple in my State of Missouri who earn $30,000 a year and have two children will see their Federal tax burden cut in half. That means that those families will be able to keep significantly more of their hard-earned income and use it to put food on the table rather than subsidizing the huge Federal bureaucracy.

On the education front, the Revenue Reconciliation Act provides relief for millions of students seeking to better themselves and learn a trade or other profession. The bill establishes the Hope Scholarship and the Lifetime Learning tax credits, which will offset some of the high costs that families must bear to continue their children's education after high school.

In addition, this legislation will benefit nearly 5 million students through tuition tax relief in the form of State-sponsored prepaid tuition programs and new educational IRA's. These programs will allow parents to contribute to education savings accounts for a child beginning at an early age. As those contributions grow tax-free, a fund will be created to pay for tuition, room and board, and related expenses when the child goes to a qualifying college or vocational school.

For many students, however, higher education is only possible if they finance all or part of the expense through student loans. Unfortunately, after accumulating 4 years of such loans, these students often graduate into starting positions and large monthly loan payments. I am very pleased that this bill will assist over 7 million students in this situation by restoring a tax deduction for interest paid on student loans. This provision will help today's student who will not have had the benefit of the long-term educational savings accounts created under the bill, and it will recognize the responsibility and commitment that they undertook to achieve their higher education goals.

While this bill provides important tax relief for families with children and for young adults expanding their education, it also helps those planning for their retirement years. The bill reduces the limitations on individual retirement accounts and will enable more Americans to use IRA's to save for their retirement. The legislation will also encourage both spouses to save for retirement by permitting a nonworking spouse to contribute to an IRA regardless of whether the working spouse participates in a pension plan. These changes will not only ensure greater retirement security, but will also bolster our national savings rate, which is now one of the lowest among industrialized nations.

SMALL BUSINESS TAX RELIEF

Mr. President, as the chairman of the Committee on Small Business, I am very pleased that this legislation makes great strides for reducing the enormous tax burdens on the small businesses in this country. According to the Small Business Administration, small firms in this country employ 53 percent of the private work force, contribute 47 percent of all sales in the country, and are responsible for 50 percent of the private gross domestic product. In addition, industries dominated by small businesses produced an estimated 75 percent of the 2.5 million new jobs created in 1995.

In recognition of the important role that small entrepreneurs play in this country today, the Revenue Reconciliation Act contains several provisions that will help level the playing field for small businesses and encourage their continued growth and development. First and most important, the bill increases the deductibility of health insurance for the self-employed to 100 percent. This is truly a landmark victory for small entrepreneurs. For the first time, this legislation recognizes that self-employed business owners are entitled to the same tax treatment with respect to the deductibility of their health insurance costs as their large competitors have received for many years.

Earlier this year, I introduced legislation that would provide full deductibility of health insurance for the self-employed beginning this year. While I am disappointed that it will take 10 years under this bill to reach full deductibility, we are finally on the right path. Now we can turn our attention to realizing that 100 percent level at the earliest possible date. Greater deductibility will help the 5.1 million uninsured self-employed individuals and their 1.4 million children to have greater access to health insurance. It will also help the self-employed who are already insured to maintain the cost of a single person health-insurance policy, which in most cases is substantially more expensive than a group insurance policy.

A second major victory for home-based businesses is the restoration of the home-office deduction, which is a major goal of the Home-Based Business Act that I introduced earlier this year. For too long home-based businesses have borne the inequality created by the Soliman decision, which radically limited the home-based businesses that could claim the deduction. Even more troubling is the fact that many home-based businesses that would arguably meet the current criteria for the deduction never claim it for fear of triggering an IRS audit. This bill puts home-based businesses on an equal footing with their larger competitors and clears the way for the continued success of these important entrepreneurs.

I am also pleased that we are able to provide a significant reduction in the estate tax for family owned businesses and farms. With less than one-third of family owned businesses currently being passed on to a second generation, and only about one-eighth passed to a third generation, estate tax reform for family owned businesses and farms is urgently needed. This legislation will provide a $1.3 million exclusion from estate tax for these family owned enterprises. In addition, the bill will increase the individual estate tax credit to $1 million by 2006. The result will not only be the preservation of many successful family owned businesses and farms that would otherwise have to be sold in order to pay the Federal Government, but it will also preserve the millions of jobs that these enterprises contribute to our local communities.

Small businesses will also benefit from the capital gains provisions in the bill. My committee has heard on many occasions that small businesses need greater access to capital. I can think of no better way to address that need than by opening up the billions of dollars of built-in gains that currently exists in our economy, which the capital gains tax reduction is expected to unleash. Small companies will also have greater capital access through the provisions in the bill that will allow tax-free rollover of gains from an investment in qualified small business stock into an investment in another qualified small business. This provision will foster investments in small businesses and encourage existing investors to repeat their success stories by rolling over their gains into new start-up companies.

Additionally, millions of limited partners, many of whom work in small limited partnerships and limited liability companies, can rest easy as a result of the moratorium included in the bill that will prevent the IRS from finalizing its proposed stealth tax regulation before July 1, 1998. This proposed regulation purports merely to define who is a limited partner. But in reality, the rule will raise taxes on millions of limited partners by regulatory fiat. The Constitution vests the power to impose taxes in Congress, and Congress alone. The moratorium included in this bill will stop the IRS from usurping that power and give Congress an opportunity to exercise its authority to find a statutory solution.

Finally, small business will have extended protection from IRS penalties under this legislation as a result of the 6-month extension of the penalty-free period for small businesses subject to the Electronic Federal Tax Payment System [EFTPS]. This past June, the IRS agreed to waive penalties through December 31, 1997, on small businesses who are required to pay their taxes electronically starting on July 1, 1997. The bill extends the penalty-free period through June 30, 1998, and will ensure that small firms will not be penalized if errors or problems occur. In addition, it will give Congress time to enact the legislation, which Senator NICKLES introduced and I have cosponsored, that would make EFTPS voluntary for most small businesses.

Mr. President, despite the many positive provisions in this bill for small business, there is one glaring omission—a safe harbor for independent contractors. The need for such a provisions was made clear by the 2,000 delegates to the 1995 White House Conference on Small Business who named it the most important issue for the President and the Congress to address. For too long millions of entrepreneurs and businesses that hire them have lived in constant fear that the IRS will use its now infamous 20-factor test to find that a worker was misclassified to the tune of thousands of dollars in back taxes, interest, and penalties, not to mention the enormous costs of accountants and attorneys necessary to fight the IRS.

No one disputes that the IRS has a duty to collect Federal revenues and to enforce the tax laws. The problem in this case is that the IRS is using a procedure that is patently unfair and is doing so on an increasingly frequent basis. It is time for companies, workers, and most especially the IRS, to have clear rules for determining the status of workers.

The legislation that I introduced earlier this year reaches that goal through a general safe harbor based on clear, objective criteria and a bar against retroactive reclassification of workers by the IRS. I remain committed to working with those on all sides of this issue to find an answer to this critical problem, and I call on my colleagues on both sides of the aisle to join with me in that endeavor. Let's end the environment of fear in which small businesses and self-employed individuals now must live. They should be able to spend less time looking over their shoulder for an IRS audit, and more time doing what they do best—contributing to the growth and strength of our economy and creating much-needed jobs.

Mr. President, the Revenue Reconciliation Act that we consider today will help Americans in so many ways, from raising children and educating them to helping small businesses continue to be the economic engine of this country. In addition, it is the culmination of so many of the efforts that we began more than 2 years ago to bring meaningful tax relief to hard-working Americans across this country. I urge all of my colleagues to support this important legislation.

Mr. ROTH. Mr. President, I ask unanimous consent that the distribution tables for 1998–2002 on the conference report to H.R. 2014, the Taxpayer Relief Act of 1997, as prepared by the Joint Committee on Taxation be printed in the RECORD.

The distribution tables show that the Taxpayer Relief Act of 1997 is a substantial tax cut for America's overtaxed middle-income families.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 1998]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$26	−0.5	$5	0.4	$5	0.4	5.4	5.4
10,000 to 20,000	−1,870	−5.9	31	2.5	30	2.4	8.5	7.9
20,000 to 30,000	−3,477	−4.9	70	5.6	67	5.4	13.7	13.0
30,000 to 40,000	−4,244	−4.3	98	7.8	93	7.6	16.5	15.8
40,000 to 50,000	−3,372	−3.3	103	8.2	99	8.1	17.7	17.1
50,000 to 75,000	−6,628	−2.6	251	20.0	244	19.9	20.2	19.6
75,000 to 100,000	−3,242	−1.7	193	15.4	189	15.4	23.1	22.6
100,000 to 200,000	−178	−0.1	251	20.0	251	20.4	25.1	24.8
200,000 and over	1,076	0.4	251	20.0	252	20.5	30.2	28.6
Total, all taxpayers	−21,961	−1.8	1,253	100.0	1,231	100.0	20.7	20.1

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increases in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 1999]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$33	−0.7	$5	0.4	$5	0.4	5.7	5.6
10,000 to 20,000	−2,051	−6.5	32	2.4	29	2.3	8.3	7.8
20,000 to 30,000	−3,955	−5.5	72	5.5	69	5.4	13.6	12.9
30,000 to 40,000	−5,088	−5.0	101	7.7	96	7.5	16.5	15.6
40,000 to 50,000	−4,115	−3.9	107	8.1	102	8.0	17.5	16.8
50,000 to 75,000	−8,255	−3.2	259	19.8	251	19.6	20.0	19.3
75,000 to 100,000	−4,358	−2.1	204	15.6	200	15.6	23.0	22.4
100,000 to 200,000	−1,101	−0.4	264	20.2	263	20.6	25.1	24.7
200,000 and over	−1,893	−0.7	264	20.2	262	20.5	30.2	28.7
Total, all taxpayers	−$30,850	−2.4	1,309	100.0	1,278	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increases in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 2000]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$40	−0.8	$5	0.4	$5	0.4	5.8	5.7
10,000 to 20,000	−2,143	−6.7	32	2.3	30	2.2	8.3	7.7
20,000 to 30,000	−4,075	−5.5	75	5.4	71	5.3	13.6	12.8
30,000 to 40,000	−5,189	−4.9	105	7.7	100	7.5	16.4	15.6
40,000 to 50,000	−4,152	−3.8	110	8.1	106	7.9	17.5	16.8
50,000 to 75,000	−8,197	−3.1	267	19.4	258	19.3	19.7	19.1
75,000 to 100,000	−4,482	−2.1	218	15.9	213	15.9	22.8	22.3
100,000 to 200,000	−1,096	−0.4	280	20.4	278	20.8	25.0	24.7
200,000 and over	−2,439	−0.9	279	20.4	277	20.7	30.2	28.7
Total, All Taxpayers	−31,812	−2.3	1,371	100.0	1,339	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air personal travel taxes attributable to personal travel. Does not include increase in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 2001]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$52	−1.0	$5	0.4	$5	0.4	5.8	5.8
10,000 to 20,000	−2,395	−7.4	32	2.2	30	2.1	8.3	7.7
20,000 to 30,000	−4,359	−5.6	77	5.4	73	5.2	13.5	12.8
30,000 to 40,000	−5,359	−4.9	109	7.6	104	7.4	16.4	15.6
40,000 to 50,000	−4,324	−3.8	114	8.0	110	7.8	17.4	16.7
50,000 to 75,000	−8,116	−3.0	274	19.1	266	18.9	19.6	18.9
75,000 to 100,000	−4,533	−1.9	235	16.4	230	16.4	22.8	22.2
100,000 to 200,000	−570	−0.2	295	20.5	294	20.9	25.0	24.7
200,000 and over	−1,162	−0.4	294	20.5	293	20.8	30.3	28.7
Total, all taxpayers	−30,870	−2.1	1,437	100.0	1,406	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air travel taxes attributable to personal travel. Does not include increases in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS [1] OF H.R. 2014

[Calendar year 2002]

Income category [2]	Change in federal taxes [3]		Federal taxes [3] under present law		Federal taxes [3] under proposal		Effective tax rate (percent) [4]	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law	Proposal
Less than $10,000	−$70	−1.3	$5	0.4	$5	0.4	5.9	5.8
10,000 to 20,000	−2,702	−8.3	33	2.2	30	2.0	8.3	7.6
20,000 to 30,000	−4,748	−6.0	80	5.3	75	5.1	13.5	12.7
30,000 to 40,000	−5,646	−5.0	114	7.5	108	7.3	16.4	15.5
40,000 to 50,000	−4,537	−3.8	120	7.9	115	7.8	17.3	16.7
50,000 to 75,000	−8,260	−2.9	284	18.9	276	18.7	19.3	18.8
75,000 to 100,000	−4,696	−1.9	248	16.5	243	16.5	22.7	22.2
100,000 to 200,000	−614	−0.2	312	20.8	312	21.2	25.0	24.7
200,000 and over	−2,019	−0.7	310	20.6	308	20.9	30.3	28.7
Total, all taxpayers	−33,293	−2.2	1,505	100.0	1,471	100.0	20.6	20.0

(1) Includes child credit, capital gains reform, education incentives, IRA expansion, self-employed health deduction increase, EIC reduction, individual AMT depreciation conformity and relief for farmers, and air personal travel taxes attributable to personal travel. Does not include increase in the cigarette excise tax.

(2) The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable social security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living aboard. Categories are measured at 1997 levels.

(3) Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax is not included due to uncertainty concerning the incidence of the tax. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis.

(4) The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation.

Detail may not add to total due to rounding.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Will the Senator from Arkansas yield some time?

Mr. BUMPERS. Mr. President, I am delighted to yield to the Senator from Maryland.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland is recognized. He has the floor.

Mr. LOTT. Will the Senator yield for a unanimous-consent request that I think would be of great interest to all Senators?

Mr. SARBANES. I am happy to do that.

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I believe that everybody knows what is in this bill now and Senators have had many opportunities to express their enthusiastic support for the bill. It seems to me that Senators are ready to vote. If we can get this unanimous-consent agreement that I have discussed with the Democratic leader, we would have this vote this afternoon and we would be through with our work and we would not have another vote until Wednesday, September 3.

I ask unanimous-consent that the vote occur on adoption of the pending tax fairness conference report at 6 p.m. this evening, and that no further action occur prior to the vote.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Reserving the right to object, Mr. President. I reserve the right to object not for the purpose of objecting, but for the purpose of making a brief statement with respect to my vote on the last rollcall vote. I think the Senate made a mistake, and I had hoped to be here in time to express my opposition to the motion to waive all points of order.

I think that was a mistake. These are the reasons why it is a mistake. I was not—along with most of the other Members of this body—a conferee on this resolution. I know very little about what's in the bill—only by asking questions of staff and listening to other Members. But I had nothing to do with the conference report that was brought back. Many of the Senators in here are in the same boat.

What goes into that conference report depends a lot on the actions of the House of Representatives. They are a part of the conference report that comes back here for us to vote on. Our only recourse—inasmuch as we cannot amend the conference report, our only recourse, if indeed we want to get a vote on something in that conference report, is to make a point of order if the point of order is available.

The Byrd rule was devised for the purpose of keeping extraneous matter off reconciliation measures because there was very little time on a reconciliation bill for debate, and on a conference report, there is no opportunity to amend it. And so we devised the Byrd rule to keep off these pieces of extemporaneous legislation that were often complex, costly, and needed to be aired and debated by the representatives of the people. That was the purpose of the Byrd rule.

I looked over the Byrd rule violations that were involved here. I saw none that I would question. Some of the Byrd rule violations are good, in my view. But at least I had the opportunity, I had the right to raise a point of order and get a vote. I could not amend the conference report, so a point of order would be my only way to delete from the bill an extemporaneous matter and get a vote on it. And now the Senate has adopted a motion that waived all points of order. It took away your rights, your rights, your rights, and my rights, if we had wanted to make a point of order under the Byrd rule.

It was a bad precedent. What are we going to do the next time—the next time we bring in a reconciliation bill? The first thing, if the majority so wishes, could be to move to waive all points of order? They have the votes. They have the votes. We might be in the majority the next time, or we may not be.

Another thing that happens in these conferences is, the administration, which is a separate branch of Government—and I still hold that there are three equal, coordinate branches of this Government. I don't salute the executive branch. I don't serve under any President. I serve with the President. But the administration goes into these conferences, whether it is a Republican administration or a Democratic administration, and tries to dominate those conferences, tries to get matters included in the conference report right at the last minute so we won't have time to air them under the limited time for debate. But there is still a point of order that a Senator has a right to make, and especially under the Byrd rule, because usually if the administration wants to put in something, it may be an authorizing measure, it is something which ought to be debated. But because they can get it in the reconciliation bill, if they can get by the Byrd rule points of order, then they are home scot-free. I am opposed to that. I think we made a mistake. It is a bad precedent. And I only wish I had had time to express my viewpoint before we voted. Maybe it would not have changed any votes, but still I would have had an opportunity. I thank all Senators for listening. I apologize for imposing on your time.

Mr. LOTT. Mr. President, I renew my request.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Without objection, it is so ordered.

The PRESIDING OFFICER. The Senator from Maryland is recognized.

Mr. SARBANES. Mr. President, just 4 years ago, in 1993, in order to reduce the deficit, the Congress, by a narrow margin, enacted a budget resolution that curtailed programs and increased taxes—taxes that fell primarily on those at the upper end of the income scale. This combination of spending restraint and revenue increases represents a logical way of dealing with the deficit issue.

This approach has worked in a most impressive way. The flourishing economy has brought unemployment below 5 percent for the first time in a quarter of a century. While unemployment is at a quarter-century low, inflation is at a 31-year low. I don't know what better proof you can offer of a strong economy than the low unemployment rate and low inflation rate we are now experiencing. As a consequence of this flourishing economy, the deficit has declined on a steady basis since fiscal year 1992. It has come straight down in each succeeding fiscal year from $290 billion to $255 billion, to $203 billion, to $164 billion, to $107 billion in the fiscal year that ended last September 30, and it is now expected to be below $50 billion for the current fiscal year come this September 30.

As a percentage of gross domestic product, the deficit has gone from 4.9 percent—a very worrisome figure—in 1992 to well under 1 percent for the current fiscal year, the best performance since 1974. So you have the best unemployment rate in 25 years, the lowest inflation in 31 years, the lowest deficit as a percent of GDP in 23 years. We are doing far better than any of the other major industrial countries. So it is a very impressive economic and deficit-reduction performance indeed that we are now witnessing.

Given this performance, one would think that the wise policy would be to stay the course and finish the job, that we would choose to continue following the path on which we find ourselves. Today we have already enacted budget cuts and spending restraints, legislation which obviously works in the direction of deficit reduction. But now we are passing a tax cut when the objective, or so everyone states, is deficit reduction.

Tax cuts obviously work against deficit reduction. And the tax cuts contained in this legislation are particularly destructive of deficit reduction in that they will grow over time in a way that may well jeopardize the goal of reaching and staying in budget balance altogether.

The capital gains, inheritance, and IRA tax cuts all carry with them the potential for substantial increases in future years. In fact, the tables put out by the Joint Tax Committee itself with respect to the tax cuts contained in this conference report tell this very tale. For the first 5 years covered by this legislation—1998–2002—estate tax cuts will cost $6 billion in revenues. For the next 5 years, from 2003 to 2007, they will cost $28 billion in revenue. That is the upward trendline from the first 5 years to the second 5 years. We don't have the figures for beyond the initial 10-year period. They have not been provided to us. So we are in a sense being asked to make this decision in the dark. But it is reasonable to assume that these estate tax cuts will continue on that upward trajectory.

Capital gains cuts in this conference report are listed as producing $123 billion in revenues over the first 5-year period, 1998 to 2002, and then to cost $21 billion from 2003 to 2007 with no projection beyond that point.

IRA's will cost $1.8 billion in the first 5 years, $18 billion in the next 5 years. And the alternative minimum tax costs $8 billion in the first 5 years and $12 billion in the 5 years thereafter.

So, as everyone can see, we are on an upward trajectory that makes it reasonable to assume that the loss in revenues over the second 10-year period will be well in excess of $0.5 trillion.

This rising trend will, in effect, undercut—if not derail—the deficit reduction effort.

Is it not imprudent—indeed, irresponsible—to commit to such tax cuts before we have actually achieved budget balance and before we have a more accurate and realistic view of whether it can be sustained?

As the Baltimore Sun said in an editorial only yesterday, and I quote:

> The question remains: Will the generous tax cuts come back to haunt the country in the form of widening deficits as the tax cuts take full effect several years down the road?'' The answer, judging from the figures I have just cited, appears to be yes.

Furthermore, let me note that all of this is premised on the economy continuing to function as strongly as it is functioning right now. In effect, with this tax cut, we are giving away our margin to engage in a countercyclical fiscal policy, if we have an economic downturn. What would we do in a downturn when, in fact, you might want to do a tax cut in order to stimulate the economy to help move us out of the recession when, in fact, you have proceeded to use up the margin for taking such policy action with the legislation that is here before us.

Second, these tax provisions before us in this conference report are strikingly inequitable, and result in a disproportionate share of the burdens of deficit reduction being placed on lower income individuals and families. The impact of the reduction in programs contained in the spending bill passed earlier today will be felt by ordinary working people, primarily. The tax reductions contained in this legislation, far from burdening upper income individuals, will primarily benefit those at the top end of the income scale.

In fact, it has been reliably estimated that the top 1 percent of the income scale will receive 30 percent of the tax benefits contained in this conference report. The top 5 percent will receive 44 percent of the benefits. And the top 20 percent, the upper quintile, will receive 77 percent of the tax benefits contained in this conference report. I repeat, the top quintile will receive 77 percent of the benefits.

By contrast, the bottom 60 percent, the lowest three quintiles, will receive less than 7 percent of the benefits. So the top fifth of the income pyramid is going to get 11 times the benefit that the bottom three-fifths of the income pyramid will receive under this proposal.

There is no way that can be regarded as an equitable arrangement. And, in fact, what is happening here is, in order to move toward deficit reduction, additional burdens are being put on working people. In fact, under this conference report, the people at the top end of the scale, instead of making a contribution to deficit reduction, are getting out from some of the burden which they now bear, a burden which has helped to bring the deficit down to the point at which we find ourselves today.

A budget agreement and the tax measure to implement it should undertake equitable deficit reduction apportioning the burdens in a way that it is reasonably spread across the entire society, as was done in 1993 when ordinary working people made their contribution through program reductions, and those at the top end of the income scale made their contribution through tax increases. Here again we have working people bearing their share of the burden of program reduction. But the tax breaks contained in this resolution go very much to those at the upper end of the income scale, leaving working Americans bearing a far larger percentage of the load.

So one must conclude this budget fails the equity test. A budget agreement and the tax program to implement it should also lead to lasting long-term deficit reduction. I don't think this legislation will do that. In fact, as I have already discussed at length, I have very deep concern that in the long term, as the Sun editorial indicated—in posing the basic question, ''Will the generous tax cuts come back to haunt the country in the form of widening deficits as the tax cuts take full effect several years down the road?''—this conference report will do serious damage to our long-term deficit reduction efforts.

These tax cuts will explode in the outyears. They start exploding even within the 10-year period. Let me repeat the figures: The estate tax cuts go from a loss of revenue of $6 billion in the first 5 years to a loss of $28 billion in the next 5 years, and presumably more in the outyears. Capital gains are scored under this conference report to earn revenues—earn revenues—of $123 billion in the first 5 years, and to cost $21 billion in the next 5 years, and presumably more in the outyears.

IRA's are scored here to cost $1.8 billion—less than $2 billion—in the first 5 years, $18 billion in the next 5 years, again with no projection beyond that, although everyone assumes it is on an upward trajectory.

So, Mr. President, this measure before us also fails the long-term deficit reduction test, just as it fails the equity test. In effect, it does not have either of two essential attributes—equitable deficit reduction and lasting long-term deficit reduction—that should inform a tax bill.

For those reasons, I must oppose the measure before us.

I thank the Senator for yielding me time.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I would like to yield 10 minutes, or such time as he may use, to the distinguished Senator from Virginia [Mr. ROBB].

Are we going back and forth?

I apologize for that, and withhold the request.

Mr. ROTH. Mr. President, I yield 5 minutes to the distinguished Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I thank my good friend from Delaware.

I rise today in support of this package. I guess every now and again we get into a situation where we have a big bill in front of us. I know that there is a good friend of mine on the floor now. I call him one of the greatest American slaves to his labor than anybody, and that is Senator DOMENICI from New Mexico on Budget, now with Senator ROTH at the helm on Finance.

A lot of things that we have tried to do in the last 6 or 7 or 10 years we get in this bill.

We had a problem one time in the caucus. I can remember my good friend from Wyoming. It got kind of quiet. Nobody was coming up with any answers. He said, ''Our biggest problem is we are overthinking this thing.'' And we could be doing just that.

But I want to remind America what it is all about. And that is middle America and what it means to young men and women who are starting out in agriculture on their farms. This is income averaging, because we are going to phase out subsidies, folks. We have to allow those who are starting off in the farming business, and those who want to sell a farm, to have capital gains relief—those who inherit farms. We are giving them some way that we can pass our farms and ranches on to the next generation. In other words, we don't have to sell the farm to save the farm, and income averaging, allowing a young man and a young woman on a farm to accumulate cash and save it in the good years so that they can make it through the bad years. That is basically what we want to do. And I call them farm friendly provisions of this budget deal.

In small business, the ability and just a short time to write off 100 percent of your premiums for a tax credit on your health care insurance; you get your home office tax credit back; the alternative minimum tax for small businesses and farming operations. Yes, on that same farm or ranch they have children; and the $500-per-child tax credit, which, in my State, means that $200 million a year stays in that State. And the decision on who spends that money is left to the parents. That decision will be made around a breakfast table rather than around a conference table here in Washington, DC.

So let us take a look at the big picture. Let us take a look at the people who really pull the wagon. They have been looking for relief a long time. It is in this package.

I congratulate my good friend from New York and my good friend from Delaware because they have worked a long, long time. And, yes, you can find something in here that you do not like. But let us not let perfection stand in the way of progress. Let us at least take that one giant step in the right direction and let people control those dollars that they have worked so hard to earn.

Across my State of Montana, we are agriculture and we are small business. So this package is just like a rifle shot; it is pointed right at those people who really are the heart and soul of any community, and, yes, the working men and women of this country. I am going to support it. I hope that all of my colleagues will support it. And then if there is something wrong, this body is not encased in stone. There is plenty of time to put some fixes in that maybe should be put in. But nonetheless, right now let us take that one giant step in the right direction.

Mr. President, I yield the floor and I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. ABRAHAM). Who yields time?

Mr. MOYNIHAN. Mr. President, the Senator from Virginia would like 5 minutes.

The PRESIDING OFFICER. The Senator from Virginia is recognized for up to 5 minutes.

Mr. ROBB. Mr. President, I thank the Chair and I thank the distinguished Senator from New York.

I had planned to make a longer formal statement today, but I will be very brief given the lateness of the hour. Most of the things that I wanted to say have already been said, and in most cases said more eloquently than I suspect I could say them. I really do not enjoy being the burr under the saddle when there is so much euphoria. Many good people have worked long and hard to achieve this compromise which I think is ultimately the only way that the system works in terms of the major proposals that we deal with in this institution.

I applaud the President and the Republican leadership for working together. I applaud the ranking members and the chairs of the Finance Committee and the Budget Committee. I have had the privilege of working with the chairman of the Budget Committee for almost 20 years. In my prior incarnation as a Governor, Senator DOMENICI was always one of the most respected Members of either party from Congress on matters that related to fiscal policy. I know for him this budget agreement represents a major milestone. I know how hard he has worked and I know of his personal commitment to fiscal responsibility and to bringing down the deficit. It is real. I have seen him make tough decisions and without compromising his view of the deal that was finally struck between the President and the leadership in Congress. My guess is that he is at least as enthusiastic, if not more so, about the deficit reduction portion than perhaps some of the timing on the tax cuts.

I would say that there are very few people that I know, Mr. President, who wouldn't like to have their taxes reduced. My problem is with the timing of the tax cuts. We have been making real progress on the deficit in the last few years. We are on the right course. We have, as the Senator from Maryland indicated just a minute ago, some of the most favorable economic statistics and optimistic projections we have ever had. If ever we were going to make real long-term progress, not only in reducing the deficit but in actually beginning to reduce the debt, so that we would not be passing on to our children and grandchildren the kinds of burdens that we continue to accumulate, now is the time to address that challenge. And yet we fail to do so at this particular time.

We are providing tax cuts that will be gratefully received by many. We are providing incentives for many good programs. And again I applaud the President and the leadership of Congress and all of those who have been involved in this effort. But we are missing an opportunity that may not come again to make a substantial effort toward long-term fiscal responsibility. I am even more concerned that some of the proposals that we are going to pass today will have some very unfortunate consequences in the outyears.

I think we will have to look back upon our time on watch and answer to future generations as to why, when we had this opportunity, this window of opportunity in our history, when so many of the economic indicators are so good, we were not willing to make the tough choices.

I voted for the package this morning with a tinge of regret. As I have been committed to deficit reduction for my entire public career, I was disappointed that we failed to include in that particular package some rather modest, but important, restraints on entitlement growth, restraints that made sense for our long-term future. They were among the very first parts of the proposal that we moved away from. Just as we failed to show the political courage to take the kind of steps that we could have taken when respected economists told us what the Consumer Price Index was doing to all of the programs that were related to it and the impact a revision would have on the long term. What we are doing here today is providing the kind of good news in the short term that many of our citizens will respond favorably to, but in the long term all of us are going to have to answer for the consequences of our actions.

With that, Mr. President, I thank the Chair. I applaud those who have worked hard to reach this particular agreement, but I respectfully dissent.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. I yield 3 minutes to the distinguished Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. McCAIN. Mr. President, I congratulate Senator ROTH, Senator DOMENICI, Senator MOYNIHAN, and especially our leader for this landmark agreement.

However, I wish to remark on the conference agreement provision that gives $2.3 billion to Amtrak under the guise of so-called tax relief. Mr. President, this has got to be called the great train robbery. It used to be in the Old West that the outlaws took money from the trains. Now the trains are taking money from the taxpayers—$2.3 billion. The James boys, Jesse and Frank, did not have the imagination that this incredible scheme does. It is not to be believed.

Do you know how they are going to get that $2.3 billion, Mr. President? They are going to get it with a $2.3 billion tax break in taxes they never paid. Amtrak has never paid any taxes. In fact, they have lost $20 billion since they came into being. They have lost $20 billion. Now we are going to take tax relief from the freight trains that used to run prior to Amtrak ever coming into existence.

Mr. President, this is most bizarre. I have only been here 10 years, and I am sure some bizarre and Orwellian things have happened, but this is the most bizarre thing I have ever seen. The only thing, the only thing I think that saves this is that Congress, the leader and others have demanded that reform be part of the package. And our friends on the other side of the aisle, rather than grabbing ahold of this greatest sweetheart deal in history, won't even agree to reforms. Right now, if you are laid off from Amtrak, you stay for 6 years on the payroll, and our friends will not even agree to doing away with that incredible, incredible, unbelievable break.

Now, I guess this provision that unless reform is agreed to this bailout—bailout is not the word. My vocabulary does not encompass the ability to describe what we are doing here with this $2.3 billion to Amtrak—$2.3 billion. Not a single reform. And I thank Senator HUTCHISON of Texas who has worked hard on this issue and many others, but I well tell you, Mr. President, I am going to vote for this bill, but I hope and pray we never see anything like this great train robbery ever again.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. Mr. President, I yield myself 1 minute.

Mr. President, I appreciate the concerns expressed by my distinguished colleague, but I feel that a little history will readily help us understand exactly why we have done what we have done with Amtrak.

We are in complete agreement that Amtrak is in a serious financial crisis.

It may not survive through next year, and according to the GAO, the most important measure Congress can take to help Amtrak through this crisis is to provide a stable capital funding source.

In an effort to provide this funding, I introduced legislation that would have created a dedicated trust fund for Amtrak.

This fund would have been financed by transferring one half-cent-per-gallon of the excise taxes imposed on all motor fuels currently going to the general fund to a new rail fund for Amtrak. This would have provided $2.3 billion in capital funding over the next 3½ years.

By a vote of 77 to 21, the Senate overwhelmingly approved this funding source.

However, during the conference on the tax bill, the House conferees demanded that the secure funding source for Amtrak be contingent on a reform bill being enacted. And the House conferees demanded that the funding must be provided through the Tax Code in place of the reserve fund mechanism contained in the Senate-passed version of the tax bill.

This is why the conference agreement now includes a tax refund for Amtrak. And while this is not my first preference in providing capital funding for Amtrak, it provides the necessary capital to keep Amtrak alive. The conference agreement gives Amtrak the benefit of electing no more than $2.3 billion in net operating losses over 2 years.

Amtrak must use the benefit for capital expenses and provide a portion of this benefit for non-Amtrak States for their transportation related expenditures.

This relief is based on the fact that Amtrak has incurred billions of dollars of losses as a result of inheriting revenue losing passenger rail service since its formation in 1971.

The tax provision contained in the conference report merely provides the same type of tax relief that would have been available to its predecessor railroads had Amtrak not been formed in that year.

Mr. President, the bottom line is that Amtrak desperately needs this relief.

The current path Washington is taking to address our transportation needs is to spend more money on highways and airports. In doing this, we must not overlook the vital importance of passenger rail. Last year Washington spent $20 billion for highways, while capital investment for Amtrak was less than $450 million.

In relative terms, between fiscal year 1980 and fiscal year 1994, transportation outlays for highways increased 73 percent, aviation increased 170 percent, and transportation outlays for rail went down by 62 percent. In terms of growth, between 1982 and 1992 highway spending grew by 5 percent, aviation by 10 percent, while rail decreased by 9 percent.

The time has come to invest in our rail system. The money Amtrak needs to survive is in this tax bill, but it can't be spent until a reform bill is enacted. The bottom line is without a reform bill none of this money will be available to Amtrak. I have done my part, it is now time for all the parties to work together on a reform package. Without reforms, Amtrak won't have the resources it needs to survive.

I just want to make it clear that we are about to have the last clear chance to save the American railroad passenger system. I point out that in the legislation there is a requirement that there must be reform. Make no mistake about that. But the fact is I think it would be a serious mistake that the greatest, sole superpower in the world does not have a passenger system. It is bad from the standpoint of transportation, it is bad from the standpoint of environment, and I hope that we are able to get the job done so that we have this modern, clean transportation.

I yield 4 minutes to the distinguished Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, first, I wish to compliment and congratulate the chairman of the Finance Committee, Senator ROTH, and his counterpart, Senator MOYNIHAN, for the bipartisan way in which they have worked to put this bill together. Also, I wish to compliment the majority leader of the Senate, Senator LOTT, and Speaker of the House, Speaker GINGRICH, because, frankly, they set up the design to make this happen. They said let's get something passed. Let's pass a law. Let's reach out. Let's have Democrat support. Let's not jut pass a Republican package.

I will tell you, I think the bill we passed 2 years ago was a lot better. It had a net tax cut of $245 billion. This bill has a tax cut of $95 billion. The difference is this is going to become law. That is important. The tax bill we passed a couple of years ago had a tax credit of $500 per child. We have it in this bill. And so if a family of median income has three kids, that's $1,500 that they get to spend, not Washington, DC. It is their money. They earned it. They should be able to keep it. That is the whole premise of this package.

We have education relief. I hear some of my colleagues who are opposing this say, well, it does too much for the wealthy. It's really slanted toward the upper income. That is totally false; 82 percent of the package goes to education and the family tax credit. Those are limited to middle income. Families with over $100,000 or over $110,000 do not qualify. So this is targeted towards families, middle-income families.

I think it is a good package. It also has IRA's, and I compliment Chairman ROTH because he has been so steadfast in pushing for individual retirement accounts for spouses. Now we have millions of nonworking spouses that will be able to invest in an IRA before taxes. I think that is a very positive provision. We have educational IRA's, again because of Chairman ROTH. We have relief from the so-called death tax. We will increase the exemption from $600,000 to $1 million. It takes 10 years. So I encourage people not to pass away if they are in that range. They need to wait a few years. But we also increased the exemption for family businesses, farms and ranches. And I will tell my colleagues, it is extremely popular, very much needed. If you have a family farm, business or ranch and you happen to pass away and you have a taxable estate of $1 million. You are in a taxable rate of 39 percent. And I don't think Government is entitled to take 39 percent of that property. And so again I think this is long overdue.

We have other relief in this bill to encourage savings, to encourage investment. We reduced the capital gains tax 20 percent. Every time we reduced capital gains we have had more savings.

And so again, I think this is a positive bill. It will encourage jobs; it will encourage savings. It will leave families to keep more of their own money in their pocketbooks.

I compliment again the Speaker and I compliment the leader, Senator ROTH, and Senator MOYNIHAN, those who worked so tirelessly to make this happen. The good news is this will become law. We will do what we said we were going to do. We said we were going to give American families tax relief. We said we were going to pass incentives to create more jobs. We have done that in this bill. I urge my colleagues to vote for it. I am glad to see this will become law soon.

I yield the floor.

The PRESIDING OFFICER (Mr. DOMENICI). Who yields time? The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I yield myself 3 minutes.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I have already spoken on the subject today. There are a couple of other things I would like to add.

First of all, there is always a big constituency for tax cuts and I have never known a Member of Congress to lose a vote by voting for a tax cut. We lost a lot of good men and women in 1993 because they voted for a tax increase, which has reduced the deficit from $300 billion to an anticipated $40 billion this year. But they are not here. They honored what they thought was a demand by the American people for a balanced budget, clearly within our grasp. But, you see, there is a big constituency for tax cuts. There is always a big constituency for spending. There is no constituency for a balanced budget. There are those who have looked forward to that, as I have, for 22½ years. When I was deciding whether I wanted to run again, that was one of the major considerations with me.

There are two things that I think would reinstill confidence in the American people in the congressional system and in our democratic system, in our very political system. The two things that would do more than anything to build confidence in America would be to balance the budget, and, No. 2, to change the way we finance campaigns. I concluded that neither were going to happen in the next 18 months and probably wouldn't happen during the next 6 years if I ran and were reelected. That wasn't the only consideration.

But here we are. In 1998—every economist in the country now believes we will probably balance the budget in 1998. So what are we going to do? No. No. We screamed about balanced budgets around here for 22½ years that I have been around here. Now it is within our grasp and how do we treat it? Postpone it for 5 years. Don't do it in 1998, give away some goodies.

And there are some goodies in here that I love. The educational part of it intrigues me. I love it. But here is something the American people have been clamoring for all of these years. We could postpone this for at least a year and provide some comfort to the American people in letting them know that we are really concerned about deficit spending.

Let me ask you this. What in the name of goodness are we always talking about Greenspan raising interest rates for, depending on the inflation rate? Everybody is scared to death the inflation rate is going to go up a couple of tenths of a point, Greenspan will raise interest rates, and this glowing economy, almost unprecedented in the annals of the history of this country, will come to a screeching halt. There will be no balanced budget once this economy goes into decline.

I yield myself 2 additional minutes, Mr. President.

So, what are we doing? This is not a tax cut of the magnitude of 1981. Certainly in the scheme of things it doesn't even begin to match the tax cuts of Jack Kennedy in 1961–1963. But I tell you what it is, it is $135 billion infused into the American economy which could, which just could fuel the economy to the extent of a couple of tenths of a point in inflation. And if that happens, you can bet that the Fed will raise interest rates. And if that happens you can bet that this economy is going to start slowing and you will not see a balanced budget.

The idea, I don't mind saying, Mr. President, I don't know how to say it any stronger—the idea of doing what we are doing today and postponing something that is so near at hand, a balanced budget—postponing it for 5 years is the height of irresponsibility.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from Michigan.

Mr. ABRAHAM. Mr. President, I just wanted to take a minute here at the finish of this debate, to compliment a number of people whose commitments have been so vital to the success of this bill. From the very beginning of the 104th Congress until today, the Presiding Officer himself has been in the lead as the chairman of our Budget Committee. Without his leadership, we never would have reached this point. Without the leadership of the chairman of the Finance Committee we would not have reached this point. Without the able work of the ranking member of the Finance Committee we would not have reached this point. Certainly, without the assistance and the leadership of our majority leader, we would not have reached this point.

Today we do something that has not occurred in 16 years, we give the taxpayers of our country a chance to keep more of what they earn. In my State of Michigan this means a great deal. We are not a rich State, in the sense that everybody makes a lot of money. We are a rich State in terms of values and natural resources, but the hard-working people in Michigan have waited an awful long time for the tax cut which we will be delivering. Whether it is the working family who will receive a $500 per child tax credit or the family trying to finance the education of children—who do not want to go bankrupt, but want their kids to go to college—or the small family farmers and small business people who have feared the prospect of having to sell the family business or farm in order to pay death taxes, or the people in our inner cities who are going to benefit from the brownfields provisions that will allow us to clean up environmentally contaminated brownfields and create job opportunities in deserted factory sites, or the people who are hopeful that we can have more dollars for road repair and, because of having shifted the 4.3 cent gas tax to the highway trust fund in this bill we will now have the opportunity to restore more dollars for roads and transportation—all of those people in Michigan will benefit when this action is taken today and the President signs this tax cut into law.

The fact is, today taxes as a percentage of our national income are as high as they have ever been, higher than during the Depression, higher than World War II, higher than during the Vietnam war and other crises. The time has come to restore some balance to the equation, to give the American hard-working families the break they deserve.

So I compliment everybody who has played this role. I think we are moving in the right direction. Many of us would like to do more, and I hope we will have the chance next year, in a later Congress, to do more. But for what we are achieving today, I think great credit is owed to the leadership we have had. So I rise to compliment that leadership and say, as a new Member of this body, I am delighted to be part of a day today in which we celebrate both the passage of a bill that will bring us to a balanced budget for the first time in a quarter of a century and the passage of a bill that will mean tax relief for hard-working people in Michigan.

Mr. President, I yield the floor and thank the chairman of the Finance Committee for this time.

Mr. ROTH. Mr. President, I yield the remainder of my time to the majority leader.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, if I need some additional time, I yield myself time off my leader time, although I hope—I will stay as close to the appointed hour for a vote as possible.

The PRESIDING OFFICER. The Senator has that right.

Mr. LOTT. Mr. President, I thank the chairman of the Finance Committee, Senator ROTH, for yielding me this time and thank him for his great work. I talked about that this morning in relation to the balanced Budget Act, but I think it is even more appropriate that I commend him for his diligence, patience, persistence, leadership, his bipartisan effort. He did a great job on this legislation. I am extremely proud of him and I think he should feel proud. Also Senator MOYNIHAN, for his cooperation and for the way he approaches his legislative responsibilities, we thank him. Without his being willing to support this we would not have had the 80 votes that we had when the bill passed the Senate a month ago. To the Senator in the Chair, the Senator from New Mexico, his imprint is over both these bills; all over them. I thank him for that.

This morning I was satisfied with our action on the balanced budget. I was pleased we got it done. I thought it was an important thing to do and that we should get it done and move forward and reach a balanced budget with honest numbers.

But, with this bill I am enthusiastic, I am really excited about what this legislation does. It is going to help our children with the tax credits and education provisions. I feel good about the education provisions. Some people say, ''Well I don't like that part or the other part.'' Education is about the future of America, and we put some of the President's provisions in there but we put some others in there that will help our children have a better access to community colleges and universities and colleges. It is worthwhile and I am proud of that.

A lot of young people, young business men and women are going to benefit from this. My own son, a young entrepreneur, will benefit from it. And even he was excited, the other night, when I told him what was in this bill. Nothing makes a father prouder than for his own son to say, ''Dad, this will help me to create some more businesses and hire some more people.'' He has 60 young people working for him now. This is what the American dream is all about: Investors, savers, farmers, small business men and women, spouses, and seniors. This is one that really does what we said it was going to do, and we got it done. I am very proud of it.

This is the first significant tax cut for working Americans in 16 years. It is long overdue. Taxes are too high in my opinion. The Tax Code is obviously too complex and complicated. The IRS is too intrusive in our lives and everybody knows it. Congressional Republicans and a lot of Democrats wanted to do more than just talk about tax relief, they wanted to get it done. We wanted to deliver and we wanted to provide this legislation. We picked up considerable bipartisan support and came together in a way that I have not seen the Senate come together in the years that I have been in the Senate, certainly as majority leader. It was a good feeling. We went out on the steps of the Capitol and said we had done this job for the American people. I thought it was constructive and thoughtful, and I was very proud of it.

The President also supports this bill. I am glad that he has supported this tax package and the tax relief that we are giving to the American people. He insisted that some parts of it be dropped. I was very disappointed in that. But we insisted on some things that he didn't want to go along with. As I said repeatedly, we gave ground on both sides, but we found common ground in many instances.

I was particularly concerned, though, about one provision that we had to drop, the so-called Coverdell amendment that would have allowed for an education IRA to be used to pay for education from K through high school, for elementary and secondary. Yes, I like the fact that we are helping community college opportunities for our children, and universities and colleges. But the truth of the matter is, the problem in education in America is not at the higher education level. Our higher education system in America is a good one. It is broad, it is diverse, there is lots of choice. The problem is at the elementary and secondary level.

Why shouldn't a parent, who can now put $500 in the Roth education IRA opportunity, be able to take some of that money to help their children in the fourth grade with some tutoring, so they can learn to read better, or to get help with remedial arithmetic? Why shouldn't a parent be able to do that? I think they should, and I am very sorry that we had to drop this from the package. But the President insisted that this not be allowed because, he said, it would undermine public education. I don't want to do that. I am a product of public education. My mother is a public education schoolteacher. So there were some disappointments along the way. But there is a lot of good in this bill.

Everybody can declare a victory in being for this, because the American people, the American family will benefit from this legislation. Three years ago, congressional Republicans promised the American people a $500-per-child tax credit to help them save for the future or to meet the costs of raising a family in today's world. We kept that promise. And along the way, the Democrats got involved. They put their imprint on it. But the main thing is they are going to get this help. Parents with children will get some help to do things for their own children. I think we should be proud of that.

At the start of this Congress I urged that the Republican conference introduce, as our first bill, a bill to help families with the needs for education and for college costs. S. 1, the first bill that was introduced this year, our highest priority, was in education. The legislation before us today incorporates many of those tax provisions.

If American families are looking for someone to thank, they need to look to further than the sponsors and the leaders of this legislation, Senator ROTH and Senator MOYNIHAN. They really did a great job. They brought us together and they produced the final package that we are voting on here today.

Amazing as it seems, we have been willing to resist some of the criticisms that we should not give tax relief for working Americans. We have done it here. We have kept our promises. I think it is going to be good for the economy. Allow the people, allow our people in this country to make some decisions of how they will help their own children, when it comes to the tax credit, and for education. Let them decide how they will use their money to pay for education.

We are making individual retirement accounts available to almost everybody, especially homemakers. We have that up, now, so they can put in $2,000 like everybody else. Why shouldn't they be able to? But they had not been able to in the past. Now homemakers have this opportunity, just like everybody else, to have this IRA.

We are reducing the unfair tax on capital gains, including homeowners. That alone is going to help fire up the economy even more, foster job creation and expand opportunity for every willing worker.

So, this is an important package. But I want the taxpayers of America to understand this. It is only a downpayment. It is not Utopia. It's not everything we would like to do. It doesn't make the Tax Code a lot less complicated. In fact, it maybe goes the other way. But it's a step in the right direction. It provides help where it is needed and there will be another day for us to have a fairer Tax Code. So, it is the kind of legislation that we need. We have come together to pass it. It will provide extensive tax relief. Tax reform will be something we will do another day.

But we have done a good job here, and I urge my colleagues to rally round the banner of lower taxes and economic growth and join me in sending

America's tax cut to the President for his signature.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. BENNETT). Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. LOTT. I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the conference report accompanying H.R. 2014, the Revenue Reconciliation Act of 1997. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 92, nays 8, as follows:

[Rollcall Vote No. 211 Leg.]

YEAS—92

Abraham	Faircloth	Lott
Akaka	Feinstein	Lugar
Allard	Ford	Mack
Ashcroft	Frist	McCain
Baucus	Gorton	McConnell
Bennett	Graham	Mikulski
Biden	Gramm	Moseley-Braun
Bingaman	Grams	Moynihan
Bond	Grassley	Murkowski
Boxer	Gregg	Murray
Breaux	Hagel	Nickles
Brownback	Harkin	Reed
Bryan	Hatch	Reid
Burns	Helms	Roberts
Campbell	Hutchinson	Rockefeller
Chafee	Hutchison	Roth
Cleland	Inhofe	Santorum
Coats	Inouye	Sessions
Cochran	Jeffords	Shelby
Collins	Johnson	Smith (NH)
Conrad	Kempthorne	Smith (OR)
Coverdell	Kennedy	Snowe
Craig	Kerrey	Specter
D'Amato	Kerry	Stevens
Daschle	Kohl	Thomas
DeWine	Kyl	Thompson
Dodd	Landrieu	Thurmond
Domenici	Lautenberg	Torricelli
Dorgan	Leahy	Warner
Durbin	Levin	Wyden
Enzi	Lieberman	

NAYS—8

Bumpers	Glenn	Sarbanes
Byrd	Hollings	Wellstone
Feingold	Robb	

The conference report was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

[Applause.]

BILL HOAGLAND

Mr. DOMENICI. Mr. President, while we all mention many people who had a lot to do with our success, I believe if you were to ask the White House staff, all the way to the Chief of Staff, and ask all the staff that work for us here on both sides, who was most responsible for getting this job done, they would not say the Senator from New Mexico or the Senator from New Jersey or the distinguished Senator from Delaware. I think they would all say, ''Let's be honest about it. Bill Hoagland, staff director for the Senate Budget Committee''—the man without whom we could not have done this.

I just want the RECORD to reflect that. I am sure they would agree with me—those whom I have mentioned. It is just an obvious fact.

I yield the floor.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Thank you, Mr. President.

I want to thank all the Senators for their cooperation. I know this is kind of like ''school's out'' for a break, and we are taking advantage of the opportunity to say good-bye to each other and enjoy the district and State work period. But I want to thank all the Senators for the tremendous cooperation we have seen here in the last 2 weeks. I do not know that I have seen it any better since I have been in the Senate.

We have already moved 10 appropriations bills. We are going to try to get lined up to start on the 11th one right when we come back. We have passed these two very important bills, the Balanced Budget Act and the Tax Relief Act. It took a lot of cooperation on both sides of the aisle.

I want to thank my counterpart on the Democratic side of the aisle, Senator DASCHLE. He is a pleasure to work with. I think we have a relationship that is important for the Senate; that we be able to talk to each other and work with each other in honesty and frankness. We are going to continue to do that.

Before we leave, we are going to work on doing as much as we can, and I think it is going to be substantial on the Executive Calendar. So I just want to thank Senator DASCHLE and our colleagues on both sides of the aisle for their good work.

If we could keep this pace going, I think the American people would be very pleased, and maybe they would feel very good about our Senate and what we are trying to do.

So thank you very much for your cooperation.

I would be glad to yield to the Democratic leader.

Mr. DASCHLE. Mr. President, I know there are Members who wish to leave. I will be very brief.

Let me just commend the majority leader for his leadership in bringing us to this point. As he has indicated, we have the good fortune to have a good relationship, and we work very closely together. I think, in part, the results are very clear. That relationship has been productive.

Let me also commend the chairmen of the Finance Committee and the Budget Committee, and our ranking members on both the Finance Committee and the Budget Committee, for the extraordinary job they have done. Obviously, you cannot lead if there are not those who are willing to follow. We have followed, and we have worked in good faith on both sides of the aisle.

This is a great day for the Senate and a great day for America. I appreciate very much the opportunity, once more, to express our gratitude to all Senators.

Mr. LOTT. I thank Senator DASCHLE. I do want to also take a brief opportunity, without naming names—and I think their names should be put in the RECORD—to thank a lot of staff people who worked extremely long hours, all night several times over the past few weeks, on both sides of the aisle. You know who we are talking about. We extend our appreciation and thanks to those staff members for their great work. This was a monumental accomplishment. I don't know how you physically got it done. I thank you for that.

Mr. KERRY. Will the Senator yield?

Mr. LOTT. I am glad to yield to the Senator from Massachusetts.

Mr. KERRY. Mr. President, I congratulate the majority leader. He is correct, there has been a significant amount of progress made in the last 2 weeks. I ask the majority leader publicly on the record what he and I have talked about a number of times privately, and that is an issue of enormous concern to some of us. We have written a letter to the majority leader regarding a campaign finance reform debate. While we leave here in good spirits and have cooperated, when we come back, many of us are adamant about having the opportunity to debate campaign finance reform. I ask the majority leader whether he has a sense of when that might take place or if he could give assurance that it will take place.

Mr. LOTT. Mr. President, I expected that I would get this question, and I don't have a time that I could give. I must say that the Governmental Affairs Committee is working right now and looking into potential campaign violations, and what happened in the last election. I think for us to proceed before we even get the completion of that work would be premature. Regarding the last election, we ought to know what laws have been broken and how they were broken. I don't have a date in mind.

I am sure I have been told by several Senators that this issue will come up sometime soon. I understand that. I hope that we will be patient and take our time and maybe even see at some point if we could not do something in this area in a bipartisan way. But I understand what the Senator from Massachusetts has said. He indicated he is going to bring it up at some point. I am sure that will happen. We don't have any time scheduled on that at this point.

When we come back, the focus will be on the three remaining appropriations bills that we have not passed, the conference reports that we must pass, and pending legislation we must pass, including ISTEA, the highway transportation legislation, which expires at the