Then they brought in a Republican budget forecaster and asked him. They said, what is two and two? He looked under the table, in the closet, behind the curtains, under the chairs, and then he looked at the board of directors and he said, what do you want it to be?

That is what we are looking at here. We have numbers here that do not mean anything. It is someone's imagination. We should not take the chance when we do not have the money and ignore the fact that we have to save Social Security, we have to save Medicare, we have to take care of our veterans and our farmers and educating our children.

Most of all, we owe it to our children to pay off this debt. We simply cannot let this debt go on and on and on. With this money, when the surplus does exist, we should recognize our responsibilities and not pass this debt on to our children and grandchildren.

Mr. TAYLOR of Mississippi. Madam Speaker, I yield to the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Madam Speaker, what has been the point of this special order? The point of this special order is that we ought not to throw the dice again as we did in 1981. We threw the dice in 1981 and said we are going to balance the budget; we are going to cut $750 billion in taxes. And lo and behold we thought we were going to cut spending. But what happened? For 12 years Presidents Reagan and Bush suggested that we increase spending. And they asked for more spending over those 12 years than the Congress appropriated. We quadrupled the national debt and we pushed down our kids and their generation and the generations to come.

The point of this special order is to say, let us not do it again. Let us not gamble on that surplus existing. Let us take it prudently and apply it to reduction of debt, saving of Social Security, stabilizing and ensuring Medicare, and investing in our national defense and other domestic priorities, to the extent that we can, so that the next generation of Americans to come will say, ''That was a fiscally responsible generation, and, as a result, our economy continued to grow, to create jobs and opportunities for our young people and good times for our families.''

The gentleman from Mississippi (Mr. TAYLOR) talked about families, many of whom serve in the military. We need to take care of them before we take care of those who have so much.

Madam Speaker, I hope, we all hope, that tomorrow, or whenever that tax bill is brought to the floor, that we look the American public in the eye and tell them honestly, ''We will manage your money so that your debt will be reduced, your economy will remain strong, and the fiscal management of America will continue to be responsible.''

TAX RELIEF FOR THE AMERICAN PEOPLE

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from Colorado (Mr. SCHAFFER) is recognized for 60 minutes as the designee of the majority leader.

Mr. SCHAFFER. Madam Speaker, I would invite all Members of the Republican majority and our Republican conference to join me on the House floor for this special order. This is an hour I have secured on behalf of our conference, and I know there are many who are eager to come to the floor today and have expressed their desire to come to speak about the prospect of passing real tax relief for the American people.

The debate over this topic is an interesting one, and it is one that we have heard part of so far tonight. But I want to tell the other side of that story and alert House Members and those throughout the country who are perhaps monitoring tonight's proceedings precisely what is at stake with the debate on the projected taxpayers' surplus, or overpayment of tax revenues, and the prospect of tax relief for American families.

We just heard the previous speaker talk about his assurances that the government will manage the taxpayers' money. And they will propose to do it well. I have no question or doubt about that. I believe all Members of Congress are sincere and that those of us who are charged with the responsibility of keeping track of the taxpayers' cash would like to do that in a responsible way and would like to manage that money well. But that really neglects the underlying debate, and that is who should be managing the money of the taxpayers?

Now, those dollars that have legitimate cause to come to Washington to be spent should be managed well, certainly, and that is our job as Members of Congress, but the fact of the matter is the American taxpayers are overpaying when it comes to their taxes. They are sending more cash to Washington, D.C. than is necessary to legitimately run the government. So the question becomes: What do we do with the projected taxpayers' surplus?

Now, the core principles of tomorrow's debate and the debate that is ongoing in Washington, in fact the difference between liberals, those we just heard, and conservatives, that we will hear now, is on the following basis:

Conservatives, the Republican Party, believes in personal freedom, and that is as opposed to our opponents' objectives, those we just heard, of government control. And I emphasize the notion of government control again by citing the quote that we had just heard on the floor; that government will manage the taxpayers' money.

Conservatives believe in personal freedom; our opponents on the House floor, who oppose tax relief, believe that government should control the taxpayers' cash.

Republicans are for lower taxes versus higher taxes. Republicans are for limited government versus big government. We are also for economic growth versus the bureaucratic control of our economy. And we are for more jobs versus red tape.

The debate on tax relief and what to do with the tax overpayment could not be boiled down any more simply than that which we see here.

So let me carry on on those very points, and let me start by referring to some of my own constituents. I, like many other Members of Congress, meet with constituents as often as I possibly can. In fact, I hold a town meeting in my Congressional District every Monday morning before I hop on a plane to come here to Washington. I also send out public opinion surveys to my constituency and ask them to give me their opinions on a host of issues.

I ask questions like, ''What is the single most important issue facing the country today?'' ''What is the single most important issue facing your family?'' ''What do you think are the biggest challenges for our schools?'' And so on.

I just grabbed a handful as I was walking out of the office today. We read these as they come in. Question number seven on my ''Congressman Bob Schaffer Public Opinion Survey'' is: ''What should be done with any Federal budget surpluses?''

□ 2100

A respondent, Kirk and Kathy Brush from Fort Collins, Colorado, write in, ''True surpluses should result in tax cuts.''

Here is another one. Again question No. 7, what should be done with any Federal budget surpluses? ''To strengthen Social Security and reduce taxes.'' That from James Sanden of Fort Collins, Colorado.

Mr. and Mrs. Gerald Simmons say of the surpluses, ''Any surpluses should be returned to the taxpayers.''

I have more. Here is a gentleman who sent a letter in with his response. This is another individual from Fort Collins, Colorado, Mr. Ray. Mr. Ray says that taxes are the number one issue when it comes to the surplus. Relief for retired persons living on pension income. While the contribution to most allocated pension accounts were made tax-deferred and the earnings deferred, I believe the tax upon withdrawal should be less than the rate for ordinary income. After all, that money which mostly goes into the stock market enables corporations to have additional capital to expand, thereby advancing our economy which generates additional revenue for the government.''

He hits it right on the head. Here is another one. The McFarlands, Mr. and Mrs. McFarland. They wrote in, again the question, what should be done with the Federal budget surpluses? My constituents, the McFarlands, tell me, ''It should be returned to the taxpayers who worked all of their lives to earn it.

Don't you agree?'' Mr. and Mrs. McFarland, if they were here on the floor which they are not, but I would tell them as I do tell them when I see them back home that I do agree with them and frankly the majority of Members of Congress agree with them as well. And certainly this is the sentiment expressed by the McFarlands that will be carried on the House floor tomorrow and upon which we will move forward with returning some of their hard-earned dollars back to them and all of their friends and neighbors as well.

The bill which we will be considering tomorrow, H.R. 2488, provides approximately $864 billion in broad-based tax relief. The proposal is highlighted by a 10 percent across-the-board reduction in individual income taxes. The bill reduces the impact of the marriage tax penalty by increasing the standard deduction from married couples to twice that of a single person. I could not bring newlyweds onto the House floor tonight, but I brought a picture of some. Here is a standard newlywed couple on their wedding night. What they are about to find out when they pay taxes for the first time filing jointly is that this Federal Government will penalize them, assuming they are an average family, to the extent of about $1,400 per year. That is as a result of a number of taxes that when combined and when considered together just increase, put a portion of their income into higher tax brackets and they will be penalized for getting married. Imagine that. In a country as great as ours with a rich tradition of the most essential and central social unit being the family and the institution of marriage, why on earth would we penalize marriage? Why would we punish people for joining in lifelong unions in a way that results in the most civil society in the history of human civilization? It is wrong. Everyone knows it is wrong, but there is really only one party here in Washington who cares about this family and who cares about the tax burden and wants to do something to prevent them from getting hit with this unfortunate penalty upon their wedding day and each year thereafter.

You see, there are many of us who believe that American people know how to do better with their own income, that they should not send it here to Washington unless it is absolutely necessary to run the basic programs and services that we have to. In fact, what we have seen through a number of Presidents is the power of tax relief on the American economy. President Kennedy and President Reagan behind him both found that by reducing the overall tax rate, in other words, the rate applied to general income to determine Federal taxes, by reducing the tax rate the Federal Government actually increased revenues. That is right. That is hard for people to grasp in many cases, but it is not all that hard if we just look at the economic history in recent years in our country. Lowering the effective tax rate on the American people leaves more cash in the economy. More cash in the economy creates more jobs, creates more wealth. When more people are working and being productive and increasing incomes, although they are paying a lower tax rate, they are paying more dollars to the Federal Government. In fact, in the years of the Reagan administration, and the Kennedy administration before them, the result of tax rate reductions was increased revenues to the Federal Government. And so once again what we see in the core principles is that by focusing on personal freedom of the American people, leaving excess taxes in the pockets of those who earn those dollars, we believe that we will see increased economic productivity in the country again.

That is contrasted with our opponents' objective of government control. People in Washington like government control. Do not get me wrong. If you are part of this Washington culture, you would certainly understand that. Fortunately most Members of Congress are not part of that culture. They go home on weekends and talk to constituents as I do, but for those who like it here in Washington, they like your money here, too, because, my goodness, they get to make the big decisions with it, they get the lobbyist waiting outside their door who wants to take them out to lunch or dinner or on the trips and try to figure out how they can get their hands on that cash. So if you like being a part of that sort of thing, why, keeping more of the American taxpayers' cash in Washington can be kind of exciting. I am one who happens to have a wife and four children and before entering the United States Congress was part of the free market economy and trying to run a small business. I can tell you, there is greater hope and optimism and prosperity for the American people if we focus on Americans rather than on government.

I want to talk also tonight again focusing on the conflict in vision that the two parties in Washington have when it comes to taxes. This is a quote from the President of the United States in Buffalo, New York, just a couple of months ago. Talking about this budget surplus, he was celebrating the surplus, as many people in Washington like to do. Here is what he said: ''We could give it back, the budget surplus, we could give it all back to you and hope you spend it right. But . . .''

Once again, ''We could give it back to you and hope you spend it right. But . . .'' And the ''but'' was that we perhaps cannot hope that American taxpayers will spend it right. Excuse me, but spend what right? ''It'' here is the taxpayers' money. It does not belong to people in Washington. ''It'' is the hard-earned wealth of the American people. It is not something that rightfully belongs under the domain of politicians here in Washington, D.C. ''It'' does belong to the American people and ''it'' should be returned as soon as we possibly can.

The tax relief measure also includes a number of provisions for education tax relief. Specifically the bill expands the acceptable use of tax-free expenditures from education savings accounts to include elementary and secondary school expenses. It increases to $2,000 annually from $500 under current law the maximum amount of contributions to education savings accounts. It allows tax-free withdrawals from qualified tuition plans that are maintained by private educational institutions, and it includes a public construction initiative.

When the family here who gets married and gets saddled with their $1,400 marriage tax penalty progresses in the maturity of their marriage and contemplate children and perhaps have them and send them to school, they are also taxed to an additional degree. Education, of course, is a good thing. I think everyone in Congress would agree with that. But there is no reason our tax burden should make it more difficult for families like this to secure a good, quality education for their child or children, and that is what this provision of the tax package is all about.

The other side will try to suggest that these are rich people here, that they are wealthy and therefore somehow do not deserve the tax cut, but these are average American families, the same kind of average American families who benefit from our tax relief package. We are providing tax relief to make greater education opportunity possible for millions and millions of American children. We are doing that again by taking less out of the pockets of the families who work hard to earn it, not doing as our opponents suggest, of keeping those dollars, hoarding them here in Washington, D.C. and controlling their use based upon the priorities of bureaucrats. We stand for something very much different on the Republican side of the aisle.

The tax measure also includes provisions that are designed to reform pensions and enhance retirement security. Specifically the bill increases portability of pensions so employers may roll over plans from one job to the next. We provide additional salary catchup contributions for workers over the age of 50. These are individuals who may deposit additional amounts into certain retirement accounts. The bill also lowers the vesting requirement of pension plans so employees are vested after 3 years instead of 5. It increases the contribution and benefit limits in defined contribution and benefit plans and it also simplifies pension systems to help businesses offer and improve their pension plans. That is an important provision as I mentioned.

I mentioned the McFarlands from Fort Collins, Colorado. They are retirees. Again they say that the Federal Government should return any surplus to the taxpayers who worked all of their lives to earn it. They want to know if I agree. Of course I do.

Let me go back to the comments from Mr. Ray in Colorado. He is asking for relief for retired persons living on pension income and that is what we are doing. We are listening to people like Mr. Ray, real people, average Americans, not wealthy, not extraordinarily endowed with huge amounts of cash in their personal bank accounts but average Americans earning average incomes or on average pensions, those are the beneficiaries of the Republican tax plan that we will vote on and presumably pass tomorrow.

The bill also reduces the individual capital gains tax rate from its current rate of 20 percent to 15 percent and from 10 percent to 7.5 percent. Those are for taxpayers in the 15 percent individual income tax bracket. This is an important provision. This is one that the President says he opposes. Lowering the taxes on those who invest, those who create wealth, helps the country create more wealth. It almost does not matter what part of the country one lives in, they are treated almost weekly to news headlines like these from Colorado. Here is one from the Denver Post. ''Average Income Up 6.1 Percent in Colorado.'' Here is another one from the Denver Post, a headline: ''Welfare Rolls Drop 42 Percent.''

Here are some quotes from that article, an article written by Angela Cortez. She interviewed a woman named Teri Higgins who was a former welfare recipient and says that welfare reform has meant a new way of life. After being on welfare for 3½ years, she is completely self-sufficient. She was a full-time student halfway through her associate's degree in business administration when welfare reform kicked in nearly 2 years ago. Under the new system, she had to work, so she decided on a work study program at a community college in Denver. Within a year, the 37-year-old single mother of three boys went from being a welfare recipient to the office manager in a business setting. I will not cite the specific location but in a business setting in Colorado.

She says, listen to this quote, this is remarkable, a real statement of what a strong economy means for real people. ''What made a difference were the extra things, like gas vouchers, day care, so I could go to school and a lot of emotional support from counselors.'' She once lived in a shelter with her children before entering the Arapahoe County social services system. She says she still struggles. ''I make a decent wage, but it's still hard to make ends meet. But when I sit down and write checks out for all my bills and everything is paid, that is really a good feeling.''

The specific components of welfare reform were certainly important, but what makes these dramatic numbers possible, this sea change and shift from welfare dependency to economic independence is not just the reform efforts but it is a strong economy, the kind of strong economy that results from employers providing jobs, that results from entrepreneurs making the kinds of investments that make our economy strong, the kind of investments which we enjoy to a far greater degree when we unleash the economic ingenuity of the American people and reduce the tax burden that the American people are saddled with.

There is lots more. ''Workers Coming Off Welfare to Get Job Help.'' ''Economic Success Filters Its Way Down to Charities.'' Here is a story about how the strong economy in America is helping charities receive more funds because businesses are contributing more to community-based charities that help people and are accountable to those folks back home in our districts.

☐ 2115

''Jobless Rate in Colorado Hits Record Low.''

I point out all of these headlines because these headlines are the way we help.

See, our Democrats, friends on the other side of the aisle, believe in the principle that I showed you earlier, not in personal freedom. Their goal and their vision is government control.

You see, government can be very charitable; government can help a lot of people when it takes your cash and spends it on the government-run charity of the politicians' choice. But personal freedom, tax freedom, greater amounts of liberty, lower tax rates allows for American entrepreneurs, allows for the free market to rise up and treat us still more to these wonderful headlines about former government dependents becoming self-sufficient and living the American dream and being treated as real Americans.

There is more in this tax package. It gradually eliminates the estate and gift tax over a 10-year period, also another topic important to me and my constituents back home in Colorado.

My district consists of the eastern plains of the State, 21 counties in Colorado, generally everything that is flat. Many people think of the mountains and the mountains that start right down the front range of the center of the State, but everything east of that out to Nebraska and Kansas is part of the high prairie, high plains, and it is one of the richest agriculture areas on the planet.

Many of the farms and ranches that have been established were established by homesteaders, people who headed west in search of new opportunity and really led to the sense of rugged individualism and independence that represents the West; and families like to pass their farms on down to their children. Family farmers look forward to that, to leaving that legacy for their kids, and the agricultural lifestyle of the West is something that all Westerners are very proud of.

But when the old farmer starts to get old and have a difficult time working the land, teaches his children how to manage the ag business and work the farm, he eventually starts thinking about how he is going to hand that asset over to his children and keep that farm in the family. The estate and gift tax makes that virtually impossible for many farmers, and, Madam Speaker, I know you in your district see a lot of farmers just as I do, those who are confronted with the farm sale to sell parts of the farm off, the equipment, the inventory, in order to pay the taxes, in order to when a family member, when the head of the household, dies and tries to pass that farm on to his or her children.

This bill gradually eliminates the estate and gift tax over a 10-year period. Let me state that again. It eliminates the estate and gift tax, not just tinker with it, not just fiddle around the edges, but envisions a day when we will no longer be taxed upon death.

The measure also includes provisions to make health care and long-term care more affordable and accessible. For example, the bill provides 100 percent deduction for health insurance premiums and long-term care insurance premiums.

Now again I ask my colleagues to think about that for a moment. You see, back in World War II, when all of the young men were overseas fighting the war and winning, we had a real work problem, a labor shortage, here in the United States, the government imposed a wage freeze, and employers had a hard time keeping people in the factories, and it was at that point in time that the Federal Government, the Congress, created Section 106 of the IRS Tax Code.

Section 106 is that provision that says, well you cannot, at the time, cannot increase wages; but we can make it easy for you to provide this benefit of health insurance for your employees. We will give you 100 percent deductibility if your business is large enough. Small business owners did not get that benefit, neither did their employees; but we believe fully that any contribution, any investment that an employer, whether you are a large employer or a small one makes into a health insurance program for their employees, should not also be taxed on that investment. They should receive 100 percent deduction for health insurance premiums.

Now this will go a long way to helping health insurance become more affordable, more available for more people in the workforce than those who have a difficult time affording health insurance today, and once again I want to contrast this value with those or with that which is represented by our Democrat friends over on the other side of the aisle.

My colleagues may recall that the First Lady had proposed to socialize the health care industry in the United States to have government basically run health care and run one gigantic insurance-providing mechanism for the American people. Well, that idea was rejected as being somewhat ludicrous. Thank goodness for that because the sentiments of the American people are in quite the opposite direction.

The American people realize that if you tax employers less, if you tax health care coverage less, if you remove the tax burdens on those who wish to provide health insurance for themselves and their families, guess what? You will have more health insurance coverage for yourself, for your families, for employees.

The bill also provides an additional exemption which is currently at $2,750 for individuals who care for the elderly and who care for elderly family members in their homes. It expands the availability of medical savings accounts and makes these medical savings accounts permanent, and it allows employers to offer long-term care insurance to cafeteria plans.

Now some of our Democrat friends on the other side of the aisle, and you did not have to listen very long just a few minutes ago to hear them say that the tax cuts in the Republican bill favor the rich. Well, this is what they are talking about, those tax cuts which are designed to make it easier for employers to provide health insurance for their employees, to make it easier for those individuals who stay home to take care of elderly family members.

Those are the rich people that they speak of with such venom and such disdain, but it is these employers who are providing the jobs, these employers who would like to offer higher incomes, that would like to offer greater benefits, that would like to offer health insurance coverage for more employees and a better insurance product perhaps. Sometimes the barrier is simply the expense, the expense of the Federal Government, the cost of being an American citizen.

We want to lower that. We want to lower that to help real people, average families, real citizens who are working very hard today and every day and sending too much money to the Federal Government under the present set of circumstances.

The bill also authorizes the Housing and Urban Development Secretary to designate 20 renewal communities in both urban and rural areas, allowing them to qualify for special tax incentives. Now these renewal communities are communities that are designed to help those who seek low-income housing. These provisions are designed to create jobs, stimulate investment, and assist families in impoverished neighborhoods.

Now once again, if you look at who gets the special tax incentive, it is really not the individual who moves into the low-income housing unit. It is the developer and the construction people who build that renewal community who actually do the construction. So from the Democrats' perspective, this looks like a rich person getting a tax break, but in reality we are talking about 20 new communities around the country in urban and rural settings where low-income families will have the new hope, the new promise, of housing and home ownership, an opportunity that today they do not have under our present high tax system.

The provision also phases out, the bill also phases out the alternative minimum tax for both individuals and corporations. It extends the number of expiring tax credits, including the research and development tax credit, for 5 years through June 2004, the work opportunity and the welfare to work tax credit through December 2001.

Again, the welfare to work tax credit. Here is another tax that our Democrat friends will say goes to rich people in America. What is the welfare to work tax credit? Well, this is a tax credit that tries to achieve the goals that are implied in the name, those individuals who help welfare recipients move out of welfare and into self-sufficiency.

The ultimate beneficiary of that transaction is not the employer exclusively, the rich guy, as the Democrats would describe that entrepreneur. The real beneficiaries are the people who have no jobs today, those who are having a difficult time making transition from welfare to work, those who have still not seen the benefits of the Republican welfare reform initiative that was passed in 1994 and implemented at the State level across the country.

Those are the individuals who still need our help, still deserve our compassion and still need our attention. Providing this tax credit will put many, many more back to work and once again treat them like real Americans.

The bill also provides an above-the-line deduction for individuals. Currently individuals may, under the provision individuals may take the deduction whether or not they itemize a deduction for prescription drug insurance coverage for Medicare beneficiaries contingent upon certain Medicare changes. This suggests a bigger plan that we are moving toward.

Once again, the President announced that he wanted to dip into the Social Security savings, the Social Security Trust Fund, to pay for an additional entitlement, additional benefit with respect to prescription drugs. Our idea is very different and that is to allow individuals to take a deduction whether or not they itemize for prescription drug coverage for those who are in the Medicare program.

This means keeping those dollars in your pocket, not sending them here to Washington, keeping those dollars in your pocket. Just think about that for a moment. Under the current law a taxpayer, senior citizen, sends their tax payments to the Federal Government, they come here to Washington. We politicians sit around here and establish the priorities for the Nation, and if we decide it is prescription drugs, then we will take the Nation's wealth and spend it on that particular priority on that given day, and at the next election we will decide it is another priority, and maybe we will change the priorities at that point in time to serve our election causes, and we redistribute the wealth of the American people.

Well, that is just nuts. As my colleagues know, what we really ought to do is just not bring it here to Washington in the first place. Let us just be efficient about it, why do we not? Why do we not just leave that cash in the hands of those who have worked all of their lives, people just like the McFarlands who worked all of their lives to earn it, leave it in their pockets, let them spend it as they see fit, let them spend it on a growing economy that helps us pay down the national debt quicker, saves Social Security more completely, and pay for those truly legitimate causes the Federal Government has constitutional jurisdiction over.

The provision also includes a number of revenue offset provisions accounting for approximately $5 billion over 10 years, and that means that we will attempt to spend less in many areas, eliminate a lot of waste in our government and a lot of other provisions that, frankly, the American people do not want and do not need and will never miss in order to help make this tax relief possible.

Let me provide a little background for a moment.

Do you remember when the Republican party took the majority of the Congress? We did so on the basis of the Contract with America, 10 bold promises that we issued to the American people: if elected, we will deliver and bring to the House floor for a vote, 10 various provisions. One of those was the 1995 Tax Fairness and Debt Reduction Act, and that provided Americans with comprehensive tax relief. That bill included a $500 per child tax credit, outlined measures to alleviate the marriage tax penalty, it created tax-free American dream savings accounts, it repealed the 1993 tax increase on Social Security benefits and provided a 50 percent exclusion for capital gains, and we indexed that for inflation.

Now these are tax provisions which many of which we already have, but the President vetoed that measure, and we had to try it again. In 1997 we provided further additional tax relief. We provided tax relief through the education saving accounts. 1998 we passed a Taxpayer Relief Act, again reducing the tax burden on American families and giving Americans new rights in defending themselves against the intrusive practices of the Internal Revenue Service.

☐ 2130

Our 2000 budget proposal provided real leadership by setting aside dollars in our long-term budgets, long-term budget to allow for tax relief to take place and did so while protecting Social Security, protecting Medicare, increasing spending on our national defense, and outlining a plan that allows us to create the best education system in the world.

Now, we have heard the President talk about the budget surplus. We expect, over the next 10 years, to have approximately $3 trillion in surpluses here in Washington. Those are dollars that the Federal Government receives over and above the expenditures of the Federal Government at that point in time. It is a little bit complicated and confusing, because some of those dollars are devoted directly to the Social Security Trust Fund or attributable to Social Security taxes. Those are dollars we do not want to touch. We want to leave those dollars for Social Security. In fact, over that 10-year period, what the Republican plan entails is providing a dollar of tax relief for every $2 of Social Security savings.

The President does not agree with us, that we ought to lock that Social Security fund away, put it aside and leave it exclusively for Social Security. The President would prefer to spend a portion of those dollars, reduce the size of the allowable tax relief package, and increase the spending of the Federal Government and ultimately the size of the bureaucracy in Washington, D.C.

Madam Speaker, let me talk about some of the provisions that I just enumerated and in perhaps a little bit more detail. The bill provides for $534.2 billion in family tax relief over the next 10 years. As I say, I mentioned this earlier. Let me mention that number again, $534.2 billion over the next 10 years for family tax relief.

Now, if one makes over $40,000, the Democrats believe one is rich and believes that one should not earn, one should not be able to save that additional income. One should continue to send it here to Washington, D.C. so that it can be squandered and wasted and controlled by people here in Washington. Well, average families are the ones who benefit from the Republican tax package that we will vote on tomorrow.

Let me restate that it reduces the individual income tax rate by 10 percent over a 10-year period. Think about what a 10 percent reduction in one's income tax obligation to the Federal Government will mean. For many States, for example, the State of Colorado is a perfect one, the State income tax is indexed to the Federal income tax rate.

So a reduction in Federal income taxes corresponds to an equivalent reduction in one's State income taxes as well. By the year 2009, our bill reduces the 15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent tax rates to 13.5 percent, 25.2 percent, 27.9 percent, 32.4 percent, 35.7 percent respectively. Those are the individual tax brackets of every American who earns income, unless one is a very low income, falls within one of those tax brackets.

Let us use the 31 percent tax bracket as an example. Most Americans are in that ballpark. If one is paying 31 percent of one's income in taxes today, next year we propose, for 2001, from 2001 to 2004, we propose that that rate drop to 30.3 percent. Then from 2005 to 2007 to 29.5 percent. In fiscal year 2008 we want that rate to drop to 28.7 percent, and after 2009, we want that rate to drop to 27.9 percent. It is a pretty substantial reduction, about a 3 percent reduction in income taxes for individuals in that category.

I mentioned the student loan interest rates, because I know there are many students today who are trying to finance their college education, their college degrees through debt financing. This Congress passed legislation last year that affected the student loan interest rates somewhat. There was a scheduled decrease in those interest rates. We slowed that decrease a little bit; it was not the best part of the bill certainly, but nonetheless, there is some attention being paid here in Washington to the cost of financing college education.

We are going to adjust that student loan interest deduction for married couples who file joint returns to twice that of a single taxpayer, so that the married couple that I showed you their photo of a little earlier, those individuals will see some relief when they try to secure a greater education opportunity for themselves.

Let me talk about the alternative minimum tax for a moment as well. The bill reduces and phases in a repeal of the alternative minimum tax for individuals. The bill accomplishes this by gradually reducing AMT liability. Specifically, beginning in the year 2003, only 80 percent of the full AMT liability will be imposed. The bill reduces this percentage to 70 percent in 2004, 60 percent in 2005, 50 percent in 2006 and 2007, and the tax is fully repealed after 2007. The repeal of the individual AMT eliminates the present law marriage penalty in the individual AMT. The bill also makes permanent the provisions allowing nonrefundable personal tax credits to be used fully without regard to the AMT.

This was originally designed to ensure that high income taxpayers pay some minimum tax and not escape their fair share of the income tax burden. There will be a significant increase in the number of middle-income taxpayers subjected to the alternative minimum tax. Currently, about 600,000 taxpayers are subject to the AMT, but estimates indicate that more than 20 million taxpayers will be subject to that tax by 2007.

As I mentioned, when it comes to savings and investment, the Republican tax package provides $77.1 billion in tax relief to encourage savings and investment over the next 10 years. I mentioned capital gains taxes; I think capital gains tax relief is a rather important topic to discuss. This is the tax that is applied to increases in earnings, the growth portion of investments that many people make. Sometimes it is a financial transaction; sometimes it is the sale of property, maybe one's home.

Right now, there is a 20 percent tax rate applied to that for most people. Some people in lower income tax brackets pay a lower tax, but for most people, that is a 20 percent application to any interest, any financial growth that accrues as a result of the sale of an asset or so on, as I mentioned.

That capital gains tax causes an awful lot of the Nation's wealth to go nonproductive, to be held in nonproductive holdings, nonproductive assets, and those that could be generating more wealth for the American people. I have actually met people who take their cash and put it in the proverbial, under the mattress. There are people who really do that sort of thing. They are afraid of being hit by the capital gains tax rates of 20 percent, and so they will do ridiculous things with that cash sometimes to avoid paying taxes. They despise the IRS that much.

Alan Greenspan, the Chairman of the Federal Reserve Board, estimated to the Senate Finance Committee that there is approximately $11 trillion in capital, private sector capital that is available in the economy, and it is underutilized, and that what Congress should do is focus on a sound tax policy that encourages the American people to unleash a portion or all, if possible, of that $11 trillion into the free market economy. Imagine what that could do for the country.

Well, our imagination does not have to be that long in duration, because tomorrow, this provision is slated for a vote on this floor. That capital gains tax rate reduction is the tax that makes job creation possible. It is that provision, that portion of our Tax Code which encourages the kinds of investments that creates wealth, creates opportunity, allows individuals to become financially independent, self-sufficient, and to avoid the government dependency that many Americans fear and seem to be trapped in today.

There is also a partial exclusion for interest and dividends. The bill allows individuals to exclude up to $200, $400 for married couples filing jointly of income earned in any given taxable year. This provision is phased in and will take full effect in December of 2002. The current definition of gross income includes all income from whatever source derived. That expands the net greatly from the current law. Thus, it makes no exceptions for smaller amounts of savings and investment income earned by taxpayers that, when subject to the tax rate of most small investors, discourages savings and investment for low and middle income taxpayers.

Once again, this is a provision that our Democrat friends will try to suggest applies only to the wealthy. But as we can see, we are talking very plainly about average middle-income taxpayers, the kind of people that go to work every day, go to work, work hard, come home, raise their children, maintain their families, go to church, get involved in the softball game on the weekends and go back to work and do it all again. Those are the folks we are reaching out to.

I mentioned school construction before. That is another provision of the tax bill. We want to encourage school construction. Let me elaborate a little bit on that component of the tax package.

H.R. 2488 increases to 4 years the period during which a State or local government may avoid paying arbitrage rebates to the Federal Government on public school construction bonds. Under the current law, State and local governments may issue tax-exempt bonds to finance school construction activities as well as a variety of other public facilities and services. The proceeds from those bonds may be invested, but State and municipal governments must pay profits to the Federal Government. This revenue must be repaid to the Federal Government in 5-year intervals. However, certain bonds qualify for exemption from repayments.

In the case of school construction bonds, the current law requires that money from the sale of the bonds must be spent within 24 months of their sale in the following increments: 10 percent of the bond revenue must be spent within the first 6 months of being issued; 45 percent must be spent within the first 12 months; 75 percent within the first 18 months, and 100 percent within the first 2 years.

Our bill expands this interval period to a total of 4 years, and finally, the bill increases the amount of governmental bonds for public schools that localities may issue without being subject to the arbitrage rebate requirement from $5 million to $10 million. The bill is designed to give school districts greater flexibility when issuing bonds in building public schools.

Let me focus on that for a moment, because once again, we hear the President and many of our friends on the Democrat side of the aisle talking about investing in our local schools and in our local communities, and once again, their vision involves having the American taxpayers work hard, pay more taxes than they need to, and send those dollars here to Washington, D.C., so that Members of Congress and lobbyists and bureaucrats from over at the White House can all get together and decide how those funds will be redistributed across America to help the people that they want to help. So the dollars come to Washington, a certain portion of those are lost and wasted in the transaction; a smaller portion of those dollars go back to our States, those States that are privileged to receive those dollars back to construct schools and to be spent on worthwhile endeavors.

Our solution is much different. Our solution is to leave that money back home in the first place, to reduce the tax burden on the investments that are made to help finance the construction of schools. Not only does it make more sense and is it more efficient and is it a process that represents more accountability in the school finance process, but it allows for more school construction. It allows for more children to be helped around the country, more children to be helped through the guidance and leadership of local elected school board members, the kind one can name, the kind one knows, the kind one sees at the grocery store when one goes there with one's family, it allows those individuals to put together a package that offers greater hope and opportunity and expanded opportunity for the children that they serve and that they care about. And that is different, I would submit, than the President's plan to bring those dollars here to Washington, D.C., waste half of them, send a fragment of it back to the States, and pretend we care about children.

Reducing the tax burden on the American people is true compassion. Reducing the tax burden on the American people is a way to build more schools. Reducing the tax burden on the American people is the way we help instill pride in more and more family households so that those children who go to school realize that there is a greater goal toward which they should work, that of full employment, self-sufficiency, economic participation, being an American as we know it.

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Madam Speaker, can I inquire as to the amount of time remaining in this special order?

The SPEAKER pro tempore (Mrs. WILSON). The gentleman from Colorado (Mr. SCHAFFER) has 10 minutes remaining.

Mr. SCHAFFER. Madam Speaker, let me talk about health care one more time before I close out this hour.

Our Republican proposal phases in a 100 percent above-the-line deduction for health insurance medical care expenses where taxpayers pay more than 50 percent of the premiums. The bill applies the 50 percent rule separately to health insurance and qualified long-term care insurance. The bill also phases in the deduction at 25 percent in 2001, 40 percent in 2002, 50 percent in 2003 through 2006 and 75 percent in 2007, and eventually gets us to 100 percent in 2008 and thereafter.

That bill also allows employers to offer qualified long-term care insurance through cafeteria plans and allows qualified long-term care services to be provided under flexible spending arrangements.

Let me also mention medical savings accounts. This bill expands the availability of medical savings accounts to include all employees covered under the high deductible plan of the employer.

The measure also eliminates the cap on the number of taxpayers that may benefit annually from medical savings accounts contributions. Currently that is capped at 750,000 Americans, and the bill modifies the definition of a high deductible plan by decreasing the lower threshold for annual deductions. Thus, under this bill, a high deductible plan will have an annual deductible of at least $1,000 and not more than $2,300, which is also indexed to inflation for individual coverage and at least $2,000, and not more than $4,600 for family coverage. Present law limits those out-of-pocket expenses and those limits will still apply.

Once again, I know that was a lot of details and there is more that I will spare the House at the moment. We will save those for tomorrow. I want to use that example to show the difference in vision between what our opponents who oppose this tax package stand for and what the proponents who support this tax package want to achieve for the American people.

Once again, the Democrats have been pushing for something I will just, for the sake of simplicity, refer to as the Hillary model. That is the model where the government runs health care in America, socializes health care, much as in the case of England or Canada or Sweden or many other socialist programs that provide health care for all citizens of many of these countries. Their goal is to increase the amount of revenue American taxpayers pay, send that cash here to Washington, D.C. so that the government can pick those privileged individuals who will benefit from the government-run, government-owned and government-managed health care delivery system.

Ours is very different, as I just outlined in so many details. It is very different because we believe that by lowering the tax rates associated with providing health insurance, we will provide more health insurance. Health insurance will become more affordable, more available. There will be more options, more convenience, more choice, a higher standard of quality, a higher standard of delivery. The free market works; it always works. It works in the area of health care. There is no doubt about that, and that is the direction we hope to move toward by providing more freedom and more liberty for seniors and young families and young children who prefer to look to themselves, to look inward to providing for their economic prosperity in the future, rather than looking eastward to Washington, D.C. and all of these nice people around here who just want to help.

Madam Speaker, tax relief is a big topic. It is one of the four key action and agenda items of our Republican Congress. When we started this session, our Speaker, Speaker HASTERT, talked about our Republican vision for America, lined it out in an agenda that was presented to Republicans and Democrats alike. If people would like information about this, they can just contact my office. I will be happy to provide any of this information, detailed or simple, as this bullet point suggests.

It is the BEST agenda. ''B'' standing for bolstering our national security;

''E,'' standing for education excellence; ''S,'' standing for strengthening retirement security; and ''T,'' providing tax relief for working Americans.

This tax relief portion is the fourth part that we have been eagerly awaiting on the Republican side of the aisle. We have focused on the rest and will continue to focus on a strong national security, our education system and saving our Social Security system and retirement security. We will continue to move forward and make progress on those.

Tax relief is the linchpin. Tax relief is where we go to strengthen the national economy. Tax relief is what we look to to reduce the impact and the scope and the size of the Federal Government and instead increase the scope, the effect and the size of American families, American businesses, American entrepreneurs. Tax relief is what has strengthened our economy. Tax relief is what has allowed a 50 percent reduction in the Nation's welfare caseload. Tax relief is what is allowing communities today to build more schools and to put more resources into local priorities. Tax relief is the best way to deal with the overpayment of about $800 billion in a 10-year period that the American people will pay.

We have to prevent that from occurring. We can save Social Security. We can save Medicare. We can provide for the best schools on the planet. We can defend our country and we can do all of that by honoring the notion that American families matter, that American taxpayers do count, and that the dollars that they work so hard for should be applied at home rather than here in Washington by the White House and the bureaucrats who answer to the White House.

Madam Speaker, I thank my colleagues for their attention and for their indulgence here on the House floor. We will be back tomorrow night for another special order on the same topic.

TEACHER EMPOWERMENT ACT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 1999, the gentleman from New York (Mr. OWENS) is recognized for 60 minutes as the designee of the minority leader.

Mr. OWENS. Madam Speaker, today we consider a very important education bill. It is important because the Republican majority made it important. It is important because it is all that we have. In a year when we expect to be reauthorizing the Elementary and Secondary Education Assistance Act, we have been denied that opportunity, but pieces of the Elementary and Secondary Education Assistance Act have been put forward. The Ed-Flex Act is a piece of it and now this piece on Teacher Empowerment Act, H.R. 1995, which was considered today. The consideration of this bill today, which was kind of rushed to the floor and it was hoped that they would get enough votes to send a message to the White House that it cannot be successfully vetoed, but, of course, they failed in that effort. The President has promised to veto this bill because at the heart of the bill is an attempt to derail the President's initiative on more teachers for the classroom, especially in grades 1 through 3, where there is a need for smaller class sizes.

We did get a bill approved, an appropriation approved last year, which would permit the beginning of the process of hiring more teachers for the classroom. Virtually 100,000 teachers would be hired under this legislation; and 30,000, the process has started as of this month.

So in order to derail that for some reason the Republican majority is against smaller class sizes and they want to take away that priority, take away the targeting and they came up with this Teacher Empowerment Act, which is not a bad idea. The thrust of the bill is to provide a special initiative for the training and professional development of teachers, to improve the quality of teachers. By itself, that is a lofty goal and who could not subscribe to having better prepared teachers in our classroom?

We want quality teachers; but for some reason to get quality teachers, the Republican majority chose to sacrifice the more teachers for the classroom. The act that is designed to lower the class sizes in the first three grades has to be sacrificed, put on the chopping block, in order to take care of meeting teachers' professional development needs and training needs.

I think that for the Republican majority, it was more important to derail the initiative to have smaller class sizes than it is really to train teachers. The training of the teachers and the opportunities for professional development is secondary for them. They are pursuing an agenda, and this bill was a part of that agenda, to reach a point where all of the influence and direction from the Federal Government is wiped from the education sphere. They want to abolish the education role of the Federal Government and this, of course, takes them one step closer.

If they can take the President's initiative on class sizes and get rid of that, it is one more step toward reducing the Federal Government's role in education. So that bill was on the floor today. The Republican majority had the greatest number of votes because they are the majority. They passed the bill, but the number of defections by Democrats was not as great as they expected and the President's threat to veto the bill certainly can hold.

The bill can be vetoed until something more reasonable is done about the class size initiative of the President.

There were a lot of good things in the Teacher Empowerment Act. By the way, it is called Teacher Empowerment Act; but all the teacher organizations, the National Education Association, the American Federation of Teachers, the Grade Schools Group, all of the various education groups opposed it because they saw it as a sabotage operation designed to wipe out the reduction of the classroom size initiative. Now, that bill was on the floor today.

Tomorrow the major bill on the floor will be the tax cut bill, and I want to talk about the importance of dealing with the education initiative. The education investments should come before big spending tax cuts. Education investments should come before big spending tax cuts, and it is very important to note that during the whole discussion of the so-called Teacher Empowerment Act today, the one thing that the Republican majority refused to allow any discussion of was additional funding.

No new money is involved in their initiative. They want to take the money that has already been appropriated for the class size reduction and the money that already exists in various other teacher training and professional development programs and use that in a different way, mainly throw it out there to the States, let the governors decide how they want to spend that money on education. That is the thrust of what the Republicans want to do.

It takes us one step closer to their long-term objective and that is to block grant all funds available for education to the States. By block grant, I mean take away the Federal guidelines, take away the Federal priorities, take away the long-term Federal commitment to the poorest districts and the poorest schools out there.

The Federal thrust in education, since 1965, since the first Elementary and Secondary Education Assistance Act, in the era of Lyndon Johnson, has been to focus on those areas of greatest need, to target the Federal money to help with the problem that the States were not able to deal with and chose not to deal with and that is provide a decent education for the poorest students in the poorest schools in the poorest districts.

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So that initiative by the Federal Government is targeted by the Republicans. They want to take it away.

Their long-term goal is to wipe out the Federal Government involvement in education. In 1995, my colleagues will recall, the Newt Gingrich program went head on in a direct attack on the Department of Education. They called for the abolishment of the Department of Education. They pursued that for a while.

It turned out that the American people did not think that was a good idea. The voters did not think it was a good idea. They retreated, and now we have no more talk about abolishing the Department of Education.

What we have is, instead of the direct assault, we have a great deal of warfare