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Senate

TAXPAYER REFUND AND RELIEF ACT OF 1999—CONFERENCE REPORT

(Continued)

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

Mr. KYL. Mr. President, I begin by commending the chairman of the Finance Committee, Senator ROTH, and our leadership, Senators LOTT and NICKLES, for their tremendous work on this bill. Members have heard Senator NICKLES discuss the details of the bill, the many things that have been included in this bill. Through his leadership, a lot of the things that Members of the Republican Party and people I represent who have talked to me about tax policy wanted in this bill have gotten included in the bill. I think they did a tremendous job in ensuring that the tax relief for taxpayers became a part of this tax package.

I won't go over the details of the bill as Senator NICKLES has just done, but I want to note that this is, as he said, the largest middle-class tax cut since Ronald Reagan was President. It is based on the same kind of progrowth, broad-based policies that will let all taxpayers keep more of their hard-earned money.

Mr. NICKLES. Will the Senator yield?

Mr. KYL. I am happy to yield to the Senator.

Mr. NICKLES. I want to take a minute to congratulate and thank my friend and colleague from Arizona for his leadership in the entire tax reduction effort, but particularly in estate taxes. The Senator from Arizona has been principal sponsor of a bill to reduce and eliminate the estate taxes. We have incorporated most all of that provision in this bill.

I want to compliment him because I am confident eventually—maybe this bill will be vetoed; I hope not; I hope the President reconsiders—we will pass a bill to eliminate the death tax. The Senator from Arizona deserves great accolades and credit for being a principal player in making that happen.

Mr. KYL. I thank the distinguished assistant majority leader. I agree that by including the repeal of the estate tax, sometimes called the death tax, in this legislation, we have laid down a marker and pretty well ensured that sooner or later it is going to be repealed.

Obviously, for the time being, we may have to pay it down a little bit and find it is repealed in maybe the ninth or tenth year. Hopefully, by virtue of the fact we have agreed that it has to go eventually, we will repeal it, and hopefully it will be sooner rather than later because some of my friends have kidded, saying: You know, it is fine you get this repealed 9 years from now, but that means I have to hang on for another 9 years. I am not sure that is possible. Besides that, I have to do the expensive estate planning in the meantime.

We prefer to get that eliminated sooner rather than later. I think it is a testament to the leadership of Senator NICKLES, majority leader Senator LOTT, and Senator ROTH, as well as our friends in the House who were in agreement that the death tax had to go. That important provision was included in this election.

Rather than describe the specifics of this program, let me note, when I turned on the television this morning I heard a report on CNN. Reporters had gone to Orange County in California. They found the average citizen on the street there really didn't like this tax relief that much.

They said: Why do we need to do it? After all, shouldn't we be saving the Social Security surplus for paying down the debt or for Social Security?

I say as plainly and clearly as I can: That is exactly what we do. We are not spending the Social Security surplus. Every dime of the Social Security surplus is set. It is not the subject of this tax bill.

There are two kinds of surplus. First, FICA taxes fund the Social Security payments to seniors. We collect more in FICA taxes than current beneficiaries require under Social Security. So there is a surplus. We don't use that for the tax cut.

Now, there are all of the other tax payment provisions of the code. We have to pay income tax, the estate tax, the capital gains tax, these other taxes. They, too, are producing more revenue than we need. We are not spending as much as we are collecting. That is the surplus we are talking about for tax relief.

As Senator NICKLES said a moment ago, out of the entire surplus, only 25 cents of it is going for tax relief. When some of our friends on the other side of the aisle or the President say we can't afford tax relief; we should be saving the Social Security surplus, they are fooling the American people. The truth is, the Social Security surplus is not being used for this tax relief—not a penny of it.

As a matter of fact, those people who say we should pay down the national debt should understand that both under the President's plan and under our plan, any amount of the Social Security surplus that isn't necessary for Social Security is used to do what? Pay down the national debt. That is what the Social Security surplus is being used for.

Let's not be confused. There are good reasons for a tax cut. The money for the tax cut is not coming out of the money for Social Security or for paying off our national debt. That is the fundamental point I wanted to reiterate.

Different provisions of the bill stress the point that Senator NICKLES made, which is that finally we have achieved in law—we will by the time we vote for this—that the death tax is going to be repealed. I think that sends a very important message as we continue to craft tax legislation. Should the President veto this bill, that will permit us

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

to include that principle in whatever eventually is sent to the President and, hopefully, signed into law.

The Taxpayer Refund and Relief Act, which is really the largest middle-class tax cut since Ronald Reagan was President, is based upon the kind of broad-based, pro-growth policies that will help all taxpayers and keep our nation's economic expansion on track.

Mr. President, this measure really represents a departure from the kind of targeted tax cuts that we have seen in the past. Taxpayers will not have to jump through hoops, or behave exactly as Washington wants, to see relief. If you pay taxes, you get to keep more of what you earn. It is as simple as that. The marginal income-tax rate reductions in this bill refund to all taxpayers a share of the tax overpayment that has created our budget surpluses. Those in the lowest income-tax bracket will see a seven percent reduction in their taxes. Those in the highest tax bracket will see a reduction of about half that size. I would have preferred an across-the-board reduction that helped everyone more than this. But recognizing the constraints imposed on the Finance Committee by the budget resolution, I think this is a very good product.

In addition to marginal rate reductions, the bill would eliminate two of the most egregious taxes imposed on the American people: the marriage-tax penalty and the death tax. There is simply no reason that two of life's milestones should trigger a tax, let alone the steep taxes that are imposed on people when they get married and when they die. Eliminating them is the right thing to do.

To eliminate the marriage penalty for most taxpayers, the standard deduction for joint returns would be set at two times the single standard deduction, and the new 14 percent income-tax bracket would be adjusted to two times the single bracket, phased in over the life of the bill. This will solve the problem for most taxpayers, but we need to make clear that, although we have devoted fully 50 percent of the relief in this bill to broad-based and marriage-penalty relief, we will not have eliminated the marriage penalty entirely. We will still need to come back and address the problem for taxpayers who choose to itemize.

The bill also phases out the death tax over the next several years, so that by 2009 it is completely eliminated. I would ask Senators to carefully review the details of what is proposed here, because I believe they will find that the bill offers a way for those on both sides of the aisle to bridge our differences with respect to how transfers at death are taxed.

The beauty of the proposal is that it takes death out of the equation. Death would no longer be a taxable event. It would neither confer a benefit—the step-up in basis allowed under current law—nor a penalty—the punitive, confiscatory death tax.

The provisions are based upon the bipartisan, Kyl-Kerrey Estate Tax Elimination Act, S. 1128, which would treat inherited assets like any other asset for tax purposes. A tax on the capital gain would be paid, the same as if the decedent had sold the property during his or her lifetime, but the tax would be paid only if and when the property is sold.

If the beneficiaries of an estate hold onto an asset—for example, if they continue to run the family business or farm—there would be no tax at all. No death tax or capital-gains tax. It is only if they sell and realize income from the property that a tax would be due, and then it would be at the applicable capital-gains rate.

This simple and straightforward concept attracted a bipartisan group of cosponsors, including Democratic Senators KERREY, BREAUX, ROBB, LINCOLN, and WYDEN, and about a dozen Senators from the Republican side. If the President makes good on his threat to veto this tax-relief bill, our bipartisan initiative provides a blueprint for how we should deal with the death tax in future tax legislation.

Mr. President, another important feature of this tax bill is its capital-gains tax-rate reduction. It will reduce capital-gains tax rates another two percent, so that the top rate is only about two-thirds of where it was just a few years ago.

Why is another capital-gains reduction important? Let me quote President John F. Kennedy, who answered that very question: ''The present tax treatment of capital gains and losses is both inequitable and a barrier to economic growth.'' He proposed excluding 70 percent of capital gains from tax, which, if you applied the same concept today, would result in a top rate of about 11.88 percent. That is lower than the top rate of 18 percent proposed in the bill we have before us.

President Kennedy explained that ''[t]he tax on capital gains directly affects investment decisions, the mobility and flow of risk capital from static to more dynamic situations, the ease or difficulty experienced by new ventures in obtaining capital, and thereby the strength and potential for growth of the economy.''

In other words, if we are concerned about whether new jobs are being created, whether new technology is developed, whether workers have the tools they need to do a more efficient job, we should support measures that reduce the cost of capital to facilitate the achievement of all of these things. Remember, for every employee, there was an employer who took risks, made investments, and created jobs. But that employer needed capital to start.

President Kennedy recognized that. He recognized that our country is stronger and more prosperous when our people are united in support of a common goal—and that we are weaker and more vulnerable when punitive policies divide Americans, group against group, whether along racial lines or economic lines.

While some politicians may employ divisive class warfare to their political advantage, President Kennedy had the courage to put good policy ahead of demagogic politics. I am with him, and I support the capital-gains reduction in this bill.

There are several other provisions that I want to mention briefly, because they, too, will help keep the economic expansion going: the increase in the IRA contribution limit, the alternative minimum tax relief, and the increased expensing allowance. These are things that will encourage the capital formation needed to help keep the United States competitive in world markets, producing jobs and better pay for our citizens.

The bill addresses the critical issue of health care as well, providing an above-the-line deduction for prescription-drug insurance, and a 100 percent deduction, phased in over time, for health-insurance costs for people not covered by employer plans.

We encourage savings for education by increasing the amount that individuals can contribute to education savings accounts. Funds in these accounts could be used for elementary and secondary education expenses, in addition to higher education. The exclusion for employer-provided educational assistance would be extended, and the 60-month limit for deducting interest on student loans would be repealed.

Mr. President, a few final points before closing. Providing the tax relief in this bill will not require us to use any of the Social Security surplus in any year. In fact, all of the Social Security surplus will be reserved for Social Security. In all, about 75 percent of anticipated budget surpluses over the next decade would still be set aside for Social Security, Medicare, and other domestic priorities, including debt reduction.

It is only the remaining 25 percent of the available surplus that would be refunded to American taxpayers. In other words, we are proposing to refund just 25 cents of every surplus dollar back to the people who sent it to Washington. It is a sensible and a modest initiative.

Remember, the $792 billion in tax relief would be provided over a 10-year period. If you include enough years in the calculation, of course, the amount sounds large, but we are really only talking about an average of $80 billion a year.

To put that into perspective, the federal government will collect $1.8 trillion this year alone. It will collect $2.7 trillion by the end of the 10-year period, in 2009. The amount of tax relief we are considering is very modest—not risky, not irresponsible at all, as the President would have us believe.

Even accounting for the proposed tax cut, the debt would be reduced substantially. The Budget Committee chairman gave us the numbers last week. Publicly held debt would decline from

$3.8 trillion to $900 billion by 2009. Interest costs are forecast to decline from more than $200 billion annually to about $71 billion a year. In fact we reduce debt and debt-service costs more than the President would in his budget, because President Clinton would spend nearly $1 trillion on new initiatives. According to the Congressional Budget Office, part of the President's new spending would even be funded out of the Social Security surplus.

To the extent that there is any surplus in the non-Social Security part of the budget, it is because we will have already taken care of the core obligations of government—things like education, health care, the environment, and defense. It is true that we may not launch some new initiatives, or fund lower priority programs, but I believe it is appropriate to refund part of the tax overpayment to hard-working taxpayers before funding new endeavors.

Mr. President, if a corner business did what the federal government is doing, it would be accused of gouging. We are charging the taxpayers too much, taking more than the government needs to fund its obligations. We ought to return this overpayment to the people who earned it, instead of thinking up new ways to spend it in Washington.

Mr. President, again I commend the leaders who were able to put this package together. I intend to vote for it and encourage my colleagues to do so.

I yield whatever time is remaining to the Senator from Delaware.

Mr. ROTH. I yield 7 minutes to the distinguished Senator from Kentucky.

Mr. BUNNING. Mr. President, I rise in strong support on conference report on the Taxpayers Refund and Relief Act of 1999 and urge my colleaguess to support it. I congratulate Senator ROTH and his staff on getting such a great bill to the floor of the Senate. I urge the President of the United States to reconsider his threat to veto it.

It is a good bill. It is responsible in its timing. It is responsible in its provisions. And it is definitely responsible to let the American taxpayers keep a little more of their own money.

On the basis of fact, it is difficult to dispute the fairness or the timing for a tax cut in general.

Federal tax rates are at an all-time, peace-time high, consuming more than 20.6 percent of the Nation's economic output. That is a higher tax rate than any year except 1944 at the height of World War II when Federal taxes consumed 20.9 percent of the gross domestic product.

At the same time, we are anticipating record budget surpluses. The economists tell us that over the next 10 years, the Federal Government will take in nearly $3 trillion more than it needs. Even if we set aside $1.9 trillion of that surplus to safeguard Social Security and pay down the public debt, the Federal Government will still have $1 trillion more than it needs over the next 10 years.

It is hard to imagine a more opportune or reasonable time to cut taxes. Tax rates are at record highs—budget surpluses are at record highs. What more do you need?

In a similar vein, it is difficult to dispute any of the major provisions in this bill on the basis of fairness. It does a lot of good things.

It reduces each of the personal income tax rates, which currently range from 15 percent to 39.6 percent by 1 percentage point so that low- and moderate-income taxpayers receive a larger real cut than those in higher income brackets.

It reduces the capital gains tax moderately and indexes capital gains to account for inflation. It encourages savings by increasing IRA contribution limits from $2,000 to $5,000.

It would eliminate the odious death tax which destroys family businesses and farms. Point by point, it is difficult to portray any of these provisions as radical or unfair.

It is also difficult to question the fairness of the bill's provisions which try to eliminate the marriage penalty that exists under current tax law and which forces 20 million married couples to pay about $1,400 a year more in taxes than unmarried couples.

In an effort to eliminate this inequity, the Taxpayer Refund Act increases the standard deduction and raises the upper limit of the 14-percent bracket for married couples.

The individual provisions in the tax cut bill are reasonable and fair.

Still, the President insists that a $792 billion tax cut is irresponsible and reckless. Even though our Republican plan sets aside $1.9 trillion to secure Social Security and pay down the public debt—even though it reserves another $277 billion to pay for Medicare reform or other essential services—even though the tax cuts are phased in slowly over 10 years, the President claims it is reckless and irresponsible.

It is easy to understand why. He wants to spend more.

He says cutting taxes $792 billion is reckless but he didn't have any qualms about proposing 81 new spending programs that would cost $1.033 trillion in his budget proposal this year.

He clearly believes that the money belongs to the Federal Government—not the taxpayers. And he clearly plans to find ways to spend that surplus if given the chance. That is the big question that faces the Nation right now. Whose money is it and is it more responsible to give some of it back to the taxpayers than it is to spend it?

I have heard a lot about Federal Reserve Board Chairman, Allen Greenspan's recent testimony before a Senate Committee on which I serve and, admittedly, he was not overly enthusiastic about cutting taxes right now.

He would prefer that we use all the budget surplus to pay down the debt. But, he also made it clear that the worst thing we could do is to spend the surplus on new programs. He made it clear that cutting taxes would be preferable to expanding Federal spending. Our tax bill already pays down the debt more than the President's plan and if we don't cut taxes now, make no mistake about it, the President will find plenty of ways to spend the rest of that surplus.

This bill simply says that when tax rates are at record highs and the Government has more money than it needs to protect Social Security and Medicare and to pay down the debt, the responsible thing to do is to give some of that money back to the people who pay the taxes.

There is nothing reckless about the Republican tax cut. It protects Social Security and Medicare. It reduces the debt more than the President's plan.

It reserves several hundred billion to pay for essential services or to pay the debt down even more. The timing is right. The provisions are fair. It simply allows the Nation's taxpayers to keep a little more of their own money.

I urge my colleagues to vote for it.

Mr. ROTH. I now yield 5 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. ASHCROFT. Mr. President, I thank the Senator from Delaware and commend him for his outstanding work in respect to this piece of important legislation. The Republican plan is a good plan for several reasons, the first of which is that the Republican plan protects every single cent of the Social Security surplus. None of it is to be consumed in the tax cut or in tax relief. Every penny of money from the Social Security trust fund is to be protected—$1.9 trillion over 10 years.

When the President presented his budget earlier this year he said we should protect 62 percent of the Social Security trust fund. There is an important distinction. We would protect every cent. The President proposed spending $158 billion of the Social Security benefits over the next 5 years. We said zero. I am happy to say he went back to the drawing board. He still comes back with a plan that spends $1 trillion more in 10 years, including about $30 billion of the Social Security surplus, but it is closer to the Republican plan which protects Social Security. It is very important to understand the Republican plan does not invade Social Security in order to have a tax cut.

Since Congress took Social Security off budget in 1969, the Democrats have never protected every dime of Social Security surpluses, and frankly neither have we until this year.

In addition to protecting Social Security, the Republican plan pays down the national debt. What is important is that over the next 10 years we will pay off almost half of the national debt. That is responsible. Most homeowners do not pay off half their mortgage in 10 years. On a 30-year mortgage, it takes about 15 years to get halfway through the process.

Mr. President, $1.9 trillion of the $3.6 trillion in publicly held national debt will be paid off. We will reduce the national debt from 41 percent of the gross domestic product to only 14 percent of the gross domestic product.

On the other side, in contrast, they want to spend more money and leave Americans with a higher national debt. President Clinton's plan provides $223 billion less in debt reduction than does ours.

The Republican plan also saves more money for Medicare. Over the next 10 years, the Republican plan sets aside $90 billion for fixing Medicare, in contrast to President Clinton's new Medicare entitlement that provides only $46 billion for additional funding over that period.

After attending to all these priorities, after setting aside Social Security, after attending to and making sure we pay down half the debt, running it down from 41 percent of the gross domestic product to 14 percent of the gross domestic product, the Republican plan cuts taxes for every taxpayer; it cuts taxes for married couples, for savings in IRAs, for college education, for health care, cutting the bottom rate and every other rate by 1 percent.

In addition, the Republican plan reduces the marriage penalty for couples, thanks to the outstanding work of Senator HUTCHISON of Texas. I was pleased to have joined her, along with Senator BROWNBACK of Kansas, in accelerating that kind of relief in our effort. The Republican plan will make the standard deduction for married couples double that for singles. We will also increase the rate bracket for married couples, making it possible for them to become married couples without paying a penalty. In contrast, the President's plan and the Democratic plan would spend more money on Government, leaving less money for our families.

If your faith is in government and in bureaucracy and your faith is not in families and in our communities, then you want to sweep resources to Washington and spend it here. If you believe the greatness of America is in the families and the hearts of the American people, then leaving some of their resources, which they have earned, with them is wise policy.

President Clinton's plan calls for $1 trillion more in spending over the next 10 years. The American people did not balance the budget just so they could be the victims of more spending. Out of approximately $3 trillion in total surpluses over the next 10 years, our plan devotes only $792 billion, less than a quarter of the entire total surplus, to tax cuts. The Republican plan protects Social Security, cuts the publicly held debt in half, and provides needed relief to every taxpayer while protecting the opportunity to reform and address the needs of Medicare.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. ROTH. Mr. President, I yield 5 minutes to Senator HAGEL.

Mr. HAGEL. I thank the Chair.

Mr. President, first I add my thanks and appreciation to the chairman of the Senate Finance Committee, Senator ROTH, for the leadership he has provided in getting a very fair, responsible, realistic, reasonable tax cut this far. It has been a rather remarkable achievement. It is the right thing for America.

I rise to state my strong support for this bill. We have heard a lot of talk about standards of fairness, is this right, does it help everyone. That is a good question, an appropriate question.

I ask these questions: What can be more fair than an across-the-board reduction in marginal tax rates? Everyone who pays Federal income tax benefits.

Let's put some perspective on this. This tax cut bill is focused on those who pay taxes. It might be a revelation for some, but actually it is true and we acknowledge that right from the beginning. This is about tax relief for those who pay Federal income taxes.

Another relevant question is: What is more fair than ensuring people do not pay more in taxes just because they are married? Was it fair that we penalized married couples? No. This tax bill addresses that issue, and we do something about it. In fact, we make it fair.

Are only rich people married? I don't think so. I think a lot of middle-class people are married. I think a lot of people at the bottom of the economic structure who pay Federal income taxes are married. Surely, they will benefit from this tax bill.

Another question: What is more fair than making sure farmers—we have been talking about farmers all week—and small businesspeople, the engine of economic growth in America, don't have to sell their farms or their businesses in order to pass them on to their children so they, in fact, can keep farming?

That is fair. Are there people in the middle-class economic structure of America who so fit? I think so.

Another question: What is more fair than making sure self-employed individuals have the same opportunities as big corporations when it comes to deducting the cost of health insurance? I think that is rather fair.

What about this: What is more fundamentally fair than giving back to the American people their money when they are paying too much in taxes, say, over $3 trillion more in taxes projected over the next 10 years?

This bill does that. It does it fairly; it does it reasonably; it does it realistically; and it does it responsibly.

We have heard in this Chamber over the last few minutes some of my colleagues talk about Social Security. My goodness, all responsible legislators, all responsible Americans would not dare take Social Security surpluses and use those for tax cuts. We are not talking about that. If the American public gets a sense that there is just a hint of demagoguery in this, they might be right and they actually might be on to something because the fact is, this plan does not do that.

All Social Security surpluses are laid aside. We do not cut Medicare. We do not cut into spending. We provide for the adequate national defense requirements and, in fact, increase national defense spending over the next 10 years, veterans' benefits, and education benefits. That is where every 75 cents of this $1 overpayment goes. The other 25 cents goes back to the taxpayer.

This is not theory or some abstract debate. You either favor tax cuts or you do not. We can all dance around this and we can confuse each other and say: It's not fair and it's not reasonable.

In the end, this place is about decisionmaking, hard choices. It is about hard choices, and you either agree that we should cut taxes or you do not. That is what we are going to vote on today. There are two clear choices: Give the American people a tax cut or keep the money in Washington where it surely will be spent.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HAGEL. Mr. President, I appreciate the opportunity to register my strong support and yield the floor.

Mr. ROTH. I yield 5 minutes to the Senator from Pennsylvania.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. I thank the Chair and thank the chairman for yielding me time.

I, too, rise, as the Senator from Nebraska just did, in strong support of returning to the American public what they have overpaid. And that, to me, is good business practice. If a business gets overpaid, we think they would be honest enough to see that they have been overpaid and give back the money to the person who paid more money than was needed for what they were buying. In fact, if business did not do that, you would think they were ripping you off.

It is somewhat incredible to me to imagine how the American public, when they see they are overpaying their taxes—we have more money than is needed to pay for the needs of Government, which are immense; $1.9 trillion, some pretty big need—the American public, at least through the polls, are saying: Well, keep it. We really don't need it. We don't really need a tax cut. At least that is what the polls would have you believe. I do not believe that.

I do not believe it is good business for the Government to keep money that it does not need because what the Government will do is what a business would do. They will take it and use it to benefit themselves, not benefit the customer.

I think that is what we are seeing happen already this year in Washington with the surplus projected for next year to be some $14 billion. People are just banging down the door to spend that money. We spent half the surplus last night. The projected surplus is half gone. If we pass the Ag appropriations bill in the form it passed last night, it will be half gone. My guess is the House, and others, will want to pass even more than that.

So what my big concern is—I think the Senator from Nebraska hit the nail on the head—if we leave the money here, it will be spent. It will not be spent to benefit the broad economy. It will not be spent to benefit the average taxpayer in America. It will be spent to benefit those who are loud enough or politically powerful enough to get that money set aside for them.

That is not the way things should operate when, you, the taxpayer have paid more than you should, that we are going to take that money and give it to someone who screams the loudest to get that money here in Washington, or who has the political clout to get that extra money here in Washington. No.

What we have done in this modest tax relief package—everyone says how big this tax relief package is. This is modest tax relief. This is incremental tax relief. This phases in over a 10-year period of time. This is tied to meeting our surplus targets. In other words, if our debt payments do not go down as projected, guess what. Most of this tax cut, or a big portion of it, does not even happen in the future years.

So what is being talked about is this calamitous idea that we are going to give all this money—this horrible thing—back to the people who overpaid it. And at the same time, many are standing up saying: Look, we need this money to spend on all this. We need it here. Of course, the American public doesn't need it. You have more money than you need back home.

As someone who is raising four children, and one due in a month and a half, I can tell you that raising a family is very expensive. I am not too sure anybody would, if you think about it, mind having a couple extra hundred dollars to be able to do some things to help them and their family.

That is what we are talking about. It is not a huge tax cut. I wish it were. I wish we could reduce taxes more, give more surplus back. I wish we could cut Government spending, pare down the growth of this Government. But we are not even talking about that. We are talking about letting Government continue to increase its spending, letting the entitlement programs continue to flourish, and just giving a little bit of what is overpaid back.

I am excited about this particular package. There are lots of goods things in this package—reductions in rates, the marriage penalty tax relief, and one particular provision I want to speak about for a minute or two is the American Community Renewal Act.

The American Community Renewal Act was not in the bill that passed in the Senate. I entered into a colloquy with Senator ROTH, and he agreed he would look at what was included in the House package. He did. And included in this bill out of conference is a bill that does not just provide tax relief, which is what we talked about, but a provision that helps those people in poor inner-city and rural communities who are not being lifted by the rising tide of this economy with incentives, such as the zero capital gains tax within these renewal communities.

One hundred of them would be designated. Twenty percent of them at least would have to be in rural areas, with a zero capital gains rate to help businesses start in those communities; to provide help for home ownership; expensing of businesses would be increased; wage credits; real powerful incentives for employment opportunities to happen within these communities, housing opportunities to happen within these communities, to see a real transformation, using, again, the private sector, not public-sector programs, not the Department of Housing and Urban Development, but, in fact, private sector incentives for private sector development and home ownership, which is the real key to success in America.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SANTORUM. I thank the chairman for including that in the bill today.

Mr. ROTH. Mr. President, I yield 6 minutes to the Senator from Minnesota.

Mr. GRAMS. I thank the Chair.

Mr. President, in a few hours we are going to cast a very important vote to return tax overpayments to working Americans. The passage of the conference report of the Taxpayer Reform Act will signal a clear victory for all Americans. I commend the Senate Republican leadership and especially Chairman ROTH for their strong commitment to major tax relief in this Congress.

We promised to return to American families the non-Social Security tax overcharges they paid to the Government, and today we are going to fulfill that solemn promise. We can now proudly declare that: promises made are promises kept.

The proposed tax relief significantly reduces taxes for millions of American families and individuals and immediately eases working Americans' tax burden and allows them to keep a little more of their own money, again, for their own family's priorities.

The American people have every reason to celebrate this victory because they are the winners in this debate on tax cuts.

This tax relief is a victory for all Americans, particularly the middle-class, who will receive a $800 billion tax refund over the next 10 years.

It is a victory for millions of Minnesotans because each family in my state of Minnesota is expected to receive $8,000 in tax relief over 10 years.

It is a victory for the 22 million American couples who will no longer be penalized by the marriage penalty tax, because we completely eliminate this unfair tax.

It is a victory for millions of farmers and small business owners because this tax relief enables them to pass their hard-earned legacies to their children without being subject to the cruel death tax.

It is a victory for millions of self-employed and uninsured because health care is made more affordable to them with full tax benefits.

It is a victory for millions of baby-boomers because the pension reform allows them to set aside more money for their retirement.

It is a victory for millions of entrepreneurs and investors because the capital gains tax is reduced to stimulate the economy.

It is also a victory for millions of parents, students, teachers, and workers because higher and better education will be available and affordable with a variety of tax benefits included in this package.

By any standard, the working men and women of this country are the winners, not Washington.

Moreover, in my judgment, this tax relief plan is a highly sensible, responsible and prudent one. It reflects American values and is based on sound tax and fiscal policy. It comes at the right time for working Americans.

We must recall that Americans have long been overtaxed, and millions of middle-class families cannot even make ends meet due to the growing tax burden. They are desperately in need of the largest tax relief possible.

The budget surplus comes directly from income tax increases. These overpaid taxes are taken from American workers and they have every right to get it all back.

This tax relief takes only a small portion of the total budget surplus. In fact, only 23 cents of every dollar of the budget surplus goes for tax relief.

After providing this 23 cent tax relief, we have reserved enough budget surplus to protect Social Security and to reform Medicare, including prescription drug coverage for needy seniors. We further reduce the national debt and reserve funding for essential federal programs.

Contrary to Mr. Clinton's rhetoric that tax relief will cause recession, cutting taxes will keep our economy strong, will create jobs, increase savings and productivity, forestall a recession and produce more tax revenues. Somehow, he believes that if Americans spend the money, it is bad, but if it is left here for Washington to spend, it is good. History has proved again and again that tax cuts work. It will prove this tax relief is a sound one as well.

I am also pleased that this tax relief does not come at the expense of seniors. We have locked in every penny of the $1.9 trillion Social Security surplus over the next 10 years, not for government programs, not for tax cuts, but exclusively to protect all Americans' retirement.

We have been working hard to reform Medicare to ensure it will be there for seniors. Prescription drug coverage for the needy will be part of our commitment to seniors to protect their Medicare benefits. Had the White House and Democrats cooperated with us, we could have fixed Medicare by now. The President discounted his own commission on Medicare reform.

In any event, we will continue our effort to preserve Medicare as Chairman ROTH reveals his Medicare bill in the near future.

We have reduced the national debt and will continue to dramatically reduce it. Debt held by the public will decrease to $0.9 trillion by 2009. The interest payment to service the debt will drop from $229 billion in 1999 to $71 billion in 2009. We will eliminate the entire debt held by the public by 2012.

As I indicated before, we have not ignored spending needs to focus on tax cuts as has been charged. We not only have funded all the functions of the government, but also significantly increased funding for our budget priorities, such as defense, education, Medicare, agriculture and others.

In fact, we set aside over $505 billion in non-Social Security surplus to meet these needs. This proves we can provide $792 billion in tax relief while not ignoring other important priorities.

This major tax relief does not come at the expense of seniors, farmers, women, children or any other deserving group.

On the contrary, it benefits all Americans and keeps our economy strong. And most importantly, this tax relief will give every working American more freedom to decide what's best for themselves and their families.

Mr. President, let me conclude my remarks by citing President Reagan who once said: ''Every major tax cut in this century has strengthened the economy, generated renewed productivity, and ended up yielding new revenues for the government by creating new investment, new jobs and more commerce among our people.''

President Reagan was right. This tax relief will do the same.

Now, Mr. President, we have done our job, and it is up to President Clinton to decide if he wants to give back the tax overpayments to American families or spend them to expand the government.

In Buffalo, NY, earlier this year, the President said: If we give the money back to the American people, what if they don't spend it right? In other words, the President looked down his nose at working Americans and said they are too dumb to spend their money right. They are smart enough to earn it, not smart enough to spend it. I hope the President will trust the American people and make the right decision.

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

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

Mr. ENZI. I thank the Senator.

Mr. President, I rise in strong support of the Financial Freedom Act of 1999. This bill represents the third prong in our plan to restore financial security to America's families. Along with saving Social Security and reducing the national debt, the Financial Freedom Act of 1999 marks another significant chapter in our continuing effort to bring stability to our national budget and financial discipline to Congress.

I congratulate the chairman of the Finance Committee, Senator ROTH, for his unwavering determination to provide greater financial freedom to America's families. Let there be no doubt about what we are debating today. We are debating whether we should return part of the overpayment by the taxpayers to the taxpayers, true overpayment. As an accountant, I am particularly concerned with that. We need to return the overpayment to the people who made the overpayment.

Or should we keep it in Washington to fund President Clinton's new bureaucracies and unproven Government programs? I am not talking about funding adequately the ones we have. I am talking about brand new ones that will require continuing additional funds. The choice is between tax relief and new spending, plain and simple.

I, for one, believe it is time to reward the ingenuity and hard work of our taxpayers by allowing Americans to keep more of what they earn. The Financial Freedom Act provides tax relief over the next 10 years with cutoffs if the surplus doesn't materialize. By phasing those tax cuts in over 10 years, this demonstration assures the American people that the money dedicated to Social Security will only be used for Social Security. Moreover, by making the majority of the broad-based across-the-board tax reduction contingent on reducing the national debt, this bill makes a real commitment to reducing the Federal debt and forces Congress to live within its means.

This legislation not only reduces the overall tax burden but reduces all the marginal income tax rates, beginning with the lowest rate and increasing the ceiling on the new 14-percent bracket. This plan will reduce much of the damage imposed by President Clinton's mammoth tax hike of 1993 and by the bracket creep that millions of Americans have experienced as a result of job and wage growth over the past 10 years. This broad-based reduction, which is the backbone of the act, would provide tax relief for all taxpayers. Let me repeat that: Anyone who now pays Federal income tax will see their bill go down as a result of the 1-percent marginal rate decrease in each and every marginal tax rate.

Moreover, this tax cut is especially aimed at the middle class. By increasing the income limits of the new 14-percent bracket by $2,000 for single filers, millions of Americans will see their tax bill reduced by $400 per year by this provision alone.

In addition to reducing all the marginal rates for taxpayers, the Financial Freedom Act eliminates one of the most egregious effects of our current Tax Code—the marriage penalty. We have heard a lot of talk about supporting the fundamental institution of marriage. This bill allows us to put our money where our mouths are by doubling the standard deduction and doubling the income limits of the new 14-percent tax bracket, bringing our tax policy in line with the rhetoric. If you are serious about helping the financial needs of millions of married couples across the country, you will support this legislation.

It also reforms our Tax Code and our tax policy by eliminating the infamous death tax. We encourage savings and thrift, and we provide much-needed relief for millions of ranchers, farmers, and small businessmen around the country, people who at the time of death will have to end their family business. As a small businessman who worked with my wife and three children selling shoes to our neighbors and friends in several Wyoming towns, I know firsthand how difficult the choices can be when you have to make that kind of a decision. The current tax on death punishes countless small businesses and farm and ranch families.

I congratulate, again, the people who have put together this, the cooperation there has been between the House and the Senate, the outstanding work of providing a balanced picture of tax relief to the American people while assuring that we can save Social Security, help Medicare, and pay down the national debt.

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

Mrs. HUTCHISON. Mr. President, I thank the distinguished chairman of the committee for giving us tax relief for the hard-working American family.

We have heard a lot of debate in this Chamber in the last few hours, but it comes down to a very simple issue, and that is whether we are for giving the people who earn the money the right to decide how to spend it. It comes down to one basic issue. We are for tax cuts, and I think the question is, Is the President for tax cuts? He campaigned saying he was for tax cuts for middle-income people, but the President has not supported tax cuts yet.

In fact, the major area of tax policy that the President gave us was the largest increase in the history of America. We are trying to cut back on those tax increases because we have a surplus and because we believe that the surplus should be shared with the people who gave it to us in the first place.

A lot has been said about Social Security and whether we are going to maintain the stability of Social Security. The answer is emphatically, we are; $2 trillion will come in over the next 10 years in Social Security surplus. The Republican plan that is before us today totally keeps that $2 trillion for Social Security stability.

The other $1 trillion in surplus over the next 10 years is in income tax surplus, withholding surplus, people's hard-earned money that they have sent to Washington in too great a quantity. It is that $1 trillion that we are talking about. We are talking about giving 25 cents per dollar of that trillion back to the people who earn it, and we think that is not only fair; it is required.

I worked very hard with Senator ASHCROFT and Senator BROWNBACK to eliminate the marriage tax penalty. This bill does it. We double the standard deduction so that people will not have a penalty because they get married. And, most of all, the people who need it the most are going to have total elimination of the tax on marriage. That is the schoolteacher and the nurse who get married and all of a sudden are in a double bracket, from 15 percent to 28 percent. One earns $25,000, the other earns $33,000, and together they go into the 28-percent bracket today. This bill eliminates that from the Tax Code forever, period—gone.

The President has said he is going to veto that tax relief, and I don't understand it.

Let me talk about what it does for women. Of course, the marriage penalty tax hurts women. But we also know that women live longer and they have smaller pensions. They have smaller pensions because women go in and out of the workplace, and they lose the ability to have that growth in geometric proportions in their pensions. That has been an inequity for women in our country. We eliminate that in this bill, or at least we try. We help by allowing women over 50 who come back into the workplace to be able to set aside 50 percent more in their pensions to start catching up. So where most people—all of us—have a $10,000 limit on a 401(k), a woman over 50 who comes back into the workforce after raising her children will be able to have a $15,000 set-aside in her 401(k). We also give help on IRAs.

It is very important to a woman who is going to live longer to have equal pension rights because she is more likely to have children, raise her children, maybe through the 1st grade or maybe through the 12th grade. We want to make sure we equalize that and recognize it. We have done that. Yet the President says he is going to veto this bill.

We have tax credits in this bill for those who would take care of their elderly parents, or an elderly relative, because we know one of the hardest things families face is how to take care of an elderly relative who doesn't want to go into a nursing home. Families would like to keep them. Sometimes they don't even want to do that, but long-term care is so expensive that they can't afford it. So we have credits for long-term care insurance, and we have credits for those who would care for their elderly parents.

So this bill lowers capital gains, lowers the death tax; it gives a benefit to everyone. The working people of this country deserve it. I hope the Senate will pass it. I hope the President will sign it and make good on all of our pledges to give the working people of this country relief.

Thank you, Mr. President.

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

Mr. BROWNBACK. Mr. President, I thank the chairman, the Senator from Delaware, for his excellent work on crafting this compromise package and putting it together. I think it is a substantial bill of support for the American public. We need to give this money back to the American public for overpaying their taxes.

I rise in strong support of the conference report being considered today. This important bill provides broad-based tax relief to America's families and returns their tax overpayment to them in the form of a tax reduction. It is important that Congress return this money to the American people and allow them to do with it what they see fit.

I am particularly pleased to join in this effort on the elimination of the marriage penalty. The Senator from Texas, Mrs. HUTCHISON, has led this effort, along with Senator ASHCROFT. This bill does important work on eliminating the marriage penalty tax and reducing that pernicious impact on our society. The American people need to get this rebate. I think we can do more and better with it than the Government can.

The conference report before us takes important steps, as I stated, toward eliminating the marriage penalty. It doubles the standard deduction, as well as widening the tax brackets, which does much to alleviate that terrible impact that the marriage penalty has on America's families. It impacts nearly 21 million American couples in this country.

Doubling the standard deduction helps families. Our families certainly need help. I am, therefore, pleased that the conferees kept this provision, and I am hopeful that the President will sign the conference report and provide America's families with this important tax relief which they clearly deserve and clearly need.

Congress has drafted a tax bill. Now it will be up to the President. This session, Congress utilized its opportunity to provide for comprehensive tax relief. It has done that. Now the President must make use of this unique opportunity to help eliminate the marriage penalty.

It affects so many couples in our country—21 million—by forcing them to pay, on average, an additional $1,400 in taxes a year. The Government should not use the coercive power of the Tax Code to erode the foundation of our society.

We should support the sacred institution and the sacred bonds of marriage. Marriage in America certainly is in enough trouble the way it is, and it doesn't need to be penalized by the Government. According to a recent report out of Rutgers University, marriage is already in a state of decline. From 1960 to 1996, the annual number of marriages per 1,000 adult women declined by almost 43 percent.

Now, when marriage as an institution breaks down, children do suffer. The past few decades have seen a huge increase in out-of-wedlock births and divorce, the combination of which has substantially had an overall impact on the well-being of our children in many ways. It has affected every family in this country. People struggle, and they try to help to support the family and the children as much as they can. But this institution of marriage has had great difficulty. In my own family, there has been difficulty as well. The Government should not tax marriage and further penalize it. There is a clear maxim of Government that if you want less of something, tax it; if you want more of something, subsidize it. Well, we don't want less of marriage. We should not tax it.

Study after study has shown that children do best when they can grow up in a stable home environment, with two loving, caring parents who are committed to each other through marriage. Newlyweds face enough challenges without paying punitive damages in the form of a marriage tax. The last thing the Government should do is penalize the institution that is foundational in this civil society.

This year we change that. The new budget estimates, from both the Office of Management and Budget and CBO, show higher-than-expected surplus revenue, even after accounting for Social Security. Of course, for some, this is no surprise. We have known all along that growth does work. It helps and it works. Of course, the surging surplus is as a result of nonpayroll tax receipts. It is really a tax overpayment to the Government in personal income and capital gains tax. We must give the American people the growth rebate they deserve and return the overpayment. I believe we can, and must, start—and start now—to rid the American people of the marriage tax penalty. I look forward to working with the Chairman, as well as other colleagues, to make sure we get this job done.

In closing, this is a day we should celebrate. We are able to do something that sends a strong signal of support to families across this country, which is critically important to do. Yes, this has an impact overall, but I think it is a very positive impact to send that sort of signal to our struggling young families across this country. I think we clearly should do that.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I have the pleasure to yield 15 minutes to the distinguished Senator LAUTENBERG, my neighbor and friend from New Jersey, followed by 5 minutes to the distinguished Senator from South Dakota.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. I ask whether or not the Senator from South Dakota would like to go first.

Mr. JOHNSON. I say to the Senator that I am certainly prepared to go at this time. But I would accommodate my friend.

Mr. LAUTENBERG. I suggest that he go first.

Mr. MOYNIHAN. Mr. President, I reverse my request.

The PRESIDING OFFICER. The Senator from South Dakota is recognized for 5 minutes.

Mr. JOHNSON. I thank my friend from New Jersey.

Our Nation deserves a thoughtful tax and budget plan from Congress that places an emphasis on paying down our existing accumulated national debt, while protecting Social Security and Medicare, and investing in key domestic priorities and providing targeted tax relief for middle-class and working families.

On the marriage penalty, for instance, most families in America get a marriage tax bonus, not a penalty. But for those who are penalized, we can address that in the Democratic plan while approaching this in a balanced fashion. But, sadly, the radical tax cut bill being considered by congressional Republicans could be described as simply ''foolish,'' were it not so seriously dangerous to the future prosperity and security of every American family.

There are obvious reasons why even leading Republican economists so vigorously are condemning this irresponsible bill, and why it has become the butt of so much ridicule.

First, the bill assumes that a $964 billion surplus over that needed for Social Security will absolutely materialize over the coming decades while our budget estimators in the past haven't even been able to estimate the economic growth over a year much less over 10 years. Common sense tells us that we should be careful about committing to use money that we do not yet have and may never have.

Second, this plan fails to use even a cent of the supposed $1 trillion surplus above Social Security to help pay down the $3.7 trillion public debt that our Nation currently owes. Paying down our debts would do more to keep the American economy growing than any other single thing the Government could do.

Third, in order to find room for a $792 billion tax cut, we would have to not only pay down the accumulated debt but we would have to cut defense buying power by 17 percent and domestic programs, meaning law enforcement, VA, health, education, school construction, medical research, national parks, and so on by 23 percent over the coming 10 years. If we decline to cut defense, under this plan we then would have to cut these domestic initiatives by an outrageous 38 percent. What is even worse is that this tax bill is cynically constructed so that the drain on the Treasury will explode and triple in cost during the second decade after passage.

Fourth, economic experts all over the country tell us that this tax package would cause interest rates to go up. At the current time, the Federal Reserve is raising interest rates and warning us that putting one foot on the gas and one foot on the brake is not a sensible economic policy for our country.

The small tax cut that most Americans would receive would be negated through higher costs for financing everything from a house, to a car, to college education, to business expansion, and farming and ranching operations. If this bill becomes law, our middle-class families will wind up with fewer and not more dollars in their pockets.

Fifth, this bill does absolutely nothing to prolong the life of Medicare much less provide for drug coverage payment reform that hospitals and clinics and medical institutions all over our country are in dire need of securing.

Specifically, this legislation outrageously provides an average $22,500 tax cut for the wealthiest 1 percent of Americans. But a typical American family—a family in my State of South Dakota with an income of $38,000—would get a couple of bucks a week while paying higher interest costs for everything they buy.

Wouldn't it make more sense to use a large portion of any surplus that actually materializes to pay down the accumulated national debt and then provide for targeted tax relief for middle-class and working families, protect Social Security and Medicare, and make some key investments in education, in the environment, infrastructure, and the things that we need to continue the economic growth in America?

I yield the remainder of time that I may have to my colleague from New Jersey, Senator LAUTENBERG.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I obviously oppose this Republican tax bill. I am going to explain why in a minute.

But I would like to start off by using an expression that we heard kind of invented around here, and that is: There they go again. There they go again. Or: There you go again.

The party that claims that its mission is fiscal responsibility has, once again, resorted to tax cuts to establish its role in fiscal management.

I find it shocking. I must tell you that we suddenly wanted to distribute a tax cut, which everybody likes to do. Make no mistake about it. I heard the President this morning say: After we finish securing Social Security and securing some extra longevity for Medicare, then we ought to distribute some tax cuts to people.

But if you ask anybody who has a mortgage—and most people I know have one—whether they would like to get rid of the mortgage before they do anything else, if they had a choice, they would take the mortgage relief. I will tell you that. They would say: Look, that is the one thing that bedevils us, and especially if the mortgage lives on beyond their existence on Earth, and it passes on to their children and their grandchildren. They would say: Look, let's get rid of that mortgage.

That is what we are talking about. We are all mortgagees in common when it comes to the national debt. We owe it. My kids owe it. My grandchildren will owe it if we don't get rid of that debt.

What is proposed by the Democrats is that we pay down the debt, that we have a target of 15 years to get rid of all the public debt. It would be unheard of in contemporary terms, and maybe in historical terms as well, because I don't think there is any country in the world that has any advancement that would find itself without significant debt outside the government. But that is what is being proposed.

Here we are. We want to give a tax break. And it works like this: The top 1 percent of wage earners who average $800,000-plus a year would get a $45,000 tax cut—just under $46,000. The person who works hard and struggles to keep their family intact, who struggles to keep opportunity available for their children's education and training and earns $38,000 a year, is going to get about 40 cents a day in tax relief. This fellow who earns over $800,000 is going to get a $45,000 tax break.

I have heard my colleagues on the other side say, well, they pay most of it; why shouldn't they get most of it? Why? Because what difference does it make in the life of someone earning $800,000 and some a year whether they get a $45,000 tax cut? I am not saying they shouldn't get anything, but it sure doesn't compare with the impact that it has when you take $157 and you give it to someone earning $38,000. It doesn't do much for them at all.

It permits this guy to buy a new boat, maybe even to make a downpayment on a second home. But to the other people who are struggling, often two-wage earners in the family, struggling to manage the future, it is impossible if you make $38,000 a year and you have a couple of kids.

The Republican plan is now stripped down to its bare essentials. It says to raid Social Security if we must to give this tax cut, and don't pay any attention to Medicare, while people all over this country worry about their health care. Over 40 million of them have no health insurance at all. We are talking about Medicare and the sensitivity of appropriate health care for people who are in their advanced years.

Our Republican friends are saying: Don't worry about Medicare. Maybe we will find a way to take care of it one day. Or Social Security: Well, if it expires—I guess that is what they are saying—we will have to deal with it.

Just think. With all of this robust economy and the surpluses that we have, the Republican tax plan says this: That in a mere 6 years we will be dipping into the Social Security surplus—6 years. With all the promises about the $2 trillion that is going to go into Social Security because it is earned there, it will start to be decimated within 6 years under the Republican tax plan.

I hope the message that goes out of here is that we are two different philosophies on how we ought to treat our treasure trough because we have been smart but we also have been lucky. We are lucky that we live in a country that is as rich in resources and talent and opportunity as is America. But, at the same time, it took a lot of work to plan for this. It took President Clinton's leadership when he arrived in office. Deficits were $290 billion a year—much of that attributed to the leadership of President Reagan who made a decision, in all due respect, that tax cuts were the most important thing in the world and cut taxes all over the place while he borrowed from the public to finance it. What was the result? Inflation out of sight, and a lot of joblessness as well. We don't want to do that again. We should have learned. We are smart enough to have learned it the first time we saw it.

What will happen now? Beginning 6 years hence in 2005, Social Security starts to decline at a time when a lot of baby boomers arrive at retirement age. It could force inflation upon us and cost more for borrowing. Whether for a house mortgage, an automobile, appliance, people would be paying more.

One of the most astounding things I find, all Members hover around Alan Greenspan because he has been so clever in the way he has managed his share of the economic policy in this country. We listen to every word. I know him well. He used to be on the board of my company when I was chairman of the company. We would listen carefully to his advice because it was so profound, so deep, so insightful. The Republican message is, ignore what Alan Greenspan says about the timing not being right; forget that he has warned Members in the Budget Committee—and I am the senior Democrat on the Budget Committee—that tax cuts are not the best way to go. He said rather than having an outright spending binge, maybe tax cuts, the best thing to do is pay down the debt.

The message rings loud and clear. I am shocked that the wise heads who exist on the other side of this aisle don't understand that the risk they are taking is our economy at large. When we look at the projections and we hear what the Republicans are using to finance this tax cut—almost $800 billion direct in higher costs as a result of the interest on the remaining debt—it just doesn't make economic sense. It is not fair to our citizens to see the guys at the top, the people at the top who make all the money, get these incredible bonuses in tax cuts while the person who struggles to keep food on the table and a roof over their head gets a measly 40 cents a day in their tax cut.

What will happen? What will happen is, tax cuts will come along if things go as they are, unless the President has the courage to step up and say, no, the American people don't want this; that is not their preference. Everybody wants to pay less in tax, but they want a stable society, a stable economy. They don't want their kids saddled with obligations in the future.

This tax cut will also mean we will cut deeply into programs. We will cut education by 40 percent. Will we cut veterans' programs? The veterans now are screaming in pain because they are not being taken care of as they should be or as we promised they would be when they were recruited.

Cut the FBI by 40 percent? Thank goodness we have trained FBI people. It is hard enough to recruit. Now we are talking of cutting 40 percent while we still have a significant crime problem in our country, despite prosperity? I don't think so.

Will they cut border guards? Are we going to try to hold back the tide of illegal immigration, with fewer people to do it? That is what the result will be.

The truth of the matter is, they are talking about a surplus that is largely imaginary. It is forecasting; it is anticipated; it is hoped for. That, enacted into legislation, will make an enormous difference. Once the tax cut plan is in place, that is mandatory. However, the surpluses are hoped for, anticipated.

We have to alert the public what is going on. It will be a tax cut that will be talked about as a Republican accomplishment. I make a prediction—and I wish we could look inside everybody's thinking—that the Republicans know very well that this tax cut cannot go through, but what they want to do is have a speaking platform. They want politics, not policy. They want everybody to believe they are the only ones who are thinking about the average working person. The fact is, they are thinking about themselves because they know the President is committed to veto this. They know the economy could not stand this kind of a cut.

Imagine cutting those programs and saying to the American people: We have to take 40 percent from various programs, and we will not do a thing to extend the solvency of Social Security, not do a thing about Medicare; when it dries up, it dries up, friends, in 2015. If you are at an age when Medicare will be important to you, don't count on it. You had better save your money because you will have to take care of yourself on that score.

In Medicare, the cuts would exceed $10 billion a year. Medicare cuts are squeezing many hospitals and other health care providers.

In sum, the game is over. We will be voting at a later time today. We have the disadvantage of being in the minority. It is not my preferred position, but the facts are there. The President is our last hope because the Republicans have decided that no matter what, they are going to give a tax break. No matter what the advice is, no matter what the inequity is, no matter what programs are cut, no matter what we do to veterans' care, no matter what we do to Head Start, no matter what we do to education generally, it doesn't matter.

They say a tax cut is the most important thing on our agenda. The numbers are there, and the votes are there. We will lose this one. I believe it is possible some of our Republican friends will see the light and say, this is no time to do a roughly $800 billion tax cut, but it is time to continue to pay down our debt, improve our financial condition, and help preserve Medicare and Social Security for future generations.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I congratulate the Senator from New Jersey on a forceful argument.

I now have the pleasure to yield 10 minutes to the Senator from North Dakota and 10 minutes to the Senator from Connecticut.

Mr. DORGAN. Mr. President, I am happy to allow the Senator from Connecticut to go first.

The PRESIDING OFFICER (Mr. BROWNBACK). The Senator from Connecticut is recognized.

Mr. LIEBERMAN. Mr. President, I thank my colleagues.

I rise to oppose this conference report and the $800 billion tax cut it contains. I do not rise reflexively. In fact, my reflex, similar to most of my colleagues, is to support tax cuts, not to oppose them.

I was proud just 2 years ago to be a lead cosponsor, for instance, of the cut in the capital gains tax and to support so many of the initiatives of the chairman of the Finance Committee in encouraging savings. However, I am going to oppose this tax cut as I would tax cuts at any time when they were not needed to help our economy, not justified by the availability of money to support the tax cut. These are similar arguments I made against the reconciliation bill, this tax cut, when it was before the Senate last week.

It reappears as a conference report. It is essentially the same. The chairs have been shuffled on this Titanic, but the fact remains that this big luxury liner of a tax cut is headed for an iceberg. It may well take the American economy down with it. The iceberg here is the cold, hard reality that there is no surplus to pay for the cut that this enacts. In fact, this Congress, in an act of legislative schizophrenia, is on one side saying there is a surplus, beginning with next year, that justifies this tax cut; on the other side, through fictional emergency appropriations, through double counting, through overspending, is spending more than the surplus projected for next year. So that the reality is that ''there is no there there.'' There is no surplus there to pay for this tax cut.

My colleagues cite the Congressional Budget Office saying there will be, for instance, a $14 billion surplus next year and almost $1 trillion over the 10 years. But, as has been said on the floor, CBO, after making those surplus projections, also issued a report which makes very clear that they are based on Congress exercising self-control, the kind of self-control over spending we are showing each day of this session we are unable to exercise.

If you take the $1 trillion surplus the Congressional Budget Office estimated and then simply assume that Congresses over the next 10 years spends only the amount of money to operate our Government that we are spending this year, in 1999, adjusted only for inflation—real dollars—then that projected surplus of $1 trillion suddenly becomes $46 billion. What does it require to hold the $1 trillion surplus? Cuts in spending that we all know are untenable. They are not going to happen. This Congress, and no Congress over the next decade, would enact them.

I am privileged to serve on the Senate Armed Services Committee. I think in that capacity I have learned some about the needs of our national security and our military, our defense. To achieve the $1 trillion surplus and live within the caps that currently exist would require cuts in defense spending over the next decade of approximately $200 billion. We cannot fulfill our constitutional responsibility to provide for the common defense of the United States of America over the next decade with $200 billion in cuts.

I have too much confidence in my colleagues who serve today, as well as those who will serve over the next decade, to believe we would ever so jeopardize our security. It is just another way of saying the surplus projections are not real, and therefore enacting a tax cut which will not be backed up by available revenue will take America back down the road to a deficit before we hardly have had a chance to even appreciate the possibilities of a surplus.

Let us remember also a $1 trillion surplus estimate is based not only on a capacity in Congress to cut spending that we have clearly shown already in this session we do not possess because it is based on a projection of continued 2.4-percent growth in our economy over the next decade, extending what is already the longest peacetime growth in an economy in our history. Just look at the news in the last week or two and consider the probability that we will continue to grow over this next 10 years, unimpeded by the world and events in the world. The value of the dollar has weakened in recent weeks, creating great alarm in other industrialized democracies, particularly in Europe and Japan, our close allies, for fear of what that will do to their economies, and also for fear of what that will do to the foreign dollars that are currently invested in our economy that may be withdrawn and the consequences that would have for our economy.

Have you been following the stock market in recent days and watching the extraordinary gyrations in the American market which show underlying unease? Do we want to put into that situation a large tax cut, a tax cut of this immense size that will further threaten inflation and instability in our economy? Why? Why take the risk? Fiscal responsibility helped to bring our economy to the point it is today: An unprecedented combination of high growth, low unemployment, low inflation. Why risk it all for a tax cut that is not needed to stimulate the economy and not demanded by the people of the United States of America?

I think we have to be conscious of how our fiscal actions affect the very global economy which helps to give us our strength. We are the only G–7 country running a budget surplus today. We are the only leading industrial economy that is positioned to deal with the global demographic challenge of retiring baby boomers, if we discipline ourselves. As Asia and South America struggle through economic difficulties, we must remember that any sign of economic instability here could trigger an economic crisis there that will come back to bite us. We must have a strong economy. We have one now. Why jeopardize it? Why encumber it with debt? Why not save this money, pay down the debt, store it up to weather any economic crisis that may come our way?

There are times when I think of the famous Biblical story where Joseph advised Pharaoh in good times to put some away because good times would not last forever. I think we are in such a time now so we dare not let the cows and corn absorb themselves, as occurred in Joseph's dream.

The result, I fear, is by passing a major tax cut, one paid by an imaginary surplus, we would incur sizable debts for years to come. Besides the effects on the financial markets and on our economy, we would leave little or no money available for building the solvency of Medicare and Social Security and thus raise the specter of a major tax increase down the line when we will least be able to afford it to compensate for our profligacy now.

Finally, as has been said, I think anybody who has been following what Chairman Greenspan has been saying does not have to pick at the tea leaves. It has been very clear. If we cut taxes to this size now, the Federal Reserve will increase interest rates soon after. That will help to depress the economy and also hit average working Americans literally where they live, driving up the cost of their mortgages, their car payments, their credit card bills, and student loans to the point it would dwarf any tax benefit they might receive from this conference report.

I present as evidence an analysis done for Business Week magazine by Regional Financial Associates of West Chester, PA, which says that wiping out the debt, the national debt, by 2014 would raise the economy's growth rate by more than one-quarter of 1 percent at the end of the 15 years, and that real annual household income would grow by $1,500. That is more than three times, this study shows, what a tax cut of this size would boost the GDP and household income. A tax cut such as the one passed in the House, according to this study, would raise household income by $400; whereas paying down the debt would raise household income by $1,500.

So I will vote against the conference report and say when the President vetoes this bill he will not just be making another smart partisan political move in a political chess game; he will be saving the American economy from real damage.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from North Dakota is recognized for up to 10 minutes.

Mr. DORGAN. Mr. President, I wanted to come and visit on the proposal on the floor briefly. I was trying to think of a word to describe all of this, and I was thinking of a story I had heard about Daniel Boone, who was a great Kentucky backwoodsman.

He was most at home in the backwoods and known for his long hunts, traipsing through the backwoods of Kentucky without a compass. He was asked once if he had ever been lost. Daniel Boone said: No, I can't say I was ever lost, but I was bewildered once for 3 days.

I thought of that term ''bewildered.'' I cannot think of anything that better describes my reaction to conservatives bringing a plan to the floor of the Senate that is so unconservative and so risky for this country. It is enough to bewilder the entire country, to see people who say they are conservatives decide that it is not their intent to help pay down the national debt during good economic times, it is not their intent to try to conduct the business we need to conduct to deal with the big challenges of Social Security and Medicare and the demographic time bombs that exist in those programs, it is not their intent to do that. Their intent is to package up a nearly $800 billion tax cut before we have had the first dollar of surplus and say for the next 10 years they are going to have this sort of riverboat gamble with this fiscal policy.

Let's talk just for a bit about where we are and then where we have been.

What is happening in this country? First of all, the country has an economy that is the envy of the world. Unemployment is down, inflation is down, home ownership is up, personal income is up, the welfare rolls are down, crime is down, economic growth is up, and the budget deficit is about gone.

Go back about 8 years. What was happening in this country then? A $290 billion annual deficit that was continuing to rise and economists predicted they would see these deficits rise forever into the future. We had a Dow Jones Industrial Average that had barely reached 3,000. We had a sluggish, anemic economy; job growth, 1988 to 1992 was one of the worst 4-year periods in history; unemployment rates, 7.1 percent annually from 1981 to 1992; median family income fell by $1,800 in a 4-year period; real wages were falling; welfare rolls were increasing.

Have things improved in this country? You bet they have improved in this country. They have improved because we passed a new fiscal policy, passed a plan in the form of legislation in 1993. Some of our colleagues predicted it would throw this country into kind of a train wreck and ruin the economy. The economy was in big trouble back then. It is much improved now. We all understand that.

In fact, today's newspaper is really interesting. A tiny little article on page 5 says:

Treasury plans to buy back debt.

My Lord, that ought to be on the front page with 3-inch headlines:

Treasury plans to buy back debt.

This country has $5.7 trillion in debt, and when we started with this plan we had a $290 billion deficit in that year alone, and it was expected to continue to grow. Now we have a balanced budget, and the Treasury is beginning to buy back debt.

If we have surpluses that economists say they can see well into the future, what do we do? During tough economic times, it seems to me, a country always borrows money. How about during good economic times? Does a country pay it back? Does this country say, in giving that rare gift to the young people in this country: We will reduce the Federal debt; we ran it up during tough times, but in good times when we have a surplus, we will reduce the Federal debt? No, that is not what the majority party says. The majority party says: Here are our choices. Big tax cuts, most of it going to the upper-income folks; nothing for Medicare extension; nothing for education and other key investments; nothing for Social Security solvency; nothing for debt reduction. They say big tax cuts.

How big are the tax cuts? Here are the pie charts. The top 1 percent of income earners in this country get a $46,000 tax cut, and the bottom 20 percent get $24. Is that surprising? No. It is the same tired, chronic problem that always is brought to us in the Senate when the majority party writes a tax bill.

This is a bar graph. You can barely see the bottom 60 percent. They only get $138; the top 1 percent, $46,000.

How about this Social Security issue? This plan also raids the Social Security program after the first 5 years. That is a plain fact.

What are our choices? The enduring truth of this country's existence for a number of decades has been two things: One, a cold war with the Soviet Union; and, two, a budget deficit that seemed always to grow worse. For four or five decades, that was the enduring truth that was overhanging all of our choices. Now the Soviet Union does not exist, the cold war is over, the budget deficits are gone, and everything has changed.

Economists predict surpluses well into the future, and I said before these are economists who cannot remember their home phone numbers or addresses and they are telling us what is going to happen 3 years, 5 years, 10 years into the future. God bless them, maybe they are right, maybe not. Forty of the forty-five leading economists the year prior to the last recession predicted it would be a year of economic growth. So economists do not always hit the mark. Economics, as you know, is psychology pumped with a little helium, an advanced degree, and then they give us projections. Our friends on the other side say just projections, that is enough, just projections alone will compel us to pass a bill that will take $800 billion and put it in the form of tax cuts, the substantial majority of which will go to the wealthiest Americans, and they will decide to take that gamble with the American economy.

It is their right. They have the votes. We do not weigh them here, we count them. And when you count up the votes, they win. But it is a risky riverboat gamble for this country's economy. Those who have been giving us the most advice about this plan of theirs and how wonderful it is for our country are the very same people who were so fundamentally wrong 8 years ago.

Now they say: We have a new plan. I say: What about your old one? It seems to me what we ought to do is make rational, thoughtful choices. Yes, there is room for a tax cut if we get the surpluses that the economists predict.

The first choice, it seems to me, ought to be, during good economic times you pay down part of the Federal debt. That is the best gift we could give the children of this country, and that would also stimulate lower interest rates and more economic growth.

The second choice for us to decide as a country is, we are going to confront a demographic time bomb in Medicare and Social Security, and we must confront it; let's use some of these surpluses to do that.

Third, let's also make sure our investments that make this a better country and better place in which to live are provided for. Yes, education, health care. Does anybody really believe it is going to help this country to have massive cuts in a program such as WIC, the investment we make in low-income pregnant women and children? Does anybody think massive cuts in those kinds of programs or massive cuts in Pell grants for poor students to go to college are going to help this country? I don't think so. That is where this plan leads us.

Our choices, in my judgment, are use this projected surplus when it exists to make a real dent in this country's debt and, second, let's have some targeted tax cuts, but after we have committed ourselves to extend the solvency of Social Security and extend the solvency of Medicare. Then let's make sure those programs that invest in human potential really do work; those programs in education and health care that make this a better country, let's make sure those programs are provided for as well.

To develop a plan that implicitly assumes—and, yes, it does, no matter how much they decry that is not part of what they are doing—that implicitly assumes you are going to have 20-, 30-, and up to 40-percent cuts in programs that we know in this country work, that strengthen this country and improve this country and invest in the lives of people in this country in a very positive way, makes no sense at all.

My colleagues have used charts to describe this tax proposal. There is, it seems to me, no chart that is better than this chart, which is where we were and where we are going. I hope we will decide to vote against this tax cut and have a more sensible fiscal policy as we go forward.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. GRAMM. Mr. President, I yield myself 20 minutes.

The PRESIDING OFFICER. The Senator from Texas is recognized for 20 minutes.

Mr. GRAMM. Mr. President, I have been called many things, some not always so flattering or nice, but I have never been called unconservative because I thought we ought not to let Government spend working people's money rather than giving it back to them.

There have been a lot of issues raised, and I want to go through and answer each and every one of them. Let me start with the rhetoric of our dear Democrat colleagues about, let's pay down this debt; don't give this money back to working people; we don't know what they are going to do with it; they might waste it; they might use it in an unwise way. Let Government keep it and we will pay down the debt, our Democrat colleagues say. But the problem with that rhetoric is it does not comport with the facts. Our problem is what they are doing speaks so loudly on this issue that we cannot hear their words.

I have here a chart. I know this chart is hard to read because my mama saw it on television and could not read it. But believe me, I can read it, and I am going to read it to you.

Both sides tend to claim we are right about figures. But to make Government work, we have a nonpartisan organization called the Congressional

Budget Office that is made up of experts, accountants, economists, that basically serve as a reality check on both Democrats and Republicans.

They just completed what they call their Mid-Session Review, where in the middle of the year they looked at the President's budget, which our Democrat colleagues are supporting, and they looked at our budget resolution, which included our $792 billion; and they reported to the Congress and the American people about these two competing programs and what they would mean in terms of the Government budget.

If you listened to our Democrat colleagues, they are trying to tell you it is a bad idea for us to give back roughly 25 cents out of every dollar of the projected surplus to working people. They say: Let us pay down debt.

But when the Congressional Budget Office looked at the President's budget, they found that the President is proposing, over the next 10 years, in his budget, to spend $1.033 trillion on increases for 81 Government programs. They found that the President proposes spending $1.033 trillion on 81 programs as an alternative to our tax cut, and since our tax cut under the Republican budget is $792 billion, we actually pay off $219 billion more in debt than the President does. They talk about this money being used to pay down debt, but the President not only spends every penny of the non-Social Security surplus, he has to plunder the Social Security trust fund in 3 of the 10 years just to pay for all of his new spending.

So when you hear one of our Democrat colleagues say: Oh, it is a terrible idea to give working people back roughly 25 cents out of every dollar of the surplus because wouldn't it be better to use it to buy down debt? Please remember that the budget they support, written by President Clinton, spends every penny of the non-Social Security surplus, plus roughly $29 billion. So while they say: Let us buy down debt. Their program is to spend every penny of that money on increasing 81 government programs.

The reason this is so important that people understand is, this is not a debate between buying down debt and tax cuts. In fact, as the nonpartisan Congressional Budget Office has shown, after you look at all the spending the President wants to do, he would buy down debt $1.959 trillion. Our budget, with this tax cut, would buy down debt $2.178 trillion, or $219 billion more.

The debate is not between buying down debt—in fact, we pay off more debt than the Democrats do. The debate is between spending the money on these 81 Government programs versus letting Americans keep more of what they earn.

If we were going to have a totally honest debate, it would be our Democrat colleagues standing up and talking about these 81 Government programs and the $1 trillion they would spend, and asking working Americans tonight to listen to what they say; listen to our tax cut; and then sit down around their kitchen table and ask themselves a question: Can Government in Washington, with President Clinton's programs, spend this money to help our family more than we could if we got to keep the money to spend on our own family? Can they do a better job spending our money than we can?

Obviously, that is a very different debate. Our colleagues do not want to have that debate. But their budget would spend every penny of the non-Social Security surplus.

So when people are saying: Don't give this tax cut. Let us buy down debt, their budget spends every penny of this money, plus plundering some of the Social Security trust fund.

So the debate is about whether we let the American people have the money and save it or spend it or invest it or whether they want to let Government spend it.

Our colleague said: Let's put some money away in case the good times don't last. Who is better to put money away in case the good times don't last? Working people, with their own money, or Government? When is the last time anybody remembers the Government putting money away for a rainy day?

I don't remember it. We are already $21 billion over the spending totals that the President and the Congress agreed to. We are not putting any money away here in Washington.

Yesterday, we had the adoption of a farm bill that spent another $7.4 billion, taking every penny of it right out of the surplus. So this money is being spent, is the first point, and that is the debate.

The second point is, some of our colleagues have said: Well, boy, this is a huge tax cut, and we don't need this tax cut.

And so I have two sets of figures I want to ask you to look at. The first is very interesting to me. These are the 7 years in American history where the tax burden on the American people has been at its highest level. One of my staffers, clever as he is, summed this up by saying, the ''Causes of Record Taxes: War and Clinton.'' Because if you look at the record tax burdens in American history, out of the six highest, four of them are Clinton years, and two of them are World War II—Harry Truman and Franklin Roosevelt—when defense was 38 percent of the economy and 37 percent of the economy. Now it is less than 3 percent.

The only other year where we have had a tax burden even approaching the one we have now was the year Ronald Reagan became President, and we were debating cutting taxes across the board by 25 percent.

Our colleagues say: Well, it was just a terrible thing to do. We should have never cut taxes when Ronald Reagan was President.

A couple making $50,000 a year, had we not had the Roth-Kemp tax cut, would have been paying $12,626 a year now in income taxes instead of paying $6,242. Our Democrat colleagues think that would be great. We thought it was a bad idea. So in the Reagan budget we cut taxes. The economy started to grow. We rebuilt defense. We won the cold war. We tore down the Berlin Wall. A lot of good things happened.

But this is the most telling chart of all. You hear all this stuff about: Oh, this is a huge tax cut, and many of the writers and many of the columnists are beginning to pick this up. But nobody goes back and looks at the facts.

Mr. DURBIN. Would the Senator yield for a question?

Mr. GRAMM. I will be glad to yield when I get through if I have time.

Now here are the facts. If you take revenues over the next 10 years that are projected, our tax cut is less than 3.5 percent. In other words, our tax cut cuts taxes, in terms of projected revenue, by under 3.5 percent. That is this huge tax cut we are talking about.

But this chart is really telling. The day Bill Clinton became President, before we raised taxes—or President Clinton raised taxes—many of our colleagues have pointed out that not one Republican voted for that tax increase; and I am proud to say that is true—before he raised taxes in 1993, the Government was taking 17.8 cents out of every dollar earned by every American in Federal taxes.

Today the Federal Government is taking 20.6 cents out of every dollar earned by every American in Federal taxes. That is the highest peacetime level of government taxes in American history, the second highest tax burden, second only to 1944 in American history. If we took the whole $1 trillion non-Social Security surplus—and I note that we are taking less than $800 billion—if we took all of it and cut taxes, we would still be taking, when the full tax cut is in effect 10 years from now, 18.8 cents out of every dollar earned by every American in Federal taxes.

Why is that important? It is important because what is being called a huge tax cut actually leaves taxes substantially above where they were the day Bill Clinton became President. So what is being called a huge, irresponsible, riverboat gamble—I was thinking Senator BREAUX might want to defend riverboat gambling—what is being called a huge gamble, we are simply talking about giving back some of this huge tax increase. By the way, the President said later, at a fund-raiser, that he raised taxes too much in 1993. Our tax cut would still leave the tax burden substantially above where it was when Bill Clinton became President.

Let me address the issue very briefly about rich people getting this tax cut. You need to understand when our Democrat colleagues speak that they have a code. The code is, every tax increase is on rich people; every tax cut is for rich people. So you don't ever want to cut taxes because it helps rich people.

You always want to raise them because it hurts rich people. You are not for rich people.

The problem is, when that argument was made on the President's tax increase in 1993, they taxed gasoline, and gasoline is bought by both the rich and the poor. They taxed Social Security benefits on incomes of $25,000 or more. That is hardly what we call rich.

When we debated this issue when it first came to the Senate, one of our colleagues got up and said: The Roth tax bill gives 60 percent of the tax cut to the top 25 percent of income earners in America. Can you imagine that this tax cut gives 60 percent of the benefits to the top 25 percent of income earners? But nobody bothered to point out that the top 25 percent of income earners pay 81.3 percent of the taxes. The truth is that the Roth tax cut, in terms of the rate cut, actually makes taxes more progressive, even though it reduces everybody's taxes. It reduces lower-income people's taxes more.

Actually, I wanted it to be cut across the board. You have heard many people say: Some 30 percent of Americans under this tax cut get no tax cut. Can you imagine a tax cut where almost 30 percent of the people get no income tax cut? That sounds crazy until you realize that roughly 30 percent of Americans pay no income taxes. Most taxpayers don't get food stamps. They don't get TANF. They don't get Medicaid because they are not poor. Those programs are not for them.

Tax cuts are for taxpayers. If you don't pay taxes, you don't get a tax cut. It is not because we don't love you. It is not because there is something wrong with you. It is just that tax cuts are for taxpayers. So we are cutting income taxes. If you don't pay income taxes, you don't get a tax cut. Remember that when you hear all this business about rich people and poor people.

Quite frankly, I think we do our country an injustice when we keep trying to pit people against each other based on their income. The plain truth is, if we could calculate this out, the Roth tax cut, the parts of it that we have enough data on in this short period of time to look at, it probably makes the tax code a little more progressive than it is. I don't think we ought to be doing that. I don't have any problem in saying, if you don't pay any taxes, you don't get a tax cut. If you pay a lot of taxes, you get a lot of tax cut.

If we had a 10-percent across-the-board cut—unfortunately, we don't quite get that; I am proud of what we got—but if Senator ROCKEFELLER makes 10 times as much money as I do, he would get 10 times as big a tax cut. Some people get upset about that, but I don't get upset about it.

Alan Greenspan has become, his utterances at least, almost like a bible. Everybody quotes him to make their point. Generally the people quote him to make points that are 180 degrees out of sync. If you listen to the quotes by many of our Democrat colleagues, you would believe that Alan Greenspan has said: Never, ever, ever, under any circumstance, should we give anybody a tax cut. The reality is, what Alan Greenspan has said is very clear. His first preference would be to not spend any of the surplus and to not give any of it back in taxes. But Alan Greenspan says:

> If you find that as a consequence of those surpluses they tend to be spent, then I would be more in the camp of cutting taxes, because the least desirable outcome is using those surpluses for expanded outlays.

I submit that is exactly where we find ourselves when we look at the fact that we are spending the surplus as quickly as we can spend it, and the President has proposed spending $1 trillion of it over the next 10 years.

The final point I will make, before summing up, is that several of my colleagues have been joshing me—and boy, it is legitimate. When I was in economics, I never made predictions that would either prove true or false within 100 years. And then I didn't worry about it.

It is true that when President Clinton submitted his economic program, as we debated it in those first 2 years, I said some awfully unkind things about it—not things you couldn't print in the paper, but they weren't generous. I suggested that if it was adopted, we would have a recession.

Our colleagues have said: Well, look at the wonderful economy we have.

In my final, major points, I will, as Paul Harvey, give you the rest of the story. To listen to our colleagues today, they would have you believe that all of the Clinton program was just a tax increase. But there were two other parts of it. If we are going to be fair to my quote, we need to be fair in saying there were two other parts of the Clinton program in those first 2 years. It certainly did raise taxes. I certainly was against it, and I still believe the economy would be better off if we had not done it. But the other two parts our Democrat colleagues want to forget. The first was a major spending program that spent $17 billion in the first year.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator's time has expired.

Mr. GRAMM. I ask for 5 additional minutes.

Mr. ROTH. I yield 5 additional minutes.

Mr. GRAMM. The second part of the program that everybody doesn't talk about is a proposal to spend $17 billion to "stimulate the economy." Our colleague from Oklahoma remembers it because we discovered, in one of the happiest discoveries in recent political history, that when you looked at that program, it was going to spend money on programs off a list submitted by communities, and on that list was an Alpine slide in Puerto Rico and an ice-skating warming hut in Connecticut. We had endless good times about that and, in the end, while we had a Republican minority and a Democrat majority, we actually filibustered and killed the $17 billion of spending.

I don't have my copy of the Clinton health care plan here, and that is probably good because if I picked it up, I might get a hernia. The third part of the program was for the Government to take over one-eighth of the economy by having one giant HMO—I think it was called a health care purchasing collective, or something—and all the doctors would work for the Government and the Government would run the health care system. So if we are going to be fair in quoting my statement, let's remember that the plan had three parts; we killed two of the three.

The final thing—and I probably ought not do this, but we are getting ready to go on recess, so why not. "Bill Clinton balanced the budget and made everything wonderful." We have all heard that. We heard it right before I got up to speak. But I have in my hand President Clinton's budget for fiscal year 1996. This was the budget that the new Republican Congress got in January of 1995. I do remember this. One of my staff provided me with these unkind remarks, when I said in 1993, regarding this Clinton health care bill, "If we pass it, we will be hunting Democrats down with dogs all over America." Well, we didn't pass it, but we did elect the first Republican majority in both Houses of Congress since 1952.

In any case, to finish my point, when this new Republican Congress got here, this was the budget the President had sent them. This budget, right on page 2, projected a deficit of roughly $200 billion through the year 2000. The new Republican majority took this budget and threw it into the trash can, and we adopted a new budget.

On this chart, here is the Clinton deficit projected in 1996. This is what we achieved with the Republican majority. Now, did we really do all that? No. Did Clinton do all that? No. The plain truth is that we had basically a stalemate, and we stopped virtually all new spending. In fact, with all this talk about the gloom and doom, we were able to control spending a little bit. The economy took off and we balanced the Federal budget.

So let me sum up by simply saying this. I want to congratulate our chairman, who has put together a tax bill that is as good a tax bill as you can write in the Senate and get 51 people to vote for. I want to congratulate him for his leadership. If you trust the American people and their ability to spend their own money better than the Government, vote for this tax cut. If you believe the Government can spend it better and will make America richer, freer, and happier by spending it, rather than letting them have it, then you ought to vote against it. That is the choice.

I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I point out that 80 percent of non-retired American adults pay more in Social Security taxes than income taxes. That is a point we are not dealing with much.

I have the honor and privilege to yield 5 minutes to my friend from Louisiana.

Mr. BREAUX. Mr. President, I thank the Senator from New York and also the distinguished chairman of the full committee, the Senator from Delaware. They are both distinguished gentlemen.

I just make a note that when we use the term ''distinguished gentleman,'' we use it sometimes lackadaisically in the Senate. In this case, I think it is important for us to note that there are probably no two finer gentlemen in this body today than the Senator from Delaware, the chairman of the committee, and the Senator from New York, the ranking member of our committee. They are gentlemen in the sense of how they have had to conduct the affairs of bringing this conference report and this tax bill to the American public. Although they have had differences in what they thought the ultimate product should look like, both of these two distinguished Senators have conducted themselves in the finest sense of being a gentleman, and they have worked together in a fashion that I think has kept our committee together. I congratulate them for that.

Let me say a couple of words about where we are. Unfortunately, the debate we are hearing on the floor today is about something that is not going to happen. We are spending all of this time talking about something that is not going to become law; it is not going to occur because none of this will, in fact, become legislation. It will only be something about which we have talked. Many colleagues on this side of the aisle are talking about how bad the provisions are in the conference report, and many colleagues on that side of the aisle are talking about how wonderful the provisions in the bill are.

The bottom line is we are talking about something that is not going to happen because it is very clear to everybody in America, and everybody in Washington knows, that when this bill gets down to the President in this form, it is going to be vetoed. The veto will not be overridden.

All of this exercise today, while I am sure it is important to make our political points, is not talking about what is going to benefit the people of our country. As a result of where we are, there will be no reduction in the marriage penalty. It is not going to be fixed. It is not going to be addressed by this product. There will be no reduction of income rates from 15 percent to 14 percent. That is not going to become law. There is not going to be any increase in the standard deduction for hard-working Americans. The standard deduction is not going to go up. The marriage penalty is not going to go down. Estate taxes are not going to be repealed. Estate taxes are not going to be reduced. It will be the same after this bill is disposed of. Child care credits are not going to go up. Health care credits for people who don't have health care will not be assisted because all of the things we have in these various pieces of legislation that we tried to get into a package that could be signed will, in fact, not be signed into law.

In many ways, this is an exercise in futility—in the sense that we know it will never become law. This debate, however, I think is still important. It is important to point out some of the things that are in the bill, which I find sort of interesting. I know my colleagues have looked at this list. It is a list of all of the things that are in the bill that are going to be sunsetted. We have more sunsets in this bill than they had in the movie ''South Pacific.'' The broad-based tax relief is going to be sunsetted. The marriage penalty will be sunsetted. The AMT relief, the capital gains reduction, and the individual retirement accounts, which Senator ROTH has worked so hard on, will be sunsetted. Assistance for distressed communities will be sunsetted. There is a sunset on every page. It is enough to put us to sleep. The problem is that all of these things we have are not going to become law.

But I think the debate we have is important because I always remain optimistic. I guess when I lose my optimism, I will lose my interest in serving in this esteemed body; and I haven't reached that point yet. I think it is important to have this debate. It is unfortunate that we only have 10 hours. It is unfortunate that we had 20 hours for 100 Senators to debate a major reform in the Tax Code of this country. I think we have to recognize that the system in which we bring tax bills to the Senate floor for open debate needs to go back to that old system where we have open debate on something as important as tax policy. We used to do it and produce good bills. The distinguished ranking member and the chairman remembers those days. We need to go back to the process whereby we have open and complete debate on tax laws in this country.

The final point I will make is that I hope sometime when we come back—after we have had the veto ceremony and the response to the veto ceremony, and everybody has gotten it off their chests, we can come back in September, as the chairman has said, and address the real issue of Medicare, try to look at what amount of money we really need in Medicare. We have a plug number in the Democratic bill of $320 billion. We don't need that much. I don't think we can spend $320 billion more in Medicare and make it any better than it is today. But we can reform it; we can figure out how much money we do need because we do need more money.

We can figure out how to craft a program that brings Medicare into the 21st century. It was a great program in 1965. This is approaching the 21st century, and the model of 1965 does not fit what we need to do for the 21st century. We need to reform it and figure out how much money we need for a good, solid prescription drug program, particularly one with catastrophic protection, and try to combine that legislation with a realistic tax bill.

I recommend that we also consider doing something on Social Security—certainly a lockbox, a temporary protection, but we need real reform for that program as well. We need to look at the private sector to help increase the return on Social Security investments from what we have right now as part of any real reform effort.

I hope that sometime late in September we will have an opportunity to look at trying to combine the business recommendations from all of our Members on Social Security reform and on true Medicare reform, and figure out what we actually need to put into a tax bill that would give real relief to all of these things we are sunsetting right and left, and come up with something that helps people who need the greatest help.

I voted for this bill in the Finance Committee to keep the process going forward. I voted for it when it passed the Senate the first time to keep the process going forward. Unfortunately, at this stage the process has now gone backwards. What we have before the Senate is more reflective of the House-passed bill, which I think does not really direct the limited tax help to those who need it the most.

It is interesting to note that, with all the trigger mechanisms, it looks like a shooting gallery as far as all the triggers that have to go into effect before the tax bill goes into effect. Add the sunset provisions with the trigger mechanisms, and I doubt that anybody in this body can tell you what the real tax benefits are going to be for the American people. Is it going to be $800 billion, or $545 billion, which is sort of pretty close to what a centrist group recommended of $500 billion. I suggest that we have, at best, a mishmash of differing recommendations and viewpoints about what the tax bill ought to look like.

I am not sure, with all the sunsets and everything else we have in here, that anybody can really describe exactly what we are presenting to the American public other than a political issue. We are going to have a great political debate on this from both sides of the aisle. We are going to criticize everything coming from our opponents from both perspectives, but we are going to ultimately be talking about what we didn't do. We are going to be talking about failure, and we are going to talk about whose fault it is that we didn't accomplish anything. That is really unfortunate.

I happen to think the American people would much prefer for us to have a debate on success: You did it. We did it. No. You did it. But at least we would be talking about success. We would be talking about something we did instead of debating failure and whose fault it was that we weren't able to come together.

We have a divided government. The President is a Democrat. He is going to be there until the next election. And who knows what after that?

I conclude by saying that I congratulate our two leaders. They did a terrific job. I greatly respect them for it. Hopefully, we can come back and do it later in a better fashion.

Mr. MOYNIHAN. Mr. President, I hope we have listened carefully to what the Senator from Louisiana has said. He is generous and optimistic, and it might just turn out to be true.

I yield the floor.

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I thank the chairman for yielding. Let me thank him for the tremendous work he has done in the last several months to produce a tax package that is here on the floor.

Let me turn to my colleague from Louisiana first. I wish the President would follow that Senator's leadership, for if he had followed his leadership, we would have a Medicare package and be working on it right now. But the President chose to politicize Medicare and to walk away from his Democratic colleagues whom he placed onto the Commission to do the work that they did so well in a bipartisan way.

And we are here today without a fix for Medicare because the President did not awaken to the responsibility he had in that regard and the opportunity that the Senator from Louisiana and the Senator from Nebraska had helped create in the Medicare Commission. I wish the President had awakened, but he chose not to.

We are here today debating a tax relief bill for the American people, a relief bill that, in my opinion, is responsible, reasonable. In all fairness, given the total picture of our budget and our projected revenues, it is, in fact, modest tax relief.

Some would be surprised by that statement on the modest size of this tax relief package if they were to listen to the rhetoric from the other side of the aisle. But that is the truth. It is responsible tax relief, within the responsible budget plan which we passed earlier this year.

Under this plan, we use three-fourths of the total budget surplus to pay down the public debt by nearly one-half over 10 years and completely protect the Social Security system. For the first time in the history of our Government, our budget commits us to reserving all of future Social Security surpluses and all future Social Security revenues exclusively for Social Security beneficiaries. That is a first for all of us; it is an important and responsible first.

If we continue to hold the line on new spending, that discipline plus some of the leftover surplus funds, also will allow us to accommodate prudent Medicare reforms, meet emergencies, and address additional priorities that we may face, also all within that three-fourths of the surplus that we are setting aside.

This tax relief bill draws on the remaining one-fourth of the total surplus. This is hardly not reckless, like some have said. It is responsible, reasonable, and modest to take just one-fourth of the total surplus and return it to the American people.

These facts seem to go unrecognized on the other side of the aisle. After we safeguard Social Security, meet the true and real responsibilities of Government, account for Medicare and other priorities, what we do in this bill is say to those whom we have overcharged, those who have overpaid their income taxes, we are going to refund to you a little of your own money.

Too many in Government and the press seem to miss this fundamental question: Who earns the money in the first place? Whose money is it? I am always fascinated by the debate on taxes when the other side seems to think that nearly everything the working person owns is the Government's. And if we are providing tax relief, somehow in our generosity, we are turning to them and smiling, and saying: We are going to give you back just a little.

Are we, to quote some on the other side, ''spending'' this money on a tax cut? Are we giving it back? No. We are saying it belongs to the worker who earned it, and that he or she should be able to keep a little more of the fruits of his or her own labors.

What we are suggesting is that we don't take so much in the first place—that we have enough right now to fund Government in a responsible way, and we ought to recognize that it is the working person out there we are taking it from, and we ought to return the overcharge.

This tax relief is phased in, meaning future Congresses will have plenty of time to react if the economic conditions of our country change. That is also part of the argument why this bill is responsible.

The bill represents only a 3.5-percent tax cut. That is modest, especially for the most heavily taxed generation in American history.

Some of the future tax relief won't even kick in unless the national debt is in fact being reduced. I think that is responsible. Yet we hear the mantra again of, pay down the debt, pay down the debt.

If you would read the facts of this tax relief bill we have put together, and the budget it implements, we are paying down a very substantial part of the debt—more than one-half of it. In fact, we already have paid down $142 billion in the public debt in the last 2 years.

Under our budget, and on top of this tax relief, we will pay down over $200 billion in debt more than the President's budget called for, even though he is one of those out there talking about debt reduction at this moment.

Let me make you a deal, Mr. President. You say you are going to veto the tax cut. Well, if you veto the tax cut, why don't you bring to us a lockbox proposal that puts all of the surplus in a lockbox to pay down the debt? A lockbox that makes a binding guarantee that not one cent of the surplus will go to new spending. You are not about to do that, Mr. President. But if you would, I would support you in it because debt reduction is important. It would help the economy of this country.

But one has to wonder if the President just flat isn't speaking with all of the truth that he ought to be. Look at his budget this year—tax increases and new spending. In fact, his own budget this year calls for spending the entire non-Social Security surplus, and then raiding the Social Security trust funds for some more new spending. I am sorry, Mr. President. What you say and what you do don't come together—they don't add up. What you say about new spending in your budget doesn't match what you say about debt reduction when you oppose this tax relief.

I don't think I would have to eat my hat on that kind of a promise to the President—that I would be willing to support him if he would take all of the surplus and put it in a fund to pay down the debt, because that is just not about to happen.

No, the real issue here is not tax relief versus paying down the debt.

The real issue is tax relief versus spending. We all know that. We were spending money yesterday. Frankly, I was helping spend some of it. That spending used some of the surplus and is going to relieve the current crisis circumstance in producing agriculture today across this country. I supported that agriculture appropriations bill because our farm families are facing an emergency. But I also know if we leave all the taxpayers' money in Washington, DC, all the surplus, it will get spent, and not just on emergencies. If we send it back to the people who earned it and own it, then it won't get spent by government. At least then, we would have to go back to the people and ask them for the right to spend more, by changing the tax structure to increase future revenues.

Who believes if Government takes in $3 trillion in surplus revenue over the next 10 years, that Government won't spend it? We know they will spend it.

The National Taxpayers Union Foundation does a little thing called ''Bill Tally.'' They tally up all of the new bills introduced by Members of Congress every year and what those new bills will represent in new and increased government spending. Mr.

President, 84 of 100 Senators—that means Democrat and Republican alike—last year introduced new legislation that would lead to an additional $28 billion in spending per year, on average. Not over the next 10 years but in one alone—Democrat and Republican alike. New ideas, new bills, new spending. It is the habit of Government. Of course, we know that. That represents about a $232 increase in spending from every American taxpayer that is already on the wish list of most of the Senate.

I hope and believe we can resist the temptation to spend the three-fourths of the surplus we reserve to pay down the debt, save Social Security, and reserve some for other future priorities. That is what we ought to be doing with it. That is what we promised in the Congressional budget we passed earlier this year. Yet, the temptation will be there to spend the remaining one-forth, and part of that three-fourths, as well.

The choice is very simple. The debate today is about bigger Government versus bigger household budgets—private citizen household budgets. I hope helping those American household budgets is what this Senate ultimately will support. I hope over the course of August we can convince this President that he really ought to be more on the side of the American taxpayer than on the side of ever-bigger Government.

This tax relief bill is fair. Yes, it is fair. I know we have heard the debate about tax cuts only going to the rich. The Senator from Texas did a marvelous job a few moments ago talking about how the folks on the other side of the aisle think it only goes to the rich. I am amazed and, frankly, frustrated that every time we talk tax relief, immediately Democrats run to the microphones and say it is for the rich, the rich are going to get the benefit of a tax relief proposal.

That just ''ain't'' so in this bill. The chairman of the Finance Committee in the Senate deserves a lot of credit for focusing this bill right on middle America, right at husbands and wives, working and trying to raise a family out there in the market place, wage-earners who are paying the bulk of these taxes.

Every American who pays income taxes will receive some benefit from this bill. The middle class Americans who pay most of the income taxes will get, by far, most of the income tax reduction. That is the way it ought to be.

What we are actually doing in this proposal is making the tax code a little more progressive. Middle-income taxpayers will receive proportionately more relief, for the taxes they pay, than upper-income taxpayers. But everyone who pays income taxes gets income tax relief.

This bill is fair because it shows compassion for the most heavily taxed generation in American history.

Several of my colleagues have come to the floor to talk about that tax burden. But I am amazed my Democrat friends and colleagues don't seem to recognize it. Surely they do. In fact, somehow, they actually are allowing their President to propose more taxes, which he did in his budget proposal this year.

That heavy tax burden has hurt people. It has robbed a whole generation of the opportunity to plan their retirement. It has forced families into adding a second and third income, rather than spending time taking care of children or elderly parents. It has robbed Americans of a major part of their freedom.

Today's baby boomer family is paying, on average, 50 percent more in taxes at all levels, as a portion of income, then their parents did when they were raising their families.

Only one year in history, 1944, at the height of the largest war in the history of the world, requiring incredible financial sacrifice, saw the federal government take in taxes a larger share of the national income than we are now paying.

This tax relief bill will help real people with real needs. There are two ways we can help people: We can create bigger government, with more bureaucrats, with more programs and red tape, regulating more behavior, and hope we produce some more government checks for some beneficiaries. Or we can let Americans keep a little more of their own money and meet their needs without Uncle Sam as the middle man. We can provide broad-based tax relief. We can provide targeted tax relief and incentives for folks to use for specific, beneficial purposes.

If we really care about people, we care about helping them in the most direct, most effective way possible.

Here's some of how we do that in this tax relief bill:

Marriage penalty relief: It just isn't fair to force two individuals to pay hundreds of dollars more in taxes simply because they get married.

Death tax relief: It just isn't fair that working families sometimes have to sell part or all of the family farm or the family business just to pay taxes. I've seen family farms carved up because of the death tax. The other side would have us believe that this is a debate about the so-called ''estates'' of rich people. It's not.

Help for families with children:

It would allow more parents to afford child care, both because it increases and expands the child care tax credit.

It allows more modest- and middle-income families to make full use of the child tax credit we enacted in the 1997 Tax Relief Act.

It expands the tax exclusion for foster care payments.

Help for individuals and families with education:

It would make education more affordable and available to individuals and families.

It includes tax-free, qualified tuition plans; extends the employer-provided tuition assistance; makes our 1997 education tax credits more fully available to modest- and middle-income families, by taking it out of the Alternative Minimum Tax calculations; and includes the Coverdell-Torricelli education savings account.

Help with health care, long-term care, and eldercare:

It increases the affordability of prescription drug insurance; health insurance for those who aren't covered by a corporate plan; long-term insurance, both for those who must pay for their own and those with cafeteria plans.

Farmers, small businesses, and workers will benefit from making the self-paid health insurance deduction 100 percent deductible.

Help for farm families: America's farm families are in a period of economic crisis today.

It provides for increased expensing, to $30,000; create FARRM Accounts—Farm and Ranch Risk Management Accounts; and protect income averaging from the Alternative Minimum Tax.

Help for folks who need retirement security: It includes expanded IRAs, 401(k) plans, and other provisions too numerous to mention, that especially will benefit folks over age 50.

Help for disadvantaged individuals seeking work: The Work Opportunity tax credit is reinstated.

Help for charities and charitable giving: 70 percent of taxpayers receive no recognition of charitable giving—because they don't itemize their deductions. This bill would reward and encourage those middle-class taxpayers who benefit their community, help the less fortunate, and promote the social good, with an above-the-line deduction for charitable donations.

This bill is needed by the American people.

When the facts are known, I am confident they will send one message back to Washington, DC: Please Mr. President, sign this bill into law. Let us keep one-fourth of the surplus for our families, our communities and our future financial security, instead of confiscating it for more big government.

I conclude by saying this is a fair tax proposal. In all fairness, compared with the total size of the Federal budget and the Federal government tax burden, it is modest. I close by once again recognizing the chairman of the Finance Committee for the tremendous work he has done to build that balance and fairness into this bill.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I have the great pleasure to yield 10 minutes to my good friend and colleague on the Finance Committee, the Senator from Montana.

Mr. BAUCUS. I very much thank my good friend from New York.

In a couple of years when the Senator is no longer here, we will miss him very much. I know of no Senator more provocative, in the best sense of the term, in forcing Members to think. That is something which too often is in short commodity on the floor of the Senate. I very much thank my friend.

This is a strange debate. I heard earlier my good friend from North Dakota, Senator DORGAN, say he is bewildered. I myself have referred to this debate as surreal. My friend from Louisiana, Senator BREAUX, asked: What are we talking about? Why are we here?

Those are apt comments in many ways.

One, because we know this bill will be vetoed. We know this tax cut that has been proposed is not going to happen. Yet both those who favor the tax cut and those who favor a veto are trying to score political points with the American people. There are a lot of games being played around here. I don't think that is any news to the American people. They know what is going on. They are pretty smart.

It is similar to President Lincoln saying you can fool some of the people some of the time but you can't fool all the people all the time.

The American people are smarter than the Congress thinks they are.

Let me go through some of the reasons. First, the assumptions behind this big tax cut are unrealistic and we all know they are unrealistic. I daresay that many on the other side of the aisle would agree privately with our public statements on this side of the aisle that the assumptions are unrealistic. There is no way in the world the Congress will jeopardize national defense by cutting national defense a couple hundred billion over the next decade. There is no way in the world the Congress is going to hurt veterans by dramatically cutting veterans' benefits. There is no way in the world the Congress is going to cut education and do all that is assumed behind this tax cut. Yet virtually the entire projected surplus we are spending in this bill is based upon exactly these things happening. That is one reason this is a surreal, unrealistic, illusionary, and strange debate. It is not based upon facts.

As others have pointed out, much more persuasively than I, the numbers of this tax cut as proposed do not add up. There is no way in the world we will be able to cut taxes $800 billion, pay the additional interest on the debt, and provide for a modicum of services that people need. Some have suggested—and nobody has disputed this number—that this tax cut will require about a $600 billion cut in spending over the next 10 years. It is unrealistic. It is not right. It is wrong to attempt to fool the American people that these levels of cuts are good for the country.

Beyond that, this bill is based upon such ephemeral, illusionary projections, it baffles me that anybody could stand on the floor and say it is necessarily going to happen—that we will have a $1 trillion budget surplus from tax revenues over the next 10 years. Past projections have been so far off the mark that it is foolish to assume this projection will be accurate.

On average, our projections are about 13 percent off the mark over 5 years. This is a 10-year projection. I point out that CBO, the agency on which we base our projections, stated in January of this year they were off $200 billion when they came up with their mid-course review in July of this year. The projections were $200 billion off over a period of just 6 months. Who knows how far off a 10 year projection could be? If we are honest with ourselves, we know most people are concerned that the economy is now overheated, rather than underheated, and therefore the projections will probably fall off and we will have much less of a budget surplus than we assume.

I point this out because it defies common sense that we lock in law tax cuts far out in the future based on these very flimsy assumptions. Why are we doing that? Most people wouldn't do that. Most people, putting their family budgets together, wouldn't do that. Certainly no business would do that. No business would assume that its revenues 10 years out were going to be absolutely a certain amount and therefore they are going to spend all this money today. You just cannot make that assumption. You have to be prudent.

I talked to the CEO of a major company just last week. I asked him how their company makes projections.

He said: We cannot. We try to make a 5-year projection, but we are always way off. The best we can do is we put together a 5-year plan and try to anticipate what the future is going to be like, but we are constantly modifying it because times are changing so quickly.

I think that probably makes sense. That is what we should be doing. We should not lock in tax cuts so far out. Rather, if we think tax cuts make some sense, they should be modest, to leave room for corrections if we have made a mistake.

Times do change very much. So, again, I say this bill is reckless. It is based on an illusion. It is just not prudent. I say to the American people, I hope you understand how imprudent all this is.

I must also make another point, and this point saddens me. We are in this strange, surreal situation, in part because there is so much partisanship in this body as well as in the other body. When I first came to the Senate about 20 years ago, I must say there was much less partisanship then than there is now. It is just too partisan now.

By that I mean the other side of the aisle is totally controlling and secretive in what they are doing. They have put together their tax bill on their own; behind closed doors. No Democratic Senators were allowed. The same with the conference report; behind closed doors, on their own, with no Democratic Senator allowed.

Not too many years ago when the Democrats were in the majority, both sides were included in drafting bills, both Republicans and Democrats. I think that is what the American people want. They want us to work together. They really do not care whether we are Republicans or Democrats; they really care that all 100 of us sit down, do the best we can, and recognize this is a democracy with different States, and different people who have different points of view, but achieve some rough justice and rough common sense.

I think there is a reason for the secrecy. There is a reason for the closed doors; that is, they can do things they know are not right, things that could not stand the light of day. If the doors were open and if both sides of the aisle were included, we would not have such phony budget projections. By ''phony'' I mean in the last couple of weeks, the other side directed CBO to come up with some new numbers based upon their own new assumptions to fit the conclusions they wanted.

What was the conclusion they wanted? The conclusion they wanted was to show we could cut taxes by $800 billion and still come up with $400 billion or $500 billion in spending revenue.

CBO said, ''No, you cannot do that,'' before. So the other side said, ''Just change some assumptions around so you can reach that conclusion.'' That is what they did. They did it privately. In fact, they distributed that chart on their side. They didn't even distribute it on this side because they knew, if we looked at it, we could probably find out how erroneous it was, how fallacious it was. We finally did.

I very much lament the secrecy and partisanship which is producing this product. I guess what bothers me most is, when I ran for the Senate and I think when most of us sought this office and were privileged enough to get elected, we came here because we wanted to address the major, big problems facing this country. We are not doing that. We are poised to move into the next century, the next millennium. Who are we as Americans? What do we want? What is our role in the world?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BAUCUS. I ask for an additional 2 minutes.

Mr. MOYNIHAN. Of course.

Mr. BAUCUS. I thank my friend.

Who are we? How much do we want to spend on defense? What is our role in the Far East? Who are we as a country? What about countries like Bosnia and Yugoslavia? How much should we spend there? What is our role there? What is the proper role of Government? Not the false debate that is set up here—turn the money back or don't turn the money back. That is a vacuous, vacant, insipid argument. It is so simple-minded. That argument avoids asking the real questions. Questions like what is the proper level of government, what taxes should be collected from where, how and when should we stimulate the private sector? Let's have a real honest debate on policy, not a phony debate on politics.

This has been a phony debate on politics, this last week, on this tax bill. It has not been an honest debate on public policy, on what is right, on what the right levels of spending should be. It is not based upon the same set of numbers, the same facts. Everybody comes up with his own charts, his own different facts.

You know the old saying: Liars figure and figures lie. We cannot even agree on the same baseline. We can't agree on the same facts. By definition, we are just talking past each other. I guess that is what bothers me most and that is why I think this whole debate is most unreal and why it is sad. It is, in a large sense, not only a waste of time because we are not addressing the points that should be addressed, but it is a disservice to the American people.

I very much hope in the next month, in September and next year, the leadership on both sides of the aisle will work harder to put politics aside and the Senators themselves will work hard to put politics aside. I know that might sound like a political statement, but it is what I believe. In every ounce of my body, I believe it because that is why we are here and that is what we should be doing.

I very much hope after the President vetoes this bill, either there is no bill so we can start all over again, or we can come together in some appropriate way so we can get down to the real issues that face this country.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from New York.

Mr. MOYNIHAN. Mr. President, we now have a sense of why the Senator from Montana is an appreciated treasure in this body.

Now I yield 5 minutes to my friend from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President I thank the distinguished ranking member. I share the affection and feeling expressed by the Senator from Montana, about how much we will miss the remarkable insightfulness and stewardship of the Senator from New York.

Let me also associate myself with his praise of the Senator from Montana. That was a very thoughtful and very honest statement about what has happened in the Senate. I haven't been here quite as long as the Senator from Montana. I have been here 15 years. But I have never seen this body as polarized, as personalized, and as partisan as it is at this moment. I think it is very dangerous. It is dangerous for the country; divisive and difficult for the institution itself. I find it very hard, frankly, to understand.

I guess I can understand it in macro terms. I find it hard to understand in the context of why we all run for the Senate and what we are in politics to try to achieve. There is something more than just winning elections. There are some people around here who do not believe that, but I am convinced the American people believe that. Indeed, I think an adherence to that notion is what has made us different from other countries, and the best moments of the Senate have been when we have tried to adhere to that notion.

This is not a bill. This is not a tax bill. This is a political statement, a raw, fundamental, basic political statement. The statement is essentially one that seeks to say: Democrats want to spend money. Republicans want to give you back your money. That is the political statement. But it is not real when you look underneath it because the Republicans will join in September and October in spending the money because none of them are going to go back and tell the citizens of their State they are going to cut veterans hospitals, they are going to cut the Coast Guard, they are going to cut the FBI, and a host of other programs. None of them are going to do that. They are positioning themselves to say to their electorate: Gee, Clinton made me do it, but I wanted to give you back your money, even though the money wasn't there to give back.

It is one of the great posturings and one of the great frauds of recent time from the very people who brought you Gramm–Rudman that fell on its face, the very people who built the great deficits of the early 1980s when they adopted the Stockman philosophy of how to create crisis in Government and undo Government itself, the very people who predicted in 1993 that if we passed the 1993 Deficit Reduction Act there would be economic chaos, unemployment lines, massive economic failure.

The results are, here we are today with the best economy we have ever had in this country, with unemployment at record low rates, with the stock market at high rates, with the greatest sustained period of growth, and the very same people who brought you those three great failures are now trying to sell this snake oil to the American people.

Let's look at it as a political statement. That is what it is. It is a political statement. It is a political statement in which they are prepared to take the House tax bill that was worse than the Senate bill and bring most of it back so that their political statement is: 60 percent of American taxpayers get 14 percent of the tax break that won't happen. On the other hand, their political belief is that the top 10 percent of income earners in America ought to get 47.6 percent of the benefits of their tax statement that won't happen. So they can run around and say: Gee, we tried to service those who service us the best in the process of campaign financing. But the reality is, it is just a political statement.

The conference report remarkably delays the Senate's marriage penalty tax relief for earned-income tax recipients. I cannot tell you how many times we heard people on the other side of the aisle saying: Oh, my God, marriage is being destroyed in America; we have a disincentive for marriage, particularly among the poor in this country.

We heard it all through the welfare debate. We heard it from the Republicans year after year. Many of us say we ought to get rid of the marriage penalty. We voted to get rid of the marriage penalty, but they come back and delay for working people the capacity to get rid of the marriage penalty. In exchange for delaying getting rid of the marriage penalty, what do they think is more important?

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. KERRY. Can I have a couple minutes?

Mr. MOYNIHAN. Of course, 2 minutes because we are running down on time.

Mr. KERRY. They eliminate the alternative minimum tax that guarantees that the wealthiest of Americans will pay some kind of tax. So they trade off: Don't give the marriage penalty to the working poor, but give the wealthiest of Americans an exemption from the alternative minimum tax that guarantees fairness.

That is not all they do. They wipe away the tax relief for child care. They dropped the Senate provision. They provide additional capital gains tax relief for investors, but they provide no tax relief to the people who pay most of their taxes through the payroll tax in America, which is the vast majority of Americans.

There are many other egregious transfers to the wealthy at the expense of the average American. So let's take this as the political statement it is. It is a political statement that makes clear the priorities of their party, and it makes clear that they are prepared to even risk the high-technology boom we have been through, because when you give a tax cut of this level without sufficient money to pay for it at a time when the economy is doing well, as Alan Greenspan and countless Nobel laureates and economists have said: You are going to reduce capital formation and increase interest rate costs and, in effect, may even reverse some of the plus side that has given us this option.

It is a political statement that I think ultimately will come back to haunt them because Americans know better. There is no American in this country who does not appreciate the vast commitment we have had to children, to education, to higher education, to technology creation, transfers, to a host of things which make this country what it is: a better country and, in fact, an extraordinary country measured against all the other nations of the world in today's economy. I do not think we should put it at risk, and I hope colleagues will join in rejecting this political statement and in rejecting this irresponsible direction they seem prepared to adopt.

I thank my friend for the time.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Massachusetts for a forceful and needed statement. It was not easy to hear. It is true.

I am happy to yield 5 minutes to my friend from Virginia, known in the Finance Committee as ''commandant.''

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. I thank the Chair. Mr. President, I thank the distinguished ranking member of the Finance Committee, the Senator from New York, and mentor to us all. His presence, at the end of this Congress, will be missed in ways I do not think any of us fully appreciate.

First of all, I want to fully agree with the comments made by the Senator from Montana and the Senator from Massachusetts. I will try not to repeat those comments. My particular frustration in dealing with the bill before us today is that we are considering this huge tax cut, one which would normally be designed to stimulate the economy, and yet no economist I am aware of has suggested that such a stimulus is needed at this particular moment.

In fact, what is truly needed is not being done. This bill does nothing to address the two most pressing structural systemic problems, Social Security and Medicare. Instead of trying to bring about some responsible changes to the Social Security system and the Medicare system, we are taking a projected surplus we hope will occur, but may or may not occur, and spend it in a way that provides a stimulus to those who least need a stimulus at this particular time. Indeed, it is very hard to find someone who represents the group who will be most benefited by this bill who is actually asking at this time that we provide them with a huge tax cut or an economic stimulus. We just do not need it.

If we are going to enact a tax cut, it is my view that it should be in some targeted areas we know we are going to have to take care of anyhow. For example, we should have a permanent extension of the R&D tax credit, not cutting it back. Instead, we go through the same charade we go through each year, which makes it difficult for those who must make decisions about investing in research and development to make the kinds of decisions they need to make. The bill also fails to target tax credits for investment in information technology training, which is so clearly the cutting edge of our economy today. We are not making those investments in this bill.

What we are doing is making a huge tax cut available to those who are disproportionately in the middle- and upper-income brackets in this country, and not providing the basic investment in infrastructure.

My personal preference is to not have a tax bill at this point. If we cannot do better than the one we have, I would rather have nothing, notwithstanding some of the good things upon which both sides agree, and simply begin to pay down the debt. We are in such a hurry, however, to deliver the good news that we are going to give money back to you that ought to be yours in the first place, even if we are only going to give you $4 billion of it back in the year 2000. Even though it is only $4 billion, those who support this bill are attempting to take credit for full $792 billion, the lion's share of which will not be until the end of the next decade. This bill is going to lock in statutorily those changes which will make it very difficult for those who serve in succeeding Congresses and succeeding administrations to make the corrections they may well be called upon to make.

I am certain we will hear a scream from those on the other side of the aisle if we even think about what could be scored in any way, shape, or form as a tax increase, even though it would only be correcting a tax cut that most people who have common sense and have some sense of fiscal responsibility view as a mistake today.

I will not extend the debate. I will only observe that even though I disagreed with the original proposal, there were a small number from this side of the aisle who were willing to go along in the hope that some sort of compromise could be reached. And we took a bad bill and made it worse, and drove off the Democrats who were prepared to participate in a bipartisan solution.

So it does go to what the Senator from Massachusetts just suggested. It is a political bill. It is regrettable because we have an opportunity, for the first time in a long time, to do something really fiscally responsible in terms of the kinds of obligations that we have in this body and the other body, in concert with the White House at the other end of Pennsylvania Avenue.

I regret we are in a situation that we cannot act in a fiscally responsible manner and address the true pressing needs, such as Social Security and Medicare, instead of what we are doing.

I know the time has expired.

With that, I urge my colleagues to oppose this particular measure, and to work eventually with those on the other side of the aisle to come up with a constructive, fiscally responsible measure to meet our legitimate needs.

With that, I thank the distinguished Senator from New York, as well as praise, although I am not in agreement with, the distinguished chairman of the committee, the Senator from Delaware.

I yield the floor.

Mr. MOYNIHAN. Mr. President, it would appear that the force of the argument on this side of the aisle has silenced our friends on the other side, in which case I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BENNETT). Without objection, it is so ordered.

Mr. MOYNIHAN. I am happy to yield 5 minutes to my friend from Massachusetts.

Mr. KENNEDY. Mr. President, in just a few moments we are going to be casting an extremely important vote that will in many ways have a dramatic impact on the economy of this country.

I had the opportunity to be here in 1981 when we had a Republican proposal on a tax program. At that time there were 12 of us who voted in opposition to that program. But it passed, and we saw our Federal debt grow from $400 billion to close to $4 trillion over the period of the next years because of the economic forces that were put in place by that tax program.

It had a very dramatic impact, particularly in terms of the allocations of wealth and the distribution of wealth here in the United States. Those that had resources benefited enormously, but for the great majority of the Americans, they had to work longer and harder just to hold on.

Then in 1993, the Democrats passed a very important tax measure. The implications of that tax program, which took some belt tightening, so to speak, had a very dramatic impact in terms of our economy. That policy, more than any other single action we have seen, has had a more positive impact on our economy than any other action that has been taken by the Government. The point is that a tax bill of this magnitude has enormous impact on our economy as well as in relation to the issues of distribution. We now have before us, in 1999, a third rather dramatic proposal.

Mr. President, very few decisions we make in Congress will have more impact on the long-term economic well-being of our nation than how we allocate the projected surplus. By our vote today, we are setting priorities that will determine whether the American economy is on firm ground or dangerously shifting sand as we enter the 21st century. This vote will determine whether we have the financial capacity to meet our responsibilities to future generations, and whether we have fairly shared the economic benefits of our current prosperity. Sadly, the legislation before us today fails all of these tests. We should vote to reject it.

A tax cut of the enormous magnitude proposed by our Republican colleagues would reverse the sound fiscal management which has created the inflation-free economic growth of recent years. That is the clear view of the two principal architects of our current prosperity—Robert Rubin and Alan Greenspan. Devoting the entire on-budget surplus to tax cuts will deprive us of the funds essential to preserving Medicare and Social Security for future generations of retirees. It will force harsh cuts in education, in medical research, and in other vital domestic priorities. This tax cut jeopardizes our financial future—and it also dismally flunks the test of fairness. When fully implemented, the Republican plan would give 80% of the tax cuts to the wealthiest 20% of the population. The richest 1%—those earning over $300,000 a year—would receive tax breaks as high as $46,000 a year, while working men and women would receive an average of only $138 a year—less than 40 cents a day.

Republicans claim that the ten year surplus is three trillion dollars and that they are setting two-thirds of it aside for Social Security, and only spending one-third on tax cuts. That explanation is grossly misleading. The two trillion dollars they say they are giving to Social Security already belongs to Social Security. It consists of payroll tax dollars expressly raised for the purpose of paying future Social Security benefits. Clearly, these dollars are insufficient to achieve our goal of protecting Social Security for future generations. Yet, Republicans are not providing a single new dollar to strengthen Social Security. They are not extending the life of the Trust Fund for even one day. It is a mockery to characterize those payroll tax dollars as part of the surplus.

That leaves the $964 billion on-budget surplus as the only funds which are available to address all of the nation's unmet needs over the next ten years. Republicans propose to use that entire amount to fund their tax cut scheme. Since CBO projections assume that all surplus dollars are devoted to debt reduction, the $964 billion figure includes over $140 billion in debt service savings. The amount which is available to be spent—either to address public needs or to cut taxes—is only slightly above $800 billion. As a result, the $792 billion Republican tax cut will consume the entire surplus. It will inevitably usher in a new era of deficits—just as the baby boom generation is reaching retirement age.

Most Americans understand the word ''surplus'' to mean dollars remaining after all financial obligations have been met. If that common sense definition is applied to the federal budget, the surplus would be far smaller than $964 billion.

We have existing obligations which should be our first responsibility. We have an obligation to preserve Medicare for future generations of retirees, and to modernize Medicare benefits to include prescription drug assistance. The Republican budget does not provide one additional dollar to met these Medicare needs.

The American people clearly believe that strengthening Social Security and Medicare should be our highest priority for using the surplus. By margins of more than two to one, they view preserving Social Security and Medicare as more important than cutting taxes.

We should use the surplus to meet these existing responsibilities first, in order to fulfill the promise of a retirement with both financial security and health security. If we do nothing, Medicare will become insolvent by 2015. The surplus gives us a unique opportunity to preserve Medicare, without reducing medical care, or raising premiums for senior citizens, or raising the retirement age. The Republican tax cut would take the opportunity away. It would leave nothing for Medicare. In fact, this legislation will actually force additional cuts over the next five years. Under existing budget rules, which Republicans have refused to modify, the enactment of this tax bill will force a sequester of Medicare funds.

Senate Democrats have a realistic alternative. We have proposed to use one-third of the surplus—$290 billion over the next ten years—to strength Medicare and to assist senior citizens with the cost of prescription drugs. The Administration's 15 year budget plan provides an additional $500 billion for Medicare between 2010 and 2014. Enactment of the Republican tax cut would make this $800 billion transfer to Medicare impossible. If we squander the entire surplus on tax breaks, there will be no money left to keep our commitment to the nation's elderly.

Unless we use a portion of the surplus to strengthen Medicare, senior citizens will be confronted with nearly a trillion dollars in health care cuts and skyrocketing premiums. We know who the people are who will carry this enormous burden. The typical Medicare beneficiary is a widow, seventy-six years old, with an annual income of $10,000. She has one or more chronic illnesses. She is a mother and a grandmother. Yet the Republican budget would force deep cuts in her Medicare benefits in order to pay for this exorbitant tax out

The Republican tax cut, if enacted, will also make it impossible for us to assist Medicare recipients with the high cost of prescription drugs. That is one of the choices each of us will make when we vote on this bill.

The cost of prescription drugs eats up a disproportionately large share of the typical elderly household's income. Too many seniors today must choose between food on the table and the medicine they need to stay healthy or to treat their illnesses. Too many seniors take half the pills their doctor prescribes, or don't even fill needed prescriptions—because they cannot afford the high cost to prescription drugs. Too many seniors are ending up hospitalized—at immense costs to Medicare—because they are not receiving the drugs they need. Pharmaceutical products are increasingly the source of medical miracles—but senior citizens are being denied access to the full benefit of these new drug therapies. Remedying these inequities should be our priority. Instead, with these enormous GOP tax breaks, we are ignoring the basic needs of the elderly.

The Republicans claim that their tax bill provides a prescription drug benefit for the elderly—but it is a meaningless provision which few if any seniors will ever be able to use. The provision is contingent on a whole series of other legislative actions that may not occur. Thus, it may never take effect. Even if it takes effect, it provides an above the line tax deduction for private insurance premiums which can only be used by the small percentage of more affluent senior citizens who itemize deductions. The vast majority of elderly taxpayers will never be able to use this provision.

The projected surplus also assumes drastic cuts in a wide range of existing programs over the next decade—cuts in domestic programs such as education, medical research and environmental cleanup; and even cuts in national defense. We have an obligation to adequately fund these programs. If existing programs grow at the rate of inflation over the next decade—and no new programs are created and no existing programs are expanded—the surplus would be reduced by $584 billion. That is the amount it will cost to merely continue funding current discretionary programs at their inflation-adjusted level.

In other words, the Republican tax breaks for the wealthy would necessitate more than a twenty percent across the board cut in discretionary spending—in both domestic programs and national defense—by the end of the next decade. If defense is funded at the Administration's proposed level—and it is highly unlikely that the Republican Congress will do less—domestic spending would have to be cut 38% by 2009. No one can reasonably argue that cuts that deep should be made, or will be made.

We know what cuts of this magnitude would mean in human terms by the end of the decade. We know who will be hurt.

375,000 fewer children will receive a Head Start.

6.5 million fewer children will participate in Title I education programs for disadvantaged students.

14,000 fewer biomedical research grants will be available from the National Institutes of Health.

1,431,000 fewer veterans will receive VA medical care.

These are losses that the American people will not be willing to accept.

The Democratic alternative would restore $290 billion for such domestic priorities, substantially reducing the size of the proposed cuts. A significant reduction would still be required over the decade. One thing is clear—even with a bare bones budget, we cannot afford a tax cut of the magnitude the Republicans are proposing.

Our Republican colleagues claim that these enormous tax cuts will have no impact on Social Security, because they are not using payroll tax revenues. On the contrary, the fact that the Republican budget commits every last dollar of the on-budget surplus to tax cuts does imperil Social Security.

Revenue estimates projected ten years into the future are notoriously unreliable. As the Director of the Congressional Budget Office candidly acknowledged: ''Ten year budget projections are highly uncertain.'' Despite this warning, the Republicans tax cut leaves no margin for error. If we commit the entire surplus to tax cuts and the full surplus does not materialize, or if we have unbudgeted emergency expenses, Social Security revenues will be required to cover the shortfall.

The vote which we cast today—the choices which we make—will say a great deal about our values. We should use the surplus as an opportunity to help those in need—senior citizens living on small fixed incomes, children who need educational opportunities, millions of men and women whose lives may well depend on medical research and access to quality health care. We should not use the surplus to further enrich those who are already the most affluent. The issue is a question of fundamental values and fundamental fairness.

Unfortunately, Republicans returned from the Senate-House Conference with a substantially more regressive bill than the one the Senate passed last week. The current bill contains a costly reduction in capital gains tax rates which was not in the Senate bill. The current bill completely eliminates the estate tax, providing enormous new tax breaks to the richest few. It also provides more than twice as much in tax cuts for multinational corporations as the Senate bill did. Yet, the permanent extension of the research and development tax credit—the provision which would do the most to help many of those businesses whose innovations have created jobs and fueled our prosperity—was not included in this legislation. Instead, only a brief extension of the credit was provided. How extraordinarily shortsighted. In order to plan this research efficiently, the companies need to know what the rules will be in future years. The permanent extension of the research and development tax credit is the type of tax cut we should be passing. Unfortunately it is not before us.

Democrats believes in tax cuts which are affordable and fairly distributed. The Democratic alternative, which I support, would provide $290 billion in tax relief over the next decade. That is an amount the nation can afford without endangering the economic progress we have made and without ignoring our responsibilities to Medicare, to Social Security, to education, and to other vital programs. We oppose the $792 billion Republican tax bill because it would poison our prosperity and lead to a crippling rise in interest rates. We oppose the Republican bill because it would consume the entire surplus, and distribute the overwhelming majority of it to those who already have the most.

That is not the way the American people want to spend their surplus. I urge my colleagues to reject the bill. The American people deserve better than this.

Mr. MOYNIHAN. May I say to my friend from Massachusetts that the Office of Management and Budget has computed exactly what those sequesters would be, and they are horrendous.

Mr. KENNEDY. I thank the Senator.

Mr. MOYNIHAN. I yield the floor.

Mr. ROTH. I yield 5 minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. SMITH of Oregon. I thank the Chair, and I thank the chairman and his committee for the work they have done on this bill.

I rise to encourage my colleagues to vote yes when this vote is taken. I have had the privilege of sitting in that Chair, Mr. President, for a good part of this debate and have seen, with very clear eyes, two different philosophies on the floor of the Senate. One is a philosophy that says that Government spends money better than people can. That philosophy would grow Government. The other philosophy says we trust people; we don't trust Government as much. That philosophy, which trusts people, says let's grow families. Let's trust them to spend it for their needs because they can do it better than we can imagine it here inside the beltway.

As I look at this plan that has been produced by our Finance Committee, and through this conference process, my conditions for voting for this have been met. I see both sides allocating the same amount to Social Security. I see both sides allocating the same amount to Medicare, save that we do not expand Medicare, but we dedicate a great deal of money to Medicare.

I see both sides making the same commitment to debt reduction. In fact, this Republican proposal conditions the tax cuts upon the actual realization of the surpluses. So people that say we are spending the surplus or spending it without it actually being realized, we will not do that. We will not spend it in the sense of tax cuts if, in fact, these surpluses are not realized.

So the question really becomes, Who is going to spend the surplus? Our friends on the other side would do it to grow this Government. We, on this side, would spend it to grow families because we trust people more than we trust Government to spend it wisely.

I tell you, as I look at the things that are provided in this tax package, I like what I see. When I look at reducing estate taxes, I say yes because, as a philosophical matter, I do not believe that it is the Government's business to tell you and me how we allocate our estates when we die. It is about redistribution of economics, which is what they are proposing, which is the law. I don't think that is the Government's role. I think we should trust people to distribute their money as they see fit.

I look at the marriage penalty reduction. I don't think there should be a bias in our Tax Code against people marrying. I think it is terribly unfair when you have two working spouses, one has a high income, and the other may have a lower income; one is a corporate executive, the other is a schoolteacher; but the schoolteacher, the one with the lower income, gets taxed at the higher rate. What is fair about that? That is wrong. That is a bias against marriage that we should eradicate. If President Clinton wants to veto that, I will let him justify it.

I look at the reduction of capital gains taxes, and I wonder, frankly, why we are taxing this capital twice. We should not be taxing it. We should be reinvesting it.

That brings me to an important point. I am extremely frustrated every time I hear President Clinton or any other politician take credit for creating jobs. You and I, as politicians, as public servants, do not create jobs, unless we own the stock or unless we buy a bond, unless we invest in the free enterprise system that allows labor to go to work. When you hear President Clinton or any other politician claim they have created jobs, the predicate of that claim is that we are a centrally planned economy. And we are not. We are a free market republic.

I think if my party has any contribution to make to this country, it is to make sure we do not become a socialistic, democratic welfare state, because if we become that, we will suffer the kinds of economic consequences that, frankly, our friends in Europe and Asia are suffering, which is little or no growth, high inflation, high interest rates, enormous unemployment rolls. That is the kind of system I don't want to be part of creating.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SMITH of Oregon. If I may have 1 final minute.

Mr. ROTH. I yield 1 more minute.

Mr. SMITH of Oregon. I think that is what is at stake. What kind of an America do we want? Whom do we trust? Are we the party of government or are we the party of the people?

It is a question of whom you trust. It is a question of how you spend the money. When it comes to the essential programs, our programs are the same. When it comes to spending, we spend it differently. One does it for government; the other does it for families.

I urge my colleagues to vote yes on this important piece of legislation.

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

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. I thank the Chair.

Mr. President, I have been on and off the floor all day. We have been at this for about 6 hours. I suspect most everything has been said, but we all, of course, haven't said it.

I rise in support of what we are attempting—for the idea that we can do the things that are essential for the Federal Government to do and at the same time return substantial amounts of money to the people who own money, the taxpayers.

I have been amazed at all the discussion that has gone on. We are talking about a fairly simple thing—tax relief. Yet I hear from the other side of the aisle how damaging that is to the economy. That is hard to imagine, isn't it, that returning money to people who have paid it in is going to damage the economy.

We have tax relief based on our best estimate, provided by those who do professional estimating, that we will have a $3 trillion surplus over the next 10 years. Will it happen? Who knows. No one can guarantee it. But that is the way you have to plan any enterprise, by the best estimates you can make. We find ourselves now, of course, paying the highest taxes as a percentage of gross national product of any time since World War II. Surprising, isn't it, in this large of an economy. It certainly means one thing; that is, that the Government continues to grow.

I think it is interesting to see the polls. When they ask, what is your highest priority? Do you like Social Security? Do you like Medicare? Do you like tax reduction? Tax reduction generally is the third one. That is not the point. We are setting aside Social Security before we do tax reduction. We are sustaining enough money to take care of Medicare. So that is not the choice.

The better poll would be: What do you do after you have taken care of Social Security? What do you do when you have taken care of Medicare? Should you return the money? I think so.

I saw somebody use an example of the simplest way to look at it, suggesting that you have three dollar bills in your hands, each representing $1 trillion. You say: I am going to set aside two of these dollars to do something with Social Security because that is where the surplus comes from. I am going to spend part of the third one for Medicare and the other costs that will be there. And about two-thirds of the last one we are going to give back to the people who sent it in because it is an overpayment of taxes. It is a fairly simple thing.

We have, of course, in this case, as we do in many, a pretty strong difference of philosophy. We have on that side of the aisle people who prefer more government, more spending, more taxes. That is the philosophy. I understand that. I don't happen to agree with it.

Our party, on the other hand, is one that says we ought to slim down the Federal Government; we ought to move more and more government towards the States and the counties, leave more and more money in the hands of the people. That is the philosophy, a difference of philosophy. That is so often the basis of our disagreement on many things. I understand that. It is perfectly legitimate. But if you want more government, that is fine. If you want the Government to spend more money, that is fine. That is a philosophy, one that has, through the years, been on that side of the aisle. It is not really a surprise.

People say, of course, how is it going to affect me? Well, it affects us in very real ways:

Estate taxes: I have a lot of people who farm and ranch in Wyoming who are very concerned about that. Capital gains taxes: More and more people are investing their money. The capital gains tax needs to be changed. Insurance deductions for health insurance, that people pay their own premiums, to be deducted, that is a reasonable thing to do. The marriage penalty, we have talked about that—a very reasonable thing to do.

So we often get lost in the details when we say, as taxpayers, what does this do for us? I think it does a great deal for us. I think we should move forward. I am sorry we don't have agreement with the gentleman at the other end of Pennsylvania Avenue, but that ought not to keep us from doing what we think is right, and that is the thing we ought to do.

I urge that my associates do the right thing.

Mr. ROTH. Mr. President, I yield 10 minutes to the distinguished Senator from Arizona.

Mr. MCCAIN. Mr. President, the American people want us to save Social Security. They want us to fix Medicare. They want us to give them more control over their children's education. They want us to cut back the size of the bloated Federal bureaucracy and pay down the debt. Those are the clearly stated priorities of the people we represent, those whose interests we are pledged to protect.

The Congress has tried to do something about the impending insolvency of the Social Security system, but we have been blocked by the President's disingenuous statements about the kind of lockbox legislation he could support. The President rejected the recommendations of the bipartisan commission that was created to provide a basis for preventing the bankruptcy of Medicare. The President has put politics ahead of the needs of the people, but, unfortunately, so have we.

The American people want, need, and deserve tax relief. They want us to reform and simplify our overly burdensome 44,000-page Tax Code that unfairly benefits special interests and overtaxes American families.

Yet, here we are debating the merits, or not, of an $800 billion tax relief bill that we know for a fact the President will veto.

Mr. President, let's be honest and acknowledge what's going on here. This bill is going nowhere. When it comes back to the Congress after the President's vetoes it, we should be prepared to set aside pure politics, and instead focus on producing results that benefit the American people.

Mr. President, there are some very good provisions in this bill that help American taxpayers keep more of their hard-earned money. But most of these very important tax provisions for average Americans are put off for the future, while many of the perks for big business and special interests take effect immediately. This bill delays meaningful tax relief for the average taxpayer until 2001 or later, yet it complicates the tax system with a raft of new and renewed exemptions, exceptions, and carve-outs for special interests that go into effect immediately.

Just under $6 billion of the entire $792 billion in tax relief in this bill is effective next year. Just 77 of the 180 provisions in this bill provide any tax relief at all in the year 2000. More than 80 percent of the tax cuts are delayed until 2005 or later. And after phasing in the most important provisions over a 10-year period, the whole tax cut package sunsets after 2009, when we would presumably revert to the burdensome and overly complex tax system with which we are struggling today.

I firmly believe we should repeal, once and for all, the disgraceful tax penalty that punishes couples who want to get married. This bill does provide relief from the onerous marriage penalty, but these important provisions do not even begin to take effect until 2001 and then they are phased in over a period of four or five years.

Income tax rate reductions don't start to phase in until 2001, and then only the lowest bracket sees a half-percent rate cut, while other rate cuts are delayed until 2005. In fact, according to an informal estimate I was given, an American family making $65,000 per year would get just $47 in tax cuts based on the income tax rate reductions in this bill in 2002.

We should also slash the death tax that prevents a father or a mother from leaving the hard-earned fruits of their labor to their children. There is absolutely no relief from the onerous death taxes in 2000. Estate tax reductions would be phased-in over a 9-year period until completely eliminated in 2009, but then this entire tax cut package would terminate and the death tax would be fully reinstated.

At the same time, poultry farmers get an immediate tax break, totaling $30 million over 10 years, to convert chicken manure into electricity. Small seaplane operators don't have to collect tickets taxes, starting immediately, giving them a break of $11 million. Manufacturers of fishing tackle boxes get an immediate excise tax break, so that they can more competitively price their tackle boxes to compete with the tool box industry. And the people who make and sell arrows for hunting fish and game get an immediate cut in their taxes.

Why are we giving a big break to chicken farmers when American families get not a dime in tax relief? Why don't people flying on seaplanes have to pay ticket taxes like people flying on other commuter planes? What compelling reason is there to give fishing tackle box manufacturers a tax break, while family-owned businesses get no relief from the confiscatory death taxes for quite some time?

Many of the other provisions in this bill that provide tax relief for education, health care, and other issues important to American families are implemented gradually or simply delayed for several years. Likewise, some of the provisions that benefit small businesses and tax-exempt organizations do not take effect for a number of years. Yet most of the provisions that give even more tax breaks to the oil and gas industry, financial services companies, high tech industry, insurance companies, and defense industry take effect early. The priorities in this bill are seriously skewed in the wrong direction.

In addition, this bill does nothing to fundamentally reform our unfair and overly complex tax code. For years, and this bill is no exception, we have compounded the tax code's complexity and put tax loopholes for special interests ahead of tax relief for working families. The result is a tax code that is a bewildering 44,000 page catalogue of favors for a privileged few and a chamber of horrors for the rest of America—except perhaps the accountants and lawyers.

The special interest set-asides and carve-outs in this bill merely exacerbate the complexity of the tax code. This bill adds new loopholes, new schemes, new ideas to keep lawyers and accountants busy.

It is not right to pay back special interests ahead of American families. It is not fair to give more tax incentives and exemptions and cuts to big business, when individual taxpayers get no relief.

If this bill had any chance of becoming law, perhaps it would have been prioritized somewhat differently.

Mr. President, this tax bill is based on the premise that we will have nearly $3 trillion in the federal budget surplus over the next 10 years. Let's look at the priorities for those surplus funds.

Our first priority must be to lock up the Social Security Trust Funds to prevent Presidential or Congressional raids on workers' retirement funds to pay for so-called ''emergency'' spending or new big government programs. Most Americans don't share the view that dubious pork-barrel projects, such as millions of dollars in assistance to reindeer ranchers and maple sugar producers, should be treated as emergencies to be paid for with Social Security, but that is exactly what Congress did earlier this year.

That leaves nearly $1 trillion in non-Social Security revenue surpluses. I believe a healthy portion of the projected non-Social Security surplus should be returned to the American people in the form of tax cuts. I also believe we have a responsibility to balance the need for tax relief with other pressing national priorities.

After locking up the Social Security surpluses, I would dedicate 62 percent of the remaining $1 trillion in non-Social Security surplus revenues, or about $620 billion, to shore up the Social Security Trust Funds, extending the solvency of the Social Security system until at least the middle of the next century. The President promised to save Social Security, but he failed to include this proposal anywhere in his budget submission. In fact, he has since proposed or supported spending billions of dollars from the surplus on other government programs, depleting the funds needed to ensure retirement benefits are paid as promised.

I would also reserve 10 percent of the non-Social Security surplus to protect the Medicare system, and use 5 percent to begin paying down our $5.6 trillion national debt.

With the remaining $230 billion in surplus revenues, plus about $300 billion raised by closing inequitable corporate tax loopholes and ending unnecessary spending subsidies, I believe we could provide meaningful tax relief that benefits Americans and fuels the economy.

The bill before the Senate includes provisions that are similar to some of the proposals I would include in such a plan, which are targeted toward lower- and middle-income Americans, family farmers, small businessmen and women, and families.

I believe we should expand the 15% tax bracket to allow 17 million Americans to pay taxes at the lowest rate, and this bill reflects a similar focus. The bill also increases the income threshold for tax-deferred contributions to IRAs, although delayed, and very gradually increases the amount that employees can contribute each year to employer-sponsored retirement plans. We should make these increases effective immediately to encourage more Americans to save now for their retirement. And this bill takes several steps to provide meaningful tax relief for American families by at least starting to eliminate the onerous marriage penalty and provide relief from confiscatory estate taxes.

What the bill before the Senate does not do is provide much-needed incentives for saving. Restoring to every American the tax exemption for the first $200 in interest and dividend income would go a long way toward reversing the abysmal savings rate in this country.

Most important, the bill does not eliminate immediately the Social Security earnings test. This tax unfairly penalizes senior citizens who choose to, or in many cases, have to work by taking away $1 of their Social Security benefits for every $3 they earn. There is no justifiable reason to force seniors with decades of knowledge and expertise out of the workforce by imposing such a punitive tax. And in our modern society, when many seniors have to work to survive, we should not keep this Depression-era relic in law.

This is the kind of package that I believe could form the basis of a tax cut bill that properly balances national priorities and provides fair tax relief to average Americans and their families without further complicating our tax code. It would be a better step in the right direction toward economically sound and equitable tax relief and provide incentives to undertake real reform of our tax system.

Mr. President, I will vote for the Taxpayer Refund and Relief Act because I believe it reflects a commitment to provide relief from a system that taxes your salary, your investments, your property, your expenses, your marriage, and your death. We must send a message to the American people and to the President that we must repeal the onerous marriage penalty and estate taxes that burden America's families.

This bill is not acceptable to me. Special interests get the biggest breaks, and they get them right away. All the American families get are the leftovers. My problem with this bill is not with the size of the tax cuts, but who benefits.

However, its passage and subsequent veto represent our only hope for meaningful tax relief for those working families who need it most. If this bill were to die today, so would the possibility of achieving meaningful tax relief this year. By passing this bill and forcing the President to address tax issues, I believe we hold open the possibility of entering into negotiations between the Administration and the Congress to provide meaningful tax relief for the benefit of all Americans.

The sad reality is that this bill will not give a single American family even one extra dollar in their pockets, because it will be vetoed as soon as it arrives at the White House. But after this bill is vetoed by the President, our responsibility to the people we represent must be to work to address their priorities. We must save Social Security, fix the Medicare system, and return to the people more control over their lives and the lives of their children and families.

At the same time, we can start to work on crafting a meaningful tax relief bill that truly benefits the American people—a tax bill that even President Clinton could not refuse to sign into law. That is what the American people want and need.

Mr. MOYNIHAN. Mr. President, I am happy to yield 5 minutes to my learned friend from Michigan.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. Mr. President, I thank the Chair, and my good friend from New York.

This bill before us is unfair and it is unwise. It is unwise because the projected surplus that the bill uses for the tax cut is based on our abiding by spending limits that have already been breached and which would require huge cuts that we cannot make and should not make in veterans' programs, education programs, criminal law enforcement, and other important programs for the people of this Nation.

If the surplus to this extent materializes, in fact we should then reduce the national debt that has been built up, particularly over the last 20 years. That would be the greatest gift of all that we could make for the American people, the reduction of that debt, because that would be a reduction in the interest rates which people pay on their mortgages and cars and credit cards, and that would truly be a contribution to the well-being of our constituents.

The American people also sense that the tax program before us is unfair and not just unwise; they know—this has not apparently been contested—that 40 percent goes to the upper 1 percent of our people. The highest income 1 percent get over 40 percent of the tax benefits in this bill. More than 80 percent of the tax benefits in this bill go to the upper 20 percent of our people.

It is, in fact, true that we are dealing with the people's money. It has frequently been said here that what we are talking about is whether or not to give back to at least some of the people their own money. It is true. This money—this surplus—belongs to the American people. But the economy belongs to the American people as well. The Social Security system belongs to the American people as well. The Medicare system belongs to the American people as well. The Head Start program belongs to the American people. Veteran hospitals belong to the American people.

It is important that we consider what to do with a projected surplus—that we deal with this surplus as what it is, the people's money, but look at all of what we do here as hopefully carrying out the people's business.

This bill takes us down the wrong road—the road back toward the deficit ditch that we are finally beginning to climb out of. It has taken us fewer years than expected. But, nonetheless, it has taken us about 6 years to get out of the ditch which we got ourselves into, particularly during the decade of the 1980s.

Now that we are finally out of that ditch, we should stay out of that ditch. We should use any real surplus—not projected surplus but any real surplus—to protect Social Security and Medicare, and have a prescription program, and to do what is vitally necessary to invest in our people, particularly through their education, but then to pay down that national debt and to give back to the people what they truly want, which is a sound economy on a long-term basis and low interest rates on a long-term basis. That is what would be guaranteed if, in fact, we apply any real surplus beyond Social Security and Medicare prescription needs, beyond the investment in education, if we take that surplus, if it is real, and pay down the national debt.

Instead, this bill takes us down a different road, a road which will deliver a huge tax cut mainly for those among us who need it the least and who are, for the most part, not even asking us for it. This bill represents an imprudent and unfair step, and we should not take it.

I yield the floor.

I thank the Chair.

Mr. MOYNIHAN. Mr. President, may I say to my friend from Michigan that, as he well knows, we are in the second year of a budget surplus, the first such sequence since the 1950s. Let's not spoil it.

Mr. President, I yield the floor.

Mr. ROTH. Mr. President, I yield 10 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I thank my friend, the chairman.

Mr. President, fellow Senators, I want to talk for 10 minutes about why this is a good deal for the American people and why it is high time we set in motion a series of tax cuts which will give them back the money they are paying into the Government that we don't need.

First of all, everybody talks about the fact that tax reduction comes in over a decade, and it comes in 1 year at a time. Almost everybody who is critical of that says at the same time they want to save Social Security.

The truth of the matter is there is $3.3 trillion in accumulated surpluses over the next decade. In order to make sure you are protecting Social Security, each and every year of that 10 years, a substantial portion of that money belongs to the Social Security trust fund. So you can't have tax cuts that use up the Social Security trust fund. Anybody who says we are is ignoring the facts.

The reason we have to have a phased in tax cut is because we are saving every single penny that belongs to Social Security for Social Security. Then we come along and say, let's have a tax cut, and let's phase it in each and every year.

People can come to the floor and be critical of how slow it is and how long it takes to get the marriage tax penalty totally eliminated. But the truth of the matter is when you pass this tax bill tonight, and if the President were to sign it, you have put into law a change in the Tax Code which will get rid of the marriage tax penalty and many of the other onerous provisions in this law. Still, after you have done that, even though some of our best money crunchers in America have it wrong, there is $505 billion—not zero, as some people have said, $505 billion—off a freeze which you can spend where you want over the next decade, be it for defense, be it for discretionary programs such as education, or you can use $90 billion to $100 billion of it, or as much as you want, to make sure you fix Medicare, if that is your goal.

So for starters, there are so many people out there with wrong numbers and attacks on this proposal, who have the wrong facts, that I merely want to answer that part. We take care of Social Security regardless of what the President of the United States says. There is money in this budget for Medicare reform, if you choose to do it. There is money in this budget plan to pay for defense and to pay for education, and other high priority items, and to take care of the needs of this country.

What we set out to do was to say we shouldn't keep more than we need, and we shouldn't set billions of dollars around in places up here in the National Government assuming that one way or another it will be there when it is time to give a tax cut.

I submit that if you believe that you really do believe in the tooth fairy because, as a matter of fact, if you set that much money around up here and it is not used, it will be spent.

We ask the question: Do you want to use this surplus to grow the pocketbooks of Americans, or do you want to increase their savings accounts, or would you like to spend it? That is the issue before us today. It is a blessing that we have this surplus.

First, we should set aside enough for Social Security. We have done that. The bill then provides for our taxpayers to get some relief. It preserves and expands the child care credit. It protects various education credits, foster care tax credit, the alternative minimum tax—a fancy name. But what it means is that the way the Tax Code is written today, we give average Americans, middle-income Americans, credits and the like in the Tax Code. Then we take it away under the alternative minimum tax—like we give you a benefit and we take it away. We call it an alternative minimum tax, as if you are so rich you shouldn't get these credits.

Do you know that if we do not pass this tax bill, 7 out of 10 American taxpayers will lose some of their credits to the AMT by the year 2008, just about the time that we wiped out the AMT?

Please, Mr. President, sign this bill. The bill provides tax relief for health care, long-term care, and has small business incentives. It is a bill that is good for farmers, for working men and women, and families. Overall, it is a very good bill.

I also say, Mr. President, please sign this bill. The final tax plan is an excellent tax plan that moves toward slower, flatter, and simpler tax and moves toward taxing income that is consumed, not income that is saved, earned, and invested.

On the business side, it moves closer to allowing business to deduct the cost of investments in the year they are made, thereby making them more competitive.

This bill overall moves toward tax equity so everyone will get a break for health care regardless of where they work—a big company, small company, or a ma-and-pa one-stop shop. People who need health coverage say: Mr. President, please sign this bill.

The bill focuses on generational equity. There are child care credits and long-term credits for the elderly. The President asks, be sure to take care of our senior citizens. We have taken care of them. Senior citizens, we are taking care of your children and your grandchildren who are interested in being helped because they pay more taxes than they should. On behalf of the seniors in the country, and their daughters, sons, and grandchildren, Mr. President, sign this bill.

The bill takes the best part of the House and Senate bill and attempts to make it law. Broad-based tax reduction is fair. It cuts the tax rate in the lowest bracket first. Lowering of the 15-percent bracket happens before any other brackets are lowered. This sequencing recognizes that 98 million Americans are the people most urgently in need of a tax cut. Lowering the 15 percent to 14 percent is a 7-percent cut. Widening the lower bracket does two important things: It returns millions of Americans to the lowest brackets, fighting back ''bracket creep.'' In my own State of New Mexico, 151,000 New Mexicans will be returned to the lowest bracket; another 83,000 will see taxes cut.

Talking about the marriage penalty for a minute, which everybody has spoken to—I won't be as eloquent as some—it is absolutely preposterous that the United States of America would punish by way of taxation a man and a woman who are married and both working, as opposed to a man and woman who are single. The marriage penalty is the wrong thing for America today. It was the wrong thing when we passed it. We ought to get rid of it.

In behalf of millions of married couples who are begging Congress to be fair with them and get rid of this penalty on their marriage, please sign this tax bill.

Because of the progressive rate structure in our tax code, Americans in the 28, 31, 36, and 39.6 tax brackets will all see their taxes cut.

The marriage penalty relief in this bill is overdue and well done. There is roughly $117 billion in marriage penalty relief. Fully fifty percent of the bills resources go to a broad-based and marriage-penalty tax relief.

The bill also phases in a doubling of the standard deduction to finally eliminate the marriage penalty. In addition to lowering federal income taxes by eliminating the marriage penalty for 567,170 New Mexico families, it will also save New Mexicans $72.4 million in New Mexico income taxes as well! Getting married would no longer be a taxable event.

The bill increases the child care credit. It increases the credit for families with AGI incomes under $30,000. By 2006, the credit will be 40 percent. This means that 29,042 New Mexican families will get more help with their child care expenses and this is a real helping hand because child care can cost as much as $3,133 to $5,200 a year per child. These 29,042 families with child care expenses say, ''Mr. President, please sign this bill.''

This bill improves tax treatment for education 7 ways. The 331,815 public school students in New Mexico would be benefitted if this bill were to become law, so I say, ''Mr. President, please sign this bill.''

This bill provides a deduction for prescription drug insurance, provides an extra exemption for the caretaker of elderly and infirm parents and grandparents, and provides a deduction for long term care insurance.

43 percent of all Americans will need long term care at some point in their lives and 25 percent of all families are caring for an elderly relative today. It is an emotional and financial commitment. The long term care deduction can help make it less of a financial burden. For the 19 million Americans expected to need long term care, I say, ''Mr. President, please, please sign this bill.''

This bill cuts taxes by $43.9 billion by providing tax relief to families facing health care costs.

The bill expands the deduction for health insurance so that everyone is treated the same regardless of whether they work for a big corporation with a fancy health insurance benefit plan, or whether they work for a small business that does not provided health insurance. This provision could help 43 million uninsured plus the 10.2 million who have access to health insurance but decline to participate because of the cost and it should help the 1.4 million children of self-employed who lack health insurance.

In New Mexico this provision could have a big impact and make a big difference. We have 340,000 uninsured New Mexicans who belong to families where some in the family works.

On behalf of all these people with no health insurance or with unaffordable health insurance, I ask, ''Mr. President, please sign this bill.''

I have talked about why this bill is good for the American family. But there are two provisions that are good for the economy.

Lowering the capital gains rate is the best economic policy and I am pleased that this bill lowers the top rate to 18 percent. I am also pleased that the bill increases expensing from $19,000 to $30,000.

This bill also phases in a reduction of rates and then repeals the estate tax. The estate tax is perceived as one of the most confiscatory taxes of all time and it is one that disrupts small business and farms. I am pleased that the bill gets rid of the death tax. Dying should not be a taxable event.

For all of the constituents who have written me about the unfairness of the death tax I say, ''Mr. President, please sign this bill.''

The bill increases the amount that can be contributed for all IRAs. It is phased in so that eventually $5,000 a year could be contributed. The bill also increases eligibility for those who can participate in Roth IRAs and includes ''catch-up'' contribution limits for people aged 50 and over.

For the 15 million people who would be helped by these retirement security provisions, I say, ''Mr. President, please sign this bill.''

The bill also does some things that really need doing. First it extends the R&E credit for five years. It also includes some desperately needed tax relief for the oil and gas industry.

I am very pleased with this bill. It is fair, it is the right thing to do and it should be done before the money get spent on more government.

I close today by saying I have been working on budgets for a long time. I have heard criticisms of budgets that we produced, and we have criticized budgets that the opposite side produced.

The criticism of this tax cut, phased in over 10 years, is beyond anything I could ever have imagined. With surpluses of this size, for the White House and those who oppose it to be inventing numbers and accusations that are totally unfounded is something I never expected. As a matter of fact, there is even concern about the moderate economic assumptions in this budget. We grew at 6 percent the year before last, 4½ percent last year, over 2 percent this year, and we plan the next decade to grow at 2 to 2.3 percent, a very modest growth. We even plan two recessions in there, and we still get these surpluses.

Frankly, I think they are fair projections. At least they are fair enough to make sure we don't risk them being spent. All we are saying is, over the next decade set this much aside, just don't collect it. We are not going to cut taxes. We are just not going to collect it. It will stay with the American people. It is going to be phased in.

Fellow Americans, it will take a while for some of them, but maybe we should ask the question for the other side and the White House who are critical that it takes too long for them to come in, When will their taxes come in? When will their tax reductions come? Perhaps never.

Mr. MOYNIHAN. On behalf of the distinguished Republican chairman and manager of the bill, I yield 10 minutes to the Senator from Florida.

Mr. MACK. I thank my distinguished colleague for yielding me that time.

Mr. President, the vote on our tax relief bill is nothing less than a vote of confidence, reaffirmation of our belief in the wisdom of the American people and of our faith in the capitalist system. It all boils down to one basic, fundamental question: who has first claim on the income of Americans—does it belong to the government or to the individual families who create the income through the sweat of their brows and the genius of their (brains?)

The President and the vast majority of our friends on the other side of the aisle act like the money belongs to the government. They reject our tax relief bill as ''too big,'' as if taxpayers earn income at the sufferance of the government. Under this view, Uncle Sam does not live under a budget he sets the budget for every American family, which must be content with the table scraps after the enormous appetite for spending in Washington has been satiated.

Two and one-quarter centuries ago, the rejection of this arrogant, government-comes-first theory of taxation was the impetus for the founding of our Nation. Our political forefathers would not stand for the notion that Americans were mere pawns of a distant court, which could raid their purses and pocketbooks at any whim. America was founded not on concepts that divide peoples, such as race, or geography, but on the American Idea that brings us all together: the inalienable right to liberty.

From our Nation's very conception, this idea has served as a beacon for people of all creeds and colors seeking refuge from he heavy hand of meddlesome government. In America, the government serves the people, and must necessarily trust the people to do what is right by and for themselves. The government should not try to do it all. We provide a safety net for the least fortunate, those who cannot help themselves, but everyone else is trusted with the responsibility of providing for their own financial security.

And by all accounts, this combination of liberty for our citizens and restraint on the part of the public sector has, in fact, succeeded. By the end of the 19th Century, America was in the forefront of the Industrial Revolution. By the mid-20th Century, despite the MIRE of a worldwide depression, the United States was able to mobilize its industries and its men to rout one own of the twin evils of tyranny in the Second World War. And by the close of this Century, we succeeded in defeating the other Soviet Communism, by the force of our will, the commitment of a strong Commander-in-Chief, Ronald Reagan, and the power of our competing idea of liberty. Our Nation is President Reagan's shining city on a hill, the economic envy of the world and the destination of all who yearn for freedom.

But this President and his supporters in the Congress just don't get it. The tax burden on our citizens is at an all time, peacetime high—20.6 percent of the economy. Meanwhile, the federal government will be overcharging the taxpayers by more than $3 trillion over the next 10 years. A Nation that trusted its people, that protected their liberty, would not flinch from the right thing to do: cut taxes so that our families can enjoy the fruits of their labors, instead of greedy Washington programs. This tax bill does just that, leaving $792 billion in the hands of the people to whom it belongs.

This tax cut is a measured, balanced response to the surpluses that will be flowing into the capital. It leaves 75% of the surpluses to be used to retire debt, and finance important priorities like Medicare and national defense. Every penny in the Social Security trust fund is left in a lockbox to be used to shore up the retirement security of our citizens. And the tax cuts are phased in over time, so the bulk of the cuts are in the last 3 years of the coming decade, when surpluses would otherwise skyrocket and tempt a government spending spree.

But voices are raised in opposition to the tax cut. It is said that the government cannot afford a tax cut of this size. But that is exactly backwards: our taxpayers cannot afford to continue to shoulder a record-high tax burden. Back in 1993, without the vote of a single Republican member of Congress, President Clinton pushed through a tax increase totaling $241 billion over 5 years. The rationale for this tax increase was the need to reduce our budget deficit. Well, the budget deficit is gone and we now have surpluses as far as the eye can see. The on-budget, non-Social Security surpluses will exceed $1 trillion over the next decade. We propose to let the American people keep $792 billion of these overpayments. Is that too much?

Not when you consider that the 5-year tax cut of $156 billion pales in comparison to the Clinton tax hike, imposed on what was then a much smaller economy. According to my Joint Economic Committee staff, the 1993 Clinton tax increases will take some $900 billion from the American people over the next decade. Our tax cut of $792 billion does not even offset the lingering ill effects of that tax hike. Are we being too generous? Or have the taxpayers been too generous for too long?

It is hard to find fault with the specifics of our tax cut package. Is it right that we should double-tax business investments, so our innovators lack the resources for research and development? Is it wrong to extend the R&D tax credit, to liberate our scientists and engineers? Is it right that people should pay higher taxes just because they are married? Do we want people to build their own nest eggs for retirement security, or do we want to force everyone to rely exclusively on the Social Security system?

This tax relief package helps everyone. We make health and long-term care insurance fully deductible, and allow a dependent deduction for elderly family members. Education is more affordable through enhanced savings vehicles—IRAs and pre-paid tuition plans. Tax rates are lowered across-the-board. We eliminate the marriage penalty for taxpayers in the lowest tax bracket and repeal the Alternative Minimum Tax for individuals.

Most significant is what this tax relief does for our future. As we enter the 21st Century, America needs a tax policy that will facilitate, not smother, innovation and new technology. Our tax relief bill improves the environment for pioneers in new products and services. The R&D tax credit is extended for 5 years—the longest extension ever, so business can count on it. The R&D credit will continue to fuel innovation in new technologies, leading to health and safety breakthroughs, and enriching our quality of life.

Capital gains tax rates are also cut to their lowest levels in 58 years. Lower taxes on capital gains will help our entrepreneurs find the seed capital they need to launch new businesses, create new jobs and provide new products and services. And capital gains are indexed, eliminating the tax on phantom gains due to inflation—ending the government raid on the savings of long-term investors, particularly retirees.

We also eliminate the most unfair tax of all, the estate and gift tax. No longer will business owners be discouraged from reinvesting their hard-earned profits because the specter of the federal death tax is hovering, waiting to swoop down and scoop up 55 percent of the increased value of the business. By eliminating the death tax, cutting the capital gains tax, and expanding IRAs, some of the largest barriers to capital formation are pulled down, and the result should be a rising tide of investment that carries our economy through the coming Century of Knowledge.

I want to commend Chairman ROTH, and all of the conferees, for producing a balanced, thorough, and fair tax cut that benefits all taxpayers. High taxes are an infringement on the liberty of our families, who should not be struggling to make ends meet while their Federal servants hoard the wealth our families have created. When the question comes down to whether we trust the Federal Government or the family to use money wisely, I choose the family every time. I urge my colleagues to do the same, to side with the people, not the bureaucracy, and vote for the conference report.

I yield the floor.

Mr. STEVENS. Mr. President, I am pleased that the Conference Report of the Taxpayer Refund Act of 1999 contains tow amendments I authored to extend the same tax benefits that farmers have to fishermen. The original version of the Taxpayers Refund Act of 1999 included provisions to create farm and ranch risk management (FARRM) accounts to help farmers and ranchers through down times and to coordinate income averaging with the alternative minimum tax. The FARRM accounts would be used to let farmers and ranchers set aside up to 20 percent of their income on a tax deferred basis. The money could be held for up to five years, then it would have to be withdrawn and taxed at that time. Interest would be taxed in the year that it is earned.

Encouraging farmers and ranchers to set some money aside for downturns in their markets makes sense. However, I felt this provision should have been expanded to include fishermen and I offered an amendment that would do just that.

I also authored an amendment to expand income averaging to include fishermen and to coordinate averaged income with the AMT I am proud to say that both measures had broad bi-partisan support, and I want to thank those who cosponsored my amendments.

Allowing fishermen to elect income averaging and coordinating that election with the AMT is important to the overall issue of tax fairness under the tax code. Under my amendment, a fishermen electing to average his or her income would owe AMT only to the extent he or she would have owed alternative minimum tax had averaging not been elected.

In previous years Congress has responded to fishing disasters with Federal assistance under the Magnuson-Stevens Act. We do the same for farmers when crop disasters occur. Allowing fishermen, like farmers, to establish risk management accounts, is a responsible way to let them help themselves and preserve the proud self-reliance that marks their industry.

Fishermen are the farmers of the sea. Fishermen and farmers share seasonal cyclical harvest levels and fishermen should not be left behind in the tax code because of this. While these amendments are modest steps toward equal treatment for our fishermen, they are an important part of ensuring the long-term sustainability of our fishing industry.

In addition to the provisions in this bill for America's fishermen, I, along with my colleague, Senator MURKOWSKI, included a measure to allow Eskimo whaling captains to deduct up to $7,500 dollars of their expenses incurred during whaling hunts. This provision allows whaling captains to continue the tradition of sharing whale meat with Alaska villages.

It is the custom that the captain of a whale hunt make all provisions for the meals, wages and equipment costs associated with the hunt. In return, the captain is repaid in whale meat and muktuk, a consumable part of a whale. The captain is then required, by tradition, to donate a substantial portion of the whale to his village. This provision will allow the captains to deduct for the costs involved since they do not recoup the actual costs from their share of the whale meat. This provision is important to the heritage and traditions of the Alaskan Eskimos, and I am pleased that it was included in this bill.

This tax refund plan is just that—a tax refund for every tax paying American. Every American would see a reduction in their Federal income taxes in the form of a refund. When you are overcharged for an item in a store, you march back in and demand the difference between the actual price and the amount you were charged. The American taxpayers cannot march up the front steps of the Treasury demanding a refund of their overpayments to Uncle Sam. We in Congress must do that for them.

Some would not like to see this measure pass because they feel it does not reduce our national debt. However, this bill contains provisions to ensure that the goal of debt reduction is met. The debt triggers included in this package would halt any future refund measures under this bill until our debt reduction goals are achieved. This is a good balance because it allows us to send money back to the American people while reducing our debt load. Under this bill, one cannot happen without the other.

I urge my colleagues to support this meausre and I thank the leadership of chairman ROTH and the members of the Finance Committee in organizing and authoring this sweeping tax refund bill.

Mr. GORTON. Mr. President, I rise to express disappointment in the way this tax legislation takes a piecemeal approach toward electricity issues. It deals with only one of the three major provisions that need revision if this industry is going to meet the requirements of all citizens and ratepayers in an era of emerging competition.

The electricity industry is in transition. Wholesale competition between utilities and suppliers is becoming a vibrant and competitive market, although there is still work to be done to make this market work more effectively. Consumers have benefited from lower prices and increased supply although the benefits have been invisible to many retail consumers. And nearly half of the states have moved to develop their retail electricity markets to give more consumers the chance to shop for their power provider.

But the federal tax provisions that affect this industry were written for a monopoly era. This has the real effect of keeping many utilities from participating in competitive markets due to the penalties they would incur solely because of outdated tax provisions. If these utilities are somehow forced to respond to competition without the needed changes, rates would rise only because of laws written for a time before competition was imagined.

This bill addresses only one of these tax problems, the taxation of nuclear plant decommissioning funds. This benefits the investor-owned utilities interested in buying or selling nuclear plants. Two other areas need to be addressed to prevent other consumers from being penalized: the private use restrictions on municipal and public power systems, and the restrictions on electric cooperatives when costs or revenues are incurred during the transition to more extensive competition.

In my state we have a healthy mix of suppliers of electricity: investor-owned utilities, cooperatives, municipalities and public utility districts. These three major sectors of the industry should have their tax problems addressed at the same time.

I hope Chairman ROTH and Chairman MURKOWSKI will keep their commitment to hold a hearing in the tax-writing committee in September, with an eye toward resolving these tax issues as expeditiously as possible.

Mr. DASCHLE. Mr. President, as we approach final passage of the reconciliation conference report, I would like to put what we are about to do in proper perspective. Although some have characterized this process as politics as usual or political posturing, I do not see it that way. What the House has done, and the Senate is about to do, is serious business, not a political game.

We are about to vote on legislation that affects this nation's economic and fiscal health and well-being. It will affect the live of millions of Americans for decades to come. The stakes could not be higher.

And when you boil away all the rhetoric heard during this debate, what you really have is a tale of two paradigms. The Republican plan is an old and familiar one. Republicans would take us back to 1981 and the failed economic policies of that era. These policies can best be characterized as wishful thinking that led to a fiscal disaster.

The Democratic position is that we should follow the model Democrats put in place in 1993 and continue to pursue to this day. Our plan turned record deficits into record surpluses and halted the skyrocketing growth of federal debt. At the same time, we have experienced the longest peacetime economic expansion in our history. The Democratic plan is one of fiscal responsibility and economic prosperity.

In addition to giving us the strongest economy in a generation, the politically difficult vote cast by Democrats nearly 9 years ago provided something else. It provided this Congress with an historic opportunity—sustained economic health and the possibility of actual budget surpluses.

The question facing this Congress at this time is, which road will we take—the fiscally responsible path or the fiscally dangerous one? Will we opt to build on our success or put our nation's fiscal health at risk yet again?

As I have listened to many of my colleagues on the other side of the aisle, I am struck by how familiar many of their arguments sound. I am hearing some of the same dangerous rhetoric and false rosy scenarios that I heard last decade.

And as I look at their bill, I see many of the same special interests disproportionately benefitting from their actions. Make no mistake about it. When it comes to irresponsible tax cuts tilted to the wealthy, the Senate bill was bad, and the conference bill is much worse. Let me cite a few examples.

Under the terms of the bill before us, the bottom 60 percent of taxpayers would receive an average tax cut of just $138. That's about 25 cents a day, not even enough for a cup of coffee. At the same time, Republicans feel it is appropriate to provide the top 1 percent of taxpayers, people with incomes over $300,000, an average tax cut of over

$46,000. A cup of coffee for most, $46,000 for a few.

To further highlight the skewed nature of this cut, people earning over $300,000 would receive more than 40 percent of the $792 billion in tax relief provided by this bill. Meanwhile, people making between $38,000 and $62,000, the heart of this country's middle class, would receive 10 percent of the tax cuts in this bill. Once again, much for a few, and little for many. It's hard to see how anyone could characterize this as fair.

While providing these huge tax cuts for a few, the Republicans opt to set aside nothing for prescription drugs for Medicare beneficiaries.

In order to generate the surpluses necessary to pay for their monstrous tax breaks, Republicans require drastic cuts in education, veterans' health, defense and agriculture. If our military were funded at the level requested by the President, the Republican budget would force across-the-board domestic discretionary cuts of 38 percent below their level today. If defense were fully funded and Republicans followed the plan laid out by Chairman DOMENICI, these cuts would grow to 50 percent.

A final consequence of Republican recklessness is that they would force $90 billion in cuts to Medicare, student loans, veterans' benefits and many other programs on top of cuts I just described. The budget rules are clear on this. If tax cuts are not budget-neutral, the law requires across-the-board cuts in many mandatory programs. The Republican plan would require $32 billion in Medicare cuts over the next 5 years. And starting in 2002, the Republican plan would eliminate the Commodity Credit Corporation, crop insurance, child support enforcement, and veterans' education benefits.

As I said earlier, we have this historic opportunity, and this is how the majority responds. They fail on at least three counts. First, Republicans would set out on an irresponsible fiscal policy. As history has painfully proven, their tax cuts would inevitably lead to bigger deficits and more debt.

Second, they are pursuing an irresponsible national policy. Their tax cuts would explode just as baby boomers retire, eating up scarce resources that will be needed if the government is to keep its commitments on Medicare and Social Security.

Third, as Republicans have known from the outset, engaging in this reckless and risky course will only produce one outcome—a Presidential veto. The President has been clear: he will veto this bill. And I am confident that the vote on final passage will show equally clearly that this veto will be sustained.

Instead of wasting Congress's and the American people's time with this vainglorious pursuit, we should be working together on a fiscally responsible plan that protects the entire Social Security surplus, strengthens and modernizes Medicare by extending its solvency and providing a prescription drug benefit, pays down the debt, provides targeted tax relief for working Americans, and invests some of the non-Social Security surplus in critical priorities such as defense, education, veterans' health, and agriculture.

The size of the projected surpluses are sufficient to permit all of this. Yet, the Republicans insist on pursuing a course that neglects all but the tax cuts and is certain to produce a veto.

We have seen this course before. On juvenile justice, on the Patients' Bill of Rights, on gun control, on their overall budget plan, and on this bill. Time and again the Republican Congress has opted to follow a path outlined by ideological extremists. A path that focuses attention on special interests instead of the nation's interests. A path that wastes precious time and fails the American people when it comes to truly addressing their concerns.

When we return from the August recess, this Congress will have about 30 working days until our target adjournment date in October. I hope that when we come back in September, we can focus our limited time on the people's business. I ask that my colleagues reject this bill today, and begin that process immediately.

Mr. CHAFEE. Mr. President, the Taxpayer Refund and Relief Act contains many provisions which I support, as well as some which I would not vote for if considered on their own merits.

Let me just highlight some of the more commendable provisions in the bill which I hope will be included in any final tax legislation the President may sign:

I am pleased the bill includes reforms to the Alternative Minimum Tax (AMT). This tax was never intended to apply to families, nor to be triggered by the number of exemptions they might claim.

In the health care area, this bill includes some important changes. First, it provides a health insurance deduction to individuals whose employers provide no subsidy, regardless of whether or not the individual itemizes. In addition to this deduction, the bill includes a similar deduction for the purchase of long-term care insurance that will help aging Americans pay for the care they need.

This bill includes a number of provisions which would strengthen retirement security, both by encouraging more private savings and by reforming and simplifying our pension laws. These reforms would eliminate many of the administrative burdens which discourage businesses from offering their employees pensions, and would also provide for higher contribution limits.

The bill includes a repeal of the 4.3 cent per gallon diesel fuel excise tax which railroads (including Amtrak) and inland barge operators have been required to pay toward deficit reduction. This change would enable these modes of transportation to compete more effectively by reducing their costs.

By making the Dependent Care Tax Credit available to more families, this bill would help to make child care affordable for more families. In addition, the bill includes a provision to extend the adoption tax credit and to strengthen the credit for the adoption of special needs children.

The bill proposes to extend the Work Opportunity Tax Credit, a program I have long championed, which encourages employers to hire and train disadvantaged and unskilled workers.

The marriage penalty relief provisions in the bill are aimed at moderate income families and those eligible for the Earned Income Tax Credit.

The bill also includes provisions which will improve the deductibility of student loan interest, and which will help families save for college.

The bill includes an expansion in the conservation easement rules to encourage more Americans to donate land for the preservation of open spaces.

The bill also contains a deduction to encourage the restoration of historic residential properties. I would have preferred that the credit, as included in the Senate bill, had prevailed rather than the deduction, but this is a good start.

Importantly, some of the income tax rate reductions contained in the bill are made contingent upon progress toward debt retirement. Failing such progress, up to $200 billion of tax cuts would not take place.

While I will vote for this measure to keep the process moving toward an expected presidential veto and final budget negotiations with the White House, I would much prefer a smaller bill, such as the $500 billion bipartisan compromise plan which I—along with Senators BREAUX, JEFFORDS and KERREY—pressed during Finance Committee and floor deliberations on the tax bill.

Because of the uncertainty of projecting budget surpluses over a ten-year period, and given all of the other priorities we face, I am simply not comfortable with an $800 billion tax cut. In my judgment, cutting taxes is only one of several important priorities toward which our budget surplus should be directed. Others include reducing the national debt; modernizing Medicare and adding a prescription drug benefit; strengthening Social Security for the long-term; and, ensuring adequate funding on an annual basis for important discretionary programs.

Clearly, there are provisions I had trouble with.

The bill includes a provision to encourage the establishment of Individual Education Savings Accounts to subsidize the cost of private school tuition for children in grades K–12.

This bill would redirect revenues from the Leaking Underground Storage Tank Fund to the Superfund program. As Chairman of the Environment and Public Works Committee, I strongly opposed inclusion of this provision.

Reducing the capital gains tax rate from 20 to 18 percent for individuals, as this bill proposes, seems unnecessary because this rate reduction was scheduled to happen in the near future.

In sum, Mr. President, I am hopeful that negotiations between Congress and the Administration will begin in earnest after the President vetoes this bill in September. In my judgment, in addition to providing needed tax relief, those negotiations should also produce other critical benefits, including provisions to reduce our national debt, strengthen Medicare, and to fund discretionary programs.

Mr. DODD. Mr. President, I rise this afternoon to regrettably oppose the conference report to the Year 2000 Budget Reconciliation legislation.

With this conference report, the majority has succeeded in making a bad bill worse. Rather than using this conference to come together and attempt to develop a reasonable package, all of the objectionable features of the Senate-passed bill have been exaggerated, rather than moderated.

First, the conference report further skews the benefits of its tax cuts towards those who need them least, and away from working families. We now have before us a conference report that includes a 1 percent across-the-board tax cut for all income tax brackets. We are led to believe that this provision is the center-piece of a package that constitutes broad-based tax relief. However, upon closer inspection, this clearly is not the case. Under this proposal, the bottom 60 percent of taxpayers receive only 7.5 percent of the total tax cut benefits, while the top 10 percent of income earners receive nearly 70 percent of the bill's tax cut benefits. Mr. President, I would not consider this broad-based tax relief.

Perhaps the clearest example of how this conference report heaps its tax cut largesse on those who least need it is that it spends nearly 60 billion dollars for the complete repeal of the estate tax. Again, the inclusion of full repeal of the estate tax within this conference report is a clear indication that its proponents do not wish to direct their tax cuts toward hard-working families who need and deserve a break. I believe in estate tax relief for farmers and small businesses of modest means where it is necessary and appropriate. However, the beneficiaries of this provision are overwhelmingly not of modest means. They are the very, very affluent leaving estates worth millions of dollars. Mr. President, I fail to see how this specific tax cut helps the average family struggling to find affordable child care or to meet rising college tuition costs.

Secondly, this conference report fails to meet critical domestic and military priorities upon which our nation's long-range prosperity and security depend. In order to accommodate the costs of a $792 tax cut, extensive cuts of nearly $511 billion will be necessary in domestic spending. If defense is funded at the President's request, cuts to domestic spending would reach almost 38 percent. As a result, over 430,000 children would lose Head Start services, 1.4 million veterans would be denied much needed medical services from VA hospitals, and almost 1.5 million low-income people would lose HUD rental subsidies, forcing many into homelessness.

Perhaps the clearest example of the conference report's failure in this regard is what the conferees have done to child care. Senator JEFFORDS and I offered an amendment to provide an additional $10 billion over the next 10 years to the existing Child Care and Development Block Grant—almost doubling the children that would be served. It passed the Senate by voice vote. So it was surprising, not to mention disappointing, that this provision was summarily eliminated in conference. I intend to continue to work to see that Congress honors the commitment it made in the Budget Resolution to significantly expand funding for quality child care this year and in the years to come.

Third, the conference report, like the Senate-passed bill, continues to pose an increased risk to our current economic prosperity. Federal Reserve Chairman Alan Greenspan testified before the House and Senate Banking Committees just days ago, urging caution about implementing a $792 billion tax cut at a time when the economy is performing so well. Chairman Greenspan stated that it would be better to hold off on an immediate tax cut because it is apparent that the current surpluses are doing a great deal of good to the economy. Moreover, he warned that Congress must also be prepared to cut spending significantly should the surpluses, upon which the tax cuts are based, not materialize. It is ironic to me that so many of our colleagues, who otherwise have had high and vocal praise for Chairman Greenspan's economic leadership, can so readily ignore his clear and repeated warnings about the consequences of their unrealistic and irresponsible tax plan.

I have also noted with particular interest the comments of the esteemed Majority Leader in this week's newspapers where he has stated that an acceptable alternative to the Republican tax plan would be to ''put the money in place so that the debt can be retired.'' This sentiment has also been echoed by the House Majority Leader. These are stunning admissions of the flawed nature of the conference agreement before the Senate today.

Their ''all-or-nothing'' statements reasonably raise the question of how committed the majority is to this tax cut plan. Perhaps they are more committed to having a political issue than to giving working families a reasonable tax cut while also meeting our responsibilities to preserve and strengthen Medicare, Social Security, defense, and education. I fear that the Senate has been engaged in a fruitless political exercise.

Mr. President, I worry that the majority has again squandered a unique opportunity to first maintain our current economic prosperity and then to address the legitimate needs of working families in this country. This legislation neglects to make much-needed investments in Social Security and Medicare, debt reduction, and critical defense and domestic priorities. The President has promised repeatedly to veto this legislation. We should have no doubt about his resolve to do so. Then I hope that congressional leaders will get serious about working in a bipartisan fashion to craft a reconciliation bill that is sensible and responsible. We have worked too hard in this decade to rectify the wretched budgetary excess of the last decade. Now is the time for prudence and caution.

Mr. REED. Mr. President, here we are again, debating a conference report on a ten year, $800 billion tax cut.

This tax cut works on the assumption of a budget surplus that has not been realized yet—a surplus that is generated in no small part by already unattainable budget caps which will lead to a significant, 23% to 38% reduction in essential programs, including Pell Grants, special education, community policing, and drug enforcement.

In my home state of Rhode Island, my constituents stand to lose $15.9 million in Title I education funding and $11 million in Special Education funding. In addition, more than 17,000 Rhode Island students would be denied Pell Grants, and more than 2,000 children would be cut from Head Start programs. At a time when one in five children lives in poverty, can we really bear cuts of this magnitude?

At a time when we are asking the government to respond quicker and perform better, particularly with respect to domestic and international crises, we are considering legislation that trades away the essential services that the American people count on in exchange for speculative tax cuts whose benefit will be fleeting.

This legislation is also a threat to the future of Medicare. Indeed, at the point that Medicare teeters at the brink of insolvency in the next ten to twenty years, the cost of this tax cut could balloon to $2 trillion.

We know that we must take steps as soon as possible to shore up Medicare and Social Security. A responsible use of the surplus would be to make a reasonable allowance for essential programs, address the long-term solvency of Social Security and Medicare, and pay down the federal debt. Then, we should consider a targeted reductions for America's working families.

Of course, everyone realizes that we cannot continue to live under the spending caps. In May, a group of eight House Republicans wrote the President, stating, ''A rational compromise is needed to adjust the caps and maintain them for future years at achievable levels.'' If the most ardent architects of the caps are now having second thoughts, there is little reason to expect they can be observed in the future.

But, we are already breaking the caps with ''emergency'' appropriations—appropriations that do not count against the caps.

What is an ''emergency'' appropriation exactly? Apparently, it is anything the Majority wants it to be. Just the other day, the House passed legislation designating part of the funding for the 2000 Census an ''emergency''. As conservative columnist George Will noted, we have known about next year's Census since 1790. How could it be an ''emergency''? Mr. President, since the end of fiscal year 1998, Congress has approved approximately $35 billion in ''emergency'' spending. One wonders how many other ''emergencies'' like the decennial census are looming.

Beyond the massive cuts to essential domestic initiatives, this tax bill depends on the performance of the economy. But, Mr. President, after the longest peacetime economic expansion in history, can we continue to count on a robust economy for another year, for another five years, for another ten years? The bill before us depends on this sort of gamble.

Ironically, this tax cut could be just the thing that stalls our economic growth. Recently, fifty economists, including 6 Nobel Laureates, wrote that this tax bill will stimulate the economy at precisely the wrong time.

Even Federal Reserve Chairman Alan Greenspan, usually a strong supporter of tax cuts, has taken a cautionary view toward these tax reductions. The New York Times reported of his testimony on the Hill last week.

> The subject [of tax cuts] came up several times, and Mr. Greenspan's message was stern: Don't do it. ''I'm saying hold off for a while,'' Mr. Greenspan said . . . ''And I'm saying that because the timing is not right.''
>
> Mr. Greenspan urged Congress to pay down the debt and delay any tax cut until the economy begins to turn down. ''The business cycle is not dead,'' he warned, telling lawmakers that whenever an economic slowdown hits, ''a significant tax cut'' may be needed to ward off recession.

In all respects, this legislation lacks proportionality. Fortunately, this bill, even if it passes the Senate and is sent on to the President, will be vetoed. It is regrettable that we have wasted so much time on this bill, when, instead, we could have focused on truly important issues like preserving Social Security and Medicare. Now that the political play has been made, I hope that we can return to substantive work on issues that really matter to the American people.

Mr. HATCH. Mr. President, today we are considering a bill to return a portion of the surplus that is projected to be $2.9 trillion over the next ten years. This bill represents a balanced package that takes into account the problems as well as sharing in the good times. The bill will provide fiscally responsible tax relief over the next ten years while reducing the public debt and still save the $1.9 trillion Social Security surplus.

Many of my colleagues have argued that $792 billion in tax cuts is too much—that we should save this money for Medicare and other spending. I strongly disagree. It is important that we not forget those who are responsible for the surplus—hard-working, overpaying taxpayers. After all, what is a surplus—it is excess revenues over the amount needed to fund government operations.

The $2.9 trillion surplus is large enough to balance our priorities. This Conference Report shows that we can provide meaningful tax cuts, provide for Medicare reform, and reserve the Social Security surplus.

I also marvel at how much we have recently heard from my colleagues on the other side of the aisle about debt reduction. I never knew the depth of their convictions on this, particularly since they fought the balanced budget amendment so hard. The balanced budget amendment would have once and for all imposed spending restraints on Congress. The majority of my colleagues on the other side of the aisle argued vigorously against such constitutional restraints, implying that they wanted unlimited access to the government checkbook.

In my view, if we have a surplus, and we do not have a tax cut, the temptation of Congress to spend that surplus will be too great. I made this point many times during debate on the constitutional amendment to balance the budget, and I will make it again. If we have a surplus, this money will burn a hole in Congress' pocket.

This conference report provides tax cuts for everyone by cutting tax rates 1% across-the-board. This may not sound like much, but it represents real tax cuts for each and every taxpayer. In addition, couples filing married returns will see their marriage penalty eliminated. It is sending the wrong signal to American taxpayers when a couple in Utah faces a higher tax bill when they marry than they do as singles. The bill also helps our families struggling to finance a quality education for themselves and their children.

The bill also addresses the need for enhanced retirement security. It makes IRAs more widely available and improves retirement systems to increase access, simplify the rules, increase portability and provide small business incentives.

We have all heard about the challenge that providing adequate health care that is facing American families. This bill provides meaningful help for those who are struggling with the costs of insurance.

This bill also contains provisions that would help keep economic growth strong. There is a package of international tax relief that provides simplification and helps American companies which have operations overseas remain competitive and continue to grow. The expiring tax credits are extended.

I am disappointed that the research and experimentation tax credit was not made permanent. I still believe that our American research engine would be helped significantly by relieving the uncertainty that a sunsetted credit imposes. Nevertheless, the 5-year extension in this bill is a step in the right direction. I hope that we can revisit this issue in the future and provide for a permanent tax credit for research and experimentation.

This conference report contains some important improvements over the Senate bill. I am particularly heartened to see the full repeal of the estate tax and capital gains tax relief as part of this bill.

The ''death tax'' is unfair and inefficient. For every dollar that we collect, roughly 65 cents is spent complying and collecting this tax. This is the wrong way to use up our resources.

This bill also accelerates the capital gains tax rate cuts we passed in 1997. In addition, it will shorten the required holding period of assets from 5 years to 1. This will provide significant simplification for those taxpayers struggling to determine which capital gains rate applies and how long they have held their assets. This is true simplification and real relief. And, let's make no mistake: these tax changes will benefit more Americans than just the wealthy. These estate tax and capital gains tax provisions will benefit every American who owns a home, business, or family farm. It will benefit the increasing number of Americans who are investors in mutual funds and other securities.

It is easy for us to get lost in the debate over numbers and how we should spend the surplus. However, we must keep in mind who sent us the revenue that created the surplus. We are talking about families struggling to make ends meet, provide an educations for their children, or save for their retirement. They are the family funning the corner grocery store or landscaping business. They are bus drivers, day care providers, carpenters, and students.

This conference report is a balanced tax cut package that provides relief for middle class taxpayers. It gives American families a well-deserved tax break, simplifies the tax code, and provides pro-growth incentives to help keep the economy strong and growing. This $792 billion bill is the biggest tax cut since the Ronald Reagan presidency. Yet, it still represents a rebate of only one-quarter of the surplus dollars that the federal government has collected. I hope that the President can agree that we owe the American taxpayers that much and sign this legislation.

Mr. MURKOWSKI. Mr. President, I rise to speak in strong favor of the Conference agreement that will provide every single American a well deserved refund of the taxes they are now overpaying as the government runs a surplus.

I especially want to commend Chairman ROTH for the extraordinary work he did in what must be record time to produce this Conference report. My colleagues should recollect that barely 6 days ago today that the tax bill was adopted on the floor of Senate.

And now we are here with a completed conference report. The work of the Chairman, Finance Committee staff and the Joint Tax Committee staff is to be applauded. They all labored long hours and the result is a bill that I am proud to support.

The Congressional Budget Office (CBO) projects that the total budget surplus over the next 10 years will be $2.9 trillion. Nearly a trillion dollars ($996 billion) of that surplus ($996 billion) comes from overpayments of income and estate taxes.

What this tax bill does is return barely 25 percent of the surplus tax payments and return that money to the American taxpayer. All of the $1.9 trillion Social Security surplus will be used solely for preserving Social Security. And, as a result of this bill, we have more than $200 billion available for saving Medicare and paying down part of the debt.

Mr. President, yesterday, President Clinton reiterated that he will veto this bill because he believes the tax refund is too large.

The fact is that what the President wants to do is not provide a tax refund to the American public, but instead he wants to use the surplus to finance $1 trillion in new federal spending. And despite his claim that he wants to cut taxes by $300 billion, CBO scored the President's budget as actually raising taxes by $100 billion over the next 10 years.

In other words, at a time when we are running real surpluses in the hundreds of billions, the President comes along and wants to impose even higher taxes on the American people so he can finance more big government.

The bill before us should not be vetoed because it provides a tax refund to every single American who pays taxes. The lion's share of the tax cut—nearly $400 billion—results from cutting the 15 percent rate to 14 percent and the near elimination of the marriage penalty.

Is that what President Clinton objects to—reducing the tax rate paid by the lowest income taxpayers? Or does the President object to elimination of the marriage penalty? That must be the case Mr. President, because if the President had his way and we cut taxes by $300 billion, we could not eliminate the marriage penalty; we could not cut the rate paid by the lowest income earners.

The bill also provides rate relief for all bracket taxpayers over the next 10 years. A modest 1 percent reduction in all tax rates is surely something we can afford with a trillion dollar surplus. I find it hard to believe that the President would object to such a modest change.

The conference report also contains the Senate provisions that up the limit on contributions to Individual Retirement Accounts (IRAs) to $5,000. Moreover, it retains the provision in our bill that allows increased contributions by people over 50.

In recent months, we have seen that the American savings rate is actually a negative number. These incentives could well serve to increase our savings rate. Is that what President Clinton objects to—enhancing retirement savings incentives?

Or does the President object to the health care provisions in this bill. Health care changes that bring a much needed level of equity to the tax code?

Allowing the self employed to deduct 100 percent of the cost of health insurance finally brings small business to parity with large corporations.

And for the first time in our history, employees who pay for more than half of their own health insurance will be able to take an above-the-line deduction for those costs.

I thought the President was so concerned about the uninsured? Why would he veto a tax bill that finally provides health equity to employees and small business owners?

The conference report will also serve to continue the flow of money into equity markets by cutting the capital gains rate to 18 percent for all transactions that took place after January 1, 1999. I believe the capital gains rates should be even lower, but with the resources at hand this is an appropriate change.

One of the most important changes in the conference report is the phase out and ultimately, in 2009 the elimination of the estate tax. This onerous tax punishes the hard work of many Americans and the death of this tax is long overdue. Confiscatory estate tax rates of 55 percent should, if this bill becomes law, finally be a relic of history.

This conference report will be sent to the President when we return in September. He has one month to reconsider his reckless veto threat. The American people deserve a tax refund. This conference report provides very modest and long overdue relief. I urge my colleagues to support this bill and I ask the President to reconsider his veto threat.

Mr. LEAHY. Mr. President, Congress went on a tax cut binge in the 1980s and left the bill for our children. Now that we have surpluses, we have a chance and an obligation to pay off that debt. The last thing Congress should be doing right now is to put our strong economy at risk by passing a tax scheme as risky as the Republican plan.

Some of my fellow colleagues in Congress have gone off again on a binge of irresponsible tax cutting that puts our strong economy in jeopardy. Projections of budget surpluses in the future have gone straight to their heads—as if projected budget surpluses were like hard cider. It is time for my colleagues in the House and Senate to splash some cold budget reality on their faces and return to their economic senses.

A sound economy rests on a solid foundation of balanced revenue and spending policies. For the past seven years, the President and Congress have build this solid foundation by reducing the deficit and restraining spending. Just as we Vermonters restrained spending and put Vermont's state budget in the black, Yankee thrift was alive and well in Washington, as it is in Vermont.

President Clinton inherited a deficit of $290 billion in 1992 and his administration and Congress have steadily cut it down. For the first time since 1969, we now have a balanced budget.

I am proud to have voted for the 1993 deficit reduction package, which was a tough vote around here, and has brought the deficit down. I am also proud to have voted for the 1997 balanced budget and tax cut package—tax cuts that were fully paid for by offsetting spending cuts. These balanced policies have kept interest rates down and employment up. In fact, over the past seven years, this deficit reduction has produced $189 billion in interest savings on the national debt, or roughly $2,700 in savings for every American family.

Republicans and Democrats can rightfully claim their shares of the credit for getting the nation's fiscal house in order. The important thing is to keep our budget in balance well into the 21st century and keep our economy growing.

That dose of Yankee fiscal discipline has paid off for Vermonters. Since 1993: Vermont's unemployment rate has been cut in half, from 5.8% to 2.9%; 20,000 new jobs have been created; Vermonter's average income has increased 25 percent; crime in Vermont has dropped by 15 percent; and the stock market has soared by 300 percent.

Instead of keeping on this path of prosperity, the huge tax cut bill that Congress just passed veers from our successful fiscal discipline. It cuts taxes by $792 billion and pays for these sweeping cuts out of projected budget surpluses over the next 10 years. These surpluses are not real. They are just projections. What happens if we suffer a recession in three years or a depression seven years from now? These tax cuts are paid for by Monopoly money.

But fooling with our strong economy is not a game. Passing risky tax cuts based on wishful thinking will have real consequences for Vermonters. It is estimated that paying for these huge tax cuts would: force more than 13,000 Vermont veterans to lose health care benefits; prevent any Medicare reform and new prescription drug coverage for senior Vermonters; drop 3,699 Vermonters from the WIC program; close off 2,116 Vermont students from Pell grants to help make college more affordable; and serve 11,127 fewer school lunches to Vermont children.

Instead of this fiscal folly, I believe Congress should follow three basic principles to continue our strong economy and provide targeted tax relief.

First, we must continue to keep our fiscal house in order and pay down the national debt. The national public debt stands at $3.6 trillion—that is a lot of zeros. Like someone who had finally paid off his or her credit card balance but still has a home mortgage, the federal government has finally balanced its annual budget, but we still have a national debt to pay down. Indeed, the Federal government pays almost $1 billion in interest every working day on this national debt.

It makes a lot more sense to pay off the national debt as our first priority, because nothing would do more to keep the economy strong. Paying down our national debt will keep interest rates low. Consumers gain ground with lower mortgage costs, car payments, credit card charges with low interest rates. And small business owners can invest, expand and create jobs with low interest rates.

Alan Greenspan, head of the Federal Reserve, recently testified before Congress that: ''I would prefer that we keep the surplus in place and reduce the public debt.'' I agree with Mr. Greenspan and I believe most Vermonters do too.

Second, we should put aside some of the surplus in a rainy day fund for Medicare and Social Security reforms. Just as we set aside extra revenue in a rainy day fund in Vermont, Congress should do the same on a national level. We all know that Congress must reform Social Security and Medicare for the future costs of the baby boom generation. This rainy day fund should also permit Medicare to cover prescription drug coverage for our seniors.

One of the toughest and most important challenges that we face—right now—is to make sure that Social Security and Medicare will continue to be there for those who retire decades from now. The number of Social Security beneficiaries will rise by 37 percent from now until 2015, and Medicare runs into problems even earlier than that. Protecting Social Security and Medicare will not be easy, but these projected surpluses make it easier to keep both programs strong for future generations.

Third, tax cuts should be fair and targeted to help all Vermonters, not just the wealthy. According to a Treasury Department analysis, the Senate-passed tax plan provides 67 percent of its tax breaks to the wealthiest 20 percent of Americans—those making more than $81,000 a year—while the poorest 60 percent of families would reap only 12 percent of the Senate-passed tax cuts. That is not fair.

This conference report is even more tilted in favor of the wealthy. According to an analysis by the Citizens for Tax Justice, the top 10 percent of taxpayers would receive 69 percent of the benefits under this bill while the bottom 60 percent would receive only 7.5 percent of the benefits from the conference agreement. That means the average tax cut would be $138 for the bottom 60 percent of taxpayers while the top one percent of taxpayers would receive a tax break of $46,389. Again, that is not fair.

Tax cuts that are targeted— such as eliminating the marriage tax penalty, permitting the self-employed a full tax deduction for their health insurance and estate tax relief for family farmers and small business owners—also don't break the bank. I supported a more responsible alternative package of $290 billion in targeted tax cuts that would still leave room in the budget for Congress to make key investments in veterans, education and crime-fighting programs. I believe this targeted approach is far more prudent than the Republican tax cut plan.

The enormous budget surplus that the Senate leadership claims is available to pay for nearly $800 billion in tax cuts is achieved only by unrealistic economic assumptions and deep cuts in programs that will never be attained. That is why I cosponsored an amendment filed by Senator ROCKEFELLER that assumes there will only be a $100 billion surplus over the next ten years. This projected surplus is consistent with estimates by the Concord Coalition, Center for Budget and Policy Priorities, former CBO director Robert Reischauer and the Citizens for Tax Justice. The Rockefeller-Reed-Leahy amendment is a prudent and fiscally responsible approach that balances tax relief with reducing our debt and maintaining obligations to existing programs such as NIH research, veterans health, Head Start and the environment.

I call upon President Clinton to follow through on his pledge to veto this irresponsible tax scheme. He should send Congress back to the drawing board to do it right. And the next time, Congress should apply a stout measure of Yankee thrift.

EXPLANATION OF ABSENCE

● Mr. CRAPO. Mr. President, due to the wedding of my oldest daughter, Michelle Crapo, I will be unable to participate in the debate and vote on the Conference Report for H.R. 2488, the Taxpayer Refund and Relief Act of 1999. Had I been present, I would have cast my vote in favor of the measure.

The Taxpayer Refund and Relief Act of 1999 is good news for America and will give individual income taxpayers the long-overdue tax relief they deserve. I am most pleased by the one percent across-the-board income tax cut for all individual tax rates and the marriage penalty relief provisions contained in the report. These provisions alone will go a long way towards reducing the tax burdens of the average Idaho family.

I am also encouraged to see that the Conference Report eliminates the estate tax, provides alternative minimum tax relief, increases the annual contribution limits for individual retirement accounts and education savings accounts, and reduces individual capital gains tax rates.

The Conference Report for the Taxpayer Refund and Relief Act of 1999 is good for income taxpayers, the economy, and the nation. I urge my colleagues to support the report.●

SECTION 1317

Mr. BREAUX. Mr. President, will the distinguished chairman of the Finance Committee yield for a question?

Mr. ROTH. Mr. President, I will be glad to answer the distinguished Senator's question.

Mr. BREAUX. Mr. President, the conference report for The Taxpayer Refund and Relief Act of 1999 states that section 1317 of the Senate amendment regarding prohibited allocation of stock in an S corporation ESOP was not included in the conference agreement. Is that report language correct?

Mr. ROTH. Mr. President, that report language is not correct. The conference agreement adopted section 1317 of the Senate amendment without modification.

Mr. BREAUX. Mr. President, I thank the distinguished Chairman for this clarification.

TAX TREATMENT OF COMMISSIONS PAID TO ENROLL CELLULAR TELEPHONE CUSTOMERS

Mr. MURKOWSKI. Mr. President, the Senator from Louisiana, Mr. BREAUX, the assistant majority leader, Senator NICKLES, and I would like to engage Chairman ROTH in a brief colloquy on an issue that several members of the Finance Committee have become involved in over the past several months.

I refer to the fact that in some cases the IRS has taken what I believe is an unreasonable and unrealistic position regarding the tax accounting of sales commissions paid by providers of commercial mobile telephone service for enrolling customers. In the cases I refer to, IRS has contended that these costs should be capitalized and amortized over the average customer life, rather than deducted.

Mr. BREAUX. I have been very concerned about this issue, as well. It seems to me that commissions paid by cellular telephone companies are like any other marketing expenses incurred by telephone companies—or any other companies—and are deductible under current tax law.

Mr. NICKLES. I want to lend by voice to the positions expressed by both Senator MURKOWSKI and Senator BREAUX. It does not make sense to me that sales commission/costs can be anything but deductible.

Mr. MURKOWSKI. This issue is not addressed in the pending tax bill because the Treasury Department has indicated to the Finance Committee that it is in the process of reviewing the IRS's position. We have been assured by Treasury officials that they plan to resolve the issue this year.

The Treasury apparently agrees that the IRS may have gone too far.

Mr. BREAUX. The IRS position would be difficult or impossible to administer. The position will lead to years of litigation, as companies and the IRS battle out whether commissions should be capitalized or deducted.

That will drain resources from both sides for no productive reason.

Mr. MURKOWSKI. We would like to ask Chairman ROTH for his views on how this issue can be resolved expeditiously and efficiently.

Mr. ROTH. I agree that this is an issue of concern to Finance Committee members. The cellular telephone industry is a high-growth, job-creating, industry. It is clear to any observer that the industry is frenetically competitive. Companies incur substantial marketing expenses, including sales commission, to attempt to sign up new customers and to entice customers to move from other carriers.

I have little doubt that the IRS's position requiring companies to capitalize the sales commissions may lead to years of litigation. The Treasury Department has made the decision to review the IRS's position. The agency included the issue in its 1999 Priority Guidance Plan and has advised the Committee that they plan to deal with the issue this year.

I strongly support the quick resolution of this issue by the Treasury Department. Sales commissions are a basic cost of doing business for cellular telephone companies, and I believe that the Treasury should be able to reach a sensible resolution of this issue.

Mr. MURKOWSKI. I very much appreciate the chairman's thoughts and look forward to working with him and the Treasury to see this issue dealt with.

Mr. BREAUX. I also appreciate the chairman's views on this. We are confident that the Treasury can resolve this issue satisfactorily, and we will be following events at the Treasury closely.

Mr. NICKLES: I thank the chairman for sharing his views on this important issue. I hope it can be expeditiously resolved.

Mrs. BOXER. Mr. President, this bill is a reckless tax plan. As a way to summarize my opposition, the following are my top ten reasons I oppose this bill.

One, it is unfair to the middle class and the working poor. The average tax cut for a person who makes $30,000 per year is $311, compared to a tax cut of almost $46,000 for someone who makes more than $800,000 per year.

Two, it threatens low interest rates. Alan Greenspan testified before the Senate Banking Committee last week—and I quote—''It's precisely that imprecision and the uncertainty that is involved which has led me to conclude that we probably would be better off holding off on a tax cut immediately, largely because of the fact that it is apparent that the surpluses are doing a great deal of positive good to the economy in terms of long-term interest rates.'' If interest rates go up just one percentage point on a $100,000 mortgage, the increased monthly cost is $70—in essence a tax increase on every homeowner.

Three, there is not a dime in it for Medicare. As the Baby Boom generation begins retiring in 10 years, the Medicare situation will get larger, not smaller. This plan, by ignoring the issue, just compounds the problem we all know is coming.

Four, there is nothing in it for debt reduction. Because the Democratic plan saves Medicare, it has the added benefit of reducing the debt. We have a historic opportunity to ensure that our children will not be saddled with huge interest costs, which currently total over $600 million a day.

Five, it contains special-interest goodies, such as repealing an excise tax for a few companies that make tackle boxes and providing a $4 billion tax break on foreign oil and gas income.

Six, it will require huge and unsustainable cuts in discretionary spending. Because the Republicans are assuming a freeze on discretionary spending at fiscal year 1999 levels—something they will violate in the next few months—the reality is that this plan would force cuts of an enormous size in education, law enforcement, environmental protection, and the military. This is completely unrealistic given inflation and the needs we have as a country.

Seven, it relies on long-term surplus projections, which is very risky. Any businessman will tell you that even projecting out five years is unreliable at best. This bill tries to predict the economy over the next 10 years.

Eight, it ties our hands in the event of a recession. The country is in a tremendous economic rebound, and we do not need a broad-based economic stimulus. But if we go into a recessionary period, that is when a tax cut would be needed—to help us get out of the recession. This plan precludes that option.

Nine, it risks going back to the dark days of dramatic deficits. We have finally balanced the annual budget after 30 long years of red ink, and this plan turns right around and goes back to those times.

Ten, it is totally partisan. The Republican leadership rejected compromising with Democrats—and no Democrats were even in the room when this plan was put together. That is no way to write important legislation that affects every American.

I urge the President to fulfill his promise to veto this dangerous legislation, which jeopardizes the most remarkable economic recovery in history.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I now yield 5 minutes to the Senator from New Jersey, who will be our last speaker.

Mr. TORRICELLI. Mr. President, I ask at the end of 4½ minutes I be notified the time has expired.

The PRESIDING OFFICER. The Senator will be notified.

Mr. TORRICELLI. Mr. President, in life you can extend your hand, but to make any real progress someone has to grasp it. For these several weeks, many of us have worked to try to find some reasonable middle ground in the cause of reducing taxes on the American people. It was a worthwhile effort. I believe, indeed, taxes on middle-income Americans are too high and it is the American people who worked hard and paid their taxes who have produced this extraordinary American surplus. They deserve a dividend for the American economic performance.

But a tax reduction is not all the American people deserve. They also deserve to know their children are getting educated in quality schools with good teachers. I am for tax reduction, but I want a tax reduction that allows teachers to reduce class size and the rebuilding of crumbling American schools. I am firmly committed that tax reductions for the middle class are required and should be enacted by this Congress. But I also believe the American people must have a health care system that provides for prescription drugs through Medicare for elderly Americans.

My point is simply we are at a time when the Nation can both afford and requires multiple objectives. In the bipartisan tax reduction plan of $500 billion, Senator BREAUX, Senator KERREY, and I, working with our Republican colleagues, fashioned a plan where we believed we could reduce taxes on savings to encourage the American people to invest in the new economy by reducing or eliminating capital gains taxes on modest investments and by eliminating taxes on interest on modest savings accounts so all Americans save for their own future for security for their own families.

In our plan we expanded by 4 million families the number of people from the 28-percent tax bracket to the 15-percent tax bracket because this Government has no right to tax at 28 percent the modest incomes of families who earn $50,000, $60,000, and $70,000, raising one and two children. Indeed, at this point in our history it is something we can afford—to allow people to keep that money for their own needs.

Perhaps it was always going to be so, but that bipartisan tax plan was not enacted. But I am not a man who is discouraged easily. When the bipartisan plan was introduced, we described it as the October plan because there are tax plans that are presented because they have political value and communicate a political message, and there are tax plans enacted because they can be attained and they change the law. This was never going to be a brief process and perhaps it was never going to consist of a single phase. Tonight, the first phase is concluded. A message is being sent to the President and to the American people by both political parties. The Democratic Party is committing itself to middle-class tax relief after protecting Social Security and allowing for national objectives of Medicare and education.

The PRESIDING OFFICER. The Senator has consumed 4½ minutes.

Mr. TORRICELLI. Thank you, Mr. President.

I believe that is still a worthwhile objective and I join with my party in doing so. It is, however, my hope that we can accelerate this process. This bill can be passed tonight, the President can exercise his judgment, and we can return.

Therefore, I ask unanimous consent if the conference agreement passes, the bill be enrolled within 5 days and sent the following day to the President.

The PRESIDING OFFICER. Is there objection?

Mr. ROTH. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. TORRICELLI. Mr. President, I regret that will mean the process will have to continue longer than otherwise required. I hope we can return in the fall and pass a reasonable tax cut that accommodates other national objectives on a bipartisan basis.

I yield the floor.

Mr. MOYNIHAN. Mr. President, I ask there be printed in the RECORD a statement ''Sequester Impact of Tax Bill,'' prepared today by the Office of Management and Budget. I will read two sentences:

Beginning in 2002, Medicare would be cut by 4 percent each year. * * *

In 2002, the $28 billion cut in mandatory savings resulting from a sequester would still be $6 billion less than the cost of the tax bill.

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

SEQUESTER IMPACT OF TAX BILL

If the Conference Agreement on the Republican Tax bill were to be enacted in its present form, it would result in a sequester of mandatory programs in each year beginning in 2000. Mandatory spending would be cut by $2.4 billion in 2000. Beginning in 2002, Medicare would be cut by 4% each year. Mandatory programs subject to a full sequester would be eliminated, including CCC, child support enforcement, social services block grants, immigration support, crop insurance, mineral leasing payments and veterans education and readjustment benefits.

The costs of the tax bill in 2002 and subsequent years exceed the savings that could be achieved by a sequester of mandatory programs. In 2002, the $28 billion cut in mandatory savings resulting from a sequester would still be $6 billion less than the costs of the tax bill.

MEDICARE

Medicare spending would be cut by $2 billion in FY 2000 and by $9.2 billion or 4% in FY 2002. Medicare payments to all providers (e.g., hospitals, physicians, home health agencies, skilled nursing facilities) would be reduced proportionally by the sequester.

Any reduction in current Medicare spending will increase the pressure to ''undo'' the BBA and increase Medicare spending. It also will make it difficult to garner support for the reforms included in the President's Medicare reform plan, which includes important new initiatives (e.g., the prescription drug benefit) as well as justifiable reductions in spending.

VETERANS READJUSTMENT BENEFITS

The Readjustment Benefits account provides education benefits and training to more than 450,000 veterans, reservists, and dependents through the Montgomery GI Bill and the Vocational Rehabilitation and Counseling Programs.

The elimination of Readjustment Benefits in FY 2002 would mean that these veterans, reservists, and dependents would lose entitlement to the education and training programs many were promised (and paid into) when they enlisted. Programs like the GI Bill are the most potent recruitment and retention tools the military services have. Further, service members transitioning to civilian life would no longer be afforded retraining through college programs, work-study, or on-the-job training.

If eliminated, the Vocational Rehabilitation and Counseling program, which helps 50,000 disabled veterans overcome employment handicaps sustained on active duty, would no longer assist veterans in finding jobs and becoming productive members of society again.

CCC FARM PROGRAMS AND CROP INSURANCE

The Senate has just passed a bill that provides over $7 billion in FY 2000 emergency assistance to the Nation's farmers and ranchers, to help them through these times of nationwide low commodity prices and regional droughts that are withering crops and livestock. Simultaneously, this bill would cut assistance to farmers funded through the Commodity Credit Corporation, through a small FY 2000 sequester, at a time when many farmers are hurting.

The effect on farm programs in the outyears starting in FY 2002 would be catastrophic, and cause thousands of farmers and ranchers to go out of business. Farm income and price support programs would be devastated, and if today's commodity prices were to continue into the outyears, the ''family farm'' would become a historic relic. In addition, with U.S. agriculture heavily dependent on exports, such an outyear sequester would end USDA's export credit programs that guarantee billions of dollars of farm exports a year.

Starting in FY 2002, the Agriculture Department's crop insurance program would shut down, and without insurance most farmers and ranchers could not secure the financing from banks needed to operate their farms and ranches.

STUDENT LOANS

Guaranteed and Direct Student Loan Program borrowers would have their origination fees increased by one-half of a percentage point beginning in 2000.

The average student loan borrower would pay an additional $28 in origination fees. A graduate student taking out the maximum $18,500 loan would pay an additional $93 in fees. A college junior or senior taking out the maximum $10,500 loan would pay an additional $53 in fees.

Over 5.5 million beneficiaries would be affected.

CHILD SUPPORT ENFORCEMENT

New Federal funding for Child Support Enforcement would be eliminated beginning in 2002 and many States would no longer be able to continue this critical program. In FY 1998 this program collected $14.3 billion on behalf of children and families, and helped many low-income families move from welfare to work.

SOCIAL SERVICES BLOCK GRANTS (SSBG)

Beginning in FY 2002, SSBO would be eliminated. SSBG provides funding to States to support a wide range of programs including child protection and child welfare, child care, as well as services focused on the needs of the elderly and handicapped. The inherent flexibility of this grant permits States to best target funds to meet the specific needs in their communities.

IMMIGRATION SUPPORT

Mandatory funding for immigration programs pays for the costs administering laws related to admission, exclusion, deportation and naturalization of aliens. These costs are funded principally from fees paid by aliens. Sequestering this entire amount in FY 2002 and subsequent years would bring the immigration services program to a halt, leaving millions of legal aliens stranded in the immigration process and stopping all new immigration actions. This untenable situation would have the further effect of stopping all new fee revenue collections, thereby increasing overall mandatory spending.

MINERAL LEASING ACT PAYMENTS

The impact of a 100-percent outyear sequester starting in FY 2002 on Mineral Act Leasing payments would be devastating to many States. Under current law, these payments are made by the Interior Department to States as a percentage of Federal receipts received from the leasing and development of mineral resources (oil, gas, coal,) on Federal lands in those States. Most of the payments are made to the western States and to Alaska. The States, in turn, generally use these payments to help finance local elementary and secondary schools. Some of the lowest-income States would have outyear funding to schools substantially reduced as a result of such a large sequester.

PAYGO SEQUESTER CALCULATION

[Dollar amounts in millions]

	2000	2001	2002	2003	2004
PAYGO Net Deficit Increase	2,388	245	34,531	51,935	61,700
Excess above total PAYGO sequester baseline	0	0	6,332	23,410	32,193
Sequester amount (constrained to baseline)	2,388	245	28,199	28,525	29,507
Programmatic Sequester Amounts:					
Special rules:					
ASI	24	38	39	40	41
GSL and Foster Care	180	191	203	215	228
Medicare	1,981	15	9,247	9,993	10,567
All other (across-the-board sequester):					
CCC	76	0	5,047	4,309	4,327
Child Support Enforcement	12	0	3,148	3,381	3,649
Social Services Block Grants	22	0	1,441	1,435	1,435
Immigration Support	14	0	1,319	1,319	1,319

PAYGO SEQUESTER CALCULATION—Continued

[Dollar amounts in millions]

	2000	2001	2002	2003	2004
Crop Insurance	14	0	1,642	1,708	1,786
Mineral leasing Act payments	6	0	630	644	656
Veterans Educ & Readj. Benefits	8	0	1,041	1,039	1,057
All other	50	0	4,443	4,443	4,443
Total, across-the-board seq. amounts	203	1	18,711	18,278	18,671
Sequester total	2,388	245	28,199	28,525	29,507

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I yield back such time as remains.

Mr. President, would you believe there is one more Republican speaker?

The PRESIDING OFFICER. The Chair would believe that statement.

THE TAXPAYER REFUND & RELIEF ACT OF 1999—THANKS TO THE STAFF

Mr. LOTT. Mr. President, tonight we are passing a fantastic piece of legislation. The Taxpayer Refund and Relief Act of 1999 will return $792 billion of tax overpayments to American taxpayers over the next 10 years. It will cut income tax rates for all Americans. It contains dramatic cuts in the marriage penalty. It cuts capital gains tax rates and indexes capital gains for inflation. It eliminates death taxes. It expands retirement opportunities, educational opportunities, and health care choices. This, Mr. President, is a superb bill, and I am proud to have been a part of the process that developed it.

I want to thank the following staff for their dedication, intelligence, long hours, and commitment to Republican principles. The most important of these are Chairman BILL ROTH'S staff. Chairman ROTH provided the leadership, and these people did all the hard work to back them up. From Senator ROTH's Committee on Finance, I want to thank Frank Polk, Joan Woodward, Mark Prater, Brig Pari, Tom Roesser, Bill Sweetnam, Jeff Kupfer, Ed McClellan, Tara Bradshaw, Ginny Flynn, Connie Foster, and Myrtle Agent. They are the tax counsels and policy experts who help us understand the intricacies of tax policy and legislation. We rely upon them every day for advice, and we have leaned on them for support during the past month. They are professional, patient, intelligent, and dedicated. I also want to thank John Duncan and Bill Nixon from Senator ROTH's staff for their leadership.

One person in particular deserves special mention. Mark Prater, Chairman BILL ROTH's chief tax counsel, was the principal Senate staff architect of this bill. Mark is an enormously valuable resource to the entire U.S. Senate. Mark's knowledge of tax policy and the tax code are unsurpassed. His dedication to good tax policy is unmatched. While we all worked hard to craft this legislation, Mark has given his days, nights, and weekends to this bill for several months. And his patience, professionalism, and easygoing demeanor make it a pleasure to work with him. I know that I speak for all of my colleagues, and for their staff, when I say thank you to Mark Prater for his work on this bill.

I want to thank all of the Joint Tax Committee staff for their excellent, professional staff work. Under the leadership of Lindy Paull, and two of her deputies, Rick Grafmeyer and Mary Schmitt, the Joint Tax staff did an incredible job turning around legislative language and scoring faster than we thought possible. They said we couldn't conference two $792 billion bills in less than a week. Thanks to the leadership of BILL ROTH and BILL ARCHER, and to the lightning speed of the Joint Tax staff, we proved them wrong.

The staff for the Republican members of the Finance Committee also deserve special recognition: Kathleen Black from Senator CHAFEE's staff, Kolan Davis from Senator GRASSLEY's staff, Judy Hill from Senator HATCH's staff, Alexander Polinsky from Senator MURKOWSKI's staff, Hazen Marshall from Senator NICKLES' staff, Ginger Gregory and Keith Hennessey from my staff, Dick Ribbentrop, Steve McMillin, and Mike Solon from Senator GRAMM's staff, Jeff Fox and Ken Connolly from Senator JEFFORDS' staff, Vic Wolski and Shelly Hymes from Senator MACK's staff, and Rachel Jones and Libby Wood from Senator THOMPSON's staff.

Much of this debate centered on questions that are normally considered in a budget resolution, rather than a reconciliation bill. So I also want to thank Senator DOMENICI's excellent Budget Committee staff, who, as always, did top-notch work. In particular, I want to highlight the efforts of Bill Hoagland, Cheri Reidy, Beth Felder, Jim Capretta, Amy Smith, Sandra Wiseman, and Andrew Siracuse. And we can't forget the Budget Committee ''masters of spin,'' Bob Stevenson and Amy Call.

I offer my profound thanks to all of these dedicated Senate staff. Without their hard work, we would not be enjoying today's success.

I believe then Senator SPECTER will be the final speaker.

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

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, in my view, the underlying issues on the conference report on the tax cut bill present a close question. There is much to be said for the basic proposition of returning a portion of the surplus to the taxpayers so that they, instead of Congress, can decide where to spend the money.

The competing view is that the projected surplus over a 10-year period is highly speculative and that great care must be exercised to be sure Social Security and Medicare are solvent. The projected surplus also requires adherence to caps or limitations on spending which both the Congress and the President now admit to be unrealistic. The projected surplus also does not take into consideration emergencies, such as the multibillion-dollar Agriculture appropriations bill which passed the Senate last night.

In addition, there is substantial merit to using any surplus to pay down the national debt, thus reducing the $293 billion in annual interest charges on the $5.6 trillion debt. On balance, on a close question, I believe the Nation's interest will be best served by rejecting the $792 billion tax cut, leaving open the possibility at a later time of a more modest $500 billion tax cut as proposed by a group of centrists.

In reality, the vote on the conference report may well be meaningless in light of the President's repeated statements that he will veto the bill. This bill is probably just another step in the complex negotiations involving pending appropriations bills, including mine as my capacity as chairman of the Subcommittee on Labor, Health and Human Services, and Education.

I voted against the tax bill when it was before the Senate last week, and I am opposed to the tax bill tonight. At the urging of the majority leader, Senator LOTT, I have agreed to consider a live pair with my colleague, Senator MIKE CRAPO, who is in Idaho for his daughter's wedding. As of early this morning when I talked to Senator CRAPO, there were no commercial flights which would return him to Washington in time to vote. If he returned by charter aircraft, he would miss his daughter's wedding ceremony and disrupt the family's wedding celebration.

I have decided to agree to that live pair, which means that during the rollcall, if it is necessary, if it turns out Senator CRAPO's vote is indispensable, I will say that if Senator CRAPO were here, he would vote aye for the bill and I would vote nay against the bill. His absent aye vote would be paired then with my nay vote which would not be cast.

I am concerned, candidly, that this live pair being inside the beltway would be widely misunderstood, but I believe it is preferable to compelling Senator CRAPO's return to Washington or to have the will of the Senate exclude the vote of Senator CRAPO who could not be here unless he returned by charter jet and missed his daughter's wedding.

As I say, I voted against this bill last week, and I am opposed to it today. I intend to vote no unless the live pair with Senator CRAPO is indispensable for the reasons I have just outlined.

I thank the Chairman and yield the floor.

The PRESIDING OFFICER (Mr. SESSIONS). The Senator from Delaware.

Mr. ROTH. Mr. President, I yield myself such time as remains. I think it is 2 minutes.

As I said this morning, the fundamental question before Congress these past few weeks, as we have debated the Taxpayer Refund Act of 1999, is quite simple: Is it right for Washington to take from the taxpayer more money than is necessary to run Government?

The issue of tax relief isn't anymore complicated than that, and the outcome of the conference between the Senate and the House makes it clear that Government is not automatically entitled to the surplus that is, in large part, due to the hard work, thrift, and risk taking of the American people. Individuals and families are due a refund. That is exactly what we do with this legislation. We give the people a refund, and we do it in a way that is fair, broad based, and empowering.

Mr. President, I am ready to yield back the remainder of time.

Mr. MOYNIHAN. Mr. President, I believe we have yielded back the remainder of our time.

Mr. ROTH. I yield back the remainder of my time, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Idaho (Mr. CRAPO) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 49, as follows:

[Rollcall Vote No. 261 Leg.]

YEAS—50

Abraham	Craig	Hatch
Allard	DeWine	Helms
Ashcroft	Domenici	Hutchinson
Bennett	Enzi	Hutchison
Bond	Fitzgerald	Inhofe
Brownback	Frist	Jeffords
Bunning	Gorton	Kyl
Burns	Gramm	Lott
Campbell	Grams	Lugar
Chafee	Grassley	Mack
Cochran	Gregg	McCain
Coverdell	Hagel	McConnell
Murkowski	Sessions	Thomas
Nickles	Shelby	Thompson
Roberts	Smith (NH)	Thurmond
Roth	Smith (OR)	Warner
Santorum	Stevens	

NAYS—49

Akaka	Feingold	Mikulski
Baucus	Feinstein	Moynihan
Bayh	Graham	Murray
Biden	Harkin	Reed
Bingaman	Hollings	Reid
Boxer	Inouye	Robb
Breaux	Johnson	Rockefeller
Bryan	Kennedy	Sarbanes
Byrd	Kerrey	Schumer
Cleland	Kerry	Snowe
Collins	Kohl	Specter
Conrad	Landrieu	Torricelli
Daschle	Lautenberg	Voinovich
Dodd	Leahy	Wellstone
Dorgan	Levin	Wyden
Durbin	Lieberman	
Edwards	Lincoln	

NOT VOTING—1

Crapo

The conference report was agreed to.

Mr. MOYNIHAN. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

PROVIDING FOR CONDITIONAL ADJOURNMENT OR RECESS OF BOTH HOUSES OF CONGRESS

Mr. LOTT. Mr. President, there is a concurrent resolution at the desk calling for the conditional adjournment of Congress. I ask unanimous consent that the resolution be considered agreed to and the motion to reconsider be laid upon the table, all without any intervening action or debate. This has been cleared on the Democratic side.

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

The concurrent resolution (S. Con. Res. 51) was agreed to, as follows:

S. CON. RES. 51

Resolved by the Senate (the House of Representatives concurring), That when the Senate recesses or adjourns at the close of business on Thursday, August 5, 1999, Friday, August 6, 1999, or Saturday, August 7, 1999, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Wednesday, September 8, 1999, or until such time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the House adjourns on the legislative day of Thursday, August 5, 1999, Friday, August 6, 1999, or Saturday, August 7, 1999, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand adjourned until 10:00 a.m. on Wednesday, September 8, 1999, or until noon on the second day after Members are notified to reassemble pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Majority Leader of the Senate and the Speaker of the House, acting jointly after consultation with the Minority Leader of the Senate and the Minority Leader of the House, shall notify the Members of the Senate and House, respectively, to reassemble whenever, in their opinion, the public interest shall warrant it.

UNANIMOUS CONSENT AGREEMENT—H.R. 2466

Mr. LOTT. Mr. President, I ask unanimous consent that all first-degree amendments in order to the Interior appropriations bill, other than the managers' amendment, must be filed at the desk by 8 o'clock this evening and one amendment be allowed for each leader.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

UNANIMOUS CONSENT REQUEST—H.R. 2084

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of Calendar No. 181, H.R. 2084, the Transportation appropriations bill.

Mr. REID. Objection.

The PRESIDING OFFICER. Objection is heard.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 2000—MOTION TO PROCEED

CLOTURE MOTION

Mr. LOTT. Mr. President, I move to proceed to Calendar No. 181 and send a cloture motion to the desk.

The PRESIDING OFFICER. The clerk will report the motion.

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Transportation appropriations bill:

Trent Lott, Pete V. Domenici, Paul Coverdell, Thad Cochran, Pat Roberts, Jesse Helms, Judd Gregg, George Voinovich, Ted Stevens, Slade Gorton, William V. Roth, Jr., Bob Smith of New Hampshire, Craig Thomas, Michael Crapo, James Inhofe, and Frank Murkowski.

Mr. LOTT. Mr. President, for the information of all Senators, this cloture vote on the Transportation appropriations bill will occur on Thursday, September 9.

I ask unanimous consent that the cloture vote occur at 9:30 a.m. on Thursday, September 9, and that the mandatory quorum under rule XXII be waived.

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

Mr. LOTT. I now withdraw the motion to proceed.

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

ORDER OF BUSINESS

Mr. LOTT. Mr. President, there will be no further votes tonight. I would like to update the Members as to votes tomorrow. The Senate will resume the Interior appropriations bill for consideration of amendments. However, no further votes will occur this evening. If votes are ordered, those votes will be postponed to occur on Wednesday, September 8. I hope Senators who have