Those are donors who decided to give only knowing that they would save 50 to 75 cents out of every dollar on their taxes for what they gave to the universities.

Those universities, not getting those charitable contributions will come to this House and ask us for money; and we will say, sorry, we cut Federal revenues by $50 billion in the estate tax bill. We cannot help you.

Mr. Speaker, when one goes to the universities in the future, the buildings will not have names, because the charitable contributions justifying naming a building after someone will not be made.

Mr. Speaker, this bill, however, actually increases taxes on one group of people: widows and widowers. It takes away from them most of the step-up in basis which reduces income taxes on the sale of assets that they acquire from their deceased spouse. So while providing $50 billion of tax cuts, it increases taxes on widows and widowers.

The bill is supposed to make it easier for family businesses to stay in the family; yet not a single statistic has been put forward as to how much the estate tax is driving families who choose to sell their businesses nor whether it is better for the economy to sell businesses to those who really want to be in that business rather than those who inherit them.

Finally, Mr. Speaker, this bill is certain to be vetoed. So it is a show, a show of where we stand in terms of our values; but mostly, it is delay. Because if instead this House worked together, we could provide reasonable estate tax relief for upper middle-class families who are currently caught either paying the tax or caught having to draw long estate planning documents bypass trusts, extra tax returns every year for widows and widowers, all in an effort to escape a tax that was never designed to be applied to them anyway.

So I have introduced a bill that would say that, if someone inherits assets, they also inherit the unified credit. So that every husband and wife could pass to their children $2 million in assets without paying a single penny of estate tax and without having to deal with bypass trusts, Form 1041 special income tax returns, and all of the complication the present law afflicts them with.

Mr. Speaker, there are 50 billion reasons to vote against the bill that we will consider tomorrow.

NIGHTSIDE CHAT

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

Mr. MCINNIS. Mr. Speaker, once again we are here for a nightside chat. It is very interesting. I just had the opportunity to hear the gentleman from California (Mr. SHERMAN) speak about the death tax. What I was surprised about is he actually got some applause as he concluded his remarks.

I want to talk about his remarks on the death tax. This is a supporter of the death tax in this country. I want to specifically go through the impacts, the negative impacts that this tax called the death tax has on our country.

I want to point out very clearly, Mr. Speaker, that the current administration, the Democrats, have not only proposed not to cut the estate tax but, in fact, in the administration budget, and I would urge my colleagues from the State of California to look in the administration's budget, and they will find out that there is not a freeze on the death tax; that, in fact, the administration proposes a $9.5 billion increase in the death tax. I say come on to my colleagues from the Democratic side who are supporting this death tax. Be straightforward. Be up front. Talk about that administration budget. Talk about the administration policy.

They want to increase the death tax on the American people. They do not want to freeze it. They do not want to cut it. Let us talk about facts here this evening. Let us address it.

Today, very interesting, I read the Wall Street Journal. I tell my colleagues, I am an avid reader of the Wall Street Journal. I think they have excellent articles. I also read articles written, and I have it here to my left taped on this platform, an article by Albert R. Hunt. I thought this evening would be a good opportunity for us to go over a few points made in his article, because I think his article is full of inaccuracies.

I am afraid that the gentleman, Mr. Hunt, who wrote this article has not been to rural America. I am afraid that he simplifies, is even disingenuous in his comments towards those of us in rural America who are impacted by death taxes.

Now, before we start our conversation, Mr. Speaker, let us just remind ourselves what are the death taxes. Death taxes are a tax imposed upon one's estate, actually upon one's death. One has about 9 months to pay them. They are taxes, in many cases, on property that one already has paid taxes upon. In other words, during one's lifetime, for example, a rancher, a farmer, a small business, one begins to work the American dream, one begins to accumulate some assets.

It does not take much anymore to get to $675,000 if one owns some land, for example, in Colorado or if one owns a small business and one has benefited from the growth in this economy.

What the Government says is, despite the fact one has paid taxes all one's life on most of this property that one has now accumulated, with the exception of some IRAs, despite the fact that one has paid taxes one's entire life, we the Government, we Uncle Sam are going to come to one's estate and, upon one's death, we are going to tax one again, as if the Government has not gotten enough.

Well, let me tell my colleagues it has been oversimplified by the previous speaker, the gentleman from California (Mr. SHERMAN). He makes it sound as if it is the very wealthiest people in this country and all we are doing is asking him to dig out some pocket change and throw it out on the table so that the Government can be satisfied and take its take and walk away. That is not what is happening out there.

I am disappointed the gentleman from California (Mr. SHERMAN) has left the Chamber because I wish he were here so he could hear firsthand what that does to the small business people, what it does to the ranchers and the farmers, and what it does to the people in Colorado and throughout this Nation who are advocating open space instead of condominiums.

It is time, Mr. Speaker, to wake up to what this death tax is doing: number one, what that impact is, and, number two, what is important is the principle. Where is the justification to go to somebody who has succeeded in the American dream, who understands American free enterprise, who has been successful with American free enterprise, who wants to pass something on to the next generation. Where is the principle of justification in going to that family's estate and saying to them, hey, we are Uncle Sam, and we have not had enough. We want to tax you just a little more. By the way, a little more could go clear up to 55 percent of your estate.

I am going to give my colleagues a specific example here a little later on of how it impacted, not only the estate, but how it impacted the family of a successful individual who recognized the American dream who started out with nothing, and probably most important, and, again, I wish the gentleman from California (Mr. SHERMAN) were here on the floor, how it impacted the entire community.

My colleagues want to talk about charitable giving to churches, well, stay tuned for my example of what happens when the Government comes in and taxes property that has already been taxed, in many cases not only once, twice, or three times.

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Let me turn now for a moment to this article by Mr. Hunt. Let us kind of go through the article. Of course, in the first paragraph Mr. Hunt compares what the House Republicans are doing. I am glad that he has made it very clear that, in fact, it is the Republicans who have taken the lead on eliminating this tax, the death tax. Ironically, in the last couple of days, the Democratic leadership has jumped up and all of a sudden exhibited a great deal of interest in also trying to get rid of the estate tax at the same time apparently some of the troops have been directed to come out here and talk about how abusive it is. And, of course, Mr. Hunt plays right into their hands.

Let us go over this article. Mr. Hunt. ''House Republicans, with the help of some accommodating Democrats,'' as if it is wrong for a Democrat to support doing away with the death tax, ''wants to give $50 billion to Steve Forbes and Bill Gates.'' Of course, Mr. Hunt is going to talk about the Steve Forbes and the Bill Gates kind of people. How interesting in that paragraph he does not talk about the ranchers, he does not talk about the open space matters, he does not talk about the small businesses. Mr. Hunt does not talk about the American dream. All Mr. Hunt talks about is $50 billion.

We are getting this money from a tax that, in my opinion, is not justified; a tax that is the most punitive tax we have in our system, punitive meaning punishing tax. It is there for one purpose, it is there as a shot based on a person's wealth. It is there penalizing someone who has become successful. That is the only reason that tax is in place. Yet Mr. Hunt's concern, as expressed in this article, is not whether or not it is justified in principle, Mr. Hunt's point is that we are losing $50 billion. So whether it is right or not, we cannot afford to lose the $50 billion.

How interesting that Mr. Hunt in his article does not mention that the administration proposes this year to increase the death tax by $9.5 billion. Is that fair? What we were hoping for, until George Bush takes office, which I hope occurs, and the reason I mention this is because George W. Bush has committed to eliminating the death tax, but until that happens, I was in hopes at least the Democratic leadership would stay neutral on this estate tax. It was too much to expect the Democratic administration would actually support us in a reduction of the estate tax, but they caught me off guard because I did not expect the Democratic administration to propose this year in the administration's budget a $9.5 billion increase on the death tax.

Let us go a little further. I just mentioned that Bush advocates the repeal. Here they talk about diminished support for churches. If we do not tax the rich people, so-called, as they quote it, if we do not tax the rich people in this country the churches are going to suffer. Now, boy, is that an example. The churches are going to suffer. I am going to go through an example and show my colleagues how the estate tax made a church suffer; how an entire community in small town America suffered. Not Bill Gates' community, not Steve Forbes' community. And, by the way, he names two Republicans. Let us talk about some Democrats. Not the Kennedys, none of these big families' communities, but small town America. Let us talk about small town America tonight and what this estate tax does to small town America.

It is interesting that the gentleman who spoke said that this bill is wrong because it does not give tax relief to working families. That is what the gentleman from California just told all of us, my colleagues, that this bill to reduce the estate tax does not give a tax break to working families. In other words, the gentleman's assumption, as he spoke, and I am not sure if it was his intent, but as the gentleman spoke his comments were that if an individual happened to accumulate more than $675,000 either in a small business or some lands or some other type of success, that individual apparently is not a working member of our society; that somehow that money just fell out of the sky and that the government is entitled to come to that individual's family, to that person's survivors, and tax them. Where is the equity of that?

Let us go a little further in this article. Mr. Hunt says, with regard to this estate tax, ''these arguments are Trojan horses. The pressure for repeal comes from wealthy campaign contributors rather than the average voters.'' Mr. Hunt needs to come with myself or some of my colleagues out to rural America. He needs to step out there and let us show him these wealthy contributors, these families, these small ranchers, these farmers.

All of my colleagues know that the very wealthy, the Bill Gateses and the Steve Forbeses have an entire floor of attorneys to advise them on how to escape that estate tax. They can afford it. They have the expertise to minimize the tax. The people that do not have that kind of money are people like my in-laws. They are ranchers. They have been on the same ranch since 1860, somewhere in that time period. A hundred-some years they have been on that ranch, I would say to Mr. Hunt and to my colleagues.

We should not underestimate the American dream and what it meant to my wife's descendants, what it meant to those people in her family who came over to this country for the American dream. Yet the gentleman from California says they must not be working members of our society because they have accumulated wealth to the extent that the government can tax it. Wealth, for example in my in-laws' family, is not cash, it is the land they live on. It is the land they have ranched on for over 100-some years. It is the land they live for. It is the house where my father-in-law was born and where his father was born. It is the community where my wife was born.

Maybe some of these people who think this estate tax, one, is fair and, two, is only for the wealthy should spend a weekend with me in Colorado. I will show my colleagues some of these people that are being impacted.

Let us talk a little further about this article. He says it is disingenuous, for example, to talk about farms and small businesses. After all, he says, they are fewer than 5 percent of all taxable estates. I do not give a darn if a small family farm or a small family ranch is only 1 percent of the taxable estates. We have a fiduciary duty as representatives of the citizens of this country to be fair. And how can we be fair if we go to even 1 percent of the small ranches and farms in this country and say to them that even though they have worked their land, even though they have tried to save it so that their farm or their ranch can be passed on to the next generation, that because they only represent 1 percent, we are going to nail them to the wall. We are going to come and tax them on land that they have already been taxed on.

My gosh, I wish my colleagues could see what my in-laws went through to save their pennies, to sell their cows so that they could buy the land and have a ranch to pass on to the next generation. And now, of all the things that their descendants could ever have imagined back in the 1860s or the 1800s, when my in-laws' grandfathers and grandmothers came to this country, of all the things that would destroy their dream, I am sure they never thought it would be the government; that upon their death they would have a new tax called the death tax.

And let me tell my colleagues, the purpose, the real reason the death tax was put in place was jealousy. It was put in as a punitive measure against some of the tycoons of the early 1900s, the Carnegies, the Rockefellers, and people like that. Our forefathers never envisioned, when they drafted our constitution, they never envisioned when they settled this country that the government would, upon a person's death, punish that person's family by taking the valuable assets that had been accumulated, whether or not they amounted to a whole bunch.

Let us go a little further in this article and talk about what it does here. It talks about, well, the Democrats, the top Democrat tax writer, for example, will offer an alternative that will lower rates, and somehow this is the magical thing. Let me say, before we talk about lowering rates, let us address the issue of whether or not this tax is justified. If we have a tax in place and we come to the conclusion that the tax is not fair, we should not care about whether or not it is producing revenue, we should care about is it fair to the people that we represent.

This country is a country based on the principle of fairness, based on justice, and is it just and is it fair to impose a tax on the American people even if it is only 1 percent of the American people; a tax that serves as a punishment and not as a legitimate taxing purpose? That is exactly what we have with the death tax.

Now, I referred earlier in my comments about giving an example of the American dream and how the American dream was crushed. It is not about a Bill Gates, it is not about a Kennedy, it is not about a Steve Forbes, it is not about any wealthy family in America. It is about small town America. It is about a small town in the State of Colorado. It is about a small town that has churches and schools. It is a small town that has a lot of community

unity in it. Let me tell my colleagues what happened in that small town.

A young man, many, many years ago, came to this small town in Colorado with big dreams. He started working in a construction company with a shovel in his hand. The gentleman's name was Joe. Joe went out and he dug ditches. He worked 10 hours a day, 12 hours a day, 14 hours a day, because all he wanted was to gain a little foothold on the American dream. He wanted to go out and have the opportunity, if he worked harder, if he thought smarter, to be successful for himself and for his family. That, after all, is how he was brought up. Those were the principles of America: Go out and enjoy capitalism, go out and enjoy the American free enterprise.

So that is what Joe did. He started in this small community digging ditches. Pretty soon he got promoted to be the bookkeeper of this construction company, and later on, several years later, he had an opportunity, on an installment basis, making payments out of his check every month, at the same time trying to support his young family, to buy into the business. Now, colleagues, he did not inherit any money. He did not come into this with a bag full of money. He came into it with a bag full of energy, with a bag full of dedication, with the American dream that maybe he could own a part of this construction company.

Now, Joe's family, his wife and his two boys, although his boys were very, very young at the time, they shared in the sacrifice. They did not get the extra privileges of life, because papa was out there taking every penny he could to make his payment to have a little shot at ownership of the construction company.

Well, that ownership began to pay off after years. And during those years that the amount of money coming back from the construction company began to exceed the money invested in the construction company, in other words, the profits from his investment, he paid his taxes. Never once in his life did Joe evade taxes. Never once in his life did the government have to come to Joe and tell him that he had not paid his taxes; that he had tried to cheat the American people; that he was not carrying his fair share because he was trying to get out of his taxes. It never happened once with Joe.

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Joe is one of the most patriotic men I ever met. And so as he began to make profits, the first thing he did was pay his taxes. And then do you know what he did? He took money, and he put it back into the business. The more money he put back into the business, the more people in this small community he gave jobs to.

Then some of the money he took home he put in the local bank. And the money that he put in the local bank grew the bank, and pretty soon the bank was able to make more loans to people with the American dream in this small town of Colorado. This money was circulating in the community. It was not transferred to the Government in Washington, DC, except for the legitimate taxes.

What else did he do? And I hope my colleague from the State of California is listening to this. He supported the local church. In fact, at the time of his death, he supported the local church to the extent of about 70 percent.

Mr. Speaker, let me recap where we are.

Joe goes to the small community in Colorado. He does not have any money. He did not inherit. He is not wealthy, he and his wife both. At that point in time, the role was she was to assume the role of being a homemaker. She worked as hard as he did. She took care of the kids, who are two young boys. He worked 10 to 14 hours every day of the week, started in a ditch with a shovel, to try and make good to try and accomplish the American dream.

And as often happens in America, if you work hard, you are rewarded. That is what happened to this gentleman. Joe began to become rewarded. The first person that got their hands on the money that he made was the Government. And it was fair. Joe, as long as I knew him, never complained about the taxes. He felt that he needed to give a fair share to the Government for the roads and for the military and for our national issues. So he paid his taxes.

As I mentioned before, he was never late on taxes. He never avoided taxes. He was never cited by the Government for cheating on the taxes. He paid his taxes. And then he took the other money that he made and he put it back in the small company. This was the construction company which employed a few people.

Pretty soon it employed a few more people, and pretty soon those people were able to take money home to their family. And pretty soon those people were able to save for their dream and their life because Joe was able to employ them. It created jobs in our community.

The gentleman from California that spoke here earlier, the Democrat, believes that the way to create jobs is to create them in Washington, DC.

I am telling you, this death tax, that is exactly what it does. It transfers wealth from a small community like ours or from any community. And where does that money go? When the Government charges a death tax, do you think that money stays in the community? Of course it does not.

That money is immediately, within 9 months, has to be transferred to your State for their estate death tax or, more importantly, to Washington, DC; and then Washington, DC, redistributes it in this community for jobs in Washington, DC. It does not help our little communities out there in Colorado. And it did not help Joe.

But Joe kept working, and he accumulated more and more ownership of the construction company until one day he was able to buy his own construction company after years and years of making payments. And so Joe ran that construction company, and he provided the majority of support for the local church of which he was a member. He supported the majority from a contribution point of view. He gave the largest contributions to almost every charity drive in that community. When somebody in that community got sick, when somebody in that community had a hardship, they went to Joe for help and Joe helped them.

Now, I say Joe. I should also add, in fairness, Joe and his wife. Because, with all due credit, his wife worked just as hard as Joe did. So I should include both of those parties. So Joe and his wife, you could always go to them and they would always help out in their local community.

So what happens? Joe and his wife were able to educate their children. Then Joe's wife takes ill. She does not come to a hospital in Washington, DC. By the way, his kids were not educated in Washington, DC. They were able to be sent to a State school. But Joe's wife becomes sick. She becomes ill. She dies of cancer.

So Joe decides that he is going to sell the company. So Joe sells the company. And he immediately pays a capital gains tax, pays a capital gains tax on the sale of the company. Joe never complained about that. He made capital gains on that company.

In other words, capital gains is you buy the company at this price, and you sell it at that price. That profit is called a capital gain. That is a legitimate gain upon which to charge tax. And that is exactly what they did. He did not complain about it. He paid a tax in excess of 28 percent on the profit he made from the construction company he was able to own after starting in the ditch with a shovel.

But then let me tell you what happened. Within 3 months Joe got cancer and he died. Do you know what the Federal Government did to that family estate? They went into that family estate, and they assessed it with a tax of 55 percent. Now, you add the 55 percent; and you add 24 percent on capital gains because the construction company was the primary asset in the family estate, and you come up with a tax of 79 percent.

What this man and his wife spent their entire life working for, 79 percent of it was taxed by the Government upon his death. That is within that period of time, 4 months preceding his death and upon his death.

Now, I know the son very well, both the sons. I asked the one son, I said, now, tell me, 79 percent, that means your family got 21 cents on the dollar? In other words, 21 percent of what your father and mother spent their entire life working for, you got 21 cents on the dollar. No, no, no, he says. We did not get 21 cents on the dollar. Because we were forced to sell. We had to sell it within a very short period of time. We could not get the best price. We had to get whatever somebody would pay us so that we could pay the Government before the Government then assessed penalties upon us because we did not pay the death tax in time. So we really did not realize 21 percent.

This family told me they thought they realized about 15 cents on the dollar. So their father and their mother worked their entire lives to accomplish an American dream. They paid taxes their entire lives. They never cheated the Government on one penny of tax; and upon their death, the Government came in and took over 79 percent of the value of that estate.

And Mr. Hunt calls that, why do the Republicans complain about that? My colleague from California stands up and says, my gosh, it is going to cost us $50 billion; who cares about the fairness. It is going to cost the Government $50 billion to be fair to these people.

Well, now what happens? The next thing that happens is that the local church comes to my friend, the son, the son of the father and mother I just talked about that died, and they said, you know, we are sorry about your father and your mother's passing. But did you know that your father provided the majority of support for our local church? The son says, no, I did not. And did you know that our drive for a new building and these other charities, your father and mother were the primary people who donated in our small town; they are the ones that made it happen? The son says, no, I did not.

Well, they said, the church, we hope that you are going to be able to continue on the commitment that your father and mother made, that you are going to be able to carry on like they did and make these major contributions, major in a small community. We are not talking about a $10 million grant to the Kennedy Center. We are talking about a small church in small town America. And we hope you are going to be able to continue this.

Do you know what the son said? I cannot. I do not have the money. We had to send that money to the Federal Government in Washington, D.C.

Now, this gentleman from California, my colleague, stands here and talks about fairness, talks about the fact that if we eliminate the estate tax that we are going to hurt churches. Wake up, my colleague.

You want to see what hurts churches and what hurts charitable causes? Go out and see what you are doing with this punitive tax. And quit bringing up the name Bill Gates and the name Forbes and all of these wealthy families. Start talking about some of the people that do not have a lot of cash in their pocket, but instead their pockets are full of the American dream and they have had a little success so you penalize them.

I see my colleague, the gentleman from Missouri (Mr. HULSHOF), is here; and I am happy to yield to the gentleman if he would like to join in the discussion.

Mr. HULSHOF. Mr. Speaker, I appreciate the gentleman yielding very much and especially on this very timely topic, as we have this discussion tomorrow on get getting rid of the Federal death tax, this very punitive tax.

I know the gentleman has been talking about a recent editorial, in fact I think in today's Wall Street Journal. I am mindful of an editorial that was written in yesterday's Washington Post in a similar vein that indicates that what we are about to do tomorrow is ''Government by Bumper Sticker,'' as the editorial says.

I suspect that we are going to have during the course of this debate that mantra from those who oppose this idea that this is tax breaks for the wealthy.

And yet, speaking of bumper stickers, the gentleman has been talking about friends near and dear to him back home in Colorado, but over the Memorial Day recess I had the opportunity to travel the highways of Missouri's 9th Congressional District, and I got behind this minivan vehicle that was pulling a camper trailer behind it; and the bumper sticker on the camper trailer said ''I'm spending my kids' inheritance.''

And, of course, this is kind of a whimsical thought. And first I had to make sure that was not my family that was traveling down the highway spending their kids' inheritance. I think it points up really a more serious issue; and that is, it really in some cases, and my colleague pointed out some very real-life examples, in some cases it is cheaper to sell off the family business pre-death rather than to experience first of all the personal tragedy of the loss of a loved one but then having to deal with the Internal Revenue Service at the moment of death.

The best bumper sticker slogan that I can think of regarding this issue is as follows: ''The death of a family member should not be a taxable event.''

The point is, and I know that the editorials talk about and my colleague has spoken very eloquently and very passionately about the opponents of this repeal say, well, this is only going to help, as you my colleague mentioned, the Bill Gateses or the wealthy class but the wealthiest Americans.

I think what gets lost in all of the debate is how many resources, how much money is spent, how much time and effort is spent in a way to avoid the death tax. There is not a lot of discussion about the amount of, again, resources committed to estate plans.

Now, I have got many friends that are tax lawyers or accountants. But speaking of a real-life example, back home in Columbia, Missouri, which is my home, a family, the Eiffert family, Howard Eiffert started a lumber business, along with his wife Lucy; and they worked very hard during the course of their lifetimes; and their two sons, Brad and Greg, who now are the principals in that lumber business. And it has been successful.

People around the mid-Missouri area recognize this lumber company. Howard is now enjoying retirement, and he is becoming more seasoned as a mature American. And yet the amount of money that the Eiffert family, particularly the two principals are spending, $35,000 a year on insurance premiums. And the sole purpose of purchasing that insurance policy is to have something in place so that when the inevitable mortality occurs that they will have proceeds from which they can then pay the Federal death tax.

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That is $35,000 a year of capital that they could be investing in their business, investing in their families, putting aside money for a college education, whatever, letting them have that decision. But instead they are making the choice to put 35 grand a year in an insurance policy because they know that, as they have done their estate planning, that they are going to be socked with the Federal death tax.

Mr. MCINNIS. The gentleman's point is so well taken. In Colorado one of the families I am very familiar with, it is a ranching family, they barely get by from year to year but they have the land they have accumulated. In fact I will give an example of my in-laws. The family has been on there since the late 1860s. Somebody like our colleague from California, the Democrat who supports this or the administration that has actually asked for an increase, their response to my in-laws and to other family farmers and ranchers is, go out and buy life insurance. The example you just gave is that family puts out $35,000 per year. My in-laws do not have $35,000 a year to pay for life insurance. They are lucky enough to get a new pickup every 5 or 6 years.

I wish some of these people who think this only applies to the Gates family or some of the other wealthy, and mind you, I do not take a thing away from the American dream, these people who have met with success. I wish they could come out and see the kind of expenditures that people like my in-laws have. They are very happy, they have lots of love, they love the land they are on, but they are not driving new pickups, flying in Gulfstreams, taking vacations in the Bahamas or anywhere else. Every penny they have got has to go back into the cattle operation. They do not have extra change for life insurance. I think the point the gentleman brings up is very valid.

Mr. HULSHOF. I think what needs to be mentioned, Mr. Speaker, is that under present law, certain estates are shielded from the Federal death tax and that exemption or that unified credit, to talk the terminology, presently is under $700,000. If you consider a family farm anywhere across the country but certainly in Missouri, let us say if you have a 400-acre farm and let us say for the purposes of this hypothetical, $1500 per acre, some places in Missouri that would be low, some places in Missouri perhaps high but I think on average if you say $1500 per acre average, for a 400-acre farm, right there you are talking about a $600,000 value just on land, not mentioning equipment that is needed to produce, not talking about the residence or the home.

My friend from Colorado mentioned his constituent, having grown up and being born and grown up in the residence and worrying about being able to hang on to that asset. Life insurance proceeds, all of this becoming part of the estate that now is subject to the tax. Once that estate value is $1 more than the exemption, you are looking at about a 37 percent tax rate up to, as the gentleman says, over half, 55 percent and in some instances as high as 60 percent.

The point I would like to make is this, and I hope tomorrow as we have this debate, I really would encourage or challenge anybody who opposes this to give me a good policy reason why we have an inheritance tax. Really what is the reason? Two weeks ago in this House we repealed the Spanish American War tax that was imposed 102 years ago in 1898, that, quote, temporary tax to fund the Spanish American War which now we finally repealed, the inheritance tax as we know it today, 1916 and really what is the policy reason? What is the justification? I can really only think of two. One is to punish the successful, which I do not think even our liberal friends would necessarily agree with that. The only other instance I can think of as far as justification for keeping the inheritance tax is redistribution of wealth. I think certainly under our present tax code and the progressive nature, there are many far better ways and certainly when we are talking about to, quote, raise revenue for the government, rather than this very unfair tax which I think punishes family farms, family businesses of whatever size, whether they are facing the tax or whether they are expending resources to avoid the tax along the course of one's lifetime, I think that tomorrow afternoon we will be gratified with a vote. I would hope and I know our friends down on the other end of Pennsylvania Avenue have issued some sort of a veto threat under the present bill, I would like to see as we get that vote tallied tomorrow, a two-thirds vote in this House. It is a bipartisan bill with 45 Democratic cosponsors, many Republicans, and so I urge my colleagues, Mr. Speaker, to vote in favor of this repeal, to do what is right, because again the death of a family member should not be a taxable event.

Mr. MCINNIS. I would acknowledge to my friend the 45 Democrats that have signed onto this, they have enough guts to stand up to the administration and stand up and say wait a minute to their colleagues on the Democratic side, let us talk about, is this tax justified. Sure the revenue might be important but the primary focus of our question here this evening and the primary focus of our debate tomorrow should be, is this tax upon one's death a fair and justified tax? You can only answer that honestly by saying no.

As the gentleman just very accurately pointed out, there are three reasons that this tax came about. One was an animosity and a jealousy towards the Rockefellers and the Carnegies and those kinds of families. It was a transfer of wealth. Even Al Hunt in his article today in the Wall Street Journal says the tax has always been aimed at the accumulation of wealth by sons and daughters of the elite. So because your parent as in my case in small town Colorado, because their parents realized the American dream, because they had a company that employed people in that community, they should be penalized.

The second reason that these aristocrats and I call these the aristocrats, they may not have been aristocrats in wealth but they were aristocrats in class warfare. That is the second reason. Hey, let's go after the rich. The rich are always the wrong people. If you are rich somehow in this country, they never figure out and the same with the administration, they never figure out maybe you worked for it, maybe the American dream allowed you to have it. And what does ''rich'' mean? In a lot of our towns in Colorado, owning 50 acres is something. If I had 50 acres, I would feel rich. The government looks at it as an opportunity to tax you. I think it is very important that as we look into tomorrow's debate that we look at real life examples that somehow my colleagues on the Democratic side of the aisle who are opposing any kind of reduction or oppose elimination of the death tax, that they first go out into their community and do not go out to the Kennedys or the Gates or the wealthy people, go out to the average person in your community who has had some success, who has a home or some property valued over that $675,000 and ask them what happens to their money upon their death. What I urge my Democrat colleagues and what I ask the administration to take a look at on their policy is remember that what you are doing, you are removing money from a community and you are transferring it to Washington, D.C.

Let me tell you what we have experienced in the State of Colorado. Fortunately a lot of you visit Colorado, and I am happy you do. Unfortunately a lot of people decided to stay there, it is so beautiful. And so our land values have gone up in Colorado. What we are seeing in Colorado is a lot of our beautiful open space, our mountains are being converted to subdivisions. Those mountains and those fields and those farms, they are farms and ranches. The reason that that land is available is not because these families want to give up farming, not because these families want to give up ranching, not because they want to give up the rural way of life but because in many cases the Federal Government through its death tax forces the family to sell that land. If you want to help protect open space, let these farms and ranches continue in existence and do not let the Al Hunts of this world tell you, well, they ought to just go out and plan for it, or the Gates family we are talking about or the Forbes family we are talking about, or the Carnegies or the Rockefellers. Do not let them sell you on that. They are sugar-coating it. Do not let them sugar-coat what you are doing by this death tax. It is not right, it is not fair, and you ought to admit it is not right and it is not fair. And you ought to get a firsthand experience from your own constituents as to what it does to your community. And the example I gave you this evening, what it did to the local church. The ranch example, what I gave you this evening and what it does to open space in States like Colorado, what it does to little businesses like Brookhart Lumber Company in Delta, Colorado. Headline in our local newspaper about 4 months ago, Brookhart must sell because of estate taxes. Brookhart, by the way, is not Home Depot. Brookhart maybe had 20 or 30 employees. Those people's jobs were at risk. I do not know whether they had to sell it or liquidate it. In a lot of cases they have to liquidate it. Remember that the only time that money does not work in a community, the only time you do not see the wealth, somebody's wealth circulate in a community is if a wealthy person goes out and digs a hole and buries their money in the ground. That does not happen very often. People who accumulate through success money in a community put it in the bank, they hire more people, they make investments, they buy land, that money circulates and circulates and circulates. And all the death tax does is it goes in and forces that money, one, to be converted to a cash form which requires in a lot of cases forced sales; two, it requires double or triple taxation; and, three, and probably as critical as anything else, it sucks that money out of the small community or out of any community and transfers the money to the Federal Government in Washington, D.C. for redistribution. By the way, a lot of that money is redistributed in the confines of Washington, D.C. So this community benefited upon the death of my constituents out in rural Colorado. Where is the fairness of that? Where is the fairness of a family in rural Missouri having their family accumulation under the American dream sucked to Washington, D.C.? That saying, the giant sucking sound of NAFTA many years ago, that is exactly what the estate tax does.

I am asking all of my colleagues tomorrow when we do this debate, do not let them divert you into the vast wealth of a few rich American families. Again, I do not take it away from those families. Those people realized the American dream. Who cares how rich the person is that invented the seat belt? Who cares how rich the person is going to be that invents the cure to cancer or the cure to AIDS? Who cares? I do not. That is the incentive that drives it. But do not be diverted by a few select names they use tomorrow, of the status of like a Rockefeller or a Carnegie. Instead, bring those people that are using that in the debate, my colleagues and your colleagues, bring them back to the American farm family, bring them back to the Colorado rancher, bring them back to the small lumber company in Missouri, bring them back to the small businesses in your communities. And then also ask them the fundamental question of the death tax and every American ought to be asked this question. Is it fair? Is it justified? How, Government, can you say you should go upon the tragedy, upon the death of a person and tax property upon which they have already taxed? I have no objection if somebody has some property that has not been taxed. Everybody agrees they should pay their fair share. But do not let them draw you off course with that, either. Talk about the property they have already paid the taxes on, and ask them, what does the American dream really mean? Does the American dream mean that you are not entitled to pass something on to your children? I can tell you in my own personal example, my wife and I are not wealthy but I can tell you one of our dreams in being in America is to save enough of our pennies so that maybe our kids when they grow up can have their own house, maybe our kids if they get in a hard spot and they need a new car, they can buy a new car. I am not talking about buying them a jet, I am not talking about buying them a palace in Aspen, Colorado. I am talking about buying them a basic house. That would give my wife and I a great deal of happiness if we could do something for our kids, but the government is doing everything they can through this death tax to take that American dream away from a lot of people. For a lot of our young constituents out there, our young men and women in their early 20's who are just starting on their career paths, who have in their mind a dream to do what my wife and I dream of doing, and that is provide something for the next generation, keep in mind that the group or society out there that will do everything they can within their powers to prevent you from going onto that next generation is your own government through this unfair and unjust tax called the death tax.

Mr. Speaker, in the final minutes that I have, I would like to move to another subject. Today I had an opportunity this morning to visit with a famous singer, a gentlewoman named Carole King, very talented, very capable, and frankly a very impressive person. It was interesting to be a part of that discussion. The discussion was on wilderness areas and preservation of the wilds in the United States. Fundamentally we did not disagree on that issue. In fact, I am not sure anybody in this country disagrees on the fundamental issues of trying to preserve and utilize, kind of like Teddy Roosevelt. We have a right to use the land but we have no right to abuse the land. I have never met people that really consciously want to abuse the land and if we have those kinds of people, we ought to do something to eliminate their opportunities to abuse our land. But one of the things that I learned from our conversation this morning is that even people of note sometimes have not had the opportunity to understand the differences between the western United States and the eastern United States.

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So in these next 9 minutes or so, I would like to show my colleagues a fundamental difference in the eastern United States compared to the western United States. Let us start with the first fundamental difference.

Remember that in the west it does not rain like it does in the east. In the east, in a lot of cases, their problem is getting rid of the water. In the west, our problem is being able to save the water, to store the water, to obtain the water. For example, my State, the State of Colorado, is the only State in the union where all of our water runs out of the State. We have no water, free-flowing water for our use that comes into Colorado. So our water issues out here in the State of Colorado are different than water issues here in the State of New York or in the State of Maine or other places. Keep that in mind. If one lives in the east there is a fundamental difference on water alone as compared to the west. So it is very easy for people in the east, it is a free vote for them, to oppose us in the west where we have to store water.

The second point is demonstrated by this map that I have brought here tonight. This map is titled, Government Lands. Take a look at the government landownership in the east. It is very sparse. In fact, one could take this pen and one could identify on this map with pencil points the government landownership in the east, with a couple of exceptions. We have a blotch in the Appalachias, we have the Everglades, we have some up in the northeast.

But then take a look at the government ownership in the west. This is the western United States. It is almost entirely owned by the government. So people in the east have no idea, for the most part, what kind of impact we have when we are surrounded by government lands, when we live on government lands. So it is very easy for people in the east to talk about life in the west, but it is very hard for them to understand, and I say this with due respect to my colleagues from the east. They have never had to live under those conditions.

Now, the history to that is really pretty simple. What happened in the early days when this young, growing country wanted to increase in size, we had to figure out a way to encourage people to leave the comforts of the East Coast and to go west to settle this country, because then, our purchases like the Louisiana Purchase, we needed to possess the land. A deed did not mean much. One actually needed to be in possession of the land. We know the old saying, possession is nine-tenths of the law, that is where it came from. So to get people to settle out here, they said, look, we will give you free land, it is called the Homestead Act or the Home Stake Act, and it worked good. Here is 160 acres, 320 acres. Well, it worked good until it got to the Colorado Rockies or the Wyoming mountains or Montana or Idaho and they found out that while in Kansas or Pennsylvania or eastern Colorado, or Ohio, 160 acres could support one's family, here in these mountains, 160 acres would not even feed a cow.

So the government consciously decided, they said, well, we cannot give them an equivalent amount of acres; for example, 3,000 acres would be the equivalent of 160 acres. Let us go ahead and let the government keep the title for this. Politically, that is the wise thing to do because we cannot give that much land away to one person, so let us for formality just keep the title, but we will let the people use it. It is the government who put the people out there. It is the government who, for generation after generation has asked these people to occupy and make their living on this land. So understand that.

This morning, in my conversation with Carol King, I thought it was very beneficial, and I look forward to future discussions, and I hope my colleagues do too, with individuals of this type of capability to explain the fundamental differences that exist. Because before we can come to some kind of understanding between the east and the west, before we can come to that understanding, we need to have an idea of each other's lifestyle. The people in the east need to understand our water problems in the west. The people in the east need to understand. For example, when they want to build something, they go to their city council or their county commissioner or their province. In the west, we have to do all that, plus in many, many cases we have to go all the way to the Federal Government clear in Washington to get permission to do something out here.

So I am urging my colleagues from the east, do not just walk away with a free vote on people in the west. Sit down with us. Talk to us about what is different in the west than in the east. We all are Americans. This is the United States of America. We are a team. But we cannot be a team unless every team member understands what the other team member faces, understands the burdens that the other team members have. That is what makes the strongest team.

This morning, in my conversation with Carol King, she indicated to me that she was willing to sit down and try and listen to us and try and understand what we face there. Although she is from Idaho, I am not sure she was aware of this map. My guess is she had never seen this, but I saw willingness there. I would express to my colleagues from the east, take time to understand our water problems in the west. Take time to understand why we need water storage in the west. Take time to understand that most of the government ownership in this country is in the west. Take time to include us on the team.

Yes, sure, in the east, you have the population, but understand, we are Americans too, and we have a part to play, and let us play it.

Mr. Speaker, in conclusion, number one, I ask that we have more of a team effort from our colleagues in the east. Help us out. We are a good team, we make a great team.

Second of all, in the debate tomorrow on this death tax, do not let them mislead us. This is not about the wealthiest families in America, this is about a lot of average, middle-income families in America. This is about a lot of family farms and a lot of family ranches and a lot of family businesses. This is about local churches and local charitable causes. This is about keeping money that was made under the American dream in the local community. This is about not allowing that money to be transferred from the local community to Washington, D.C. for redistribution.

Mr. Chairman, I hope all of my colleagues pay attention in that debate tomorrow. It is important, and fundamentally it is the question we must ask, and my final comment of the evening is, is the death tax fair? Is it justified to go to a family that has realized the American dream and say to them, we do not want you to be able to transfer that wealth to your next generation, we want to transfer that money to the bureaucracy in Washington, D.C., so we are going to tax you on your death. If you think it is fair, vote with the administration to increase the estate tax $9.5 billion, which they are doing. But if you do not think it is fair, do not play party line, Democrats. Forty-five of you had enough guts to join us. Join us and let us get two-thirds up on that voting panel tomorrow, so we can override the administration's intent to raise the death tax, so that we can be fair to the many people in America who have gone after, sought, and succeeded in the American dream.

CONFERENCE REPORT ON S. 761, ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT

Mr. BLILEY (during the Special Order of the gentleman from Colorado) submitted the following conference report and statement on the bill (S. 761) to regulate interstate commerce by electronic means by permitting and encouraging the continued expansion of electronic commerce through the operation of free market forces, and for other purposes.

CONFERENCE REPORT (H. REPT. 106–661)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 761), to regulate interstate commerce by electronic means by permitting and encouraging the continued expansion of electronic commerce through the operation of free market forces, and other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Electronic Signatures in Global and National Commerce Act''.

TITLE I—ELECTRONIC RECORDS AND SIGNATURES IN COMMERCE

SEC. 101. GENERAL RULE OF VALIDITY.

(a) IN GENERAL.—Notwithstanding any statute, regulation, or other rule of law (other than this title and title II), with respect to any transaction in or affecting interstate or foreign commerce—

(1) a signature, contract, or other record relating to such transaction may not be denied legal effect, validity, or enforceability solely because it is in electronic form; and

(2) a contract relating to such transaction may not be denied legal effect, validity, or enforceability solely because an electronic signature or electronic record was used in its formation.

(b) PRESERVATION OF RIGHTS AND OBLIGATIONS.—This title does not—

(1) limit, alter, or otherwise affect any requirement imposed by a statute, regulation, or rule of law relating to the rights and obligations of persons under such statute, regulation, or rule of law other than a requirement that contracts or other records be written, signed, or in nonelectronic form; or

(2) require any person to agree to use or accept electronic records or electronic signatures, other than a governmental agency with respect to a record other than a contract to which it is a party.

(c) CONSUMER DISCLOSURES.—

(1) CONSENT TO ELECTRONIC RECORDS.—Notwithstanding subsection (a), if a statute, regulation, or other rule of law requires that information relating to a transaction or transactions in or affecting interstate or foreign commerce be provided or made available to a consumer in writing, the use of an electronic record to provide or make available (whichever is required) such information satisfies the requirement that such information be in writing if—

(A) the consumer has affirmatively consented to such use and has not withdrawn such consent;

(B) the consumer, prior to consenting, is provided with a clear and conspicuous statement—

(i) informing the consumer of (I) any right or option of the consumer to have the record provided or made available on paper or in nonelectronic form, and (II) the right of the consumer to withdraw the consent to have the record provided or made available in an electronic form and of any conditions, consequences (which may include termination of the parties' relationship), or fees in the event of such withdrawal;

(ii) informing the consumer of whether the consent applies (I) only to the particular transaction which gave rise to the obligation to provide the record, or (II) to identified categories of records that may be provided or made available during the course of the parties' relationship;

(iii) describing the procedures the consumer must use to withdraw consent as provided in clause (i) and to update information needed to contact the consumer electronically; and

(iv) informing the consumer (I) how, after the consent, the consumer may, upon request, obtain a paper copy of an electronic record, and (II) whether any fee will be charged for such copy;

(C) the consumer—

(i) prior to consenting, is provided with a statement of the hardware and software requirements for access to and retention of the electronic records; and

(ii) consents electronically, or confirms his or her consent electronically, in a manner that reasonably demonstrates that the consumer can access information in the electronic form that will be used to provide the information that is the subject of the consent; and

(D) after the consent of a consumer in accordance with subparagraph (A), if a change in the hardware or software requirements needed to access or retain electronic records creates a material risk that the consumer will not be able to access or retain a subsequent electronic record that was the subject of the consent, the person providing the electronic record—

(i) provides the consumer with a statement of (I) the revised hardware and software requirements for access to and retention of the electronic records, and (II) the right to withdraw consent without the imposition of any fees for such withdrawal and without the imposition of any condition or consequence that was not disclosed under subparagraph (B)(i); and

(ii) again complies with subparagraph (C).

(2) OTHER RIGHTS.—

(A) PRESERVATION OF CONSUMER PROTECTIONS.—Nothing in this title affects the content or timing of any disclosure or other record required to be provided or made available to any consumer under any statute, regulation, or other rule of law.

(B) VERIFICATION OR ACKNOWLEDGEMENT.—If a law that was enacted prior to this Act expressly requires a record to be provided or made available by a specified method that requires verification or acknowledgment of receipt, the record may be provided or made available electronically only if the method used provides verification or acknowledgment of receipt (whichever is required).

(3) EFFECT OF FAILURE TO OBTAIN ELECTRONIC CONSENT OR CONFIRMATION OF CONSENT.—The legal effectiveness, validity, or enforceability of any contract executed by a consumer shall not be denied solely because of the failure to obtain electronic consent or confirmation of consent by that consumer in accordance with paragraph (1)(C)(ii).

(4) PROSPECTIVE EFFECT.—Withdrawal of consent by a consumer shall not affect the legal effectiveness, validity, or enforceability of electronic records provided or made available to that consumer in accordance with paragraph (1) prior to implementation of the consumer's withdrawal of consent. A consumer's withdrawal of consent shall be effective within a reasonable period of time after receipt of the withdrawal by the provider of the record. Failure to comply with paragraph (1)(D) may, at the election of the consumer, be treated as a withdrawal of consent for purposes of this paragraph.

(5) PRIOR CONSENT.—This subsection does not apply to any records that are provided or made