assets of significant value, such as land or business machinery, and yet have few liquid assets to pay an estate tax bill. Clearly, a great many more taxpayers are affected by the estate tax than opponents of repeal would have us believe.

Let me give you an example, Mr. President. Until late last year, Ken Macey was the chairman of his second-generation family-owned grocery business based in Sandy, Utah. Ken's father had founded the business in 1946, opening a tiny store called ''Sava Nickel'' in a renovated house in North Salt Lake. Relying on old-fashioned hard work and thrift and the principle of treating customers and employees as they would want to be treated, the Macey family built their business into an eight-store chain, with $200 million per year in revenues and 1,800 employees.

Mr. Macey tells me he would have liked to keep the business in the family. However, the long shadow of the death tax loomed. Even though Mr. Macey had spent many thousands of dollars in professional fees for estate tax planning, he still believed his estate was vulnerable for tax rates of up to 60 percent. Rather than risk the trauma of a forced sale upon his death that could have been devastating to his children and the 1,800 employees and their families that depended on Macey's for their livelihood, Mr. Macey decided to sell his business to a larger food store chain.

Although this story could have been much worse if some or all of Macey's employees has lost their jobs, it is a tragedy that a business founded by this Utahn's father was forced to be sold outside the family. Macey's Inc. is another example of the millions of American family businesses that do not survive to the next generation.

Some of the same senators and congressmen—and our President—who have decried the loss of family farms and family-owned small businesses and who have wondered aloud why large corporations seem to be taking over Main Street have totally ignored the estate tax as one major reason. Yet, many of these colleagues continue to argue that repealing the death tax benefits only the wealthiest two percent.

According to the National Federation of Independent Businesses, only about 30 percent of family farms and businesses survive to the second generation, and only about 4 percent survive a second-to-third generation transfer. No one can tell Mr. Macey or his children or grandchildren that they are not the victims of an unfair death tax.

The point is that a huge amount of money, effort, and talent is wasted by millions of individuals and owners of family farms and businesses on activities designed to avoid the death tax. Most of these efforts are successful in the sense that the majority of these estates avoid paying the tax. However, the cost to the economy in terms of lost productivity, business disruption, and lost jobs is enormous.

A December 1998 study by the Joint Economic Committee concluded that the death tax has reduced the stock of capital in the economy by almost a half trillion dollars. By putting these resources to better use, as many as 240,000 jobs could be created over a seven year period, resulting in an additional $24.4 billion in disposable personal income.

A study released last year by the Institute for Policy Innovation (IPI) estimated that the repeal of the estate tax would, over 10 years:

Increase annual gross domestic product by $137 billion.

Boost the nation's capital stock by $1.7 trillion.

Create 275,000 more jobs than would otherwise be created.

The IPI study also estimated that over the first decade following repeal of the death tax, added growth from capital formation would generate offsetting federal revenues of 78 percent of the static revenue loss. By 2010, these gains would totally offset the loss in revenues.

Mr. President, my colleagues who oppose the repeal of the estate and gift tax would have the American people believe that this repeal would benefit only a very few rich families in America. What a distortion of the facts! All of us are hurt by a tax that drives millions of people to spend billions of dollars in largely effective, but economically destructive, activities to avoid paying the death tax. When these efforts fail, jobs are often lost and dreams often die. All of us will benefit by repealing the tax, through increased economic activity, more jobs, more disposable income, and a fairer tax system.

Again, I commend Senator ROTH and other supporters of this bill for pointing out the many reasons it should be passed and passed expeditiously.

I would like my friends and colleagues on the other side of this issue to remember that the estate and gift tax—the ''death tax''—is not a tax on income. Income was already taxed. This is a tax on the American dream. This is a tax on a way of life for many American families and the accumulation of their hard work. This is a tax on their hope for the future, which often includes leaving something for their children and grandchildren.

We must repeal it, and the time is now.

The PRESIDING OFFICER (Mr. BROWNBACK). The clerk will read the bill for the third time.

The bill was read the third time.

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

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The bill having been read the third time, the question is, Shall the bill pass? The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Arkansas (Mr. HUTCHINSON) is necessarily absent.

Mr. REID. I announce that the Senator from South Dakota (Mr. DASCHLE) is necessarily absent.

I further announce that, if present and voting, the Senator from South Dakota (Mr. DASCHLE) would vote ''no.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 59, nays 39, as follows:

[Rollcall Vote No. 197 Leg.]

YEAS—59

Abraham	Fitzgerald	Murkowski
Allard	Frist	Murray
Ashcroft	Gorton	Nickles
Bennett	Gramm	Robb
Bond	Grams	Roberts
Breaux	Grassley	Roth
Brownback	Gregg	Santorum
Bunning	Hagel	Sessions
Burns	Hatch	Shelby
Campbell	Helms	Smith (NH)
Cleland	Hutchison	Smith (OR)
Cochran	Inhofe	Snowe
Collins	Kyl	Stevens
Coverdell	Landrieu	Thomas
Craig	Lincoln	Thompson
Crapo	Lott	Thurmond
DeWine	Lugar	Torricelli
Domenici	Mack	Warner
Enzi	McCain	Wyden
Feinstein	McConnell	

NAYS—39

Akaka	Edwards	Leahy
Baucus	Feingold	Levin
Bayh	Graham	Lieberman
Biden	Harkin	Mikulski
Bingaman	Hollings	Moynihan
Boxer	Inouye	Reed
Bryan	Jeffords	Reid
Byrd	Johnson	Rockefeller
Chafee, L.	Kennedy	Sarbanes
Conrad	Kerrey	Schumer
Dodd	Kerry	Specter
Dorgan	Kohl	Voinovich
Durbin	Lautenberg	Wellstone

NOT VOTING—2

Daschle	Hutchinson

The bill (H.R. 8) was passed.

Mr. ROTH. Mr. President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

MARRIAGE TAX PENALTY RELIEF RECONCILIATION ACT OF 2000

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of H.R. 4810, which the clerk will report by title.

The legislative clerk read as follows:

A bill (H.R. 4810) to provide for reconciliation pursuant to section 103(a)(1) of the concurrent resolution on the budget for fiscal year 2001.

The PRESIDING OFFICER. All after the enacting clause is stricken, and the language of the Senate bill is inserted in lieu thereof.

The Senator from Delaware.

Mr. ROTH. Mr. President, we are now on the reconciliation bill authorized by the budget resolution we adopted in the spring.

I would like to clarify for all Senators that nothing in the consent agreement covering the consideration

of this bill precludes Budget Act points of order being raised against any amendment offered. Those points of order could be raised at the time of the votes on Monday night. I ask the Presiding Officer, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. ROTH. Mr. President, we will start with opening statements by myself and the Democratic manager. Subsequent to that, we will open it up to amendments.

Mr. President, a little more than 3 months ago, I stood in this chamber to introduce the Marriage Tax Relief Act of 2000. At that time, I described that bill ''as the centerpiece of our efforts to reduce the tax overpayment by America's families.'' That is as it should be because families are the centerpiece of American society.

Three months ago, I urged my colleagues to support the Marriage Tax Relief Act because it ''delivered savings to virtually every married couple in America—and it did so within the context of fiscal discipline and preserving the Social Security surplus.'' And that too, is as it should be, because if we act irresponsibly we are not giving relief to America's families, but grief to America's children.

In the three months since I last spoke on this topic, we have discovered that American families' tax overpayment is even larger and our relief even more appropriate than we had imagined then.

Despite the enormous benefits that the Marriage Tax Relief Act of 2000 would have brought to American families, we could never get the other side to agree to a procedure that would limit debate to relevant amendments. The Majority Leader's offer to limit debate to marriage tax issues was rejected and cloture votes failed. The Senate moved on to other business.

But even as the Senate took up other important issues, we remained committed to delivering tax relief to America's families. We knew that the American people would not be satisfied with us shrugging our shoulders and saying that we tried. We knew that the American people would not be satisfied with us telling them that they'll have to wait for comprehensive marriage tax relief because the other side blocked our first attempt.

And so we are back today. We have returned with ''The Marriage Tax Relief Reconciliation Act of 2000.'' Substantively, this bill is the same as the one that we sought to pass a few months ago. But there is one crucial difference between now and then. Today, we are proceeding under the Budget Act's reconciliation procedure. And that means that no one is going to delay us from passing this bill. We will have an up or down vote. We will see who supports the marriage tax relief in our bill. And we will see who thinks that American families are not entitled to this relief.

Before I describe the specifics of our bill, I want to talk about how we got here. Our tax system has chosen to use the family as the unit for taxation. Unlike some other countries—where all individuals are taxed separately—here in the United States, we look to the household. In doing so, our tax system has tried to balance three disparate goals—progressivity, equal treatment of married couples, and marriage neutrality. And, I will remind my colleagues, it is impossible to achieve all three principles at the same time.

The principle of progressivity holds that taxpayers with higher incomes should pay a higher percentage of their income in taxes. The principle of equal treatment holds that two married couples with the same amount of income should pay the same level of tax. And the principle of marriage neutrality holds that a couple's income tax bill should not depend on their marital status. The tax code should neither provide an incentive nor a disincentive for two people to get married.

Our policy response differs depending on how we balance these different principles. For instance, if we want to ensure that when two singles get married their total tax bill will not rise—but we do not mind if two married couples with the same overall income level are treated differently, then we arrive at one result. However, if we want to make sure that two singles who marry do not face increased taxes—and we want to make sure that two married couples with the same income level are treated evenly—then we arrive at a different result.

Last year, the Senate position in the Taxpayer Relief Act of 1999 only embraced the first policy result. We focused on what people refer to as the marriage tax penalty—in other words, the difference between what two spouses would pay in taxes if they were single versus what they would pay in taxes if they were married. In developing the specific provision, we took aim only at one particular definition of a marriage tax relief penalty. We developed a system whereby a married couple would have an option. The couple could continue to file a joint return using the existing schedule of married filing jointly. Or the couple could choose to file a joint return using the separate schedules for single taxpayers. It was straightforward, and it was universal—we did not try to impose arbitrary income limits to cut off the relief.

As I said last year, the separate filing option had a lot of good things about it. Most importantly, I liked the way that the plan basically eliminated the marriage penalty for all taxpayers who suffered from it.

It delivered relief to those in the lowest brackets as well as to those in the highest brackets.

However we should also remember that last year's approach was part of a larger package of tax relief. We should all remember this point: America's families were going to receive relief from other provisions in that bill. Last year's marriage penalty provision was part of a comprehensive tax bill directed towards American families. Other pieces of the bill—the cuts in the 15 percent rate bracket, the expansion of the child care credit—provided additional benefits to American families. So, the separate filing option should not be viewed in a vacuum; instead, it must be seen as part of a comprehensive tax relief package. In any event, as we all know, none of the pieces of last year's tax cut package—neither the marriage penalty relief nor anything else—made it into law. Because President Clinton vetoed that bill, America's families have been denied the tax relief that they deserve.

This year I felt that we should take a different approach to marriage tax relief. As the Chairman of the Finance Committee, I am responsible for developing tax policy in a fair and rational manner. I am also responsible for working with members of my committee and of the full Senate.

After listening to my colleagues' views on marriage tax relief, I came to the conclusion that the best approach this time is to build on the foundation that Congress has already approved. Last year, in the conference report of the Taxpayer Relief Act of 1999, Congress adopted three components of marriage penalty relief. These included an expansion of the standard deduction for married couples filing jointly; a widening of the tax brackets; and an increase in the income phase-outs for the earned income credit. A different part of that bill addressed the minimum tax issue. Earlier this year, the House passed a marriage penalty tax bill that included the first three components.

And so the Finance Committee bill, the Marriage Tax Relief Reconciliation Act of 2000, uses these same building blocks. This is important—not just for purposes of building and maintaining consensus—but for policy reasons as well.

You see, if we target relief only at the families that suffer a marriage penalty, we begin to violate another of the three principles that I described earlier. Since 1948, our tax system has adhered to the principle of treating all married couples with the same amount of income equally. In other words, each household that earns $80,000—regardless of the breakdown of that income—would pay the same amount of tax. It does not matter whether one spouse earns all $80,000 while the other spouse works at home taking care of the children; and it does not matter whether both spouses work outside the home and earn $40,000 each. Each household with the same amount of income is treated the same for tax purposes.

As we studied how best to solve the marriage penalty—to ensure that the tax code does not provide a disincentive to get married—we realized that it was extremely important to stick to this principle of equal treatment. In solving one penalty, we don't want to

be creating a new penalty—a new disincentive for America's families. We did not think that the tax code should deliver a new, so-called ''homemaker penalty''—where a family with only one wage earner is treated worse than a family where both spouses work. This is what would happen if we used a separate filing option. Many people have argued that tax policy should not discourage one parent from staying at home and raising the family. It is a laudable goal and one that I strongly support.

Retention of the equal treatment principle is especially important in a tax bill such as the one we have before us. Unlike last year's tax bill, this one does not include rate cuts or enhanced family tax credits. All America's taxpaying families have contributed to the tax overpayment in Washington today. All these families, therefore, deserve to receive some of the benefits that we are seeking to return to the American people. We should not pick out some married couples over others.

We should not be picking winners and losers from America's families in some Washington game of musical chairs. And that is what we would do if we left out those families where one spouse works maintaining a home and a family. Under the proposal offered by Democrats in the Finance Committee, over 17 million homemaker families would be left out of tax relief. In my state of Delaware, over 30,000 homemaker families would be left standing at the altar by the Democrats proposal.

Now let me take a few minutes and describe the provisions of our bill. First, we enlarge the standard deduction for married couples. Under current law, for the year 2000, the standard deduction for a single taxpayer is $4,400. The standard deduction for a married couple filing a joint return is $7,350. That means that for couples who use a standard deduction—and those are generally low and middle income couples—they are losing $1,450 in extra deductions each year. At a 28-percent tax rate, that lost deduction translates into an extra tax liability of $406 each and every year.

The Finance Committee bill increases the standard deduction for married couples so that it is twice the size of the standard deduction for singles, and we do that immediately, in 2001. When fully effective, this provision provides tax relief to approximately 25 million couples filing joint returns, including more than 6 million returns filed by senior citizens.

Increasing the standard deduction also has the added benefit of simplifying the Tax Code. Approximately 3 million couples who currently itemize their deductions will realize the simplification benefits of using the standard deduction.

Second, the Marriage Tax Relief Reconciliation Act of 2000 addresses the cause of the greatest dollar amount of the marriage tax penalty—the structure of the rate brackets. Under current law, the 15-percent rate bracket for single filers ends at taxable income of $26,250. The 15-percent rate bracket for married couples filing jointly ends with taxable income of $43,850, which one can see is less than twice the single rate bracket. In practical terms, that means that when two individuals who each earn taxable income of $30,000 get married and file a joint tax return, $8,650 of their income is taxed at the 28-percent rate rather than at the 15-percent rate that the income would have been subject to if they had remained single. The extra tax liability for that couple each year comes out to $1,125.

The Finance Committee bill remedies that fundamental unfairness. The bill adjusts the end point of the 15-percent rate bracket for married couples so that it is twice the sum of the end point of the bracket for single filers. Recognizing that the rate structure hurts all married couples, the bill also adjusts the end points of the 28-percent rate bracket as well.

When fully effective, this provision will provide tax relief to approximately 21 million couples filing joint returns, including more than 4 million returns filed by senior citizens.

Third, the Marriage Tax Relief Reconciliation Act of 2000 addresses the biggest source of the marriage tax penalty for low income, working families—the earned income credit. This complicated credit is determined by using a schedule for the number of qualifying children, and then multiplying the credit rate by the taxpayer's earned income up to a certain amount. The credit is phased out above certain income levels. What that means is that two people who are each receiving the earned income credit as singles may lose all or some of their credit when they get married.

In order to address that problem, the Finance Committee bill increases the beginning and ending points of the income levels of the phaseout of the credit for married couples filing a joint return. For a couple with two or more qualifying children, this could mean as much as $526 in extra credit. This provision would also expand the number of married couples who would be eligible for the credit. It will help almost 4 million families.

Fourth, the Marriage Tax Relief Reconciliation Act of 2000 tries to make sure that families can continue to receive the family tax credits that Congress has enacted over the past several years. Each year, an increasing number of American families are finding that their family tax credits—such as the child credit and the Hope Scholarship education credit—are being cut back or eliminated because of the alternative minimum tax. Last year, Congress made a small downpayment on this problem, temporarily carving out these family tax credits from the minimum tax calculations. This year, we are building on that bipartisan approach, by permanently extending the preservation of the family tax credits.

Because of this provision, millions of taxpayers will no longer face the burden of making minimum tax calculations for the purpose of determining the family tax credits they need.

Finally, the committee included a provision to ensure that we complied with the Budget Act. Because we were not allowed to decrease revenues outside of the period covered by the budget resolution—which is 5 years—the bill sunsets all of the provisions in the bill after 2004. It goes without saying that I do not think it is good policy to sunset these tax benefits. They should be permanent and I expect that they will be permanent when this bill is signed into law. Accordingly, I will propose an amendment to strike the sunset. I expect all of my colleagues to join with me in supporting that amendment.

How much does this marriage tax penalty relief help? It helps a lot. Over 45 million families will get marriage tax relief under this legislation. In my State of Delaware, over 100,000 families will benefit. Every family earning over $10,000 per year will see their tax bill fall at least 1 percent—except those at high income levels. The key to this legislation is that it helps the middle class. Sixty percent of this bill's tax relief goes to those families making $100,000 or less.

Who are these people? They are two married civil engineers, or a pharmacist who is married to a school teacher. They are the policeman and his wife who runs a small gift shop in Dover. They are the firefighter who is married to a social worker, or a librarian who is married to an accountant. These are the families who will benefit.

They will benefit even more, as you examine the impact this tax relief will have over time. Consider the effect if these tax savings were put away for their children's education and retirement. If a couple with two children making just $30,000 took their tax savings from this bill and put it into an education savings account like the one recently passed by the Senate, they would have $40,000 for those children's college education.

Based on the stock market's historical rate of return, that is $40,000 if they did not set aside another penny. If the family was that of two elementary school teachers with two children and earning average salaries of $70,000 combined, they would have $65,000 after 18 years.

If those two married school teachers then started to put their tax savings from this bill into a Roth IRA after 18 years, this same couple would have $224,100 when they retired 27 years later.

By transforming these tax savings into personal savings, we see that these real tax savings translate into real opportunities for these families.

And consider the effect on the economy. According to an analysis by the Heritage Foundation, in 2004 this marriage tax penalty relief legislation will

result in additional jobs. It will increase the personal savings rate by three-tenths of 1 percent, which in turn will lower interest rates. According to estimates done by the economists at the Heritage Foundation, the favorable economic impact of the tax relief would increase overall disposable income by $45 billion in 2004. That means that the average family of four would see an additional $670 in income—just from the positive economic impact. So not only do married families gain, not only do their children gain, but the entire country gains. They gain more jobs, better jobs, and higher wages because of this marriage tax relief legislation.

The marriage tax relief legislation I bring to the floor today amounts to just 3 percent of the total budget surplus over the next 5 years. It amounts to just 10 percent of the non-Social Security surplus over the next 5 years. It amounts to just 42 percent of the new spending provided for in this year's budget over the next 5 years. Finally, it amounts to just one third of the tax cut that has been allotted to the Finance Committee for tax cuts over the next 5 years in this year's budget. By any comparison or estimation, this marriage tax penalty relief is fiscally responsible.

This bill does all these things for America's working families while preserving every cent of Social Security's surplus. These tax cuts do not have to pit America's families against America's seniors, nor does it extend a tax cut in a fiscally irresponsible manner. These tax cuts fit in this year's budget, along with the other Republican priorities that we have already passed for education, health care, and small businesses. Our priorities add up to what's good for America, and our numbers add up to what is fiscally responsible.

It is time we stopped playing the politics of division. We do not have to pit one type of family against another type of family or families against seniors to do what is right. It is time we divorce the marriage penalty from the Tax Code once and for all. For too long Washington has been an unclaimed dependent in millions of America's families. I urge all my colleagues to support the Marriage Tax Relief Reconciliation Act of 2000.

Mr. President, the earned income credit, or EIC, is an important antipoverty tool. It gives an incentive for families to help themselves. It provides low-income workers with a tax credit, thereby increasing their real wages. It gives poor and middle-class families an extra incentive to help themselves. While the program is by no means perfect, it has been one of the more effective Government programs in pushing families above the poverty line.

The structure of the EIC is the largest source of the marriage penalty for low-income families. Our bill addresses this inequity by increasing the beginning and ending income phaseout levels of the credit for married couples by $2,500. Our proposal goes to families, just as the original EIC program was intended to do.

Mr. President, I move to raise a point of order against section 4, from page 5, line 12, through page 7, line 3, of the bill, that it violates section 313 of the Budget Act.

Mr. President, I furthermore move to waive all points of order under the budget process arising from the earned-income credit component in the Senate bill, the Moynihan substitute, the House companion bill, and any conference report thereon.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

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

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, the Democratic manager, Senator MOYNIHAN, has agreed to give his opening statement at a subsequent time. If it is agreeable to the Senator from Delaware, we have some people who are anxious to catch planes and do other things. They have very brief speaking assignments, and they would like to offer some amendments at this time.

Mr. ROTH. I think the Senator from Texas has been seeking the floor.

Mrs. HUTCHISON. Mr. President, I ask the distinguished minority whip, are you proposing to go to amendments right away? The only issue is, I want to make a statement on the bill of which I am a major cosponsor.

Mr. REID. We recognize the work you have done on this. Senator MOYNIHAN has agreed to give his statement at a later time. I am told Senator HARKIN wants to speak for 3 or 4 minutes, Senator FEINGOLD for 3 minutes, and Senator KENNEDY for 5 minutes. They would like to leave after that.

It is my understanding the Senator has a relatively long statement. If they could offer their amendments, then we would be happy to have you speak.

Mrs. HUTCHISON. I thank the Senator.

Mr. ROTH. That is satisfactory.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that the motion to waive the Budget Act be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

MOTION TO COMMIT

Mr. FEINGOLD. Mr. President, I send a motion to the desk and ask that it be stated.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] moves to commit the bill to the Committee on Finance with instructions that the Committee report it back along with legislation that would substantially extend the solvency of Social Security and Medicare.

Mr. FEINGOLD. Mr. President, this debate, like the debate on the estate tax that it follows, allows the Senate to talk about priorities. Yes, some sensible reforms are in order to eliminate the marriage penalty for middle-income Americans. But before we enact a major tax bill like this, we should consider whether the first and highest priority for using our surplus should not be extending the life of Social Security and Medicare.

Yesterday, the Senate considered the Harkin-Feingold amendment that would have extended the life of Social Security. Some did not like the way that Senator HARKIN and I proposed to extend the life of Social Security. But few will deny that we should do something to keep Social Security and Medicare solvent.

As I noted yesterday, starting in 2015, the cost of Social Security benefits is projected to exceed payroll tax revenues. Under current projections, this annual cash deficit will grow so that by 2036, Social Security will pay out a trillion dollars more in benefits than it takes in in payroll taxes. By 2037, the Trust Fund will have consumed all of its assets.

Similarly, this year, the Medicare Hospital Insurance Trust Fund is taking in $21 billion more in income than it pays out in Medicare benefits, and its Trustees project that it will continue to do so for 17 years. But by 2025, they project that the Medicare Trust Fund will have consumed all of its assets.

We as a Nation have made a promise to workers that Social Security and Medicare will be there for them when they retire. We should start planning for that future.

The Social Security Trustees' actuarial report shows a Social Security trust fund shortfall of 1.89 percent of payroll. That is, to maintain solvency of the Social Security Trust Fund for 75 years, we need to take actions equivalent to raising payroll tax receipts by 1.89 percent of payroll or making equivalent cuts in benefits.

Thus, we can fix the Social Security program so that it will remain solvent for 75 years if we make changes now in either taxes or benefits equivalent to less than 2 percent of our payroll taxes. But if we wait until 2037, we would need the equivalent of an increase in the payroll tax rate of 5.4 percentage points, to set the program right. The choice is clear: Small changes now or big changes later. That is why Social Security reform is important, and why it is important now.

And that's why President Clinton was right when in his 1998 State of the Union Address, he said, ''What should we do with this projected surplus? I have a simple four-word answer: Save Social Security first.''

Beginning in 1999, the government began to run surpluses in the non-Social Security budget. If we continue current law and don't dissipate these surpluses, they will continue into the

2020s or beyond, according to Congressional Budget Office projections. But starting in 2015, Social Security will start redeeming the bonds that it holds, and the non-Social Security budget will have to start paying for those bonds from non-Social Security surpluses. The bottom line is that starting in 2015, the government will have to show restraint in the non-Social Security budget so that we can pay the Social Security benefits that people have earned.

That is why it doesn't make sense to enact either tax cuts or spending measures that would spend the non-Social Security surplus before we've addressed Social Security and Medicare for the long run. Before we enter into new obligations, we need to make sure that we have the resources to meet the commitments we already have.

Indeed, not spending the surplus has a positive benefit for addressing Social Security and Medicare. The government is spending $224 billion this year just to pay the interest on the Federal debt. That is 11.5 cents out of every tax dollar the government collects. If we don't use the surplus for tax cuts or spending, but instead pay down the debt, we reduce that annual interest cost. The President's latest budget proposal calls for paying down the entire publicly-held debt by 2012. Doing so would give us $224 billion a year more in resources than we have now with which to address our Social Security and Medicare obligations.

The government is like a family with a mortgage on the house and young kids who will go to college in a few years. One way to prepare to be able to afford those college costs is to pay down the mortgage now.

There are a variety of options for extending Social Security's solvency. A broad choice of options exist for how we might get where we need to go. Yesterday, we rejected one option. My motion simply says we should choose some option to extend the life of Social Security and Medicare.

The marriage tax bill before us today would head in the opposite direction. The Joint Committee on Taxation estimates that the committee-reported bill would cost $56 billion over the first 5 years. And it would cost about $250 billion, if the sunset provision in this bill is not maintained.

This bill is just one in a long series of tax bills. It's no secret. The majority leader has essentially said as much. The majority intends to pass—in one bill after another—a massive tax cut plan reminiscent of the early 1980s.

Both the Senate and House have already passed a number of costly tax cut bills this year. According to one estimate by the Republican staff of the Senate Budget Committee made in mid-June, the Senate or the House have already passed tax cuts costing about $440 billion over the next 10 years. Slicing last year's vetoed tax bill into a series of salami slices does not change their irresponsibility.

As well, it doesn't make sense to proceed on one expensive part of a legislative agenda before knowing what the others are. Democrats support targeted marriage penalty relief.

It would be irresponsible to enact a tax cut of this size before doing anything about Social Security and Medicare. Before the Senate passes major tax cuts like the one pending today, the Finance Committee should consider the options for extending Social Security and Medicare. The Senate should do first things first. And that's all that this motion to recommit requires. I urge my colleagues to support it.

Mr. President, I ask unanimous consent that my motion be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3845

Mr. FEINGOLD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] proposes an amendment numbered 3845.

Mr. FEINGOLD. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To strike the adjustment to the rate brackets and to further adjust the standard deduction)

Beginning on page 2, line 5, strike all through page 5, line 11, and insert:

SEC. 2. ELIMINATION OF MARRIAGE PENALTY IN STANDARD DEDUCTION.

(a) IN GENERAL.—Paragraph (2) of section 63(c) of the Internal Revenue Code of 1986 (relating to standard deduction) is amended—

(1) by striking "$5,000" in subparagraph (A) and inserting "200 percent of the dollar amount in effect under subparagraph (C) for the taxable year";

(2) by striking "$4,400" in subparagraph (B) and inserting "$7,500";

(3) by adding "or" at the end of subparagraph (B);

(4) by striking "$3,000 in the case of" and all that follows in subparagraph (C) and inserting "$4,750 in any other case."; and

(5) by striking subparagraph (D).

(b) TECHNICAL AMENDMENTS.—

(1) Section 63(c)(4) of such Code is amended by adding at the end the following flush sentence:

"The preceding sentence shall not apply to the amount referred to in paragraph (2)(A).".

(2) Section 63(c)(4)(B) of such Code is amended—

(A) by redesignating clause (ii) as clause (iii); and

(B) by striking clause (i) and inserting:

"(i) 'calendar year 2000' in the case of the dollar amounts contained in paragraph (2),

"(ii) 'calendar year 1987' in the case of the dollar amounts contained in paragraph (5)(A) or subsection (f), and".

(3) Subparagraph (B) of section 1(f)(6) of such Code is amended by striking "(other than with" and all that follows through "shall be applied" and inserting "(other than with respect to sections 63(c)(4) and 151(d)(4)(A)) shall be applied".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Mr. FEINGOLD. Mr. President, the bill before us is a major tax bill. Because the bill sunsets in 2004 to comply with the Senate's Byrd Rule, the Joint Committee on Taxation's official estimate is that the bill would cost $55.5 billion. And in the likely circumstance that Congress fails to sunset the bill, it would cost nearly $250 billion over 10 years and $40 billion a year, or $400 billion a decade, when fully phased in.

In a matter of this importance, it is appropriate to consider where the money goes. It is appropriate to consider whether we could make other, similar changes to the tax law that would benefit more Americans.

This Senator believes that it is a priority to simplify taxes and free people from paying income taxes altogether. My amendment would accomplish both of these goals by expanding the standard deduction.

The amendment would increase the standard deduction for individuals by $250, from $4,500 to $4,750. It would increase the standard deduction for heads of households, as well, from $6,650 to $7,500. And it would maintain the underlying bill's policy of increasing the standard deduction for married couples to twice that of an individual.

Seven in 10 taxpayers take the standard deduction instead of itemizing. My amendment would benefit all of those 7 out of 10 taxpayers. It would reduce their taxable incomes by hundreds of dollars and thus make it so that many middle-income working Americans would not owe any income taxes at all.

Expanding the standard deduction would also make it worthwhile for even more Americans to use that easier method of calculating their tax and avoid the difficult and cumbersome itemization forms. It would thus take one of the most concrete steps that we can take to simplify the unnecessarily complex income tax.

My amendment is paid for, so that the total cost of the bill would be exactly the same over 5 years.

Mr. President, I ask unanimous consent that a letter from the Chief of Staff of the Joint Committee on Taxation certifying that fact be printed in the RECORD at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(see exhibit 1.)

The offset for my amendment is to strike the provision of the Republican marriage penalty bill that benefits only taxpayers in the top quarter of the income distribution. The tradeoff is clear: strike benefits for the best-off quarter to fund tax-simplifying benefits for 7 out of 10 taxpayers—overwhelmingly middle and lower-income taxpayers.

Let me take a moment to explain how the Republican marriage penalty bill works and how it comes to have a provision that benefits only the best off.

The bill has three marriage penalty provisions. One would fix the marriage penalty for lower- and middle-income working families getting the EITC. The second would make the standard deduction for married couples equal to two times the standard deduction for single taxpayers. Both of these provisions benefit working families who have the hardest time finding the money to pay taxes.

But a third provision in the Republican marriage penalty bill would reduce the rates at which income is taxed for some married couples. This provision would, for married couples, increase the income level at which the 15 percent tax bracket ends and the 28 percent bracket begins, and also increase the income level at which the 28 percent bracket ends and the 31 percent bracket begins.

Once fully in effect, the provision to expand the 15 percent and 28 percent tax brackets would cost more than $20 billion a year. It would thus account for most of the package's overall cost when fully phased in.

Here's how this costly provision would work. Right now, there are five tax brackets. Married couples who make taxable incomes up to $43,850 pay tax at a rate of 15 percent of their taxable income. Couples who make between $43,850 and $105,950 pay 15 percent on their first $43,850 plus 28 percent on the amount over $43,850. A 31 percent bracket applies to income between $105,950 and $161,450. A 36 percent bracket applies to income between $161,450 and $288,350. And a 39.6 percent bracket applies to income above $288,350.

To address the marriage penalty, the Republican bill raises the cut-off points for the 15 percent and 28 percent brackets. But the Republican bill would not raise the brackets for the 31, 36, and 39.6 percent brackets, leaving some marriage penalty to exist for those very well-off groups. The Republican bill thus already acknowledges the principle in my amendment that there is some point at which tax cuts for the best-off among us are not appropriate.

The way the Republican bill would work, the bracket expanding provision would have absolutely no benefit for taxpayers with taxable incomes of up to $43,850. And it would benefit every married couple filing jointly with incomes above $43,850. The portion of this provision that would expand the 28 percent tax bracket would have absolutely no benefit for taxpayers with taxable incomes of up to $105,950. And it would benefit every married couple filing jointly with incomes above $105,950.

As only the top quarter of taxpayers have incomes high enough to put them in brackets higher than the 15 percent bracket, only those in the top quarter of the income distribution would benefit from the provision. By striking this provision, my amendment would thus make the marriage penalty relief more targeted to those who need it most.

The Joint Committee on Taxation has estimated that for 2005, more than 70 percent of the fully-implemented Republican bill's benefits would go to tax filers with incomes above $75,000, and only 15 percent of the benefits would go to tax filers with incomes below $50,000.

Citizens for Tax Justice estimates that among married couples, those with incomes above $75,000 would receive 68 percent of the benefits of the Republican bill when it is fully phased in. They estimate that more than 40 percent of the benefits would go to couples with incomes above $100,000. Only 15 percent of its benefits would go to the 45 percent of married couples with incomes below $50,000.

Mr. President, I ask that an analysis of the Republican bill by the Center of Budget and Policy Priorities be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

My amendment would better target the marriage-penalty relief in the Republican bill. It would use the savings from doing so to simplify taxes and to free middle- and lower-income Americans from paying income taxes altogether. This amendment presents a clear choice, and I urge my colleagues to support it.

EXHIBIT 1

JOINT COMMITTEE ON TAXATION,
Washington, DC, July 12, 2000.

Hon. RUSSELL D. FEINGOLD,
U.S. Senate, SH-716
Washington, DC.

DEAR SENATOR FEINGOLD: This letter is in response to your request of July 5, 2000, for a revenue estimate of a possible amendment to the ''Marriage Tax relief Reconciliation Act of 2000.''

The amendment would replace the increase in the married filing a joing return 15-percent and 28-percent rate brackets, estimated to cost 17.523 bllion, with an increase in the standard deduction for singles and heads of household. The provisions affecting the earned income credit, married filing a joint return standard deduction, and the AMT treatment of credits would remain unchanged. All provisions would sunset after December 31, 2004.

You asked that we determine the maximum possible increase in the single and head of household standard deductions within the constraint of the revenue effect of the bill as reported. Under this constraint, the standard deduction would increase for singles from 4,500 to 4,750 and for heads of household from 6,650 to 7,500 for taxable years beginning after December 31, 2000, and indexed thereafter.

The bill as amended would have the following effect on Federal fiscal year budget receipts:

Fiscal years:

	Billions
2001	−$7.4
2002	−12.6
2003	−13.8
2004	−14.8
2005	−7.1
2006	(13's)
2007	(13's)
2008	(13's)
2009	(13's)
2010	(13's)
2001–10	−55.6

Note: Details do not add to totals due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,

LINDY L. PAULL.

EXHIBIT 2

CENTER ON BUDGET AND POLICY PRIORITIES, 820 FIRST STREET, NE, SUITE 510,
Washington, DC, July 12, 2000.

LARGE COST OF THE ROTH ''MARRIAGE PENALTY RELIEF'' PROVISIONS REFLECTS POOR TARGETING—MUCH OF THE BENEFITS WOULD GO TO HIGH-INCOME TAXPAYERS OR THOSE WHO ALREADY RECEIVE MARRIAGE BONUSES

(By Iris Lav and James Sly)

SUMMARY

On June 28, the Senate Finance Committee passed a marriage-tax-penalty relief proposal offered by its chairman, senator William Roth, that would cost $248 billion over 10 years. The official cost assigned to the bill is considerably less—$55.6 billion—because the legislation will be considered in a form that provides the tax relief only through 2004, to satisfy Senate rules. history shows, however, that legislation of this type rarely is allowed to expire. As a result, the full, permanent cost of the bill should be considered the relevant benchmark.

Although two of the proposal's marriage penalty provisions are focused on middle- or low-income families, the proposal as a whole is poorly targeted and largely benefits couples with higher incomes. The proposal's costliest provision, which accounts for more than half of the package's overall cost when all provisions are in full effect, benefits only taxpayers in the top quarter of the income distribution. In addition, the proposal would provide nearly two-fifths of its benefits to families that already receive marrige bonuses.

Citizens for Tax Justice finds that only 15 percent of the benefits of the Roth proposal would go to low- and middle-income married couples with incomes below $50,000. This group accounts for 45 percent of all married couples. By contrast, the fewer than one-third of married couples that have incomes exceeding $75,000 would receive more than two-thirds of the bill's tax-cut benefits.

The Roth plan contains three principal provisions related to marriage penalties. The most costly of these would reduce the rates at which income is taxed for some married couples. This provision would increase for married couples the income level at which the 15 percent tax bracket ends and the 28 percent bracket begins, and also increase the income level at which the 28 percent bracket ends and the 31 percent bracket begins. The second provision would raise the standard deduction for married couples, setting it at twice the standard deduction for single taxpayers. A third, much smaller provision would increase the earned income tax credit for certain low- and moderate-income married couples with children.

A fourth provision relates to the alternative minimum tax (AMT) and affects both married and single taxpayers' it is not specifically designed to relieve marriage penalties. This provision would permanently extend taxpayers' ability to use personal tax credits, such as the child tax credit and education credits, to offset tax liability under the alternative minimum tax.

The Joint Committee on Taxation estimates that the Roth proposal, without the sunset, would cost $248 billion over 10 years. And the proposals long-term cost is substantially higher than this. The bill's costly provision that would extend the 15 percent and 28 percent tax brackets would not take full

effect until 2008; this slow phase-in markedly reduces the bill's cost in the first 10 years. The Joint Tax Committee estimate shows that when all of the plan's provisions are fully in effect in 2008 through 2010, the bill would cost $40 billion a year.

Once in full effect, the proposal to expand the 15 percent and 28 percent tax bracket itself would cost more than $20 billion a year. This provision would exclusively benefit taxpayers in brackets higher than the current 15 percent bracket; no other taxpayers would be touched by it. Since only the top quarter of taxpayers are in brackets higher than the 15 percent bracket, only those in the top quarter of the income distribution would benefit from the provision.

The bill's tax reductions are not focused on married families that face marriage penalties. Nearly as many families receive marriage bonuses today as receive marriage penalties, and the bill would reduce their taxes as well. The proposal would confer tens of billions of dollars of ''marriage penalty tax relief'' on millions of married families that already receive marriage bonuses. In fact, only about 40 percent of the $248 billion in tax cut benefits the bill would provide over the next ten years would go for reductions in marriage penalties. A similar proporition of the tax cuts, about 38 percent would reduce the taxes of families already receiving marriage bonuses. The remainder of the benefits, including portions of the AMT change that would go to taxpayers other than married couples, would neither reduce penalties nor increase bonuses.

SENATE DEMOCRATIC AND ADMINISTRATION PROPOSALS

A marriage penalty relief plan that is more targeted on middle-income families and modestly less expensive than the Roth proposal is expected to be offered by Democrats on the Senate floor. This Democratic alternative is identical to an amendment offered by the Finance Committee Democrats during the June 28th mark up of the Roth proposal. This plan would allow married taxpayers with incomes below $150,000 to choose whether to file jointly as a couple or to file a combined return with each spouse taxed as a single filer. The long-term cost of the Democratic alternative appears to be about four-fifths of the long-term cost of the Roth plan. (This provision ignores the cost of the AMT provision of the Roth plan.)

The marriage penalty relief proposals contained in the Administration fiscal year 2001 budget are significantly less costly than either the Roth proposal or the Senate Democratic alternative. These proposals, which are targeted on low- and middle-income married filers who face marriage tax penalties, would provide substantial marriage penalty relief at about one-fourth the cost of the Roth plan. (This comparison, as well, excludes the cost of the AMT provisions of the Roth plan.) The marriage penalty proposals in the Administration budget would cost a little more than $50 billion over 10 years.

BUDGETARY REALITIES

The budget surplus projections that the Administration issued on June 26 show a projected non-Social Security surplus under current law of nearly $1.9 trillion over 10 years. While this may make it seem as though the proposed marriage penalty relief could be afforded easily, caution needs to be exercised. The surpluses actually available for tax cuts and programs expansions are considerably smaller than is commonly understood. Furthermore, there is a wide range of priorities competing for the surplus dollars that are available.

The projected surpluses include about $400 billion in Medicare Hospital Insurance (HI) trust fund surpluses that the President, the House of Representatives, and the Senate have agreed should not be used to fund tax cuts or program increase. Excluding these Medicare HI surpluses, the surpluses available to fund tax cuts or program increases amount to less than $1.5 trillion.

That baseline projection, however, does not reflect the full costs of maintaining current policies. For instance, the Administration's baseline projections of the cost of discretionary, or annually appropriated, programs assume that funding for these programs will be maintained at current levels, adjusted only for inflation. The projections do not include an adjustment for growth in the U.S. population, so the projections assume that funding in discretionary programs will fall in purchasing power on a per person basis. Maintaining current service levels for discretionary programs would entail that such spending be maintaining in purchasing power on a per capita basis.

Certain legislation that is needed simply to maintain current tax and entitlement policies and that is virtually certain to be enacted also is not reflected in the surplus projections, including legislation to extend an array of expiring tax credits that Congress always extends, legislation to prevent the Alternative Minimum Tax from hitting millions of middle-class taxpayers and raising their taxes, as will occur if the tax laws are not modified, and legislation to provide farm price support payments to farmers beyond those the Freedom to Farm Act provides, as Congress has done each of the past two years. Assuming that legislation in these areas will be enacted (as it is virtually certain to be) and that the purchasing power of discretionary programs will be maintained at current levels on a per person basis reduces the available non-Social Security, non-Medicare HI surpluses by approximately $600 billion, to less than $900 billion over 10 years.

At least half of this $900 billion is likely to be needed to facilitate reform of Social Security and Medicare that will ensure the long-term solvency of those programs. Since neither party is willing to close the long-term financing gaps in these programs entirely or largely through slicing benefits costs or increasing payroll taxes, a large infusion of revenue from the non-Social Security part of the budget will be necessary. Indeed, nearly all of the major Social Security proposals offered by lawmakers of either party entail the transfer of substantial sums from the non-Social Security budget to the retirement system. Taking this reality into account leaves about $400 billion over 10 years to pay for tax cuts or other program initiatives.

Competing for those funds are other tax cuts, various domestic priorities such as providing a Medicare prescription drug benefit, reducing the number of uninsured Americans, increasing investments in education and research, and reducing child poverty, as well as proposals to raise defense spending. The Senate Finance Committee marriage penalty proposals would eat up more than three-fifths of this $400 billion in a single bill.

ROTH PLAN FAVORS HIGHER-INCOME TAXPAYERS

The most expensive provision in the Roth bill would change the tax brackets for married couples. It would raise for couples both the income level at which the 15 percent bracket ends and the 28 percent bracket begins, and the income level at which the 28 percent bracket ends and the 31 percent bracket begins. Joint Tax Committee estimates, show this provision would cost nearly $123 billion over the next 10 years even though it does not fully phase in until fiscal year 2008. In the years between 2008 and 2010 it would account for 54 percent of this plan.

Because this provision would raise the income level at which the 15 percent and 28 percent brackets end for married couples, it would benefit only those couples whose incomes exceed the level at which the 15 percent bracket now ends. A couple with two children would need to have income surpassing $62,400 (in 2000 dollars) to benefit. Only one of every four taxpayers, and one of every three married taxpayers, have incomes that place the taxpayers above the point at which the 15 percent bracket currently ends.

Thus, when the provisions of the Roth plan are phased in fully, more than half of its tax cuts would come from a provision that exclusively benefits taxpayers in the top quarter of the income distribution and married couples in the top third of the distribution.

A second provision in the Roth bill would increase the standard deduction for married couples. This approach focuses its tax benefits on middle-income families. Most higher-income families have sufficient expenses to itemize their deduction and do not use the standard deduction. Most low-income working families have no income tax liability and would not benefit. If this provision were effective in 2000, the standard deduction would increase by $1,450, which would generate a $218 tax cut for most couples in the 15 percent tax bracket. This provision would account for a little more than one quarter (27 percent) of the plan's costs over the first 10 years and one-fifth of the plan's annual costs when all provisions of the plan are phased in fully.

The third provision of the Roth plan is an increase in the amount of the earned income tax credit that certain married couples with low earnings can receive. This is the one provision of help to low-income married families. When all of the provisions of the plan are phased in fully, the EITC provision would represent four percent of the plan's annual costs. (This provision would account for six percent of the plan's costs over the first 10 years.)

Low-income married families can face marriage penalties that arise from the structure of the Earned Income Tax Credit. EITC marriage penalties occur when two people with earnings marry and their combined higher income makes them ineligible for the EITC or places them at a point in the EITC ''phase-out range'' where they receive a smaller EITC than one or both of them would get if they were still single.

The Roth proposal would reduce EITC marriage penalties by increasing by $2,500 the income level at which the EITC for married families begins to phase down, as well as the income level at which married families cease to qualify for any EITC benefits. For a husband and wife that each work full time at the minimum wage, the Roth proposal would alleviate about 44 percent of their marriage tax penalty.

The plan also contains a fourth provision that is not directly targeted at relieving marriage penalties. This measure would address some of the problems that will result in significant numbers of middle-income families becoming subject to the Alternative Minimum Tax in future years—a situation never intended when the AMT was enacted—by permanently allowing both non-refundable and refundable personal tax credits to offset AMT tax liability. This provision would account for one-quarter of the legislation's total cost when all of the bill's provisions are fully implemented.

ROTH PLAN TARGETS BENEFITS ON HIGHER-INCOME TAXPAYERS

The Joint Committee on Taxation has estimated the distribution impact of this proposal on taxpayers in the years 2001 through 2005. For 2005, the JCT found that more than

70 percent of the benefits of this tax proposal would go to tax filers with incomes exceeding $75,000, while only 15 percent of the benefits would go to tax filers with incomes below $50,000. Moreover, these figures understate the extent to which higher-income taxpayers would benefit, because the costly bracket increases that benefit only the top quarter of taxpayers would not be fully in effect until fiscal year 2008. The final year covered by the JCT estimate is 2005.

Some observers note that married taxpayers tend to have higher incomes than other taxpayers, in part because there often is more than one earner in the family. They point out that looking at the distribution of benefits among all taxpayers makes the distribution appear more skewed than it is seen to be if just the effect on married taxpayers is considered. This is not the case, however, with respect to the Roth proposal.

An analysis by Citizens for Tax Justice shows that even within the universe of married couples, the Roth plan disproportionately benefits those married couples who are at the upper end of the income spectrum. The Citizens for Tax Justice analysis finds that among married couples, those with incomes in excess of $75,000 would garner 68 percent of the benefits of the Roth proposal when the plan is phased in fully. Some 41 percent of the benefits would go to married couples with incomes in excess of $100,000. Only 15 percent of the benefits would go to those with incomes below $50,000. (See Table 1.)

TABLE 1.—EFFECTS OF THE FINANCE COMMITTEE MARRIAGE PENALTY RELIEF BILL

Income group ($–000)	Number of joint returns (000)	Percent of joint returns	Married couples	
			Average tax cut	Percent of total tax cut
<$10K	1,357	2.5	−$14	0.1
$10–20K	4,566	8.4	−128	2.2
$20–30	6,304	11.5	−220	5.2
$30–40K	6,227	11.4	−172	4.0
$40–50K	6,286	11.5	−148	3.5
$50–75	13,274	24.3	−344	17.0
$75–100K	7,184	13.1	−1,006	27.1
$100–200K	6,893	12.6	−1,118	28.9
$200K+	2,349	4.3	−1,342	11.8
$Total	54,632	100.0	−488	100.0
<$50K	24,740	45.3	−162	15.0
$75K	16,426	30.1	−1,101	67.9

Figures show the effects of the bill when phased in fully. The income levels in the table are 1999 income levels. Under the legislation, the changes in the standard deduction and earned-income tax credit for couples would take effect in 2001. The changes in the starting points for the 28% and 31% tax brackets for couples would be phased in starting in 2002 and finishing in 2007. The totals exclude about $0.8 billion in tax cuts for married persons filing separate returns. Changes in the Alternative Minimum Tax, which would maintain the current treatment of tax credits under the AMT, are not included.

Source: Institute on Taxation and Economic Policy Tax Model, March 30, 2000.

ROTH PLAN DOES NOT FOCUS ITS BENEFITS ON FAMILIES FACING MARRIAGE PENALTIES

Three of the proposals in the Roth plan, the standard deduction increase, the tax bracket extensions, and the EITC provision—would provide general tax relief for married couples, rather than marriage penalty relief focused on families that actually face penalties. The fourth provision, allowing tax credits to offset the AMT, is not specifically targeted on married couples.

Under the current tax structure, no one-earner couples face marriage penalties; they generally receive marriage bonuses. The families that face marriage penalties are two-earner families. The Roth plan, however, would reduce tax burdens for one-earner and two-earner married couples alike. As a result, the plan is far more expensive than it needs to be to reduce marriage penalties.

Indeed, nearly two-fifths of the cost of the legislation results from tax reductions that would increase marriage bonuses rather than reducing marriage penalties. Another two-fifths of the cost would reduce marriage penalties. The remaining fifth would not affect marriage penalties and bonuses.

If the ''marriage penalties relief'' provisions are considered alone, approximately half of the cost of these provisions would go to increase marriage bonuses. When the Treasury Department examined a proposal to expand the standard deduction for married filers and to set the tax brackets for married couples at twice the level for single taxpayers—a plan similar to the Roth proposal—it found that only about half of the resulting tax cuts would go to reduce marriage penalties, with the rest going to increasing marriages bonuses.

LONG-TERM COST OF ROTH PLAN

The Roth plan has a $248 billion price tag over ten years, in comparison to the $182 billion cost of the similar marriage penalty relief plan the House passed earlier this year. The major difference relates to the Alternative Minimum Tax. The House bill does not include any provision to allow non-refundable credits to offset the AMT, even though failure to do so would allow the Alternative Minimum Tax in future years to tax back from millions of middle-class taxpayers the tax benefits that the legislation otherwise provides. If one assumes the full cost of the House plan ultimately would include changing the AMT to prevent that from occurring, the full cost of the plan would be considerably higher than $182 billion.

The Roth plan, which includes substantial AMT changes, provides a more accurate view of the total cost. Nevertheless, the Roth plan itself appears to hold hidden costs relating to the AMT. Even under the Roth plan, the alternative minimum tax would prevent some higher-income married taxpayers from enjoying the benefits of the wider tax brackets. If the Roth plan were enacted and the AMT were subsequently modified to address this issue, as would be likely, the changes in the Roth plan would have a larger cost.

Leaving aside the additional AMT issues that might have to be addressed in future years, the Roth plan would rise in cost from $23.3 billion in 2005 to $39.9 billion annually by 2010 (assuming the sunsets do not hold). When the plan was fully in effect, its long-term cost thus would greatly exceed the $248 billion price tag for the first ten years.

DEMOCRATS OFFER MORE TARGETED PLAN

Democrats are expected to offer on the Senate floor a modestly less expensive version of marriage penalty relief that is more targeted on married couples that experience marriage penalties under current law.

The Democratic plan would give married couples two different options for filing their taxes. The couples could file jointly, as the vast majority of couples do under current law. Alternatively, couples would have a new option under which a husband and wife could each file as single individuals, although they would file together on the same tax return. Each couple would have the opportunity to make two different tax calculations and pay taxes using the method that resulted in the lowest tax bill. In addition, the proposal would in some circumstances allow each spouse in a family with more than one child to claim a separate Earned Income Credit (for different children), based on that spouse's income; this would effectively double the level of income such a family could have and receive the EITC.

This new option for single filing would begin to be phased out for couples with incomes exceeding $100,000. Couples with incomes exceeding $150,000 would not be eligible to use the option.

The optional separate filing provision would reduce or eliminate marriage penalties for most couples below the $150,000 income limit. It would maintain marriage bonuses for couples that receive such bonuses under current law. In contrast to the Roth plan, however, it would not increase marriage bonuses for couples that already receive them.

The Democratic alternative would cost approximately $21 billion a year when fully in effect in 2004. Buy comparison, the Republican plan would cost approximately $40 billion a year when fully in effect in the years 2008–2010, of which slightly more than $30 billion a year is attributable to the marriage penalty provisions. (The remainder reflects the costs of the AMT provisions.) When costs for similar years are compared, the fully phased-in cost of the Democratic plan would be about four-fifths of the fully phased-in cost of the Republican bill, excluding its AMT provisions.

Mr. FEINGOLD. I ask unanimous consent that my amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3846

(Purpose: To provide a nonrefundable credit against tax for costs of COBRA continuation insurance and allow extended COBRA coverage for qualified retirees, and for other purposes)

Mr. FEINGOLD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. BUNNING). The clerk will report.

The legislative clerk read as follows:

The Senator from Wisconsin [Mr. FEINGOLD] proposes an amendment numbered 3846.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. FEINGOLD. Mr. President, I rise to offer an amendment to expand access to affordable health insurance through COBRA. It includes a 25 percent tax credit for COBRA premiums, plus an expansion of COBRA to cover retirees whose employer-sponsored coverage is terminated. It pays for this expansion by eliminating a tax break for mining companies.

Since 1985, people who lose their jobs have been able to buy into their former employer's health insurance plan. This COBRA coverage has provided some continuity to workers between jobs, but for many Americans, COBRA is an empty promise.

That is because under COBRA, people have to pay their own way. But many people who lose their jobs lose any hope of being able to afford health insurance on their own.

Mr. President, employer coverage gets a tax break, but individual purchases do not. This amendment would rectify the situation in part by providing a 25 percent tax credit to individual COBRA premiums, giving a little support to people who would otherwise go without health coverage.

But COBRA only applies for a brief time, generally eighteen months at most. After that, people must find another source of insurance, or be forced to join the growing legions of uninsured Americans.

For older Americans before age 65, there is no other practical source of insurance. Individual plans for people at age 60 can be four times the amount that young Americans could pay. In many parts of the country, the market for individual coverage is not sufficiently developed to provide seniors any affordable health care option.

That is why this amendment also extends COBRA for retirees whose employers discontinue their health coverage. Retirees would not lose access to COBRA after eighteen months, but could keep it until they turn 65 and qualify for Medicare.

Imagine getting a letter from your former employer one day telling you that the retiree health coverage that you had been promised and that you had been counting on was going to be taken away from you. There would be nothing you could do about it. Only with approval of this amendment would you be guaranteed access to quality health care.

To pay for expanding access to health care, this amendment would eliminate from the tax code the percentage depletion allowance for hardrock minerals mined on federal public lands. It retains the percentage depletion allowance for oil and gas extracted on public and private land, and also retains this deduction when hardrock minerals are mined on private land.

Mineral producers are allowed to deduct a defined percentage of their profits from their income before computing income taxes. There is no restriction in the tax code to limit this deduction to the value of the property, and this deduction is in addition to standard cost depletion for capital equipment such as machinery and vehicles. As a result, companies may over time deduct more than the total value of the property.

Today, the percentage depletion rate for most hardrock minerals is 22 percent, while others such as gold, silver, copper and iron ore are depleted at lower rates ranging from 5 percent to 15 percent.

On public lands, where mining companies do not pay any return to the taxpayer for the value of the mineral resources they are depleting, and pay a very nominal patenting fee, this policy is very costly to the American taxpayer.

So instead of providing this tax break to mining companies, let's instead offer a little help to people who lose their health insurance.

Mr. President, 44 million Americans lack basic health insurance. This is a problem that demands attention. Let's build on a law that already works to help people, Americans who have not other health care choice. Let's expand COBRA for retirees to support their transition form work to Medicare. Let's help people afford to keep the health insurance they need. I ask my colleagues to support this sensible amendment. I yield the floor.

Mr. President, I ask unanimous consent that my amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FEINGOLD. I thank my colleagues for their patience on this. I look forward to the votes on these amendments. I thank the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

AMENDMENT NO. 3847

(Purpose: To amend the Fair Labor Standards Act of 1938 to provide more effective remedies to victims of discrimination in the payment of wages on the basis of sex)

Mr. HARKIN. Mr. President, I send an amendment to the desk on behalf of myself, Senator DASCHLE, Senator FEINSTEIN, and Senator KENNEDY.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself, Mr. DASCHLE, Mrs. FEINSTEIN, Mr. KENNEDY, and Mr. REID, proposes an amendment numbered 3847.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. HARKIN. Mr. President, this amendment is the Paycheck Fairness Act, which was introduced under Senator DASCHLE's leadership. It addresses an important economic issue—an issue that affects women, working families, retirees and America's children. I'm talking about the wage gap between women and men and how this legislation would work to close it.

You might think since Congress passed the Equal Pay Act in 1963, the wage gap wouldn't exist. But women are still paid only 73 cents for every dollar a white man earns.

Part of the problem is that we need to do a better job of enforcing that law. That's why I am a proud cosponsor of this bill that would strengthen the Equal Pay Act.

This legislation would allow those who win their wage discrimination claims in court, to collect punitive and compensatory damages. It would put new money into employer education and honor employers with best practices. And, it would ensure that women can not be retaliated against by their employers for sharing pay information.

Senator DASCHLE's bill is a modest but needed step in ending pay discrimination. It has received strong support from the Administration and from advocates for working women, such as the AFL–CIO and the Business and Professional Women, the National Women's Law Center, and the National Partnership for Women and Families.

This body also has before it, the Fair Pay Act, legislation that I have introduced which takes the next step to closing the wage gap. It targets female-dominated jobs that are routinely underpaid and undervalued. My bill would require wages be set based on responsibility, skill, effort and working conditions.

The simple fact remains—working families face the problem of wage discrimination every day and lose billions of dollars in wages because of it. The average working woman loses $420,000 over a lifetime due to the wage gap.

We cannot continue to short-change women and families. It is our hope that for working women today, that this Congress will pass the Paycheck Fairness amendment to help end the wage gap.

Mr. President, I ask unanimous consent that my amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I ask unanimous consent that I be added as a cosponsor of the Harkin amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I ask unanimous consent to be added as a cosponsor of the Harkin amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, pay discrimination against women continues to be a serious problem in our society. The wage gap now costs America's families $200 billion a year. Nearly two-thirds of working women report that they provide half or more of their family's income, and nearly one in five U.S. families is headed by a single woman. Yet single mothers continue to earn the lowest average rate of pay.

Although the Equal Pay Act was signed into law 37 years ago, the wage gap today continues to plague American families, and wage discrimination continues to be a serious and pervasive problem in workplaces across the country. In spite of the Equal Pay Act, women still earn only 73 cents for every dollar earned by men. And the pay disparities between white men and women of color are even more disturbing. African American women earn just 63 cents, and Latinas earn only 53 cents for every dollar earned by white men. And men of color suffer from pay inequality as well.

These disparities translate into large costs in lost wages and lost opportunity. The average working woman loses $4,200 in income annually, and suffers a loss of $420,000 over her career. In Massachusetts, women earn an average of $512 weekly, compared to $640 earned by men for the same period of time. This gender gap has a long-term impact, since lower wages and lower lifetime earnings lead to lower pension benefits in retirement. The median pension benefit received by new female retirees is less than half that of benefits received by men.

Women are entitled to the same paychecks as male colleagues who perform

the same or comparable work. Without this guarantee, women are less able to provide an economic safety net for themselves and their families. If married women were paid the same wages as men in comparable positions, their family incomes would rise by nearly 6 percent, and their families' poverty rates would fall. If single women earned as much as men in comparable positions, their incomes would rise by 13 percent, and their poverty rates would be reduced as well. These figures demonstrate the severe effect of pay disparities on the lives of women and their families.

Equal pay helps men as well as women. One of the major causes of pay inequity is sex segregation in the workplace. Jobs traditionally held by men, such as jobs which involve heavy lifting or truck driving, are compensated more highly than jobs traditionally held by women, which often involve caretaking or nurturing activities. Both men and women in jobs predominantly held by women—such as sales, service, nursing, child care, teaching and clerical positions—suffer the effects of pay bias. As the percentage of women within an occupation increases, the wages for that job decrease.

Women and men alike will receive significant gains in earnings if they are paid the same wages as comparable workers in jobs that are not predominantly female. Men and women who work in predominantly female occupations earn less than comparable workers in other occupations. Women would gain $89 billion a year, and men would gain $25 billion from pay equity increases in female-dominated jobs. The 4 million men who work in predominately female occupations lose, on average, over $6200 each year. The increase in payroll costs that would result from these wage adjustments would be only 3.7 percent of total hourly payroll costs throughout the economy.

Some argue that these differences in pay are based on different levels of education, years in the workforce and similar factors. But, these factors alone do not explain away the wage gap. Studies have found substantial pay differences between men and women working in the same narrowly defined occupations and establishments. Studies of discrimination in hiring offer additional evidence on the gender pay gap.

Educational advancement hasn't solved this problem. Although women have now surpassed men in the percentage of those earning a college or advanced degree, college-educated women earn almost $14,000 less than college educated men. A black woman with a master's degree earns almost $10,000 less annually than a college-educated white male. A college-educated Hispanic female makes only $727 more than a white male with a high school degree. These disparities in compensation for men and women can be explained by one factor—blatant discrimination.

Consider the story of Sarah Foulger, who served as pastor of a church in Maine for more than 10 years. For the last 5 of those years, she asked for a pay raise, and every year she was told the increase had to be delayed or reduced. Within weeks of her departure, the church was able to significantly increase the salary of the male pastor hired to replace her. After 17 years of her ministry, she earned less than $7,000 in pension credits. The third of her salary that was missing—multiplied by just 4 years of being underpaid—would have added up to enough money to pay for a State college education for one of her children.

Gender and race-based wage discrimination is also present on Capitol Hill, and it is glaring and embarrassing for all of us. Women custodial workers in the House and Senate Office Buildings have been underpaid for years, and have finally brought suit against the Architect of the Capitol. Even though the women custodians perform essentially the same work under the same job conditions as male workers, they are paid almost a dollar less an hour.

But there are some successes. Nancy Hopkins is a molecular biologist and professor at M.I.T. When she learned that she was making less than her male colleagues, she took the issue to the administration. M.I.T's top officials responded by issuing a report acknowledging that its female professors suffered from pervasive, if unintentional, discrimination. The report documented discrimination in hiring, awards, promotions, membership on important committees, and allocation of important resources such as laboratory space and research funding.

Eastman Kodak Company provides another significant example. After an internal study of its compensation practices, Kodak voluntarily agreed to pay $13 million in back pay to 2,000 female and minority employees who had been underpaid because of their race or gender. Kodak continues to work to improve the number of women and minorities in mid-level and senior-level management positions.

The plight of these women who work hard and are denied fair compensation is unacceptable. The disparities are particularly alarming because they persist almost 40 years after the Equal Pay Act was enacted, and at a time when our nation is experiencing unprecedented prosperity, when women are entering the workforce in record numbers, and when women are spending less time at home with their children, and more time at work.

Businesses and other private institutions across the country also have a responsibility to do more to correct this injustice. I commend M.I.T. for the impressive example it has set by acknowledging that women professors suffer from pervasive pay discrimination and by making a clear commitment to correct it. And I commend Eastman Kodak for its efforts to address the wage gap in response to NAACP concerns, by launching an investigation and providing raises for 12 percent of its female and 33 percent of its black employees. More businesses and organizations need to follow these leads.

Congress must do more to solve this unconscionable problem. Our goal is not just to reduce the pay gap, but to eliminate it entirely. Senator DASCHLE's Paycheck Fairness Act is a needed step to correct this injustice in pay. It will provide more effective remedies for women denied equal pay for equal work. And Senator HARKIN's Fair Pay Act will prohibit wage discrimination based on sex, race, or national origin for employees in equivalent jobs in the same workplace. Congress should pass both the Paycheck Fairness Act and The Fair Pay Act. These bills are necessary steps to eliminate the disparity between the earning power of men and women. It's the right thing to do—and the fair thing to do—for working families.

At a time when our economy is more prosperous than ever, when unemployment is at a 30 year low, and when women are entering the labor force at an all time high, there is no excuse for discrimination that cheats women out of their fair pay.

AMENDMENT NO. 3848

(Purpose: To amend title XIX and XXI of the Social Security Act to permit States to expand coverage under the Medicaid program and SCHIP to parents of enrolled children and for other purposes)

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Massachusetts [Mr. KENNEDY] proposes an amendment numbered 3848.

Mr. KENNEDY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. KENNEDY. Mr. President, the Republican marriage tax plan provides a quarter of a trillion dollars in tax breaks over the next ten years. Only 15 cents of every dollar in tax breaks goes to families with incomes of less than $50,000 a year. Sixty-eight cents of every dollar goes to families with incomes of more than $75,000 a year and 40 cents goes to individuals with more than $100,000 in income. Someone with $200,000 in income gets a $1,300 tax break, while a family struggling to make ends meet on $30,000 a year gets a meager $172—about fifty cents a day. Many of the tax breaks in the bill have nothing to do with the so-called marriage penalty.

I'd like to point out that right now we have a marriage and work penalty in Medicaid. Up to 14 states—which account for more than 22 percent of the

population—penalize two-parent low-income families by having stricter eligibility standards for Medicaid or even prohibiting enrollment. For example, in Maine, married parents earning a total of $14,000 annually can't qualify for Medicaid, but a single parent earning the same amount can.

The work penalty is equally appalling. In 37 states, a single parent with two children can qualify for Medicaid only if she earns 80 percent of the poverty level or less. Only 13 states offer Medicaid coverage to a single parent who works full-time in a minimum wage job and has two children. That's wrong, and this amendment would fix it.

It would also provide financial incentives and new options for states to expand CHIP and Medicaid to parents and older youths, and it would improve enrollment in CHIP and Medicaid. These are two important steps that we should be able to take this year.

An overwhelming majority of the uninsured are working men or women, or family members of workers. In fact, the vast majority are members of families with at least one person working full-time.

Most uninsured workers are not uninsured by choice. They are uninsured because their employer either does not offer coverage, or because they are not eligible for the coverage if it is offered. Seventy percent of uninsured workers are in firms where no coverage is offered. Eighteen percent are in firms that offer coverage, but they are not eligible for it, usually because they are part-time workers or have not worked in the firm long enough to qualify for coverage. Only 12 percent of uninsured workers are offered coverage and actually decline, and some of them do so because they have other coverage available.

Most of the uninsured have low or moderate incomes. Thirty-seven percent are at or below the federal poverty level. Twenty-eight percent have incomes between 100 and 200 percent of poverty. Fifteen percent have incomes between 200 and 300 percent of poverty.

While good coverage for all Americans may not be feasible at this time, we can and must do more to close the current health insurance gap.

It is a national scandal that lack of insurance coverage is the seventh leading—and most preventable—cause of death in America today.

Numerous studies indicate that lack of insurance leads to second-class health care or no health care at all. A recent article in the Journal of the American Medical Association found that angina patients with insurance are more than twice as likely as uninsured patients to receive needed bypass surgery. Across the nation, more than 32,000 patients are going without needed heart surgery because of their lack of insurance.

The numbers are equally dramatic when it comes to cancer. Early detection and treatment of cancer often makes the difference between life and death. Uninsured patients are two and a half times more likely not to receive an early diagnosis of melanoma and one and a half times more likely not to benefit from early detection of breast cancer, prostate cancer, or colon cancer. Tragically, the new and promising treatments resulting from our national investment in the NIH are out of reach for millions of uninsured Americans.

In 1997, we took a major step toward guaranteeing health insurance to millions of children in low-income working families whose earnings are above the cut-off for Medicaid. Every state is now participating in the children's health insurance plan, and most states have plans to increase coverage under these programs again this year.

As of January, two million children had been enrolled in the program, and many other children had signed up for Medicaid as a result of the outreach efforts. Soon, more than three-quarters of all uninsured children in the nation will be eligible for assistance through either CHIP or Medicaid.

An article in the Journal of the American Medical Association found that 57 percent of uninsured children had an unmet major medical need before enactment of CHIP. But just one year after receiving coverage, only 16 percent of these same children had an unmet medical need.

The lesson is clear. Access to insurance improves access to health care, which improves health. We have the resources. We have good programs. We must do all we can to increase their effectiveness. Clearly, the states and the federal government have more to do.

The overwhelming majority of uninsured low-wage parents are struggling to support their families. Too often, there is too little left to pay for health care. Parents who work hard, 40 hours a week, 52 weeks a year, should be eligible for assistance to buy the health insurance they need to protect their families. Our message to them today is that help with health care is on the way.

As I mentioned earlier, under current law, Medicaid is generally available only to single-parent families. Our proposal also repeals this ''health marriage tax.'' It is a serious penalty for low-wage two-parent families, and one which is comparable to the ''marriage penalty'' in the tax code.

This proposal also rewards work. Currently, most parents in families with an employed person are not eligible for Medicaid, while families headed by non-workers are eligible if their income is low enough. That's not right. Eligibility should be tied to need, not to employment status. It's a historical artifact of the system and it ought to be changed.

Coverage for parents also means that coverage for their children is more likely too. Parents are much more likely to enroll their children in health insurance programs, if the parents themselves can obtain coverage.

These steps will provide up to six and a half million more Americans with the health insurance coverage they need and deserve. If we are sincere in this debate about helping working families, our goal should be to enact this coverage before the end of this year. I urge my colleagues to support it.

Mr. President, I will take a few minutes more of the Senate's time to review where we are as an institution and where we are effectively as a country on the people's business.

We have just passed an estate tax bill that is going to cost the Treasury $750 billion over the next 20 years. Half of the benefit of that, some $300 billion, will benefit some 1,400 families. Four hundred families will benefit by $250 billion. So this is a proposal that is basically benefiting the wealthiest individuals in the country.

With the marriage penalty tax that is before us, it is $250 billion over a 10-year period, and 40 percent of the people who benefit from it have incomes over $100,000—$100 billion of that $250 billion is going to go to people with incomes in excess of $100,000.

As the result, at the end of this week and at the end of consideration of the legislation before us, we will have expended $1 trillion. Going into Monday night, when we are going to complete the issue on the marriage penalty, we will have spent $1 trillion. We have to ask, who has benefited and who has not.

Quite clearly, as this chart points out, the people who have benefited are the wealthiest individuals in our country. We see the average value of estate exempted under the Republican plan is $2.3 million. The median income of a Medicare beneficiary is $13,800.

We find out, if we look at another indicator about who is going to benefit, that the Federal expenditure per person under the Republican estate tax repeal is $268,000 versus $900 for the Medicare prescription drug coverage we are trying to pass here.

We think it is about time that we started looking out after the senior citizens, 40 million of them, who need a prescription drug program. We know they have enormous needs. That is why we are in such strong support of the proposal being advanced by Senator ROBB, Senator GRAHAM, the leader, and other measures.

At the end of this week and the beginning of next week, with the expenditure of about $1 trillion from the Treasury, we are not buying one new book for a child in America. We are not buying one new Band-Aid or one prescription drug for a senior citizen who is in need.

We are not making our schools any safer by an effective program that might limit guns in our schools in this country. We have not done a single thing to stop an accountant in an HMO from denying care that may put a patient at further risk in our society. We have not done anything about prescription drugs. We have not done anything

to provide a real Patients' Bill of Rights. That is at the end of this week, where we have spent $1 trillion.

When I go back to Massachusetts in a short while, people are going to be asking: What have you done? You spent $1 trillion. Have you done anything for our schoolchildren? Have you done anything for our parents? Have you done anything about prescription drugs? Have you done anything to make our health care system safer? Have you done anything to make our schools safer? Have you done anything to increase access to health care? The answer to all of those is no, we have not.

That is very clearly not a matter of accident. That is a matter of choice. It is a matter of priority.

It is a result of the Republican leadership having set out an agenda, and it is an agenda to which I take strong exception. I cannot believe that it is the agenda of working families in this country. It cannot reflect their priorities.

Working families are concerned most about their children. They are concerned about their parents. They are concerned about their jobs and safety and security. They are concerned about living in safe and secure neighborhoods with clean air and clean water.

We have not touched a single item that will impact and affect average families in America. As an institution, we have failed to meet their priorities.

We are going to continue to fight these battles, next week and beyond, all the way through, as long as we are in session. We will fight it continuously right up to the time of the election.

I want to be clear. I support legislation that would provide tax relief to the working families who are currently paying a marriage penalty. Such a penalty is unfair and should be eliminated. However, I do not support the proposal which the Republicans have brought to the floor.

While its sponsors claim the purpose of the bill is to provide marriage penalty relief, that is not its real purpose. In fact, only 42 percent of the tax benefits contained in the legislation go to couples currently subject to a marriage penalty. The majority of the tax benefits would actually go to couples who are already receiving a marriage bonus, and to single taxpayers. As a result, the cost of the legislation is highly inflated. It would cost $248 billion over the next ten years.

And, as with most Republican tax breaks, the overwhelming majority of the tax benefits would go to the wealthiest taxpayers. This bill is designed to give more than 78 percent of the total tax savings to the wealthiest 20 percent of taxpayers.

It is, in reality, the latest ploy in the Republican scheme to spend the entire surplus on tax cuts which would disproportionately benefit the richest taxpayers. That is not what the American people mean when they ask for relief from the marriage penalty. With this bill, the Republicans have deliberately distorted the legitimate concern of married couples for tax fairness.

All married couples do not pay a marriage penalty. In fact, a larger percentage of couples receive a marriage bonus than pay a marriage penalty. The only couples who pay a penalty are those families in which both spouses work and have relatively equivalent incomes. They deserve relief from this inequity and they deserve it now. We can provide relief to the overwhelming majority of the couples simply and at a modest cost. That is what the Senate should do. Instead, the Republicans have insisted on greatly inflating the cost of the bill by adding extraneous tax breaks primarily benefitting the wealthiest taxpayers.

A plan that would eliminate the marriage penalty for married couples could easily be designed at a much lower cost. The House Democrats offered such a plan when they debated this issue in February. The Senate Democrats are offering such an alternative plan today. If the real purpose of the legislation is to eliminate the marriage penalty for those working families who actually pay a penalty under current law, it can be accomplished at a reasonable cost.

The key to drafting an affordable plan to eliminate the marriage penalty is to focus the tax relief on those couples who actually pay the penalty under current law. The Republican proposal fails to do this, and, as a result, it actually perpetuates the marriage penalty despite the expenditure of $248 billion on new tax cuts. Under the Democratic plan, the tax relief actually goes to those currently paying a marriage penalty. It is also essential to target the tax benefits to the middle income working families who need tax relief the most. The Democratic plan focuses the tax benefits on those two earner families with incomes less than $150,000. By contrast, major portions of the tax benefits in the Republican plan would go to much wealthier taxpayers at the expense of those families with more modest incomes. As a result, the Democratic proposal would cost $11 billion a year less, when fully implemented, than the Republican plan, yet provide more marriage penalty tax relief to middle income families.

The problem we have consistently faced is that our Republican colleagues insist on using marriage penalty relief as a subterfuge to enact large tax breaks unrelated to relieving the marriage penalty and heavily weighted to the wealthiest taxpayers. The House Republicans put forward a bill which would cost $182 billion over 10 years and give less than half the tax benefits to people who pay a marriage penalty. Even that was not enough for the Senate Republicans. They raised the cost to $248 billion over 10 years with nearly all the additional amount going to the wealthiest taxpayers. A substantial majority, 58 percent of the tax breaks in the Senate bill would go to taxpayers who do not pay a marriage penalty.

Nor is this the only excessive and unfair tax cut bill the Republicans have brought to the floor this year. They attached tax cuts to the minimum wage bill in the House, tax cuts to the bankruptcy bill in the Senate. They have sought to pass tax cuts to subsidize private school tuition and to eliminate the inheritance tax paid by multimillionaires.

Just this morning, the Republican leadership forced through the Senate a complete repeal of the inheritance tax, which will cost over $50 billion per year when fully implemented. More than 90 percent of the tax benefits of that bill will go to the richest one percent of taxpayers.

In total, the Republicans in the House and Senate have already passed tax cuts that would consume over $700 billion during the next ten years.

The result of this tax cut frenzy is to crowd out necessary spending on the priorities that the American people care most about—education, prescription drugs for seniors, health care for uninsured families, strengthening Medicare and Social Security for future generations. It's misguided and short-sighted, and I strongly object to it.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, Senator BROWNBACK and I are going to make statements about the bill. This is my bill. I have been working on marriage penalty relief for the last 4 years.

Senator ASHCROFT, Senator ABRAHAM, Senator GRAMS of Minnesota, Senator BROWNBACK, and I, along with my colleague, Senator GRAMM, have all made this a very high priority in our legislative agenda. We have made this a high priority because we believe it is un-American to make people choose between love and money. That is what the marriage penalty does.

In America, if you make $30,000 and you are a schoolteacher and you marry a policeman who makes $30,000, all of a sudden, you owe more in taxes. I thought it was interesting; the Senator from Massachusetts just said we have spent a trillion dollars by giving death tax relief. We spent a trillion dollars, and what do we have to show for it?

I have to ask the question: Whose money is it? Is letting people keep more of the money they earn in their pocketbooks and to decide how they want to spend it wrong? I think we should let people keep their money. I don't consider it spending a trillion dollars, allowing people to keep the money they earn. I think it is the reverse.

I believe we should not be spending other people's money, when we are running a huge surplus and don't need it in the Federal Government for new programs. I believe the American people can make better decisions about how they spend the money they earn than we can here in Washington.

So when you are talking about tax relief, you are not talking about spending money. It is not the Government's money. It belongs to the people who earn it. Government, by the consent of the governed, will take some money for the good of everyone—for national defense, for clearly Federal issues that cannot be done by people individually, for our security. But it becomes confiscatory when a couple making $30,000 apiece has to pay $1,000 more in taxes just because they get married. That is what we are trying to eliminate today.

When the distinguished Senator from Massachusetts says we have done nothing for the average family, I just ask him if a policeman and a schoolteacher constitute an average family. I think they do, and I think they deserve the $1,000, or $1,400, more they are paying in taxes to make the downpayment on their first home. That is help for the American family. That is help for the average family. A young couple who make $30,000 each and get married may not be able to save for a downpayment if they are having to pay $1,400 more in taxes just because they got married.

So tax relief is not spending money. Spending money that other people earn is spending money—their money. I think there is a huge difference.

The bill we have before us today would double the standard deduction so that if you get married, you don't get penalized. Today, if two single working people get married, they will pay approximately $1,100 more in taxes because of the standard deduction. We want to double the standard deduction because we don't think it should be different for two working singles or a married couple, both working. So we want the standard deduction to be $8,800, exactly double the standard deduction.

Secondly, we want people in the 15-percent bracket and the 28-percent bracket not to be punished because the got married and were pushed into a higher tax bracket. We do this by widening each bracket for married couples so that it is exactly double the bracket size of a single taxpayer. So in the 15-percent bracket, if you are single or married, it will not make any difference because you will not go into the next bracket if we can pass marriage penalty relief because, of course, that is the problem. When a schoolteacher, who makes $26,000 and is in the 15-percent bracket, marries a policeman who makes $26,000 and is in the 15-percent bracket, they go into the 28-percent bracket, and that is why they pay more in taxes. We want them to be able to stay in the 15-percent bracket, each of them making $26,000 a year. That is exactly what our bill does.

Our bill increases the earned-income tax credit because we know that people—especially people coming off welfare—need to be able to have an earned-income tax credit to make sure they do better working than being on welfare. The Senate bill increases the earned-income tax credit parameters by $2,500. That is higher than the House version of the bill by $500. We think that is right. We want the people at the lowest end of the spectrum to know it really does make a difference that you work. We want it to be a benefit.

Another important aspect of our bill is preserving essential tax credits for families. Important tax credits such as the $500 per child tax credit, the adoption tax credit, the HOPE scholarship credit for families who want to send their children to college, the credit for expenses related to child care—they would all remain intact, regardless of the alternative minimum tax. Many families are finding that, with the alternative minimum tax, they lose the basic deduction that everyone else gets. The $500 per child tax credit should apply, regardless of whether a person is in the alternative minimum tax category.

We are trying to have a balanced approach for people who have a real problem. Just prior to this debate I, and several other Senators met with some of the couples that are affected by this bill. We had a couple from San Antonio, TX, Noe and Connie Garcia. He works for an insurance company; she is a Government employee. When they did their taxes last year, they estimated that they paid over $1,000 more in taxes because they are married.

We had a very young couple, Hubert and Min Joo Kim, come to visit with us today. They live in Maryland. She is a teacher; he is an engineer. They have been married for 2 years, and they have a 1-year-old daughter named Isabelle, who is absolutely a precious child. But they are losing the ability to do some of the things they would like to do for Isabelle because they are paying a marriage tax penalty.

Earlier this year I met with Kervin and Marsha Johnson live in Washington, DC. Kervin is a D.C. police officer. His wife is a Federal employee. They were married last July. This year, they paid almost a $1,000 more in taxes because they chose to get married.

Mr. President, these are just a few of the 21 million American couples who are suffering from the marriage penalty tax. This is not just tax relief, this is a tax correction. This is correcting an inequity that I don't believe Congress ever intended. Congress did not intend to say: If you are a policeman and you make $30,000 a year, and you marry a schoolteacher who makes $30,000 a year, we want you to pay $1,400 more in taxes. I don't believe Congress ever intended that to happen.

I think it is time for Congress to correct this inequity. If we pass this, next year the vast majority of couples will get immediate tax relief as we increase the standard deduction. Beginning the year after next, we start the phased-in increase of the tax brackets.

We are going to be debating this bill today, and we are going to start voting on some amendments Monday night.

When we passed marriage tax penalty relief once before, the President vetoed the bill. He said he didn't like some of the other tax cuts that were in the bill. The President said in his State of the Union Message that he favored tax relief for American families. He has said he favors marriage tax penalty relief. He said: Send me those bills individually because then I can pick and choose. So we sent him individually the elimination of the earnings test on Social Security recipients. He signed that bill. Today, because Congress acted and the President signed the bill, a person who receives Social Security benefits can work as much or as little as he or she wants to work. There will be no penalty. There will be no earnings test. We have opened the doors to hundreds of thousands of our senior citizens who would like to earn extra income.

Today we passed the elimination of the death tax. It is going to the President because we believe the American dream does not have fences. We believe the American dream is, if you come to America, you will have the freedom to succeed, and it will not be dependent on who your grandfather was. It will be dependent on you. If you want to work hard and give your children a better chance than you had, we want you to be able to keep the fruits of your labors and give your children that chance.

We have passed that. We have sent it to the President. We hope the President will sign that bill. Now we have marriage penalty relief. This is the marriage penalty relief for middle-income people who do not have the ability to make the choice not to get married because they want to start a family, and they want their children to grow up in a healthy, wholesome atmosphere. They don't have that choice because our tax code punishes them for doing so.

We are going to correct this inequity. We are going to pass marriage penalty relief. We are going to do what the President asked us to do; that is, send him the bill by itself. I hope he will sign it so we can give marriage penalty relief to hard-working American families.

I will close and ask that we hear from Senator BROWNBACK from Kansas, who has been the lead cosponsor of marriage penalty relief. We have worked for years side by side, along with Senator ABRAHAM, Senator ASHCROFT, Senator GRAMS, and my colleague, Senator GRAMM, to see this come to a successful conclusion.

I hope we can give the middle-income people of our country—people in the 15-percent bracket, the people in the 28-percent bracket, and people who get earned-income tax credits—more of the relief they deserve because I reject the argument that tax relief is spending money. Tax relief is spending money only if you think the Government has a right to the money you earned, and I don't think the Government does. I think the people who earn the money are entitled to that money. Tax relief is not spending money because the

Government doesn't own the money that is earned by the hard-working people of this country. We want them to keep more of it. That is the bottom line in this debate.

I would like to yield the floor to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BROWNBACK. Mr. President, I thank the chairman of the Finance Committee, Chairman ROTH, who has done an outstanding job of getting this bill to this point. We are going to get this to the President. The President is going to have the opportunity to sign it and provide relief to over 20 million American couples.

The Senator from Massachusetts argued earlier that we haven't done anything for the vast majority of Americans this week. I disagree heartily with that. But he can certainly join us on this one.

We have over 20 million American couples, 40 million people—if you count family members affected by this issue, it is far more than that—who are going to be affected right now by this tax.

My comments are not long. They are simple and to the point.

There is an iron rule of government: If you want less of something, tax it; if you want more of something, subsidize it. We are taxing marriage, and we are getting less of it. That is hurting our families, and it is hurting our children.

We are taxing marriage to the tune of about $1,400 per couple per year. The tax is applied to 21 million American couples. We have seen a decline in the number of marriages from 1960 to 1996—about 40 percent during that period of time. I am not saying that is all associated with the marriage penalty. It is not. But, clearly, we are sending a signal across the country that we are for family values, but not really. We are going to go ahead and tax the very fundamental institution in which families do the most, and do their best. We are going to tax the fundamental institution around which families are built; that is the marriage. We are going to tax it significantly—$1,400 per married couple across America.

When you tax things, you get less of it. You can see what is taking place in the number of couples who are affected in this country.

In Kansas, we have nearly 260,000 married couples affected by the marriage penalty. You can see it in States as large as Texas with 1.75 million. You can see it in States such as New York with 1.5 million; States such as Massachusetts where 600,000 couples are taxed by this.

I certainly don't consider it spending money when you allow people to keep a little bit more of their own money, particularly when you have such an unfair tax as the one on marriage. It is one of those institutions that we should not be taxing, and yet we are.

The Senator from Texas and the Senator from Delaware hit the fundamentals of the bill—expanding the tax brackets in the 15- and 28-percent bracket, doubling the standard deduction to be able to take care of this, and the EITC credit as well—because the marriage penalty occurs in about 66 different places in the Tax Code. We are taking care of the biggest areas. But there are still some other areas we are trying to take care of as well.

I want to directly hit something that has been raised by some of my colleagues on the other side of the aisle, that we are somehow providing too much benefit to married couples. One of the Democrat proposals pushed around would actually put in place a homemaker penalty, where you would tax a couple if one decides to stay at home and take care of the family. One of the Democrat proposals would make families with one earner and one stay-at-home spouse pay higher taxes than families with the same household income and two earners; thus, putting in place a stay-at-home spouse penalty; a homemaker penalty.

Why would we discriminate against families who would decide to make the very difficult choice of one working outside of the home, one staying at home to take care of older members of the family, and younger members of the family to do other things around the community? Why would we want to penalize that type of situation and create that stay-at-home spouse penalty? I don't understand why that would be something we would want to do. Yet it is being bandied about that that is one of the amendments supported by our colleagues on the other side of the aisle.

I want to note, too, that the fundamentals of this are pretty simple and pretty stark as well. I have another chart to point that out. You can look at this as a typical couple getting married. They wanted to get married. We encourage this. This is a good thing, building families. It is a good thing for family values.

We have a first-year teacher making $27,000 of annual income. We have a rookie police officer with $29,698 of annual income. Individually we can see what they would pay in taxes: $3,030 for her; $3,434 for him. Yet if you put them together in a joint return, if you encourage them to get married and say we want you to build a family, we want you to build it within this construction of a marriage, this sacred union between man and woman, they say, OK, but our tax bill to do this—look, they are not making lots of money here: $27,500 for a first-year teacher, $29,000 for a rookie cop—at the Federal level is an additional $638.44.

Some say that is not a lot of money; they ought to pay it. Look at what they are making. They need to have this money if they are going to be able to do anything as a young couple, to start building a home, build some equity, and start a family. That is why this tax strikes so many people and why public opinion polls across the country say this is one tax people want removed.

Then we get letters. We get all sorts of letters. The Senator from Texas read some letters she received. I receive them. A number of Senators do.

This one is from Mark in Salina, KS, writing to urge us to reduce the marriage penalty. He says:

> Two single people that choose to get married must not pay more tax than two people who choose not to do so. That is a penalty for getting married. Correcting this problem is not ''cutting taxes.'' It is merely restoring them back to the way they were before the couple joined in marriage. Thus it is not a tax cut. It is the correction of the penalty for getting married. Please do the right thing.

The right thing clearly is passing this bill. The right thing for the President to do is sign this bill into law.

I have this letter from Thomas, from Hilliard, OH:

> No person who legitimately supports family values could be against this bill. The marriage penalty is but another example of how in the past 40 years the Federal Government has enacted policies that have broken down the fundamental institutions that were the strength of this country from the start.

This gentleman has hit on a couple of things. One, it is not a fair tax in the first place; it is something we ought to do away with. He even looks deeper and says, Is the Federal Government really trying to harm one of our fundamental institutions, as a country? Is that really the signal the Federal Government is sending me? Is that what they want to do? Yet a lot of people looking at the Government today actually believe that is the case, that the Government is trying to break down some of these fundamental institutions in our country around which we build our values and on which we build our Nation.

Here is another one from Jerry Fishbein, Pennsylvania. He writes:

My wife and I have actually discussed the possibility of obtaining a divorce—something neither of us wants or believes in, especially myself . . . simply because my family cannot afford to pay the price [of the marriage penalty tax.]

We have had much debate on this issue. I am not going to keep that going on the floor. I think this is a clear choice. We should pass the marriage penalty elimination. We should not put in place a homemaker penalty within this bill. We should provide this relief to over 20 million American couples.

The President of the United States and his administration should sign this bill into law. We will pass this in the Senate. If it is passed in the House, the only thing that stands in the way of this bill is the President of the United States and his administration. I ask them, do they really want to send a signal to the American population that they don't value marriage; That they think it should be taxed so we get less of it? Is that really the signal they want to send?

I hope they will not and that the President will sign this into law.

AMENDMENT NO. 3849

(Purpose: To provide tax relief for farmers, and for other purposes)

Mr. BROWNBACK. Mr. President, I have an amendment. I send it to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. BROWNBACK] proposes an amendment numbered 3849.

Mr. BROWNBACK. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. BROWNBACK. Mr. President, this is an amendment I want to get into the mix. I would like it to be brought up and considered on Monday. It deals with a number of issues that are affecting CRP payments. I submit it for consideration, and I ask it be considered at the proper time. I ask now it be set aside for other business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BROWNBACK. Mr. President, this is the right time and the right place. We have the wherewithal; we have the ability; we have the need to do this. This body should pass this bill. The President should sign this bill into law and eliminate the marriage penalty tax.

I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, I have a number of amendments I am going to send to the desk.

AMENDMENT NO. 3850

Mr. REID. I send to the desk, first, an amendment on behalf of Senator DURBIN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. DURBIN, proposes an amendment numbered 3850.

Mr. REID. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to increase the deduction for health insurance costs of self-employed individuals, and for other purposes)

At the end, add the following:

SEC. ___. DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.

(a) IN GENERAL.—Section 162(*l*)(1) of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

"(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents.".

(c) EFFECTIVE DATE.—The amendment made by this section applies to taxable years beginning after December 31, 2000.

Mr. ROTH. Mr. President, I make a point of order a quorum is not present.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3851 TO AMENDMENT NO. 3850

Mr. ROTH. Mr. President, I send to the desk an amendment in the second degree on behalf of Senator BOND, to the amendment offered on behalf of Senator DURBIN.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr.ROTH], for Mr. BOND, proposes an amendment numbered 3851.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the first word, and insert the following:

1. SHORT TITLE.

This Act may be cited as the "Self-Employed Health Insurance Fairness Act of 1999".

SEC. ___. DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.

(a) IN GENERAL.—Section 162(l)(1) of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

"(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents."

(b) CLARIFICATION OF LIMITATIONS ON OTHER COVERAGE.—The first sentence of section 162(l)(2)(B) of the Internal Revenue Code of 1986 is amended to read as follows: "Paragraph (1) shall not apply to any taxpayer for any calendar month for which the taxpayer participates in any subsidized health plan maintained by any employer (other than an employer described in section 401(c)(4)) of the taxpayer or the spouse of the taxpayer."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999.

Mr. REID. Mr. President, we yield back our time on this amendment.

Mr. ROTH. We yield back our time on the amendment.

AMENDMENT NO. 3852

Mr. REID. Mr. President, I send a second amendment to the desk for Senator DURBIN.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. DURBIN, proposes an amendment numbered 3852.

Mr. REID. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to allow small business employers a credit against income tax for employee health insurance expenses paid or incurred by the employer)

At the end, add the following:

SEC. ___. CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business-related credits) is amended by adding at the end the following:

"SEC. 45D. EMPLOYEE HEALTH INSURANCE EXPENSES.

"(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the employee health insurance expenses credit determined under this section is an amount equal to the applicable percentage of the amount paid by the taxpayer during the taxable year for qualified employee health insurance expenses.

"(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a)—

"(1) IN GENERAL.—Except as provided in paragraph (2), the applicable percentage is equal to—

"(A) 25 percent in the case of self-only coverage, and

"(B) 35 percent in the case of family coverage (as defined in section 220(c)(5)).

"(2) FIRST YEAR COVERAGE.—

"(A) IN GENERAL.—In the case of first year coverage, paragraph (1) shall be applied by substituting '60 percent' for '25 percent' and '70 percent' for '35 percent'.

"(B) FIRST YEAR COVERAGE.—For purposes of subparagraph (A), the term 'first year coverage' means the first taxable year in which the small employer pays qualified employee health insurance expenses but only if such small employer did not provide health insurance coverage for any qualified employee during the 2 taxable years immediately preceding the taxable year.

"(c) PER EMPLOYEE DOLLAR LIMITATION.—The amount of qualified employee health insurance expenses taken into account under subsection (a) with respect to any qualified employee for any taxable year shall not exceed—

"(1) $1,800 in the case of self-only coverage, and

"(2) $4,000 in the case of family coverage (as so defined).

"(d) DEFINITIONS.—For purposes of this section—

"(1) SMALL EMPLOYER.—

"(A) IN GENERAL.—The term 'small employer' means, with respect to any calendar year, any employer if such employer employed an average of 9 or fewer employees on business days during either of the 2 preceding calendar years. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the employer was in existence throughout such year.

"(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the 1st preceding calendar year, the determination under subparagraph (A) shall be based

on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

''(2) QUALIFIED EMPLOYEE HEALTH INSURANCE EXPENSES.—

''(A) IN GENERAL.—The term 'qualified employee health insurance expenses' means any amount paid by an employer for health insurance coverage to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee.

''(B) EXCEPTION FOR AMOUNTS PAID UNDER SALARY REDUCTION ARRANGEMENTS.—No amount paid or incurred for health insurance coverage pursuant to a salary reduction arrangement shall be taken into account under subparagraph (A).

''(C) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' has the meaning given such term by section 9832(b)(1).

''(3) QUALIFIED EMPLOYEE.—

''(A) IN GENERAL.—The term 'qualified employee' means, with respect to any period, an employee of an employer if the total amount of wages paid or incurred by such employer to such employee at an annual rate during the taxable year exceeds $5,000 but does not exceed $16,000.

''(B) TREATMENT OF CERTAIN EMPLOYEES.—For purposes of subparagraph (A), the term 'employee'—

''(i) shall not include an employee within the meaning of section 401(c)(1), and

''(ii) shall include a leased employee within the meaning of section 414(n).

''(C) WAGES.—The term 'wages' has the meaning given such term by section 3121(a) (determined without regard to any dollar limitation contained in such section).

''(D) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2000, the $16,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any increase determined under clause (i) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

''(e) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 52 shall apply.

''(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to qualified employee health insurance expenses taken into account under subsection (a).''

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to current year business credit) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following:

''(13) the employee health insurance expenses credit determined under section 45D.''

(c) NO CARRYBACKS.—Subsection (d) of section 39 of the Internal Revenue Code of 1986 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(9) NO CARRYBACK OF SECTION 45D CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the employee health insurance expenses credit determined under section 45D may be carried back to a taxable year ending before the date of the enactment of section 45D.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''Sec. 45D. Employee health insurance expenses.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after the date of the enactment of this Act.

AMENDMENT NO. 3853

Mr. REID. Mr. President, I send an amendment to the desk for Senator ROBB, Senator GRAHAM, and Senator KENNEDY, and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the previous amendment is set aside. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. ROBB, for himself, Mr. GRAHAM, and Mr. KENNEDY, proposes an amendment numbered 3853.

Mr. REID. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To make the bill effective upon enactment of a Medicare prescription drug benefit)

At the end of the bill, insert the following:

SEC. ___. EFFECTIVE DATE.

Notwithstanding any other provision of this Act or amendment made by this Act, no such provision or amendment shall take effect until legislation has been enacted that provides a voluntary, affordable outpatient Medicare prescription drug benefit to all Medicare beneficiaries that guarantees meaningful, stable coverage, including stop-loss and low-income protections.

Mr. KENNEDY. Mr. President, the need for action by Congress on prescription drug coverage for senior citizens is as clear as it is urgent. Medicare is a specific contract between the people and their government. It says, ''Work hard, pay into the trust fund during your working years, and you will have health security in your retirement years.'' But that promise is being broken today and every day, because Medicare does not cover prescription drugs.

This amendment is about priorities. The Republican marriage penalty relief proposal is little more than a fig leaf for a package of other tax breaks for the wealthy. I am all for marriage penalty relief. I am all for providing targeted tax relief to working families. But that's not what's at stake here.

This amendment simply says that marriage penalty relief shall not take effect until legislation has been enacted that provides a voluntary, affordable outpatient Medicare prescription drug benefit to all Medicare beneficiaries which that guarantees meaningful, stable coverage, including stop-loss and low-income protections.

Too many elderly Americans today must choose between food on the table and the medicine they need to stay healthy or to treat their illnesses. Too many senior citizens take half the pills their doctor prescribes, or don't even fill needed prescriptions at all—because they can't afford the high cost of prescription drugs.

Too many seniors are paying twice as much as they should for the drugs they need, because they are forced to pay full price, while almost everyone with a private insurance policy benefits from negotiated discounts. Too many seniors are ending up hospitalized—at immense cost to Medicare—because they aren't receiving the drugs they need to treat their illness. Pharmaceutical products are increasingly the source of miracle cures for a host of dread diseases, but senior citizens are being left out and left behind because Congress fails to act.

The crisis that senior citizens face today will only worsen if we refuse to act, because insurance coverage continues to go down, and drug costs continue to go up.

Twelve million senior citizens—one third of the total—have no prescription drug coverage at all. Surveys indicate that only half of all senior citizens—20 million—have any prescription drug coverage throughout the year. Insurance through employer retirement plans is plummeting. Medicare HMOs are drastically cutting back. Medigap plans are priced out of reach of most elderly Americans. The only senior citizens who have stable, reliable, affordable drug coverage are the very poor on Medicaid.

Prescription drug costs are out of control. Since 1996, costs have grown at double-digit rates every year. Last year, the increase was an unacceptable 16 percent, at a time when the increase in the CPI was only 2.7 percent. Access to affordable prescription drugs has become a crisis for many elderly Americans

In the face of this declining coverage and soaring cost, more and more senior citizens are being hurt. The vast majority of the elderly are of moderate means. They cannot possibly afford to purchase the prescription drugs they need if serious illness strikes. Fifty-seven percent of senior citizens have incomes below $15,000 a year, and 78 percent have incomes below $25,000. Only 7 percent have annual incomes in excess of $50,000. The older they are, the more likely they are to be in poor health and the more likely they are to have very limited income to meet their health needs.

Their current situation on prescription drugs is intolerable. Senior citizens and their families are asking for help and they deserve it. The Senate has an obligation to respond.

Few if any issues facing this Congress are more important than giving the nation's senior citizens the health security they have been promised. The promise of Medicare will not be fulfilled until Medicare protects senior

citizens against the high cost of prescription drugs, in the same way that it protects them against the high cost of hospital and doctor care.

President Clinton called for prescription drug coverage under Medicare in his 1999 State of the Union Message more than 18 months ago but the Senate still has failed to act. The legislation passed by the Republican majority in the House can't pass the truth in advertising test.

It is not a true Medicare benefit—and it won't give senior citizens the stable, affordable, adequate prescription drug benefit they deserve.

The Senate Finance Committee is discussing a new prescription drug proposal but it requires senior citizens to give up their current benefits and accept greater out-of-pocket costs that they cannot afford as the price for gaining prescription drug coverage.

The amendment we are proposing is a clear statement of priorities. It says that prescription drug coverage for the Nation's senior citizens is as important as new tax breaks.

Let's get our priorities straight. Let's meet this pressing need. Let's give senior citizens a real prescription drug benefit under Medicare. Let's put the Senate on record in support of mending Medicare's broken promise, and telling America's senior citizens that they are as important as working families and others who would benefit from this tax bill.

Mr. REID. I ask the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3854

(Purpose: To ensure that children enrolled in the Medicaid program at highest risk for lead poisoning are identified and treated)

Mr. REID. Mr. President, I send an amendment to the desk on behalf of Senator TORRICELLI.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. TORRICELLI, for himself and Mr. REED, proposes an amendment numbered 3854.

Mr. REID. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. REID. Mr. President, I rise to introduce an amendment on behalf of Senators REED of Rhode Island and TORRICELLI that would enhance Medicaid coverage for childhood lead poisoning screening.

The Reed-Torricelli amendment is concerned about lead testing because, despite federal screening requirements for kids enrolled in Medicaid, many children are not getting tested.

Lead poisoning attacks a child's nervous system and can cause seizures, brain damage, comas, and even death.

The threat of lead poisoning is particularly great for those least able to confront it—our nation's poor children.

This is why in 1992 Congress required states to test every Medicaid recipient under age two for lead.

These children are 5 times more likely to have high blood levels.

Disturbingly, however, this federal law is being ignored.

A recent GAO study found that two-thirds of children on Medicaid have never been screened for lead.

For whatever reason, insufficient outreach, lax government oversight or parental ignorance, too many kids are not getting screened.

Therefore, the Reed-Torricelli amendment seeks to improve the lead screening rates for children enrolled in Medicaid.

(1) Guarantee's that Medicaid contracts explicitly require health care providers to adhere to federal rules for screening and treatment.

(2) Requires states to report to the federal government the number of children on Medicaid being tested.

(3) Expands Medicaid coverage to include treatment for lead poisoning and for environmental investigations to determine its sources.

Mr. REID. I ask unanimous consent the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3855

Mr. REID. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] on behalf of Mr. TORRICELLI, proposes an amendment numbered 3855.

Mr. REID. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Social Security Act to waive the 24-month waiting period for medicare coverage of individuals disabled with amyotrophic lateral sclerosis (ALS)

At the end of the bill, add the following:

SEC. 7. WAIVER OF 24-MONTH WAITING PERIOD FOR MEDICARE COVERAGE OF INDIVIDUALS DISABLED WITH AMYOTROPHIC LATERAL SCLEROSIS (ALS).

(a) IN GENERAL.—Section 226 of the Social Security Act (42 U.S.C. 426) is amended—

(1) by redesignating subsection (h) as subsection (j) and by moving such subsection to the end of the section; and

(2) by inserting after subsection (g) the following:

''(h) For purposes of applying this section in the case of an individual medically determined to have amyotrophic lateral sclerosis (ALS), the following special rules apply:

''(1) Subsection (b) shall be applied as if there were no requirement for any entitlement to benefits, or status, for a period longer than 1 month.

''(2) The entitlement under such subsection shall begin with the first month (rather than twenty-fifth month) of entitlement or status.

''(3) Subsection (f) shall not be applied.''.

(b) CONFORMING AMENDMENT.—Section 1837 of such Act (42 U.S.C. 1395p) is amended by adding at the end the following:

''(j) In applying this section in the case of an individual who is entitled to benefits under part A pursuant to the operation of section 226(h), the following special rules apply:

''(1) The initial enrollment period under subsection (d) shall begin on the first day of the first month in which the individual satisfies the requirement of section 1836(1).

''(2) In applying subsection (g)(1), the initial enrollment period shall begin on the first day of the first month of entitlement to disability insurance benefits referred to in such subsection.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits for months beginning after the date of the enactment of this Act.

Mr. REID. Mr. President, I rise to introduce an amendment on behalf of Senator TORRICELLI that strives to improve the lives of patients with ALS, better known as the disease that struck down the famed Yankee Lou Gehrig.

First diagnosed over 130 years ago, ALS is a fatal neurological disorder that usually strikes individuals over 50 years old. Each year, 5,000 new cases are diagnosed; an estimated 300,000 Americans alive today will die of ALS. Life expectancy is only 3 to 5 years and the financial costs to families can be up to $200,000 a year.

Yet despite the rapid onset of symptoms and the extremely short life-expectancy, patients with ALS must endure a 24-month waiting period before receiving Medicare services.

Senator TORRICELLI's amendment will eliminate the 24-month waiting period so that patients will no longer need to wait until the final months of their illness to receive the care they need upon diagnosis.

This proposal is based on the legislation introduced by Senator TORRICELLI in 1998 and has achieved the bi-partisan support of 27 co-sponsors.

Mr. REID. I ask unanimous consent the amendment be set aside.

AMENDMENT NO. 3856

Mr. REID. Mr. President, I send an amendment to the desk on behalf of Senator TORRICELLI.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. TORRICELLI, proposes an amendment numbered 3856.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to lower the adjusted gross income threshold for deductible disaster casualty losses to 5 percent, to make such deduction an above-the-line deduction, to allow an election to take such deduction for the preceding or succeeding year, and to eliminate the marriage penalty for individuals suffering casualty losses)

At the end, add the following:

SEC. ___. MODIFICATIONS TO DISASTER CASUALTY LOSS DEDUCTION.

(a) LOWER ADJUSTED GROSS INCOME THRESHOLD.—Paragraph (2) of section 165(h) of the Internal Revenue Code of 1986 (relating to treatment of casualty gains and losses) is amended—

(1) by striking subparagraph (A) and inserting the following:

''(A) IN GENERAL.—If the personal casualty losses for any taxable year exceed the personal casualty gains for such taxable year, such losses shall be allowed for the taxable year only to the extent of the sum of—

''(i) the amount of the personal casualty gains for the taxable year, plus

''(ii) so much of such excess attributable to losses described in subsection (i) as exceeds 5 percent of the adjusted gross income of the individual (determined without regard to any deduction allowable under subsection (c)(3))'', plus

''(iii) so much of such excess attributable to losses not described in subsection (i) as exceeds 10 percent of the adjusted gross income of the individual.

For purposes of this subparagraph, personal casualty losses attributable to losses not described in subsection (i) shall be considered before such losses attributable to losses described in subsection (i).'', and

(2) by striking ''10 PERCENT'' in the heading and inserting ''PERCENTAGE''.

(b) ABOVE-THE-LINE DEDUCTION.—Section 62(a) of the Internal Revenue Code of 1986 (defining adjusted gross income) is amended by inserting after paragraph (17) the following:

''(18) CERTAIN DISASTER LOSSES.—The deduction allowed by section 165(c)(3) to the extent attributable to losses described in section 165(i).''

(c) ELECTION TO TAKE DISASTER LOSS DEDUCTION FOR PRECEDING OR SUCCEEDING 2 YEARS.—Paragraph (1) of section 165(i) of the Internal Revenue Code of 1986 (relating to disaster losses) is amended—

(1) by inserting ''or succeeding'' after ''preceding'', and

(2) by inserting ''OR SUCCEEDING'' after ''PRECEDING'' in the heading.

(d) ELIMINATION OF MARRIAGE PENALTY FOR INDIVIDUALS SUFFERING CASUALTY LOSSES.—Subparagraph (B) of section 165(h)(4) of the Internal Revenue Code of 1986 (relating to special rules) is amended to read as follows:

''(B) JOINT RETURNS.—For purposes of this subsection—

''(i) IN GENERAL.—Except as provided in clause (ii), a husband and wife making a joint return for the taxable year shall be treated as 1 individual.

''(ii) ELECTION.—A husband and wife may elect to have each be treated as a single individual for purposes of applying this section. If an election is made under this clause, the adjusted gross income of each individual shall be determined on the basis of the items of income and deduction properly allocable to the individual, as determined under rules prescribed by the Secretary.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to losses sustained in taxable years beginning after December 31, 1998.

Mr. REID. Mr. President, on behalf of Senator TORRICELLI, I would like to offer the following amendment which seeks to ease the tax burden on those Americans who have suffered or will suffer from natural disasters.

This amendment agrees with the notion that rebuilding a community in the wake of a natural disaster is an enormous task. The Senator's amendment builds on this idea by stating that a heavy income tax burden should not be one of those obstacles to recovery.

Current tax law stipulates that taxpayers can only deduct those losses that exceed 10 percent of their income. Furthermore, the requirements only allow those taxpayers who itemize their returns to deduct their losses.

Given that only a quarter of all taxpayers itemize their returns, this means that these restrictive provisions disqualify many Americans who could benefit from this deduction. This legislation removes these barriers.

First, this amendment would lower the income threshold for disaster loss deductions from 10 percent to 5 percent.

Secondly, this provision would make these deductions ''above the line'' enabling the majority of non-itemizing tax payers to claim this deduction.

This amendment would also eliminate the marriage penalty a couple incurs when they deduct their uninsured disaster losses as joint filers by allowing married couples to claim their disaster losses as single filers in order to fully deduct their uninsured disaster losses.

Finally, it would allow taxpayers to defer their deduction for a period of up to two years or claim losses that have occurred two years previously.

Senator TORRICELLI'S amendment believes that those who rebuild their lives in the wake of a disaster should not have to overcome a heavy tax burden in order to recover. This provision will help ensure that this is not the case.

Mr. REID. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3857

Mr. REID. Mr. President, I send an amendment to the desk on behalf of Senator TORRICELLI.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. TORRICELLI, proposes an amendment numbered 3857.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to eliminate the marriage penalty for individuals suffering casualty losses)

At the end, add the following:

SEC. ___. ELIMINATION OF MARRIAGE PENALTY FOR INDIVIDUALS SUFFERING CASUALTY LOSSES.

(a) IN GENERAL.—Subparagraph (B) of section 165(h)(4) of the Internal Revenue Code of 1986 (relating to special rules) is amended to read as follows:

''(B) JOINT RETURNS.—For purposes of this subsection—

''(i) IN GENERAL.—Except as provided in clause (ii), a husband and wife making a joint return for the taxable year shall be treated as 1 individual.

''(ii) ELECTION.—A husband and wife may elect to have each be treated as a single individual for purposes of applying this section. If an election is made under this clause, the adjusted gross income of each individual shall be determined on the basis of the items of income and deduction properly allocable to the individual, as determined under rules prescribed by the Secretary.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to losses sustained in taxable years beginning after December 31, 1998.

Mr. REID. Mr. President, on behalf of Senator TORRICELLI, I would like to offer an amendment which seeks to correct the current marriage penalty on those couples who deduct their disaster losses.

Whenever a married couple with joint filing status seek to deduct their losses incurred from a natural disaster, they find that their deduction is significantly less than it would be if they claimed their losses as single filers.

This amendment seeks to rectify this inequity, by allowing joint filers to claim single filing status in order to deduct their disaster losses, so that they can enjoy the deduction that they are entitled to.

Mr. REID. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3858

(Purpose: To amend the Internal Revenue Code of 1986 to allow a credit to holders of qualified bonds issued by Amtrak, and for other purposes)

Mr. REID. Mr. President, I send an amendment to the desk on behalf of Senator FRANK LAUTENBERG.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. LAUTENBERG, proposes an amendment numbered 3858.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. REID. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3859

Mr. REID. Mr. President, I send an amendment to the desk on behalf of Senator MAX CLELAND.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. CLELAND, proposes an amendment numbered 3859.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to exclude United States savings bond income from gross income if used to pay long-term care expenses)

At the end, add the following:

SEC. ___. EXCLUSION OF UNITED STATES SAVINGS BOND INCOME FROM GROSS INCOME IF USED TO PAY LONG-TERM CARE EXPENSES.

(a) IN GENERAL.—Subsection (a) of section 135 of the Internal Revenue Code of 1986 (relating to income from United States savings bonds used to pay higher education tuition and fees) is amended to read as follows:

''(a) EXCLUSION.—

''(1) GENERAL RULE.—In the case of an individual who pays qualified expenses during the taxable year, no amount shall be includible in gross income by reason of the redemption during such year of any qualified United States savings bond.

''(2) QUALIFIED EXPENSES.—For purposes of this section, the term 'qualified expenses' means—

''(A) qualified higher education expenses, and

''(B) eligible long-term care expenses.''.

(b) LIMITATION WHERE REDEMPTION PROCEEDS EXCEED QUALIFIED EXPENSES.—Section 135(b)(1) of the Internal Revenue Code of 1986 (relating to limitation where redemption proceeds exceed higher education expenses) is amended—

(1) by striking ''higher education'' in subparagraph (A)(ii), and

(2) by striking ''HIGHER EDUCATION'' in the heading thereof.

(c) ELIGIBLE LONG-TERM CARE EXPENSES.—Section 135(c) of the Internal Revenue Code of 1986 (relating to definitions) is amended by redesignating paragraph (4) as paragraph (5) and by inserting after paragraph (3) the following new paragraph:

''(4) ELIGIBLE LONG-TERM CARE EXPENSES.—The term 'eligible long-term care expenses' means qualified long-term care expenses (as defined in section 7702B(c)) and eligible long-term care premiums (as defined in section 213(d)(10)) of—

''(A) the taxpayer,

''(B) the taxpayer's spouse, or

''(C) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151.''.

(d) ADJUSTMENTS.—Section 135(d) of the Internal Revenue Code of 1986 (relating to special rules) is amended by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) ELIGIBLE LONG-TERM CARE EXPENSE ADJUSTMENTS.—The amount of eligible long-term care expenses otherwise taken into account under subsection (a) with respect to an individual shall be reduced (before the application of subsection (b)) by the sum of—

''(A) any amount paid for qualified long-term care services (as defined in section 7702B(c)) provided to such individual and described in section 213(d)(11), plus

''(B) any amount received by the taxpayer or the taxpayer's spouse or dependents for the payment of eligible long-term care expenses which is excludable from gross income.''.

(e) COORDINATION WITH DEDUCTIONS.—

(1) Section 213 of the Internal Revenue Code of 1986 (relating to medical, dental, etc., expenses) is amended by adding at the end the following new subsection:

''(f) COORDINATION WITH SAVINGS BOND INCOME USED FOR EXPENSES.—Any expense taken into account in determining the exclusion under section 135 shall not be treated as an expense paid for medical care.''.

(2) Section 162(l) of such Code (relating to special rules for health insurance costs of self-employed individuals) is amended by adding at the end the following new paragraph:

''(6) COORDINATION WITH SAVINGS BOND INCOME USED FOR EXPENSES.—Any expense taken into account in determining the exclusion under section 135 shall not be treated as an expense paid for medical care.''.

(f) CLERICAL AMENDMENTS.—

(1) The heading for section 135 of the Internal Revenue Code of 1986 is amended by inserting ''**and long-term care expenses**'' after ''**fees**''.

(2) The item relating to section 135 in the table of sections for part III of subchapter B of chapter 1 of such Code is amended by inserting ''and long-term care expenses'' after ''fees''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2000.

Mr. CLELAND. Mr. President, the Cleland Savings Bond Tax-Exemption for Long-Term Care Services Amendment would exclude United States savings bond income from being taxed if used to pay for long-term health care expenses. This bill will assist individuals struggling to accommodate costs associated with many chronic medical conditions and the aging process. A staggering 5.8 million Americans are afflicted with the financial burdens of long-term care.

My bill proposes a tax credit for individuals who are limited in daily activities or have a comparable cognitive impairment. Providing a tax credit for families paying for long-term health care will help alleviate the financial burdens for one of the fastest growing health care expenses. Federal and state spending for nursing home care and home care continues to skyrocket. Current estimates forecast that in the next 30 years, half of all women and a third of all men in the United States will spend a portion of their life in a nursing home at cost of $40,000 to $90,000 per year per person.

My legislation will assist families by: providing a tax credit for savings bonds used to pay for long-term care, and allowing families to use their savings bond assets to face the dual challenge of paying for long-term care services and higher education expenses.

I urge you to support proposal to provide tax relief to Americans burdened by the financial constraints on providing long-term care and higher education expenses.

Mr. REID. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3860

Mr. REID. Mr. President, I send an amendment to the desk on behalf of Senator MAX CLELAND.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. CLELAND, proposes an amendment numbered 3860.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to expand the enhanced deduction for corporate donations of computer technology to public libraries and community centers)

At the end, add the following:

SEC. ___. ENHANCED DEDUCTION FOR CORPORATE DONATIONS OF COMPUTER TECHNOLOGY TO PUBLIC LIBRARIES AND COMMUNITY CENTERS.

(a) EXPANSION OF COMPUTER TECHNOLOGY DONATIONS TO PUBLIC LIBRARIES AND COMMUNITY CENTERS.—

(1) IN GENERAL.—Paragraph (6) of section 170(e) of the Internal Revenue Code of 1986 (relating to special rule for contributions of computer technology and equipment for elementary or secondary school purposes) is amended by striking ''qualified elementary or secondary educational contribution'' each place it occurs in the headings and text and inserting ''qualified computer contribution''.

(2) EXPANSION OF ELIGIBLE DONEES.—Subclause (II) of section 170(e)(6)(B)(i) of such Code (relating to qualified elementary or secondary educational contribution) is amended by striking ''or'' at the end of subclause (I) and by inserting after subclause (II) the following new subclauses:

''(III) a public library (within the meaning of section 213(2)(A) of the Library Services and Technology Act (20 U.S.C. 9122(2)(A)), as in effect on the date of the enactment of the Community Technology Assistance Act, established and maintained by an entity described in subsection (c)(1), or

''(IV) a nonprofit or governmental community center, including any center within which an after-school or employment training program is operated,''.

(b) CONFORMING AMENDMENTS.—

(1) Section 170(e)(6)((B)(iv) of the Internal Revenue Code of 1986 is amended by striking ''in any grades K–12''.

(2) The heading of paragraph (6) of section 170(e) of such Code is amended by striking ''ELEMENTARY OR SECONDARY SCHOOL PURPOSES'' and inserting ''EDUCATIONAL PURPOSES''.

(c) EXTENSION OF DEDUCTION.—Section 170(e)(6)(F) of the Internal Revenue Code of 1986 (relating to termination) is amended by striking ''December 31, 2000'' and inserting ''December 31, 2005''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after December 31, 2000.

Mr. REID. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3861

Mr. ROTH. Mr. President, I send an amendment to the desk on behalf of Senator GRAMS.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. GRAMS, proposes an amendment numbered 3861.

Mr. ROTH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To repeal the increase in tax on Social Security benefits)

At the end of the bill, add the following:

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. REPEAL OF INCREASE IN TAX ON SOCIAL SECURITY BENEFITS.

(a) REPEAL OF INCREASE IN TAX ON SOCIAL SECURITY BENEFITS.—

(1) IN GENERAL.—Paragraph (2) of section 86(a) (relating to social security and tier 1 railroad retirement benefits) is amended by adding at the end the following new flush sentence:

''This paragraph shall not apply to any taxable year beginning after December 31, 2000.''

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2000.

(b) REVENUE OFFSET.—The Secretary of the Treasury shall transfer, for each fiscal year, from the general fund in the Treasury to the Federal Hospital Insurance Trust Fund established under section 1817 of the Social Security Act (42 U.S.C. 1395i) an amount equal to the decrease in revenues to the Treasury for such fiscal year by reason of the amendment made by this section.

Mr. REID. Mr. President, I say to my friend from Delaware, we want to second degree this amendment. We cannot do that until all time is yielded back.

Mr. ROTH. I yield back the time.

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I ask unanimous consent that we move on to other business and subsequently Senator ROTH and I will make a decision as to whether or not a second-degree amendment will be offered on our behalf and whether or not he wants to second degree our amendment. We will decide that at a subsequent time so we can complete our work.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3862

Mr. ROTH. Mr. President, on behalf of Senator ABRAHAM, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. ABRAHAM, proposes an amendment numbered 3862.

Mr. ROTH. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To express the sense of the Senate regarding the need to repeal the death tax and improve coverage of prescription drugs under the medicare program this year)

At the end of the Act, add the following:

TITLE VI—MISCELLANEOUS

SEC. 601. SENSE OF THE SENATE REGARDING COVERAGE OF PRESCRIPTION DRUGS UNDER THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate makes the following findings:

(1) Projected on-budget surpluses for the next 10 years total $1,900,000,000,000, according to the President's mid-session review.

(2) Eliminating the death tax would reduce revenues by $104,000,000,000 over 10 years, leaving on-budget surpluses of $1,800,000,000,000.

(3) The medicare program established under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) faces the dual problem of inadequate coverage of prescription drugs and rapid escalation of program costs with the retirement of the baby boom generation.

(4) The concurrent resolution on the budget for fiscal year 2001 provides $40,000,000,000 for prescription drug coverage in the context of a reform plan that improves the long-term outlook for the medicare program.

(5) The Committee on Finance of the Senate currently is working in a bipartisan manner on reporting legislation that will reform the medicare program and provide a prescription drug benefit.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) on-budget surpluses are sufficient to both repeal the death tax and improve coverage of prescription drugs under the medicare program and Congress should do both this year; and

(2) the Senate should pass adequately funded legislation that can effectively—

(A) expand access to outpatient prescription drugs;

(B) modernize the medicare benefit package;

(C) make structural improvements to improve the long term solvency of the medicare program;

(D) reduce medicare beneficiaries' out-of-pocket prescription drug costs, placing the highest priority on helping the elderly with the greatest need; and

(E) give the elderly access to the same discounted rates on prescription drugs as those available to Americans enrolled in private insurance plans.

Mr. ROTH. I yield back the Republican time.

Mr. REID. I yield back the time for the minority.

Mr. ROTH. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent to set aside the amendment that is now pending.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3863

Mr. MOYNIHAN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. MOYNIHAN] proposes an amendment numbered 3863.

Mr. MOYNIHAN. I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide a complete substitute)

Strike all after the enacting clause and insert the following:

SECTION 1. COMBINED RETURN TO WHICH UNMARRIED RATES APPLY.

(a) IN GENERAL.—Subpart B of part II of subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to income tax returns) is amended by inserting after section 6013 the following new section:

''SEC. 6013A. COMBINED RETURN WITH SEPARATE RATES.

''(a) GENERAL RULE.—A husband and wife may make a combined return of income taxes under subtitle A under which—

''(1) a separate taxable income is determined for each spouse by applying the rules provided in this section, and

''(2) the tax imposed by section 1 is the aggregate amount resulting from applying the separate rates set forth in section 1(c) to each such taxable income.

''(b) TREATMENT OF INCOME.—For purposes of this section—

''(1) earned income (within the meaning of section 911(d)), and any income received as a pension or annuity which arises from an employer-employee relationship, shall be treated as the income of the spouse who rendered the services,

''(2) income from property shall be divided between the spouses in accordance with their respective ownership rights in such property (equally in the case of property held jointly by the spouses), and

''(3) any exclusion from income shall be allowable to the spouse with respect to whom the income would be otherwise includible.

''(c) TREATMENT OF DEDUCTIONS.—For purposes of this section—

''(1) except as otherwise provided in this subsection, the deductions described in section 62(a) shall be allowed to the spouse treated as having the income to which such deductions relate,

''(2) the deductions allowable by section 151(b) (relating to personal exemptions for taxpayer and spouse) shall be determined by allocating 1 personal exemption to each spouse,

''(3) section 63 shall be applied as if such spouses were not married, except that the election whether or not to itemize deductions shall be made jointly by both spouses and apply to each, and

''(4) each spouse's share of all other deductions shall be determined by multiplying the aggregate amount thereof by the fraction—

''(A) the numerator of which is such spouse's gross income, and

''(B) the denominator of which is the combined gross incomes of the 2 spouses.

Any fraction determined under paragraph (4) shall be rounded to the nearest percentage point.

''(d) TREATMENT OF CREDITS.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), each spouse's share of credits allowed to both spouses shall be determined by multiplying the aggregate amount of the credits by the fraction determined under subsection (c)(4).

''(2) EARNED INCOME CREDIT.—The earned income credit under section 32 shall be determined as if each spouse were a separate taxpayer, except that—

''(A) the earned income and the modified adjusted gross income of each spouse shall be determined under the rules of subsections (b), (c), and (e), and

''(B) qualifying children shall be allocated between spouses proportionate to the earned income of each spouse (rounded to the nearest whole number).

''(e) SPECIAL RULES REGARDING INCOME LIMITATIONS.—

''(1) EXCLUSIONS AND DEDUCTIONS.—For purposes of making a determination under subsection (b) or (c), any eligibility limitation with respect to each spouse shall be determined by taking into account the limitation applicable to a single individual.

''(2) CREDITS.—For purposes of making a determination under subsection (d)(1), in no event shall an eligibility limitation for any credit allowable to both spouses be less than twice such limitation applicable to a single individual.

''(f) SPECIAL RULES FOR ALTERNATIVE MINIMUM TAX.—If a husband and wife elect the application of this section—

''(1) the tax imposed by section 55 shall be computed separately for each spouse, and

''(2) for purposes of applying section 55—

''(A) the rules under this section for allocating items of income, deduction, and credit shall apply, and

''(B) the exemption amount for each spouse shall be the amount determined under section 55(d)(1)(B).

''(g) TREATMENT AS JOINT RETURN.—Except as otherwise provided in this section or in the regulations prescribed hereunder, for purposes of this title (other than sections 1 and 63(c)) a combined return under this section shall be treated as a joint return.

''(h) LIMITATIONS.—

''(1) PHASE-IN OF BENEFIT.—

''(A) IN GENERAL.—In the case of any taxable year beginning before January 1, 2004, the tax imposed by section 1 or 55 shall in no event be less than the sum of—

''(i) the tax determined after the application of this section, plus

''(ii) the applicable percentage of the excess of—

''(I) the tax determined without the application of this section, over

''(II) the amount determined under clause (i).

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

''For taxable years beginning in:	The applicable percentage is:
2002	50
2003	10.

''(2) LIMITATION OF BENEFIT BASED ON COMBINED ADJUSTED GROSS INCOME.—With respect to spouses electing the treatment of this section for any taxable year, the tax under section 1 or 55 shall be increased by an amount which bears the same ratio to the excess of the tax determined without the application of this section over the tax determined after the application of this section as the ratio (but not over 100 percent) of the excess of the combined adjusted gross income of the spouses over $100,000 bears to $50,000.

''(i) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this section.''.

(b) UNMARRIED RATE MADE APPLICABLE.—So much of subsection (c) of section 1 of the Internal Revenue Code of 1986 as precedes the table is amended to read as follows:

''(c) SEPARATE OR UNMARRIED RETURN RATE.—There is hereby imposed on the taxable income of every individual (other than a married individual (as defined in section 7703) filing a return which is not a combined return under section 6013A, a surviving spouse as defined in section 2(a), or a head of household as defined in section 2(b)) a tax determined in accordance with the following table:''.

(c) PENALTY FOR SUBSTANTIAL UNDERSTATEMENT OF INCOME FROM PROPERTY.—Section 6662 of the Internal Revenue Code of 1986 (relating to imposition of accuracy-related penalty) is amended—

(1) by adding at the end of subsection (b) the following:

''(6) Any substantial understatement of income from property under section 6013A.'', and

(2) by adding at the end the following new subsection:

''(i) SUBSTANTIAL UNDERSTATEMENT OF INCOME FROM PROPERTY UNDER SECTION 6013A.—For purposes of this section, there is a substantial understatement of income from property under section 6013A if—

''(1) the spouses electing the treatment of such section for any taxable year transfer property from 1 spouse to the other spouse in such year,

''(2) such transfer results in reduced tax liability under such section, and

''(3) the significant purpose of such transfer is the avoidance or evasion of Federal income tax.''.

(d) PROTECTION OF SOCIAL SECURITY AND MEDICARE TRUST FUNDS.—

(1) IN GENERAL.—Nothing in this section shall be construed to alter or amend the Social Security Act (or any regulation promulgated under that Act).

(2) TRANSFERS.—

(A) ESTIMATE OF SECRETARY.—The Secretary of the Treasury shall annually estimate the impact that the enactment of this section has on the income and balances of the trust funds established under sections 201 and 1817 of the Social Security Act (42 U.S.C. 401 and 1395i).

(B) TRANSFER OF FUNDS.—If, under subparagraph (A), the Secretary of the Treasury estimates that the enactment of this section has a negative impact on the income and balances of such trust funds, the Secretary shall transfer, not less frequently than quarterly, from the general revenues of the Federal Government an amount sufficient so as to ensure that the income and balances of such trust funds are not reduced as a result of the enactment of this section.

(e) CLERICAL AMENDMENT.—The table of sections for subpart B of part II of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 6013 the following:

''Sec. 6013A. Combined return with separate rates.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

(g) SUNSET PROVISION.—The amendments made by this Act shall not apply to any taxable year beginning after December 31, 2004.

Mr. MOYNIHAN. Mr. President, the proposal we make is somewhat without precedent as a tax measure. It can be described, sir, in one sentence: It says, with regard to the marriage penalty, married couples are free to file jointly or individually. They choose. The present regime, with persons having the sense of being treated unfairly, I hope disappears in this regard. The one thing about the Tax Code—whatever its size—it must not be seen to be unfair. There are people—and they are many—who think this present arrangement is unfair. We say: You choose; it is your choice.

Mr. President, for the second time in three months, the Senate is considering a marriage penalty relief bill that only partly addresses the marriage penalty. While Democrats strongly support marriage penalty relief, we cannot support the bill before us today because it fails to eliminate the marriage penalty. I will soon explain the specific objections to the GOP bill and the benefits and simplicity of the Democratic substitute amendment. First, I would like to frame the debate by explaining what a marriage penalty tax is and the history of the tax.

The ''marriage penalty'' is the additional tax paid by a husband and wife over and above what the couple would have paid in the aggregate if they were not married. Marriage penalties are more likely to occur where both spouses have roughly similar income, i.e., a division between 50/50 and 70/30. On the other hand, a marriage bonus can occur where one spouse receives substantially more income than the other, i.e., a disparity in earnings of 70/30 or greater, where the spouses together pay less tax in the aggregate than they would if not married.

For years, we have struggled to achieve the right balance in the taxation of single and married taxpayers. In 1948, to maintain parity between married couples in community property and separate property states, Congress created the joint tax return with rate brackets double the width of the rate brackets for single filers. Thus, a married worker with a non-earning spouse had a much lower tax liability than an equal-income single person. Not surprisingly, single taxpayers viewed this change as creating a singles penalty rather than a bonus for married couples, an effect magnified by the high marginal tax rates paid by upper-income taxpayers. By 1969, a single taxpayer with the same income as a married couple could expect to pay as much as 40 percent more in income tax. To address this inequity, a special rate structure was introduced for single taxpayers in the Tax Reform Act of 1969. The 1969 Act limited the tax liability of single taxpayers to no more than 20 percent above that of married couples with the same taxable income.

Now married couples have come to view the current structure as penalizing them, and we are therefore on the verge of changing the tax code once again in the never ending attempt to find balance.

Why do we repeatedly revisit this issue? Because of the inherent conflict in three fundamental tax policies: (a) the use of progressive tax rates, under which persons with higher incomes pay higher marginal tax rates, (b) neutrality among married taxpayers, where all married couples with the

same income face identical tax burdens, and (c) neutrality between marriage and remaining single, where the tax burden does not change due to marital status. Only two of the three conditions, in any combination, can be satisfied.

Which leads me to my objections to the bill before us today. First, many Democratic members believe the best thing we can do with on-budget surpluses is to pay down the federal debt. I think all Democratic members agree that if we are going to have tax cuts, however, we should consider them in a comprehensive fashion that allows us to balance priorities. Instead, this Congress is considering tax cuts in piecemeal fashion. Although the magnitude of any one individual proposal may not threaten our expected 10-year budget surplus, Congress has already passed—in one chamber or the other—$551 billion in tax cuts, including the marriage tax proposal now on the floor when considered on a normal 10 year basis. The 10-year price tag on these cuts, however, is not exhaustive. The cuts come with an additional cost. For every dollar that goes toward cutting taxes rather than paying down debt, there is a corresponding interest cost. For example, the interest cost associated with the $551 billion in tax cuts already passed is $127 billion. The country wants a responsible Congress that allocates the surplus to provide sufficient funds for reducing the national debt, bolstering Medicare and Social Security, and investing in other priority programs such as a prescription drug benefit.

Second, while several of the marriage penalty bill's provisions have merit as tax policy matters, the bill is not targeted at eliminating the marriage penalty. Instead, the standard deduction and bracket expansion proposals would increase the marriage bonus for millions of couples. The Department of Treasury estimates that only about 40 percent of the tax reduction would go to couples currently experiencing a marriage penalty.

I point out that a marriage bonus is equivalent to a singles penalty. The GOP bill increases the singles penalty because it increases the marriage bonus for people already receiving a bonus. Marriage bonuses cause undue and unfair burdens on singles, including widows and widowers

Third, the GOP bill does not comprehensively address the marriage penalty. Of the 65 known provisions in the Internal Revenue Code that have a marriage penalty effect, the Committee-passed bill eliminates only one and partially addresses only two more. If the committee bill is enacted, we will have made little progress in eliminating discrimination in the tax code based on marital status.

Finally, because the GOP bill does not completely exempt its marriage penalty relief benefits from the alternative minimum tax calculation, some 5 million taxpayers would immediately lose those benefits as a consequence of becoming newly subject to the AMT.

In March of this year, Democratic members of the Finance Committee proposed an alternative marriage penalty relief bill which was more comprehensive, more targeted, and more generous to those actually experiencing a marriage penalty than the majority proposal. However, Committee Republicans rejected it, opting for a flawed proposal identical to the one they have passed. In the June 28, 2000 markup of the Budget Reconciliation Bill, Finance Committee Democrats offered another proposal that varies slightly from the March proposal. The new version caps the benefit with a phase out that begins at adjusted gross income of $100,000 and phases out completely at AGI of $150,000.

The Democrats' marriage penalty relief proposal is a comprehensive, targeted, and fiscally responsible approach. Democrats believe, first of all, that if we are going to address the marriage penalty, we must do it comprehensively. The Democratic alternative would give married couples the option of filing as single individuals or as a couple. When fully phased in by 2004, this approach would eliminate for eligible couples all 65 marriage penalty provisions in the tax code by allowing them to choose whichever filing status is more beneficial. Separate filing would address all aspects of the marriage penalty, including penalties associated with such divergent matters as the taxation of social security benefits, education tax incentives, and retirement savings. Moreover, this proposal would eliminate the penalty inherent in the earned income tax credit—the most severe marriage penalty in the tax code—which creates a substantial disincentive to marry for EITC beneficiaries. Finally, the benefits of this approach would also be available under the AMT.

Perhaps the most striking difference between this approach and the Republican plan is the targeting of benefits. The Democratic alternative would dedicate 100 percent of its benefits to fixing the marriage penalty problem and would not spend resources on expanding marriage bonuses.

Permitting married couples to file as if they were two single individuals is not a new concept. Nine states and the District of Columbia allow married couples to pay taxes on their separate incomes as if they were single. And in 1994, 19 of the 27 OECD countries provided one rate schedule whether taxpayers were married or single. Countries such as Canada, Australia and the United Kingdom treat each individual as a taxpaying unit. Thus, in those countries marriage has little effect on the couple's tax liability.

Optional separate filing is the correct approach. We urge the Senate to adopt the Democratic alternative.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, before the Senator leaves the floor, I want to be able to say some things publicly that I have said to him privately. My stay here in the Senate has been a great experience, but that experience has been heightened every day because of Senator MOYNIHAN. I loved when I was going to school, but being around Senator MOYNIHAN is even better because it is like going to school—and you don't have to take the tests.

I say to the Senator from New York, the State of New York and our country is so well-served by the wisdom and integrity and the brilliance that he has. I know he is going to be here for another 6 months, but the Senate will never be the same without DANIEL PATRICK MOYNIHAN. I and the country and the State of New York will miss him terribly.

Mr. MOYNIHAN. I thank my friend. What a great way to go off for the weekend.

I thank my revered chairman.

Mr. ROTH. Mr. President, I would just like to echo the kind remarks made about Senator MOYNIHAN. There is no man who better serves his State. There is no Senator who provides greater insight and brilliance. I am honored to be associated with him.

Mr. MOYNIHAN. I do thank you, sir. I thank the Chair. I think it is best to make my departure quickly.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. This alternative amendment would allow married couples the option to file as two singles on their joint return. It is the same amendment that Senator MOYNIHAN offered in the Finance Committee a few weeks ago. It is a concept I have endorsed in the past, primarily because it has the capability to deliver complete marriage penalty relief to all taxpayers, both at the low end and at the high end. It was a principled approach to ending the marriage penalty in our Tax Code.

But the amendment the Senator offers today cuts away from that principled approach. Today's amendment imposes arbitrary income limits on the marriage penalty relief and begins to phase out the benefits at $100,000 of income, and then completely shuts them off at $150,000 per couple.

According to the Congressional Budget Office, in 1999, there were about 7.5 million joint returns with an adjusted gross income greater than $100,000. And 56 percent of that group, or 4.2 million couples, suffered from a marriage penalty. The total amount of marriage penalty suffered by those couples is almost $12 billion, which is more than one-third of all the marriage penalties caused by our Tax Code.

The average marriage penalty faced by each one of these families is about $2,800. Yet despite these significant marriage penalties encountered by these couples—and they claim that this is a targeted tax bill to eliminate the marriage tax—this substitute amendment turns its back on those taxpayers. The amendment tells these

folks they make too much money and should not receive complete relief.

A few weeks ago, during the Finance Committee markup on the marriage penalty, and the subsequent procedural debate on the Senate floor, the Democratic alternative was a separate filing regime with no income limits. Now the substitute amendment has arbitrary income limits.

What has happened in the last 3 months? The surplus estimates have outgrown even the rosiest expectations. We continue to see the accumulation of tremendous on-budget surpluses. We have continued to see more and more evidence of America's tax overpayment. Especially in this environment, I cannot see any rationale for creating some arbitrary income level. Yet that is precisely what this amendment does. It seems to me that we are going in the wrong direction. This is just not right.

Over the past few years, all of us—both Democrats and Republicans—have talked at length about the fundamental unfairness of the marriage penalty in the Tax Code. But if we really believe it is a policy that needs to be changed—I believe that it does—then we should change it for all Americans. I do not see how we can justify solving the marriage tax penalty for some but letting it remain for others at an arbitrary income level. This does not have to be—and should not be—an issue of the rich versus the poor.

While I do not agree with this amendment, I do want to commend my colleague for recognizing American families deserve substantial tax relief. Over 5 years, this alternative costs the same as the marriage tax relief reconciliation bill of 2000—a total of $55 billion. It is nice to see many Members have recognized that we should return the income tax overpayment to families across the country. This amendment takes what could be a good framework and destroys it with income limits.

I urge my colleagues to oppose the substitute amendment.

Mr. BAUCUS. Mr. President, I rise to support the Moynihan amendment, which provides an alternative form of marriage penalty relief.

I do so for two main reasons.

First, unlike the bill, the Democratic alternative completely eliminates the marriage penalty, by giving taxpayers the choice whether to file their taxes individually or jointly.

Second, unlike the bill, the Democratic alternative only addresses the marriage penalty, rather than providing a more general tax cut that benefits some people but not others. In that sense, it's a replay of yesterday's debate, about estate taxes. By concentrating on the real problem, the Democratic alternative leaves resources available for other pressing national needs.

Before going into these arguments in more detail, I'd provide a little background.

From some of the debate that we've heard over the past months, you'd think that the proponents of committee bill are only ones in favor of marriage.

But as is usually the case, it's not that simple. In fact, the taxation of married couples presents some complex issues, requiring careful thought.

After all, the so-called ''marriage penalty'' is not some devilish concoction designed to discourage marriage and reward sinners.

It is, instead, a reflection of some difficult choices that have been made. We have to decide how to tax married couples compared to individuals, and we have to decide whether couples that earn the same amount of income, but in different proportions between the husband and wife, should be taxed differently.

These are not easy issues. They don't have pat, obvious answers. And, when you try to solve one problem, you often create another.

Congress has wrestled with these questions before. Up until 1948, married people filed taxes individually. That created problems. Among other things, the Supreme Court held that the IRS must give effect to state community property laws. As a result, couples were taxes differently depending on how different state community property laws allocated income between spouses. If a couple lived in a common law state, they may have had to pay higher taxes than a couple with the same income between spouses. If a couple lived in a common law state, they may have had to pay higher taxes than a couple with the same income who lived in a community property state.

In 1948, Congress addressed this by allowing all married couples to file joint returns. Congress set the personal exemption, standard deduction, and ''rate breaks'' for couples at twice those for individuals. For some couples, that created the so-called ''marriage bonus''. For example, if one spouse earned 100 percent of the income, the couple would probably pay lower taxes after marriage, because the income would be split evenly between the two spouses, and they would benefit from lower tax rates.

In 1969, Congress decided that this system treated individuals unfairly.

The Senate Finance Committee report said that ''the tax rates imposed on single persons are too heavy relative to those imposed on married couples at the same income level . . . While some difference between the rate of tax paid by single persons and joint returns is appropriate to reflect the additional living expenses of married taxpayers, the existing differential of as much as 41 percent which results from income splitting cannot be justified.''

So in 1969, Congress adjusted the rate schedules, setting the rate breaks for individuals at about 60 percent of those for couples, rather than 50 percent. That addressed the perceived unfairness to individuals.

But it resulted in some couples paying higher taxes after they marry—the marriage penalty.

We've pretty much stuck with that system ever since, through Democratic and Republican Administrations, when Democrats were in the Senate majority and when Republicans were in the Senate majority.

In recent years, however, some things have changes, that have made the taxation of married couples a bigger issue.

First of all, as we've added more credits, deductions, and exclusions to the Tax Code, each has included it's own ''marriage penalty,'' because there's a separate rate schedule for individuals and married couples.

For example, the 1997 tax bill, sponsored primarily by Republicans, made two noteworthy additions to the marriage penalty. The first is the child tax credit. The phase out for this credit begins a $110,000 of adjusted gross income for joint return filers, but at $75,000 for unmarried parents, creating both a marriage bonus for sole earner couples and a marriage penalty for dual earner couples.

The second is the phaseouts of the deduction for interest on student loans. The phaseout for this deduction begins at $40,000 for unmarried individuals and at $60,000 for joint return filers. Like the child credit phaseout, it creates a marriage bonus for one earner couples and a marriage penalty for two earner couples.

So the issue has become compounded by all of our tinkering with the Code.

In addition, there's been a demographic shift. More couples today are two earner couples than there were three decades ago. So more couples today face a marriage penalty than a bonus.

Pulling this together, the marriage penalty is not intentional. It's not designed to penalize marriage. It's a natural consequence of some rational decisions.

But it's still a problem, both in fact and in the eyes of the American people.

And it's a problem that we should do something about. But we should all understand that there is no ''magic bullet'' that will solve the problem without potentially creating others. We must make some tough choices.

That brings me to the committee bill.

It has some good features, including the provisions regarding the standard deduction and the earned income tax credit.

But is also has several flaws.

Most important of these, the bill isn't a ''marriage penalty'' proposal at all.

Let's have a little truth in advertising. Let's tell people what's really going on. This isn't a marriage penalty bill. It's a tax cut, disguised as a marriage penalty bill.

More than half of the tax cut goes to couples who don't face a marriage penalty, or to individuals who pay the alternative minimum tax.

It's really more like a broad-based tax cut, at least for married couples and some individuals.

That kind of a tax cut may or may not be a good idea, compared to other priorities. But let's be clear. The Chairman's bill is not simply a bill to reduce the marriage penalty.

Viewed not as a marriage penalty bill, but as a tax cut, it's arbitrary—there's no particular rhyme or reason to it. If you're married and pay a marriage penalty, you get a tax cut. If you're married and don't pay a marriage penalty, you also get a tax cut. And if you're married and get a tax bonus, you still get a tax cut.

If you're single, you get no tax cut. In fact, the disparity between married and single taxpayers widens, to where is was before 1969.

Think about it. If you're married, with no kids, and you're already receiving the so-called marriage bonus, you get a tax cut.

If, on the other hand, you're a single mom with three kids, struggling to make end meet, you get no tax cut. Zero

The Democratic alternative, on the other hand, is more fair and more logical. You only get a tax cut if you have a marriage penalty. And if you have a marriage penalty, the Democratic alternative completely eliminates it. Not partial relief. Complete elimination.

You won't have to worry about the marriage penalty in the student loan deduction, or in Social Security benefits, or in any of the 65 separate marriage penalties that have crept into the Tax Code over the years. The Democratic alternative eliminates all of them at one time.

And it does so in a way most taxpayers can understand—if they save more in taxes by filing as individuals, that is what they're allowed to do. It's their choice how they file their returns. Taxpayers in a number of states, including my own home state of Montana, already have this option and it saves them millions of dollars in taxes.

Mr. President, let's eliminate the marriage penalty, not just provide some relief from it.

And let's do it by empowering taxpayers to make the choice about how they file their taxes.

I urge my colleagues to support the Democratic alternative.

AMENDMENT NO. 3864

Mr. ROTH. Mr. President, I move to strike the sunset provisions in the underlying bill on page 8, lines 6 through 14. I send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 3864.

Mr. ROTH. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To strike sunset provision)

On page 8, strike lines 6 through 14.

AMENDMENT NO. 3865 TO AMENDMENT NO. 3863

Mr. ROTH. Mr. President, I also move to strike the sunset provisions in the substitute offered by Senator MOYNIHAN, on page 9, lines 23 through 25, and send the amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 3865 to amendment No. 3863.

Mr. ROTH. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows:

(Purpose: To strike sunset provision)

On page 9, strike lines 23 through 25.

Mr. ROTH. Mr. President, I further note that both my amendments would be deemed extraneous under section 313, the so-called Byrd rule of the Budget Act, because they increase the deficit beyond the years for which the Finance Committee has received reconciliation and instruction. Therefore, I move to waive the point of order against both my amendments pursuant to section 313(b)(1)(E) of the Congressional Budget Act of 1974, the House companion bill, and any conference report thereon.

Mr. REID. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. ROTH. Mr. President, I ask unanimous consent with respect to the Grams amendment No. 3861, that it be in order for Senator REID to offer a second-degree amendment and, immediately following the offering of that amendment, it be set aside in order for Senator ROTH to offer a second-degree amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3866 TO AMENDMENT NO. 3861

Mr. REID. Mr. President, under the unanimous consent agreement, I send an amendment to the desk in relation to amendment No. 3861.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. REID] proposes an amendment numbered 3866 to the Grams amendment No. 3861.

Mr. REID. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment add the following:

FINDINGS

The Grams Social Security amendment includes a general fund transfer to the Medicare HI Trust Fund of $113 billion over the next 10 years.

Without a general fund transfer to the HI trust fund, the Grams amendment would cause Medicare to become insolvent 5 years earlier than is expected today.

It is appropriate to protect the Medicare program and ensure its quality and viability by transferring monies from the general fund to the Medicare HI Trust Fund.

The adoption of the Grams Social Security amendment has put a majority of the Senate on record in favor of a general fund transfer to the HI trust fund.

Today, the Medicare HI Trust Fund is expected to become insolvent in 2025.

The $113 billion the Grams amendment transfers to the HI trust fund to maintain Medicare's solvency is the same amount that the President has proposed to extend its solvency to 2030.

SENSE OF THE SENATE

It is the sense of the Senate that the general fund transfer mechanism included in the Grams Social Security amendment should be used to extend the life of the Medicare Trust Fund through 2030, to ensure that Medicare remains a strong health insurance program for our nation's seniors and that its payments to health providers remain adequate.

Mr. REID. I yield back any time we have for debate on that amendment.

Mr. ROTH. I yield back any time we may have on that amendment.

AMENDMENT NO. 3867 TO AMENDMENT NO. 3861

Mr. ROTH. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 3867 to the GRAMS amendment No. 3861.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To repeal the increase in tax on Social Security benefits)

Strike all after the first word and add the following:

TITLE VI—MISCELLANEOUS PROVISIONS

SEC. 601. REPEAL OF INCREASE IN TAX ON SOCIAL SECURITY BENEFITS.

(a) REPEAL OF INCREASE IN TAX ON SOCIAL SECURITY BENEFITS.—

(1) IN GENERAL.—Paragraph (2) of section 86(a) (relating to social security and tier 1 railroad retirement benefits) is amended by adding at the end the following new flush sentence:

''This paragraph shall not apply to any taxable year beginning after December 31, 2000.''

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to taxable years beginning after December 31, 2000.

(b) REVENUE OFFSET.—The Secretary of the Treasury shall transfer, for each fiscal year, from the general fund in the Treasury to the Federal Hospital Insurance Trust Fund established under section 1817 of the Social Security Act (42 U.S.C. 1395i) an amount equal to the decrease in revenues to the Treasury for such fiscal year by reason of the amendment made by this section.

This section shall become effective 1 day after enactment of this Act.

Mr. ROTH. Mr. President, I yield back any time I have on the amendment.

Mr. REID. As does the minority, Mr. President.

AMENDMENT NO. 3868

Mr. ROTH. Mr. President, on behalf of Senator STEVENS, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. STEVENS, for himself, proposes an amendment numbered 3868.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to maintain exemption of Alaska from dyeing requirements for exempt diesel fuel and kerosene)

At the appropriate place insert the following new section:

"SEC. . ALASKA EXEMPTION FROM DYEING REQUIREMENTS.

(a) EXCEPTION TO DYEING REQUIREMENTS FOR EXEMPT DIESEL FUEL AND KEROSENE.—Paragraph (1) of section 4082(c) (relating to exception to dyeing requirements) is amended to read as follows:

''(1) removed, entered, or sold in the State of Alaska for ultimate sale or use in such State, and''.

(b) EFFECTIVE DATE.—The amendment made by this section applies with respect to fuel removed, entered, or sold on or after the date of the enactment of this Act.

Mr. ROTH. Mr. President, I yield back any time I have on the amendment.

Mr. REID. As does the minority.

AMENDMENT NO. 3869

Mr. ROTH. Mr. President, on behalf of Senator STEVENS, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. STEVENS, proposes an amendment numbered 3869.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend section 415 of the Internal Revenue Code)

At the appropriate place insert the following new section:

"SEC. . TREATMENT OF MULTIEMPLOYER PLANS UNDER SECTION 415.

''(a) COMPENSATION LIMIT.—Paragraph (11) of section 415(b) (relating to limitation for defined benefit plans) is amended to read as follows:

'''(11) SPECIAL LIMITATION RULE FOR GOVERNMENTAL AND MULTIEMPLOYER PLANS.—In the case of a governmental plan (as defined in section 414(d)) or a multiemployer plan (as defined in section 414(f)), subparagraph (B) of paragraph (1) shall not apply.'

''(b) COMBINING AND AGGREGATION OF PLANS.—

''(1) COMBINING OF PLANS.—Subsection (f) of section 415 (relating to combining of plans) is amended by adding at the end the following:

'''(3) EXCEPTION FOR MULTIEMPLOYER PLANS.—Notwithstanding paragraph (1) and subsection (g), a multiemployer plan (as defined in section 414(f)) shall not be combined or aggregated with any other plan maintained by an employer for purposes of applying the limitations established in this section. The preceding sentence shall not apply for purposes of applying subsection (b)(1)(A) to a plan which is not a multiemployer plan.'

''(2) CONFORMING AMENDMENT FOR AGGREGATION OF PLANS.—Subsection (g) of section 415 (relating to aggregation of plans) is amended by striking 'The Secretary' and inserting 'Except as provided in subsection (f)(3), the Secretary'.

''(c) APPLICATION OF SPECIAL EARLY RETIREMENT RULES.—Section 415(b)(2)(F) (relating to plans maintained by governments and tax-exempt organizations) is amended—

''(1) by inserting 'a multiemployer plan (within the meaning of section 414(f)),' after 'section 414(d)),', and

''(2) by striking the heading and inserting:

'''(F) SPECIAL EARLY RETIREMENT RULES FOR CERTAIN PLANS.—'

''(d) EFFECTIVE DATE.—The amendments made by this section shall apply to years beginning after December 31, 2000.''.

Mr. ROTH. Mr. President, I yield back the remaining time on the amendment.

Mr. REID. As does the minority.

AMENDMENT NO. 3870

Mr. ROTH. Mr. President, on behalf of Senator STEVENS, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. STEVENS, proposes an amendment numbered 3870.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to provide a charitable deduction for certain expenses incurred in support of Native Alaskan subsistence whaling)

At the appropriate place insert the following new section:

"SEC. . CHARITABLE CONTRIBUTION DEDUCTION FOR CERTAIN EXPENSES INCURRED IN SUPPORT OF NATIVE ALASKAN SUBSISTENCE WHALING.

(a) IN GENERAL.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) EXPENSES PAID BY CERTAIN WHALING CAPTAINS IN SUPPORT OF NATIVE ALASKAN SUBSISTENCE WHALING.—

''(1) IN GENERAL.—In the case of an individual who is recognized by the Alaska Eskimo Whaling Commission as a whaling captain charged with the responsibility of maintaining and carrying out sanctioned whaling activities and who engages in such activities during the taxable year, the amount described in paragraph (2) (to the extent such amount does not exceed $7,500 for the taxable year) shall be treated for purposes of this section as a charitable contribution.

''(2) AMOUNT DESCRIBED.—

''(A) IN GENERAL.—The amount described in this paragraph is the aggregate of the reasonable and necessary whaling expenses paid by the taxpayer during the taxable year in carrying out sanctioned whaling activities.

''(B) WHALING EXPENSES.—For purposes of subparagraph (A), the term 'whaling expenses' includes expenses for—

''(i) the acquisition and maintenance of whaling boats, weapons, and gear used in sanctioned whaling activities,

''(ii) the supplying of food for the crew and other provisions for carrying out such activities, and

''(iii) storage and distribution of the catch from such activities.

''(3) SANCTIONED WHALING ACTIVITIES.—For purposes of this subsection, the term 'sanctioned whaling activities' means subsistence bowhead whale hunting activities conducted pursuant to the management plan of the Alaska Eskimo Whaling Commission''.

(b) EFFECTIVE DATE.—the amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2000.

Mr. ROTH. Mr. President, I yield back the remaining time on the amendment.

Mr. REID. The minority yields back.

AMENDMENT NO. 3871

Mr. ROTH. Mr. President, on behalf of Senator STEVENS, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. STEVENS, proposes an amendment numbered 3871.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code to provide for equitable treatment of trusts created to preserve the benefits of Alaska Native Settlement Act)

At the appropriate place insert the following new section:

SEC. . TAX TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.

(a) MODIFICATION OF TAX RATE.—Section 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(i) In lieu of the tax imposed by subsection (c), there is hereby imposed on any electing Settlement Trust (as defined in section 646(e)(2)) a tax at the rate of 15% on its taxable income (as defined in section 646(d)), except that if such trust has a net capital gain for any taxable year, a tax shall be imposed on such net capital gain at the rate of tax that would apply to such net capital gain if the taxpayer were an individual subject to a tax on ordinary income at a rate of 15%.''

(b) SPECIAL RULES RELATING TO TAXATION OF ALASKA NATIVE SETTLEMENT TRUSTS.—Subpart A of Part I of subchapter J of Chapter 1 (relating to general rules for taxation of trusts and estates) is amended by adding at the end the following new section.

"SEC. 646. TAX TREATMENT OF ALASKA NATIVE SETTLEMENT TRUSTS.

''(a) IN GENERAL.—Except as otherwise provided in this section, the provisions of this subchapter and section 1(c) shall apply to all settlement trusts organized under the Alaska Native Claims Settlement Act (''Claims Act'')).

''(b) ONE-TIME ELECTION.—

''(1) EFFECT. In the case of an electing Settlement Trust, then except as set forth in this section—

''(A) section 1(i), and not section 1(e), shall apply to such trust;

''(B) no amount shall be includible in the gross income of any person by reason of a contribution to such trust; and

''(C) the beneficiaries of such trust shall be subject to tax on the distributions by such trust only as set forth in paragraph (2).

''(2) TAX TREATMENT OF DISTRIBUTIONS TO BENEFICIARIES BY ELECTING SETTLEMENT TRUSTS.—

''(A) distributions by an electing Settlement Trust shall be taxed as follows:

''(i) Any distributions by such trust, up to the amount for such taxable year of such trust's taxable income plus any amount of income excluded from the income of the trust by section 103, shall be excluded from the gross income of the recipient beneficiaries;

''(ii) Next, any distributions by such trust during the taxable year that are not excluded from the recipient beneficiaries' income pursuant to clause (i) shall nonetheless be excluded from the gross income of the recipient beneficiaries. The maximum exclusion under this clause shall be equal to the amount during all years in which an election under this subsection has been in effect of such trust's taxable income plus any amount of income excluded from the income of the trust by section 103, reduced by any amounts which have previously been excluded from the recipient beneficiaries' income under this clause or clause (i);

(iii) The remaining distributions by the Trust during the taxable year which are not excluded from the beneficiaries' income pursuant to clause (i) or (ii) shall be deemed for all purposes of this title to be treated as distributions by the sponsoring Native Corporation during such taxable year upon its stock and taxable to the recipient beneficiaries to the extent provided in Subchapter C of Subtitle A.

''(3) TIME AND METHOD OF ELECTION.—An election under this subsection shall be made—

''(A) before the due date (including extensions) for filing the Settlement Trust's return of tax for the first taxable year of such trust ending after the date of enactment of this subsection, and

''(B) by attaching to such return of tax a statement specifically providing for such election.

''(4) PERIOD ELECTION IN EFFECT.—Except as provided in subsection (c), an election under this subsection—

''(A) shall apply to the 1st taxable year described in subparagraph (3)(A) and all subsequent taxable years, and

''(B) may not be revoked once it is made.

''(c) SPECIAL RULES WHERE TRANSFER RESTRICTIONS MODIFIED.—

''(1) TRANSFER OF BENEFICIAL INTERESTS.—If the beneficial interests in an electing Settlement Trust may at any time be disposed of in a manner which would not be permitted by section 7(h) of the Claims Act (43 U.S.C. 1606(h)) if such beneficial interest were Settlement Common Stock—

''(A) no election may be made under subsection (b) with respect to such trust, and

''(B) if an election under subsection (b) is in effect as of such time—

''(i) such election is revoked as of the 1st day of the taxable year following the taxable year in which such disposition is first permitted, and

''(ii) there is hereby imposed on such Alaska Native Settlement Trust in lieu of any other taxes for such taxable year a tax equal to the product of the fair market value of the assets held by such trust as of the close of the taxable year in which such disposition is first permitted and the highest rate of tax under section 1(e) for such taxable year.

''(2) STOCK IN CORPORATION.—If—

''(A) the Settlement Common Stock in the sponsoring Native Corporation may be disposed of in any manner not permitted by section 7(b) of the Claims Act, and

''(B) at any time after such disposition is first permitted, the sponsoring Native Corporation transfer assets to such Settlement Trust,

subparagaph (1)(B) shall be applied to such trust in the same manner as if the trust permitted dispositions of beneficial interests in the trust other than would be permitted under section 7(h) of the Claims Act if such beneficial interests were Settlement Common Stock.

''(3) ADMINISTRATIVE PROVISIONS.—For purposes of Subtitle F, the tax imposed by clause (ii) of subparagraph (1)(B) shall be treated as an excise tax with respect to which the deficiency procedures of such subtitle apply.

''(d) TAXABLE INCOME.—For purposes of this Title, the taxable income of an electing Settlement Trust shall be determined under section 641(b) without regard to any deduction under section 651 or 661.

''(e) DEFINITIONS.—For purposes of this section, section 1(i) and section 6041.—

''(1) NATIVE CORPORATION.—The term 'Native Corporation' has the meaning given such term by section 3(m) of the Claims Act (43 U.S.C. 1602(m))

''(2) SPONSORING NATIVE CORPORATION.—The term 'sponsoring Native Corporation' means the respective Native Corporation that transferred assets to an electing Settlement Trust.

''(3) SETTLEMENT TRUST.—The term 'Settlement Trust' means a trust which constitutes a settlement trust under section 39 of the Claims Act (43 U.S.C. 1629e).

''(4) ELECTING SETTLEMENT TRUST.—The term 'electing Settlement Trust' means a Settlement Trust that has made the election described in subsection (b).

''(5) SETTLEMENT COMMON STOCK.—The term 'Settlement Common Stock' has the meaning given such term by section 3(p) of the Claims Act (43 U.S.C. 1602(p)).''

(c) REPORTING.—Section 6041 of such Code is amended by adding at the end the following new subsection:

''(f) APPLICATION TO CERTAIN ALASKA NATIVE SETTLEMENT TRUSTS.—In lieu of all other rules (whether imposed by statute, regulation or otherwise that require a trust to report to its beneficiaries and the Commissioner concerning distributable share information, the rules of this subsection shall apply to an electing Settlement Trust (as defined in section 646(e)(4)). An electing Settlement Trust is not required to include with its return of income or send to its beneficiaries statement that identify the amounts distributed to specific beneficiaries. An electing Settlement Trust shall instead include with its own return of income a statement as to the total amount of its distributions during such taxable year, the amount of such distributions which are excludable from the recipient beneficiaries' gross income pursuant to section 646, and the amount, if any, of its distributions during such year which were deemed to have been made by the sponsoring Native Corporation (as such term is defined in section 646(e)(2)).''

''(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years of electing Settlement Trusts, their beneficiaries, and sponsoring Native Corporations ending after the date of the enactment of this Act and to contributions made to electing Settlement Trusts during such year and thereafter.

Mr. ROTH. I yield back any time I have.

Mr. REID. As does the minority.

AMENDMENT NO. 3872

Mr. ROTH. Mr. President, I send an amendment to the desk on behalf of Senator STEVENS.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. STEVENS, proposes an amendment numbered 3872.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To clarify the tax treatment of passengers filing empty seats on noncommercial airplanes)

At the appropriate place insert the following new section:

SEC. . TAX TREATMENT OF PASSENGERS FILLING EMPTY SEATS ON NONCOMMERCIAL AIRPLANES.

(a) Subsection (j) of section 132 of the Internal Revenue Code of 1986 (relating to certain fringe benefits) is amended by adding at the end thereof the following new paragraph:

''(9) SPECIAL RULE FOR CERTAIN NONCOMMERCIAL AIR TRANSPORTATION.—Notwithstanding any other provision of this section, the term 'no-additional-cost service' includes the value of transportation provided to any person on a noncommercially operated aircraft if—

''(A) such transportation is provided on a flight made in the ordinary course of the trade or business of the taxpayer owning or leasing such aircraft for use in such trade or business,

''(B) the flight on which the transportation is provided would have been made whether or not such person was transported on the flight, and

''(C) no substantial addition cost is incurred in providing such transportation to such person.

For purposes of this paragraph, an aircraft is noncommercially operated if transportation thereon is not provided or made available to the general public by purchase of a ticket or other fare.''

(b) EFFECTIVE DATE.—The amendment made by Section 1 shall take effect on January 1, 2001.

Mr. ROTH. Mr. President, I yield back my time.

Mr. REID. As does the minority.

AMENDMENT NO. 3873

Mr. ROTH. Once more, Mr. President, on behalf of Senator STEVENS, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Delaware [Mr. ROTH], for Mr. STEVENS, proposes an amendment numbered 3873.

Mr. ROTH. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend title 26 of the Taxpayer Relief Act of 1986 to allow income averaging for fishermen without negative Alternative Minimum Tax treatment, for the creation of risk management accounts for fishermen and for other purposes)

At the appropriate place insert the following new section:

SEC. __. INCOME AVERAGING FOR FISHERMEN WITHOUT INCREASING ALTERNATIVE MINIMUM TAX LIABILITY AND FISHERMEN RISK MANAGEMENT ACCOUNTS.

(a)(1) INCOME AVERAGING FOR FISHERMEN WITHOUT INCREASING ALTERNATIVE MINIMUM TAX LIABILITY.—Section 55(c) (defining regular tax) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following:

''(2) COORDINATION WITH INCOME AVERAGING FOR FISHERMEN.—Solely for purposes of this section, section 1301 (relating to averaging of fishing income) shall not apply in computing the regular tax.''.

(2) ALLOWING INCOME AVERAGING FOR FISHERMEN.—

(A) IN GENERAL.—Section 1301(a) is amended by striking 'farming business' and inserting 'farming business or fishing business,'.

''(B) DEFINITION OF ELECTED FARM INCOME.—

''(i) IN GENERAL.—Clause (i) of section 1301(b)(1)(A) is amended by inserting 'or fishing business' before the semicolon.

''(ii) CONFORMING AMENDMENT.—Subparagraph (B) of section 1301(b)(1) is amended by inserting 'or fishing business' after 'farming business' both places it occurs.

''(C) DEFINITION OF FISHING BUSINESS.—Section 1301(b) is amended by adding at the end the following new paragraph:

''(4) FISHING BUSINESS.—The term 'fishing business' means the conduct of commercial fishing (as defined in section 3 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802, Public Law 94–265 as amended)).''.

(b) FISHERMEN RISK MANAGEMENT ACCOUNTS.—Subpart C of part II of subchapter E of chapter 1 (relating to taxable year for which deductions taken) is amended by inserting after section 468B the following:

''SEC. 468C. FISHING RISK MANAGEMENT ACCOUNTS.

''(a) DEDUCTION ALLOWED.—In the case of an individual engaged in an eligible commercial fishing activity, there shall be allowed as a deduction for any taxable year the amount paid in cash by the taxpayer during the taxable year Fishing Risk Management Account (hereinafter referred to as the 'FisheRMen Account').

''(b) LIMITATION.—

''(1) CONTRIBUTIONS.—The amount which a taxpayer may pay into the FisheRMen Account for any taxable year shall not exceed 20 percent of so much of the taxable income of the taxpayer (determined without regard to this section) which is attributable (determined in the manner applicable under section 1301) to any eligible commercial fishing activity.

''(2) DISTRIBUTIONS.—Distributions from a FisheRMen Account may not be used to purchase, lease, or finance any new fishing vessel, add capacity to any fishery, or otherwise contribute to the overcapitalization of any fishery. The Secretary of Commerce shall implement regulations to enforce this paragraph.

''(c) ELIGIBLE BUSINESSES.—For purposes of this section—

''(1) COMMERCIAL FISHING ACTIVITY.—The term 'commercial fishing activity' has the meaning given the term commercial fishing by section (3) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1802, Public Law 94–265 as amended) but only if such fishing is not a passive activity (within the meaning of section 469(c)) of the taxpayer.

''(d) FISHERMEN ACCOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'FisheRMen Account' means a trust created or organized in the United States for the exclusive benefit of the taxpayer, but only if the written governing instrument creating the trust meets the following requirements:

''(A) No contribution will be accepted for any taxable year in excess of the amount allowed as a deduction under subsection (a) for such year.

''(B) The trustee is a bank (as defined in section 408(n)) or another person who demonstrates to the satisfaction of the Secretary that the manner in which such person will administer the trust will be consistent with the requirements of this section.

''(C) The assets of the trust consist entirely of cash or of obligations which have adequate stated interest (as defined in section 1274(c)(2)) and which pay such interest not less often than annually.

''(D) All income of the trust is distributed currently to the grantor.

''(E) The assets of the trust will not be commingled with other property except in a common trust fund or common investment fund.

''(2) ACCOUNT TAXED AS GRANTOR TRUST.—The grantor of a FisheRMen Account shall be treated for purposes of this title as the owner of such Account and shall be subject to tax thereon in accordance with subpart E of part I of subchapter J of this chapter (relating to grantors and others treated as substantial owners).

''(e) INCLUSION OF AMOUNTS DISTRIBUTED.—

''(1) IN GENERAL.—Except as provided in paragraph (2), there shall be includible in the gross income of the taxpayer for any taxable year—

''(A) any amount distributed from a FisheRMen Account of the taxpayer during such taxable year, and

''(B) any deemed distribution under—

''(i) subsection (f)(1) (relating to deposits not distributed within 5 years),

''(ii) subsection (f)(2) (relating to cessation in eligible commercial fishing activities), and

''(iii) subparagraph (A) or (B) of subsection (f)(3) (relating to prohibited transactions and pledging account as security).

''(2) EXCEPTIONS.—Paragraph (1)(A) shall not apply to—

''(A) any distribution to the extent attributable to income of the Account, and

''(B) the distribution of any contribution paid during a taxable year to a FisheRMen Account to the extent that such contribution exceeds the limitation applicable under subsection (b) if requirements similar to the requirements of section 408(d)(4) are met.

''For purposes of subparagraph (A), distributions shall be treated as first attributable to income and then to other amounts.

''(f) SPECIAL RULES.—

''(1) TAX ON DEPOSITS IN ACCOUNT WHICH ARE NOT DISTRIBUTED WITHIN 5 YEARS.—

''(A) IN GENERAL.—If, at the close of any taxable year, there is a nonqualified balance in any FisheRMen Account—

''(i) there shall be deemed distributed from such Account during such taxable year an amount equal to such balance, and

''(ii) the taxpayer's tax imposed by this chapter for such taxable year shall be increased by 10 percent of such deemed distribution.

''The preceding sentence shall not apply if an amount equal to such nonqualified balance is distributed from such Account to the taxpayer before the due date (including extensions) for filing the return of tax imposed by this chapter for such year (or, if earlier, the date the taxpayer files such return for such year).

''(B) NONQUALIFIED BALANCE.—For purposes of subparagraph (A), the term 'nonqualified balance' means any balance in the Account on the last day of the taxable year which is attributable to amounts deposited in such Account before the 4th preceding taxable year.

''(C) ORDERING RULE.—For purposes of this paragraph, distributions from a FisheRMen Account (other than distributions of current income) shall be treated as made from deposits in the order in which such deposits were made, beginning with the earliest deposits.

''(2) CESSATION IN ELIGIBLE BUSINESS.—At the close of the first disqualification period after a period for which the taxpayer was engaged in an eligible commercial fishing activity, there shall be deemed distributed from the FisheRMen Account of the taxpayer an amount equal to the balance in such Account (if any) at the close of such disqualification period. For purposes of the preceding sentence, the term 'disqualification period' means any period of 2 consecutive taxable years for which the taxpayer is not engaged in an eligible commercial fishing activity.

''(3) CERTAIN RULES TO APPLY.—Rules similar to the following rules shall apply for purposes of this section:

''(A) Section 220(f)(8) (relating to treatment on death).

''(B) Section 408(e)(2) (relating to loss of exemption of account where individual engaged in prohibited transaction).

''(C) Section 408(e)(4) (relating to effect of pledging account as security).

''(D) Section 408(g) (relating to community property laws.)

''(E) Section 408(h) (relating to custodial accounts).

''(4) TIME WHEN PAYMENTS DEEMED MADE.—For purposes of this section, a taxpayer shall be deemed to have made a payment to a FisheRMen Account on the last day of a taxable year if such payment is made on account of such taxable year and is made on or before the due date (without regard to extensions) for filing the return of tax for such taxable year.

''(5) INDIVIDUAL.—For purposes of this section the term 'individual' shall not include an estate or trust.

''(6) DEDUCTION NOT ALLOWED FOR SELF-EMPLOYMENT TAX.—The deduction allowable by reason of subsection (a) shall not be taken into account in determining an individual's net earnings from self-employment (within the meaning of section 1402(a)) for purposes of chapter 2.

''(g) REPORTS.—The trustee of a FisheRMen Account shall make such reports regarding such Account to the Secretary and to the person for whose benefit the Account is maintained with respect to contributions, distributions, and such other matters as the Secretary may require under regulations. The reports required by this subsection shall be filed at such time and in such manner and furnished to such persons at such time and in such manner as may be required by such regulations.''.

(c) CONFORMITY WITH EXISTING PROVISIONS AND CLERICAL AMENDMENT.—

(1) Subsection (a) of section 4973 (relating to tax on excess contributions to certain tax-favored accounts and annuities) is amended by striking ''or'' at the end of paragraph (3), by redesignating paragraph (4) as paragraph (5), and by inserting after paragraph (3) the following:

''(4) a FisheRMen Account (within the meaning of section 468C(d)), or''.

(2) Section 4973 is amended by adding at the end the following:

''(g) EXCESS CONTRIBUTIONS TO FISHERMEN ACCOUNTS.—For purposes of this section, in the case of a FisheRMen Account (within the meaning of section 468C(d)), the term 'excess contributions' means the amount by which the amount contributed for the taxable year to the Account exceeds the amount which may be contributed to the Account under section 468C(b) for such taxable year. For purposes of this subsection, any contribution

which is distributed out of the FisheRMen Account in a distribution to which section 468C(e)(2)(B) applies shall be treated as an amount not contributed.''.

(3) The section heading for section 4973 is amended to read as follows:

''SEC. 4973. EXCESS CONTRIBUTIONS TO CERTAIN ACCOUNTS, ANNUITIES, ETC.''.

(4) The table of sections for chapter 43 is amended by striking the item relating to section 4973 and inserting the following:

''Sec. 4973. Excess contributions to certain accounts, annuities, etc.''.

(5) TAX ON PROHIBITED TRANSACTIONS.—Subsection (c) of section 4975 (relating to tax on prohibited transactions) is amended by adding at the end the following:

''(6) SPECIAL RULE FOR FISHERMEN ACCOUNTS.—A person for whose benefit a FisheRMen Account (within the meaning of section 468C(d)) is established shall be exempt from the tax imposed by this section with respect to any transaction concerning such account (which would otherwise be taxable under this section) if, with respect to such transaction, the account ceases to be a FisheRMen Account by reason of the application of section 468C(f)(3)(A) to such account.''. (2) Paragraph (1) of section 4975(e) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following:

''(E) a FisheRMen Account described in section 468C(d).''.

(6) FAILURE TO PROVIDE REPORTS ON FISHERMEN ACCOUNTS.—Paragraph (2) of section 6693(a) (relating to failure to provide reports on certain tax-favored accounts or annuities) is amended by redesignating subparagraphs (C) and (D) as subparagraphs (D) and (E), respectively, and by inserting after subparagraph (B) the following:

''(C) section 468C(g) (relating to FisheRMen Accounts,''.

(7) CLERICAL AMENDMENT.—The table of sections for subpart C of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 468B the following:

''Sec. 468C. Fishing Risk Management Accounts.''.

(d) EFFECTIVE DATE.—The changes made by this section shall apply to taxable years beginning after December 31, 2000.

Mr. ROTH. Mr. President, I yield back whatever time I have remaining.

Mr. REID. As does the minority.

AMENDMENT NO. 3862, AS MODIFIED

Mr. ROTH. Mr. President, on behalf of Senator ABRAHAM, I ask unanimous consent to send a modification of his previous amendment to the desk.

The PRESIDING OFFICER. Is there objection to the modification?

Mr. REID. I have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment, as modified, is as follows:

(Purpose: To express the sense of the Senate regarding the need to repeal the marriage tax penalty and improve coverage of prescription drugs under the medicare program this year)

At the end of the Act, add the following:

TITLE VI—MISCELLANEOUS

SEC. 601. SENSE OF THE SENATE REGARDING COVERAGE OF PRESCRIPTION DRUGS UNDER THE MEDICARE PROGRAM.

(a) FINDINGS.—The Senate makes the following findings:

(1) Projected on-budget surpluses for the next 10 years total $1,900,000,000,000, according to the President's mid-session review.

(2) Eliminating the marriage tax penalty would reduce revenues by $56,000,000,000 over 10 years, leaving on-budget surpluses of $1,844,000,000,000.

(3) The medicare program established under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) faces the dual problem of inadequate coverage of prescription drugs and rapid escalation of program costs with the retirement of the baby boom generation.

(4) The concurrent resolution on the budget for fiscal year 2001 provides $40,000,000,000 for prescription drug coverage in the context of a reform plan that improves the long-term outlook for the medicare program.

(5) The Committee on Finance of the Senate currently is working in a bipartisan manner on reporting legislation that will reform the medicare program and provide a prescription drug benefit.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) on-budget surpluses are sufficient to both repeal the marriage tax penalty and improve coverage of prescription drugs under the medicare program and Congress should do both this year; and

(2) the Senate should pass adequately funded legislation that can effectively—

(A) expand access to outpatient prescription drugs;

(B) modernize the medicare benefit package;

(C) make structural improvements to improve the long term solvency of the medicare program;

(D) reduce medicare beneficiaries' out-of-pocket prescription drug costs, placing the highest priority on helping the elderly with the greatest need; and

(E) give the elderly access to the same discounted rates on prescription drugs as those available to Americans enrolled in private insurance plans.

Mr. ROTH. Mr. President, I believe that is all the amendments we have on this side.

Mr. REID. Mr. President, I say to the manager of the bill, Senator REED, who is a cosponsor of one of the amendments that was offered on his behalf and Senator TORRICELLI, wishes to speak on that amendment at this time.

Mr. REED. Mr. President, earlier today, the Senator from Nevada offered an amendment on childhood lead exposure on behalf of myself and Senator TORRICELLI. I wish to speak briefly at this time on the merits of that amendment.

Today, we are here to offer an amendment that would address a problem that is particularly pernicious, dealing with the health of children and exposure to lead paint. There are countless numbers of children across this country who have been physically and emotionally harmed, and cognitive development impaired, because they were unwittingly, in most cases, exposed to lead-based paint. Generally, this type of paint is common in older homes throughout the country. It is a particular problem in the Northeast, in Rhode Island and in Massachusetts; but it is not limited to that part of the country.

Anyplace where you have older houses, and the homes are more than 20 or 30 years old—you have this potential problem of exposure to lead-based paint by children, which may impact their physical and intellectual development.

The Medicaid authorities have recognized this problem and have promulgated regulations for screening and follow-up treatment services for Medicaid-eligible young children. However, in all too many cases, this screening requirement is ignored by Medicaid contractors. Without screening and without identification of lead poisoned children, there is no good opportunity for followup treatment.

Now, the amendment, proposed by Senator TORRICELLI and myself, would codify these regulations and would require screening conducted by Medicaid contractors, which are the health plans that provide services for the Medicaid population. With screening, it would also require the followup treatment and services necessary to ensure that the child can successfully deal with exposure and poisoning from lead.

What we are seeing across the country, from statistics being generated by the General Accounting Office, is that many States are negligent in ensuring that the contractors are screening children and providing followup treatment. Our amendment would try to respond to this known deficiency by requiring an annual report to Congress from HCFA and, in turn, requiring legislatively that the States not only insist upon the screening, but also report back to HCFA on the results of their screening efforts.

Let me emphasize that this is not a new mandate on the States. This is in response to the fact that the existing Federal regulations are being ignored. The next logical step—the one we propose—is to codify these regulations, literally give them the force of law so the States and Medicaid contractors will begin to do what they should have been doing since 1992.

What we have seen, in terms of the population of Medicaid children, is that they represent about 60 percent of all children who have been exposed to and poisoned by lead paint. Yet, only 20 percent of Medicaid-eligible children have been effectively screened for lead exposure. So you have estimates of 60 percent of the youth Medicaid population with some exposure to lead paint. Only 20 percent have been screened. That huge gap suggests very strongly that there are many, many children—too many—who are not being given the treatment they need to correct a very difficult problem.

Now, the other aspect we want to emphasize is the fact that timely screening of children exposed to lead is critical to their ultimate recovery. It is critical, not only to saving families the stress, turmoil and tragedy of a lead-poisoned child, but also saving society enormous economic costs associated with lead exposure and lead poisoning. One of the things that is quite clear to all who have looked into this problem is that, first, lead poisoning is a completely preventable illness. If children

are not exposed to lead—and typically exposure comes from paint in their homes—then they will not contract this disease. What is also critical is the fact that lead poisoning can cause extremely detrimental health effects in developing children. It is associated with brain damage, behavioral and learning problems, slow growth, and other maladies, all of which are avoidable if we screen, test, and literally get the lead out.

Statistics show that young children who are exposed to lead poisoning frequently require special education services. In fact, it has been suggested that children who have exposure to lead paint are 40 percent more likely to require special education.

Special education is one of the issues we often talk about during the course of the debate on educational priorities and funding. It costs an average of $10,000 above the cost of regular education for the typical special education child. Many of these children are in special education programs because they were poisoned by lead in their homes. If we can effectively deal with this health care problem, we will also deal with an educational problem and a funding problem, a problem that bedevils every local school system in this country.

Whenever I go back to my State, one of the top issues I hear about from my constituents is the extra cost of special education. While this proposal will at least go a small way toward addressing that problem, as well as going to the heart of the matter on protecting children from an environmental poison that can be avoided if we screen and take other remedial actions.

This amendment is only one part of a comprehensive strategy we need to protect children against the hazards of lead poisoning. We need screening of individual children and we need quick access to followup services and treatment; but we also need a housing policy that recognizes that we have an obligation to remove from older homes the lead paint that is the source of the contagion for these young children. If we put these together—screening, treatment, housing policies that try to get the lead out, and provide safe housing for all of our children—then I think we will be on our way not only to providing good, compassionate care for our children, but also saving society countless millions of dollars each year.

I particularly thank my colleagues, Senator BOND and Senator MIKULSKI, because over the last couple of years we have been able to put more resources into Federal lead abatement programs, treatment programs, and other programs aimed at this particularly pernicious problem. I hope we, in fact, continue on that trend.

Today we have an important opportunity to do what we have tried to do through regulations, but to do it through the force of law, by requiring screening and access to care for children, by requiring appropriate reports to Federal authorities and to the Congress, so we can eradicate this problem amongst our children in this country.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, one of the things I am afraid of is that many people following this debate will get confused about what we are talking about, why we are here, and what the issue is before us. I thought I would come over one more time before the weekend and basically try to outline what it is we are talking about. Many amendments are being offered. Our Democrat colleagues would not let us just bring up repeal of the marriage penalty and vote on it. They insisted on having the ability to offer amendments on scores of different issues. So I know it may be confusing as people listen to the debate.

Let me talk about what the issue is, where those of us stand on repealing the marriage tax penalty, what we believe we have to do regarding that; and then I want to talk a little bit about what the President has proposed as an alternative.

I don't know that anybody ever intended that American tax law penalize working people who get married. But today, when two people, both of whom work outside their home, meet, fall in love, get married, and pay their taxes, they pay, on average, $1,400 a year for the right to be married.

Now, I hope and believe that if you asked most American couples if it is worth $1,400 a year to them to be married, I think most of them would say it is. I can say, without any reservation, that my wife is worth $1,400 a year, and a bargain at that. But I believe she ought to get the money, and not bureaucrats in Washington, DC.

How did this all come about? You have to remember when the Tax Code was written that relatively few women worked outside the home. It was structured in such a way as to try to achieve various objectives.

But the bottom line is we have two problems today.

The first problem is, if you are single and you file your tax return, you get a standard deduction of $4,400. If you have a young man and a young woman, or not such a young man and not such a young woman, and they are single and filing separately, and don't itemize deductions, each one of them gets a standard deduction of $4,400. If they meet, fall in love, and get married, they end up getting a joint return standard deduction of $7,350—obviously, much less than $8,800, which would be twice the single deduction of $4,400. If you meet, fall in love, and get married, the amount of income you get to deduct before you start paying taxes is actually less after you are married than it is before.

Second, the income of the second spouse is added directly to the income of the first spouse.

What tends to happen is two people who, as singles, are in the 15-percent tax bracket meet, fall in love and get married, and end up in the 28-percent tax bracket. Hence, when you combine the discrimination in the tax law against married couples as compared to singles on the standard deduction, and when you look at pushing people into these higher tax brackets more quickly when they are married than when they were singled, the result is a marriage tax penalty which averages $1,400 each year.

We want the remedy to be very simple. We want to repeal the marriage penalty. We think this is not just an economic issue, we think it is a moral issue. We think even the greatest country in the history of the world is treading dangerously when it has policies that discourage people from forming families. We are not here to give any kind of sermon on families and the values of families, but the plain truth is the modern family is the most powerful institution in history for happiness and economic progress, and we don't think our Government, of all governments, should be trifling with it.

Our reform says, whereas single people get a $4,400 standard deduction, we will give a married couple $8,800. We want to change the tax brackets so that if two people get married who are in the 15-percent tax bracket as singles, they will still be in the 15-percent tax bracket after they get married; or, if they are in the 28-percent tax bracket, they are still in the 28-percent tax bracket after they get married.

You would think you could look throughout the continent of North America and not find a single soul who thought the marriage tax penalty was a good idea. But, unfortunately, we have a President and we have Members of this very Congress who may say they are not for it but they are opposed to getting rid of it.

They are opposed to getting rid of it for a very simple reason. They believe they can spend this money better than families. They believe if we repeal the marriage penalty and working couples get to keep $1,400 a year more of their own income to invest in their own family, in their own future, and in their own children, that those families will do a poorer job with that money than the Government will do if the Government gets to spend it. They really believe that the Government can spend it better.

Our President and many of our Democrat colleagues, honest to goodness, in their hearts, believe it is wrong to give this $1,400 back to people by eliminating the marriage penalty because they believe that Government could spend the money so much better than families could spend it.

While they believe that, they don't feel comfortable saying it because they don't believe the American people will agree with them.

So what do they say? What does our President say? He doesn't say: Look, don't give this money back to families. They will spend it on their children.

They will spend it on houses. They might buy a new refrigerator. They might go on vacation. They might send their children to Texas A&M. Let the Government spend it. But they do not say that. Our President is many things, but dumb is not one of them. He is very smart. So he says it is rich people—that we are trying to give money to rich people.

There is a code that you need to understand about our President and many people in his party. The code is that every tax increase is on rich people and every tax cut is for rich people; therefore, you always want to raise taxes but you never want to cut taxes.

I want to remind you—I am sure people who are listening to this debate are going to hear our President speak on the issue within a week after we send this bill down to the White House. The President is going to have to decide whether to sign it. I suspect he is going to say: I wanted to eliminate the marriage penalty. I am against the marriage penalty. It is just that I didn't want to do it for rich people.

Let me remind people that this is the same President who, when he raised taxes in 1993, looked us right in the eye over the television, and said: No one who is not rich will pay more taxes under my tax bill. Then he raised gasoline taxes on everybody. I guess maybe everybody who drives a truck, or a car, or uses gasoline in some way to travel or go to work is rich.

Then there was the even more grievous example where the President taxed people's Social Security benefits if they earned over $34,000 a year, because if you earn over $34,000 a year, according to the President, you are rich.

Here is an example I wanted to make. I think it is so priceless. Let me make it a couple of times to be sure I get it right.

The President says he wants to get rid of the marriage penalty but he doesn't want to do it for rich people. So what he proposes is raising the standard deduction if both people work. If one of them doesn't work, or one of them doesn't make as much money, he doesn't raise it or doesn't raise it as much. I am going to get back to that. But he doesn't expand the 15-percent bracket so that married people don't end up paying in the 28-percent tax bracket with the same incomes that were taxed at 15-percent when they were single. He says his plan just eliminates the marriage penalty for people who are not rich—that our plan eliminates it for people who are rich.

It is very interesting. For a couple filing a tax return, they move into the 28-percent tax bracket at a combined income of $43,850. If you want to know whether you are rich or not by the definition of our President, if you make $21,925 a year and your wife makes $21,925, according to Bill Clinton, you are rich.

I ask a question: Does anybody really believe that somebody making $21,925 a year is rich? I don't think anybody really believes that. Why does Bill Clinton say that? He says it because he is not willing to say what he really believes, which is, it is fine to penalize people for getting married, because he may not necessarily like it or enjoy it, but it is all right to do that and make them pay the marriage penalty of $1,400 a year because the Government can do such a good job spending that money and the family would probably waste it.

Let me mention two other issues. Then I will yield the floor.

The President says if both spouses are not working, they ought not to get the benefit. We reject that.

First of all, anybody who thinks stay-home parents don't work has never been a stay-home parent. Anybody who thinks you are getting a tax bonus by staying at home to raise your children is somebody who doesn't understand families too well, because most families make tremendous economic sacrifices to have one parent stay home with their children. Yet the President runs around and says when one of the parents doesn't work outside the home, they are getting a bonus. Forgoing income and sacrificing to raise children is only called a bonus in Washington, DC. In most places it is called parenting.

We want to eliminate the marriage penalty because we think there is one institution in America that is constantly starved for resources. It is not the Federal Government.

As many of our colleagues know, we are in the greatest spending spree of the Federal Government since Jimmy Carter was President. We are increasing money for all kinds of Government programs. The President would like to increase it faster, and he is concerned that, if we let families not pay a marriage penalty, that $1,400 per family they will spend instead of him, means that we will not have as much money for education, housing, or nutrition.

What the President forgets is, What are families going to spend this money on? If we eliminate the marriage penalty and let working couples keep $1,400 a year more, what are they going to spend it on? They are going to spend it on education, housing, and nutrition. The question is not about how much money we are going to spend on all these things we are for. The question is, Who is going to do the spending? Bill Clinton wants Washington to do the spending. We want the family to do the spending.

On the issue of one parent staying at home, this is something we have thought about, worked on, prayed over. Here is the decision we have reached. We don't think Government tax policy ought to have a say in the decision that parents make about working outside the home or staying in their homes. My mama worked my whole life when I was growing up because she had to. My wife has worked the whole while that we have had children because she wanted to.

We are not trying to make a value judgment as to what people ought to do. So basically we say we want to eliminate the marriage penalty, whether both parents work outside the home or whether only one does. We do not think we ought to have a tax policy that discourages a parent staying home, or encourages it. We think the Tax Code ought to be neutral.

So we have put together a proposal that eliminates the marriage penalty. The President says it helps rich people because, if you make over $21,925 a year, you get the benefit of our stretching the tax brackets. We do not believe that is what most people think of as rich.

Finally, to address the ''rich'' issue, our point is not about poor people or rich people or ordinary people. Our point is about penalizing marriage. If two people are poor and meet and fall in love, I want them to get married. If two people are rich and they meet and they fall in love and they want to get married, I don't want the tax code to discourage them from getting married. This is a question of right and wrong. It is not a question of rich and poor.

I don't understand why the President has to always pit people against each other based on how much money they make. I would have to say of all the things we do in debate in the Congress and in the American political system, the thing I dislike the most is this use of class struggle, where somehow we have people who claim to love capitalism, but appear to hate capitalists. They claim to want success, but seem to hate people who are successful. I, for one, do not understand it.

I want to repeal the marriage penalty for everybody. The plain truth is the bulk of the cost of eliminating the marriage penalty is for middle-income people. But I want to eliminate it for everybody because it is wrong.

Finally, if we did not eliminate all of it, what do we think would happen the first time we have a President and a Congress who want to raise taxes? We would be back down to the point where $21,925 is rich. So this is a very important debate.

This last week, and today, repealing the death tax, and on Monday, repealing the marriage penalty tax, represents the best 2 weeks that American families have had in a very long time. These are good policies. They are good because they are right. They are good because they are profamily. They are good because they recognize that families can spend money better than Government can. They are good because they represent the triumph of the individual and the family over the Government.

I have to say I wish that every American could have heard the debate on the death tax and on the marriage penalty. I would be willing to let this election and every election from now until the end of time be determined on these two issues and these two issues alone

because I think these two issues clearly define the difference between our two great parties.

I am against the death tax because I don't think death ought to be a taxable event. And I am against the marriage penalty because I am for love and I am for marriage and I don't want to tax it. And neither do the American people.

I thank my colleagues for their patience and I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BURNS. Mr. President, I rise in support of this legislation. It is pretty tough to follow the Senator from Texas because the old professor gets going and he lays it out pretty good. Some of us never had the privilege of being a classroom professor and we strike out when we try to start making a point. But I want to offer a few remarks. I also want to offer an amendment at this time.

AMENDMENT NO. 3874

Mr. BURNS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BURNS] for himself, Mr. ABRAHAM, Mr. HATCH, Mr. CRAIG, Mr. KYL, Mr. BENNETT, Mr. FRIST, and Mr. GRAMM, proposes an amendment numbered 3874.

Mr. BURNS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To repeal the modification of the installment method)

At the end of ____, insert the following:

SEC. . REPEAL OF MODIFICATION OF INSTALLMENT METHOD.

(a) IN GENERAL.—Subsection (a) of section 536 of the Ticket to Work and Work Incentives Improvement Act of 1999 (relating to modification of installment method and repeal of installment method for accrual method taxpayers) is repealed effective with respect to sales and other dispositions occurring on or after the date of enactment of such Act.

(b) APPLICABILITY.—The Internal Revenue Code of 1986 should be applied and administered as if such subsection (and the amendments made by such subsection) had not been enacted.

Mr. BURNS. Mr. President, this is in essence S. 2005, the Installment Tax Correction Act of 2000. It has 41 cosponsors, as listed on the stand-alone bill, in the Senate. It is a very simple bill, but it is very important to small businesses, farmers, and people who sell their businesses and carry back some of the financing. As you know, whenever you sell your business, if you have capital gains, you pay the full capital gain on the sale price of that business. Yet your money may be returned to you in yearly installments. What this bill does, is provide an easier method to pay your capital gains tax. The amendment doesn't change the rate. It changes nothing. But it does allow you to pay your capital gains tax as you receive the money on installment.

We think this is more than fair. It doesn't put the seller at the disadvantage of having to go to the bank to borrow money in order to pay the capital gains tax whenever a business is sold.

I cannot add a lot to what the Senator from Texas has said about the marriage penalty. But I will tell you this, Joshua and Jody Hayes, of Billings, MT—two kids I have known for a long time, now pay $971 more in taxes just because they are married, rather than if they had remained single.

That is just one example. Mr. President, I still think when you start to look around this great country and you see the standard of living that generations, since this country's established, have created, it has been progressive. This is because we in this country live for the next generation. Most of us, being parents or grandparents, work for our kids. That is important. We want them to be better educated than we are. We want them to start with a little nest egg which they can invest. We want to start them on their careers, at a rung higher than we started.

I was interested in the explanation of the Senator from Texas that this President thinks if you make $25,000 a year, you are rich. I happen to remember the day that if I was making $25,000 I would have thought I was pretty rich. I have a daughter now who is starting her life career making more than I am making now. I find that pretty mind-boggling.

Nonetheless, we have always worked for our kids. While we have done that, we have elevated the standard of living for more Americans than any other society on the face of the planet. Now we have found a way to tax it.

That tax comes from families—a mom, a dad, a grandma, and a grandpa. Say you have a young family and are trying to pay for a home and saving money to send their kids to school—there are more than enough things going on. You should not have to be penalized by the tax man. Some 21 million couples nationwide pay $1,400 or more a year in income taxes. Now to some people that's not a lot of money, but I know a lot of folks who think it is a lot of money.

I urge the passage of this legislation, and I also hope this body will look with favor on the amendment I have sent to the desk which helps small businesses and farmers.

Mr. President, I yield the floor.

AMENDMENT NO. 3852, AS MODIFIED

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Mr. President, amendment No. 3852 is pending. I ask a technical correction be allowed. It has been shown to the majority. It appears on page 3, changing the numbers from ''9'' to ''25.''

The PRESIDING OFFICER. Is there objection to the modification?

Without objection, it is so ordered.

The amendment is so modified.

The amendment, as modified, is as follows:

At the end, add the following:

SEC. ___. CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business-related credits) is amended by adding at the end the following:

''SEC. 45D. EMPLOYEE HEALTH INSURANCE EXPENSES.

''(a) GENERAL RULE.—For purposes of section 38, in the case of a small employer, the employee health insurance expenses credit determined under this section is an amount equal to the applicable percentage of the amount paid by the taxpayer during the taxable year for qualified employee health insurance expenses.

''(b) APPLICABLE PERCENTAGE.—For purposes of subsection (a)—

''(1) IN GENERAL.—Except as provided in paragraph (2), the applicable percentage is equal to—

''(A) 25 percent in the case of self-only coverage, and

''(B) 35 percent in the case of family coverage (as defined in section 220(c)(5)).

''(2) FIRST YEAR COVERAGE.—

''(A) IN GENERAL.—In the case of first year coverage, paragraph (1) shall be applied by substituting '60 percent' for '25 percent' and '70 percent' for '35 percent'.

''(B) FIRST YEAR COVERAGE.—For purposes of subparagraph (A), the term 'first year coverage' means the first taxable year in which the small employer pays qualified employee health insurance expenses but only if such small employer did not provide health insurance coverage for any qualified employee during the 2 taxable years immediately preceding the taxable year.

''(c) PER EMPLOYEE DOLLAR LIMITATION.—The amount of qualified employee health insurance expenses taken into account under subsection (a) with respect to any qualified employee for any taxable year shall not exceed—

''(1) $1,800 in the case of self-only coverage, and

''(2) $4,000 in the case of family coverage (as so defined).

''(d) DEFINITIONS.—For purposes of this section—

''(1) SMALL EMPLOYER.—

''(A) IN GENERAL.—The term 'small employer' means, with respect to any calendar year, any employer if such employer employed an average of 25 or fewer employees on business days during either of the 2 preceding calendar years. For purposes of the preceding sentence, a preceding calendar year may be taken into account only if the employer was in existence throughout such year.

''(B) EMPLOYERS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of an employer which was not in existence throughout the 1st preceding calendar year, the determination under subparagraph (A) shall be based on the average number of employees that it is reasonably expected such employer will employ on business days in the current calendar year.

''(2) QUALIFIED EMPLOYEE HEALTH INSURANCE EXPENSES.—

''(A) IN GENERAL.—The term 'qualified employee health insurance expenses' means any amount paid by an employer for health insurance coverage to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee.

''(B) EXCEPTION FOR AMOUNTS PAID UNDER SALARY REDUCTION ARRANGEMENTS.—No amount paid or incurred for health insurance

coverage pursuant to a salary reduction arrangement shall be taken into account under subparagraph (A).

''(C) HEALTH INSURANCE COVERAGE.—The term 'health insurance coverage' has the meaning given such term by section 9832(b)(1).

''(3) QUALIFIED EMPLOYEE.—

''(A) IN GENERAL.—The term 'qualified employee' means, with respect to any period, an employee of an employer if the total amount of wages paid or incurred by such employer to such employee at an annual rate during the taxable year exceeds $5,000 but does not exceed $16,000.

''(B) TREATMENT OF CERTAIN EMPLOYEES.—For purposes of subparagraph (A), the term 'employee'—

''(i) shall not include an employee within the meaning of section 401(c)(1), and

''(ii) shall include a leased employee within the meaning of section 414(n).

''(C) WAGES.—The term 'wages' has the meaning given such term by section 3121(a) (determined without regard to any dollar limitation contained in such section).

''(D) INFLATION ADJUSTMENT.—

''(i) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2000, the $16,000 amount contained in subparagraph (A) shall be increased by an amount equal to—

''(I) such dollar amount, multiplied by

''(II) the cost-of-living adjustment under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING.—If any increase determined under clause (i) is not a multiple of $100, such amount shall be rounded to the nearest multiple of $100.

''(e) CERTAIN RULES MADE APPLICABLE.—For purposes of this section, rules similar to the rules of section 52 shall apply.

''(f) DENIAL OF DOUBLE BENEFIT.—No deduction or credit under any other provision of this chapter shall be allowed with respect to qualified employee health insurance expenses taken into account under subsection (a).''

(b) CREDIT TO BE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to current year business credit) is amended by striking ''plus'' at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting '', plus'', and by adding at the end the following:

''(13) the employee health insurance expenses credit determined under section 45D.''

(c) NO CARRYBACKS.—Subsection (d) of section 39 of the Internal Revenue Code of 1986 (relating to carryback and carryforward of unused credits) is amended by adding at the end the following:

''(9) NO CARRYBACK OF SECTION 45D CREDIT BEFORE EFFECTIVE DATE.—No portion of the unused business credit for any taxable year which is attributable to the employee health insurance expenses credit determined under section 45D may be carried back to a taxable year ending before the date of the enactment of section 45D.''

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

''Sec. 45D. Employee health insurance expenses.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after the date of the enactment of this Act.

AMENDMENT NO. 3858, WITHDRAWN

Mr. REID. Mr. President, I ask that the LAUTENBERG amendment No. 3858 be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3875

Mr. REID. Mr. President, I ask unanimous consent that the pending amendment be set aside for the purpose of offering an amendment for Senator HOLLINGS.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. HOLLINGS, proposes an amendment numbered 3875.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike beginning with ''Marriage Tax Relief Reconciliation Act of 2000'' through the end of the bill.

Mr. REID. Mr. President, I ask unanimous consent that the amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 3876

(Purpose: To amend the Internal Revenue Code of 1986 to increase the unified credit exemption and the qualified family-owned business interest deduction, to increase, expand, and simplify the child and dependent care tax credit, to expand the adoption credit for special needs children, to provide incentives for employer-provided child care, and for other purposes)

Mr. REID. Mr. President, I send an amendment to the desk on behalf of Senator DODD.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. DODD, proposes an amendment numbered 3876.

Mr. REID. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. REID. Mr. President, I ask unanimous consent that the amendment be set aside for further business of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DORGAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS CONSENT AGREEMENT—H.R. 4516

Mr. ROTH. Mr. President, I ask unanimous consent that when the Senate considers H.R. 4516, the legislative branch appropriations bill, after the Senate amendment has been offered, Senator BOXER be recognized to offer her pesticide amendment; that she be recognized to speak for 5 minutes on the amendment, and the amendment be agreed to after her remarks; and that the Senate proceed to adopt Senate amendment as follows:

On page 2 after ''Title 1 Congressional Operations'' insert page 2, line 6, of S. 2603, as amended, through page 13, line 14;

On page 8, line 8, of H.R. 4516 strike through line 12, page 23; insert line 15, page 13, of S. 2603 through line 11, page 23;

In H.R. 4516, strike line 17, page 23, through line 6, page 45; insert line 12, page 23, of S. 2603 through line 17, page 76.

Finally, I ask unanimous consent that the bill then be read the third time and passed, the Senate insist on its amendments, request a conference with the House, and the Chair be authorized to appoint conferees on the part of the Senate.

Mr. REID. We have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

ESTABLISHING SOURCING REQUIREMENTS FOR STATE AND LOCAL TAXATION OF MOBILE TELECOMMUNICATION SERVICES

Mr. ROTH. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of H.R. 4391, which is at the desk.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 4391) to amend title 4 of the United States Code to establish sourcing requirements for State and local taxation of mobile telecommunication services.

There being no objection, the Senate proceeded to consider the bill.

Mr. BROWNBACK. Mr. President, I am delighted to hail today the passage of the Mobile Telecommunications Sourcing Act. This legislation is the product of more than three year's worth of negotiations between the governors, cities, State tax and local tax authorities, and the wireless industry.

The legislation represents an historic agreement between State and local governments and the wireless industry to bring sanity to the manner in which wireless telecommunications services are taxed.

For as long as we have had wireless telecommunications in this country, we have had a taxation system that is incredibly complex for carriers and costly for consumers. Today, there are several different methodologies that determine whether a taxing jurisdiction may tax a wireless call.