

ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

Mr. REYNOLDS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 142 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 142

*Resolved*, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment printed in the report of the Committee on Rules accompanying this resolution, if offered by Representative Rangel of New York or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent, and (3) one motion to recommit with or without instructions.

SEC. 2. Upon receipt of a message from the Senate transmitting H.R. 1836 with Senate amendments thereto, it shall be in order to consider in the House a motion offered by the chairman of the Committee on Ways and Means or his designee that the House disagree to the Senate amendments and request or agree to a conference with the Senate thereon.

The SPEAKER pro tempore. The gentleman from New York (Mr. REYNOLDS) is recognized for 1 hour.

Mr. REYNOLDS. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas (Mr. FROST), pending which I yield myself such time as I may consume. During consideration of the resolution, all time yielded is for the purpose of debate only.

(Mr. REYNOLDS asked and was given permission to revise and extend his remarks, and include extraneous material.)

□ 1245

Mr. REYNOLDS. Mr. Speaker, House Resolution 142 is a modified closed rule, providing for the consideration of H.R. 1836, a bill to provide for reconciliation instructions for legislation already approved by this body.

The rule provides for 1 hour of general debate, equally divided and controlled by the chairman and the ranking member of the Committee on Ways and Means.

Additionally, the rule waives all points of order against consideration of the bill. The rule also provides for consideration of the amendment in the nature of a substitute, printed in the Committee on Rules report accompanying the resolution, if offered by the gentleman from New York (Mr. RANGEL) or his designee, which shall be considered as read and shall be sepa-

rately debatable for 1 hour equally divided and controlled between a proponent and an opponent.

Furthermore, the rule waives all points of order against the amendment in the nature of a substitute and provides for one motion to recommit, with or without instructions.

The rule provides that upon receipt of a message from the Senate transmitting H.R. 1836 with Senate amendments thereto, it shall be in order to consider in the House a motion offered by the chairman of the Committee on Ways and Means or his designee and that the House disagree to the Senate amendments and request or agree to a conference with the Senate thereon.

Mr. Speaker, I speak in strong support of this rule, and its underlying bill, H.R. 1836, the Economic Growth and Tax Relief Reconciliation Act of 2001. This bill provides immediate relief to taxpayers by reducing the present-law structure of five income tax rates to four by 2006. This is a fair rule that allows for a minority substitute.

Economist and author James Dale Davidson had the following to say about taxes in America: "The politicians do not just want your money. They want your soul. They want you to be worn down by taxes until you are dependent and helpless. When you subsidize poverty and failure, you get more of both."

Mr. Speaker, I would hate to think that is what Americans think of us. Today we have the opportunity, and frankly the obligation, to give money back to its rightful owners. Let us not waste another minute.

I realize that this tax cut plan has its share of critics. They say things like, "It is not fair. We cannot afford it. It favors the rich." Or, "The Federal Government will collapse." Spare me.

Mr. Speaker, let us consider those arguments for just a moment. To those who say the President's tax cut plan is not fair, I ask, Is not fair to whom? Anyone who pays taxes will get a tax break, period. And the lowest income families receive the largest percentage reduction. What is not fair about that?

There are others who say the President's tax cut plan favors the wealthy. In my congressional district, a family of four with a single wage earner earning the area's median family income will currently pay a little more than \$1,400 in Federal income taxes. Under President Bush's plan, that family would pay no Federal income tax, not a penny.

Mr. Speaker, still others say the Nation cannot afford a tax cut. With each projection, the budget surplus continues to grow. The President has offered a budget which funds education at record levels, protects and strengthens Social Security, pays off the largest amount of debt in world history, and allows vital government programs to grow at or above the rate of inflation. And still there is a surplus.

If the Federal Government has more money than it needs to fund programs,

it is for one reason and one reason only. People are sending too much of their hard-earned dollars to Washington. It is the people's money, not the government's, and they deserve a refund.

The typical American family actually pays more in taxes than it spends on food, clothing, shelter and transportation combined. That is an outrageous burden, and one that we have a fundamental responsibility to change.

This is a first step towards establishing parity and fairness in America's Tax Code. For years it has been well documented that taxpayers in my State send far more of their money to Washington than they get back in Federal programs and services. Under this tax plan, my home State of New York will receive the second most of any State in tax relief, \$88.6 billion over 10 years. The fact that those hard-working families will receive on average more than \$18,000 in relief is welcomed news, and an issue of fundamental fairness.

Mr. Speaker, I would like to commend the chairman of the Committee on Ways and Means, the gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL), the ranking member, for their devotion and hard work on this measure.

Mr. Speaker, the clock is ticking. I urge my colleagues to support this rule and the underlying legislation.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we are here today to debate the President's energy policy. That is right, you heard me correctly. We are debating President Bush's energy plan for America, a tax cut for the wealthy. Just last week President Bush told the American people that the best answer to rising gasoline prices is the immediate passage of his \$1.35 trillion tax cut. In other words, he has said, let us go back to the old-time religion of trickle-down economics. We do not have to do anything to reduce gasoline prices at the pump, we will just cut taxes and wait for something to trickle down to the middle class to help them pay for \$2- and \$3-a-gallon gasoline.

Mr. Speaker, the problem with this logic, and calling it logic is being charitable, is if you are a hard-working middle class American, you may not feel the trickle. The President's tax cut, as advanced by the Republican majority, once again today is heavily oriented towards upper-income taxpayers, the very folks who can afford to pay for high gasoline prices.

The approach to our current energy problems would be laughable if it were not coming from the highest elected official in the land. So here we are once again voting to give a big break to the wealthiest Americans, and we are not even touching what the President says he wants to do, end the marriage penalty, or reform our estate tax laws so

family farmers and small business owners can pass down their property to their families free of estate tax.

All of that is for another day, maybe. Meanwhile, Mr. Speaker, the wealthy get their tax cut and the rest of us are left holding the bag on taxes and soaring energy prices.

Mr. Speaker, I reserve the balance of my time.

Mr. REYNOLDS. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. DREIER), the distinguished chairman of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I rise in strong support of this rule. It is very important that we move this tax package just as expeditiously as possible. I was saddened to hear the gentleman from Texas (Mr. FROST), my friend from Dallas who has now left the Chamber, and I am sure the gentleman from Ohio (Mr. HALL) would not do the same, but the gentleman from Texas engaged in that standard, failed class-warfare argument, tax cuts for the rich, the us-versus-them view that they are still spewing out, but it just is wrong.

The fact of the matter is if you look at the involvement that virtually half of the American people have in the market today, they are members of the investor class. Using the us-versus-them argument is not one that resonates, especially in light of the fact that this package is one that provides relief for every single American who pays taxes.

Mr. Speaker, what we are doing with this rule is allowing for the reconciliation provision. Why? So that the United States Senate can move ahead and we can get tax relief to the American people as quickly as possible.

My State of California and other parts of the Nation are faced with an energy crisis. I know a lot of people pooh-pooed the fact that the President said over the weekend that we can allow people to keep more of their hard-earned dollars, and that can help mitigate the deleterious effects that this energy crisis is having. That is what we need to do with this measure. As quickly as possible, let hard-working Americans keep more of their dollars as we look at an energy package that is just being unveiled by this administration and a number of us in the Congress are working on.

Mr. Speaker, I believe that is something that we clearly can do, this measure, to help provide some kind of relief for people who are dealing with increased energy costs.

So this is a measure which allows us to move ahead with the President's very positive vision, which calls for a reduction of the tax burden on working families, paying down \$2.4 trillion of national debt, saving Social Security and Medicare, and ensuring that those dollars are not used for a wide range of

problems, as has been the case in the past.

So it seems to me that we have got a wonderful opportunity here to do the right thing for the American people, and I hope that in a bipartisan way we will have support for this rule and support for the reconciliation package so that we will be able to get that relief to the people who so desperately need it.

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, last Friday President Bush said, "I am deeply concerned about consumers. I am deeply concerned about high gas prices. To anybody who wants to figure out how to help consumers, pass the tax relief package as quickly as possible."

Now it all becomes clear. First, President Bush comes out with a tax plan which gives 45 percent of the benefit to the wealthiest 1 percent of all American citizens, those with incomes of \$373,000 or more.

Next, the vast bulk of every other American, the average American, they only get a grand total of 16 percent of the total tax cut, but he says it should go directly back into the pockets of big oil and gas and electricity companies across the country to pay for people's energy bills. So no tax cut in people's pockets.

You all remember Ronald Reagan's trickle-down economics which theorized if you cut taxes for the rich, the benefits would ultimately trickle down to the rest of us. President Bush has brought us a new vision, trickle-up energy economics.

Under his politics, even the portion of the tax cut that goes to the less wealthy immediately trickles up to wealthy gas, oil, and electrical power companies. For the 138 million Americans, more than half the Nation who are in the bottom 60 percent income range and have incomes of less than \$44,000, the Bush tax cut provides just \$256. Because the Bush administration refuses to do anything to bring down high gasoline and high electricity rates in the United States, all consumers are going to end up just passing all of their tax cut, and more, right on to wealthy energy companies.

Mr. Speaker, we need a fairer tax cut bill, one that helps working families and not just the wealthiest 1 percent.

Mr. REYNOLDS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I listened with interest to my colleague. For the last 8 years, and probably a few years of the Bush I administration, we have not had an energy policy. I am looking forward to the President releasing that policy tomorrow and seeing if the Congress might be in a partnership of putting together an effective energy policy for the country.

Mr. Speaker, let us get back to tax relief. In my congressional district, a family of four with a single wage earner earning the area's median income

would currently pay a little more than \$1,400. Their average income is \$34,500 for a family of four. Under the President's plan, the \$1,400 they currently pay under Federal income taxes, they would pay no Federal income tax money at all. This is tax relief across the board. If you pay in taxes, you get tax relief; and that tax relief can be significant at all levels, including the lowest level of income seeing the largest percentage of tax savings in this country. It is tax fairness, tax relief.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Hawaii (Mr. ABERCROMBIE).

(Mr. ABERCROMBIE asked and was given permission to revise and extend his remarks.)

Mr. ABERCROMBIE. Mr. Speaker, I rise, kind of incredulous about the idea that this is now a policy. The policy is, if I understand it correctly, especially according to the gentleman from California who spoke a moment ago, the policy is that we are going to have a tax cut in order to pay our electric bill.

Mr. Speaker, I suggest, and I am sure the gentleman who just spoke will be in favor of this, we want to cut out bureaucracy and the middle man. Why not give the money directly to the energy companies? Why not have a direct deposit at Exxon or a direct deposit at the oil production companies or the electric generators? The gentleman from California who just spoke, my good friend, let us do that. Cut out the middle man. Forget the fact that we owe \$1.1 trillion to the Social Security fund. Forget the fact that we owe Medicare \$229 billion, and that we owe the military retirees \$162 billion. Forget about drawing down the debt. I thought that is what we were going to do.

Mr. Speaker, my colleagues over here were the ones that helped convince us that getting rid of the deficit and paying down the debt is something that we needed to do. Let us put some rationality behind this. Let us pass the tax cut. Let us have a direct deposit at the oil companies, at the energy companies. Let us cut out the middle man and the bureaucracy. Let us cut out the American people.

□ 1300

Mr. HALL of Ohio. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, middle- and working-class families need and deserve a tax cut this year. Democrats believe that we should cut taxes for all families within the framework of a fiscally responsible budget that strengthens Social Security, allows for a Medicare prescription drug benefit, works down the national debt, and allows us to address pressing needs in education and health care and in national defense. We support a responsible plan that meets the needs of all of America's families.

Regrettably, the Republican leadership has chosen a different path. They have rejected bipartisanship, they have turned aside efforts to reduce the size of the tax cut that goes to the wealthiest wage earners in this country so that we can invest in education and a prescription drug benefit.

Mark my words, the President and the Republican leadership have no intention of abiding by a \$1.3 trillion tax cut that is contained in their budget. They are going to move things around. There will be some creative accounting. And they are going to try to fit more than a \$3 trillion tax cut into this \$1.3 trillion bag. They have no intention of stopping.

That is not responsible and it is not what is best for all of America's families. We make it impossible to meet the needs of Social Security and Medicare or to invest in education. We roll the dice on a set of budget projections that are not just wrong some of the time, these projections are wrong all of the time. This is a recipe for budget deficits, for more debt, and less economic growth. It is the wrong plan for America.

It is not the answer for working families, for middle-class families. They are the folks who need the tax cut the most. The tax cut we consider today is totally skewed to the wealthiest at the expense of everyone else. Forty-five percent of the Bush tax cut goes to the wealthiest 1 percent. What do working Americans get? Nothing. 12.2 million working- and middle-class families with 24 million children get absolutely no tax cut under the Bush plan. It is unfair.

And the notion that the tax cut will solve our energy problem is a bizarre and a disconnected idea and wrong-headed.

Mr. HALL of Ohio. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, I thank the gentleman for yielding me this time.

If you stay here for a little while, you will see almost anything. I remember about 10 years ago the gentleman from Iowa (Mr. NUSSLE) came down to the House floor, placed a brown paper bag over his head and said he was doing that because he was embarrassed to be associated with a Congress that had its own bank, that was giving Members free overdraft protection, that they in effect could write checks for money that was not there. The gentleman from Iowa, if the truth be known, did a good thing in bringing the public's attention to that. The bank is gone. We all bank at the same credit union that every other Federal employee on Capitol Hill does now.

But what troubles me about the present budget chairman and what is going on on the House floor today is if we should have been embarrassed for Congressmen writing checks on money that was not there, should we not be ashamed that we are passing tax cuts

on a day when we owe the Social Security system \$1.1 trillion? We have taken their money, we have spent it on other things and now when we have a small surplus, instead of putting that money aside for Social Security, we are giving some Americans a tax break.

It goes beyond that. For years we have been taking money out of the defense budget. Since the 1980s, we have pulled \$162 billion out of the Department of Defense budget with the promise that we were setting it aside to pay future military retirees' benefits. Every penny of that has been spent. Again, if we were ashamed that some Congressmen were writing checks for \$500, \$200 over their amount, should we not be embarrassed to look a veteran in the eye and say we have spent your retirement and we are not putting any money in to pay it back?

Since the 1980s, we have taken money out of all of our civil servants' paychecks, again with the promise that it would be there for their retirement. To date we owe them \$501 billion. Now, a billion is a thousand million. A million is a thousand thousand.

Now, for folks who want to, you can visualize probably a thousand dollars. So \$501 billion is a thousand, thousand, thousand. Money has been taken out of their paychecks with the promise that we would spend it only on their retirement, but it has been spent on other things. This budget does nothing to pay it back.

Lastly, the Medicare trust fund. Everybody up here, everyone in the gallery, everyone in this room who has a job, money is taken out of your paycheck with the promise it is going to go to your Medicare retirement. To date, we owe that system \$229 billion. There is nothing in that so-called lockbox but an IOU. But instead of taking the small surplus we have and applying it to pay off our military retirees, our Social Security recipients, our civil servants, and the folks on Medicare, we are going to pass tax breaks to give some Americans, and incidentally the wealthiest Americans, a tax break while we continue to overcharge people on their Social Security, on their Medicare, on their military retirement, and the civil service retirement.

I hope at some point today someone will tell me why that is fair because I think you are going to have a heck of a hard time explaining that to the American people.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS). The Chair reminds all Members that directions and comments should be made directly to the Chair, and references to guests in the gallery are not in order.

Mr. HALL of Ohio. Mr. Speaker, I yield myself such time as I may consume.

I think the gentleman from Mississippi has pretty much summed up what we believe over here, that this is bad legislation. We ask the Congress to vote against the bill and against the rule.

Mr. Speaker, I yield back the balance of my time.

Mr. REYNOLDS. Mr. Speaker, I yield myself the balance of my time.

This is a fair rule. It offers an amendment as well by the ranking member of the Committee on Ways and Means. I look forward to having it come to a vote.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. HALL of Ohio. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 220, nays 207, not voting 5, as follows:

[Roll No. 116]

YEAS—220

Aderholt	Ferguson	Kolbe
Akin	Flake	LaHood
Armey	Fletcher	Largent
Bachus	Foley	Latham
Baker	Fossella	LaTourette
Ballenger	Frelinghuysen	Leach
Barr	Galleghy	Lewis (CA)
Bartlett	Ganske	Linder
Barton	Gekas	LoBiondo
Bass	Gibbons	Lucas (OK)
Bereuter	Gilchrest	Manzullo
Biggart	Gillmor	McCrery
Bilirakis	Gilman	McHugh
Blunt	Goode	McInnis
Boehlert	Goodlatte	McKeon
Boehner	Goss	Mica
Bonilla	Graham	Miller (FL)
Bono	Granger	Miller, Gary
Brady (TX)	Graves	Moran (KS)
Brown (SC)	Green (WI)	Morella
Bryant	Greenwood	Myrick
Burr	Grucci	Nethercutt
Burton	Gutknecht	Ney
Buyer	Hall (TX)	Northup
Callahan	Hart	Norwood
Calvert	Hastert	Nussle
Camp	Hastings (WA)	Osborne
Cannon	Hayes	Ose
Cantor	Hayworth	Otter
Capito	Hefley	Oxley
Castle	Hergert	Paul
Chabot	Hilleary	Pence
Chambliss	Hobson	Peterson (PA)
Coble	Hoekstra	Petri
Collins	Horn	Pickering
Combest	Hostettler	Pitts
Cooksey	Houghton	Platts
Cox	Hulshof	Pombo
Crane	Hunter	Portman
Crenshaw	Hutchinson	Pryce (OH)
Culberson	Hyde	Putnam
Cunningham	Isakson	Quinn
Davis, Jo Ann	Issa	Radanovich
Davis, Tom	Istook	Ramstad
Deal	Jenkins	Rangel
DeLay	Johnson (CT)	Regula
DeMint	Johnson (IL)	Rehberg
Diaz-Balart	Johnson, Sam	Reynolds
Doolittle	Jones (NC)	Riley
Dreier	Keller	Rogers (KY)
Duncan	Kelly	Rogers (MI)
Dunn	Kennedy (MN)	Rohrabacher
Ehlers	Kerns	Ros-Lehtinen
Ehrlich	King (NY)	Roukema
Emerson	Kingston	Royce
English	Kirk	Ryan (WI)
Everett	Knollenberg	Ryun (KS)

Saxton	Souder	Vitter
Scarborough	Spence	Walden
Schaffer	Stearns	Walsh
Schrock	Stump	Wamp
Sensenbrenner	Sununu	Watkins
Sessions	Sweeney	Watts (OK)
Shadegg	Tancredo	Weldon (FL)
Shaw	Tauzin	Weldon (PA)
Shays	Taylor (NC)	Weller
Sherwood	Thomas	Whitfield
Shimkus	Thornberry	Wicker
Simmons	Thune	Wilson
Simpson	Tiahrt	Wolf
Skeen	Tiberi	Young (AK)
Smith (MI)	Toomey	Young (FL)
Smith (NJ)	Upton	
Smith (TX)		

NAYS—207

Abercrombie	Gutierrez	Murtha
Ackerman	Hall (OH)	Nadler
Allen	Harman	Napolitano
Andrews	Hastings (FL)	Neal
Baca	Hill	Oberstar
Baird	Hilliard	Obey
Baldacci	Hinchee	Olver
Baldwin	Hinojosa	Ortiz
Barcia	Hoeffel	Owens
Barrett	Holden	Pallone
Becerra	Holt	Pascrell
Bentsen	Honda	Pastor
Berkley	Hooley	Payne
Berman	Hoyer	Pelosi
Berry	Inslee	Peterson (MN)
Bishop	Israel	Phelps
Blagojevich	Jackson (IL)	Pomeroy
Blumenauer	Jackson-Lee	Price (NC)
Bonior	(TX)	Rahall
Borski	Jefferson	Rivers
Boswell	John	Rodriguez
Boucher	Johnson, E. B.	Roemer
Boyd	Jones (OH)	Ross
Brady (PA)	Kanjorski	Rothman
Brown (FL)	Kaptur	Roybal-Allard
Brown (OH)	Kennedy (RI)	Rush
Capps	Kildee	Sabo
Capuano	Kilpatrick	Sanchez
Cardin	Kind (WI)	Sanders
Carson (IN)	Kleczka	Sandlin
Carson (OK)	Kucinich	Sawyer
Clay	LaFalce	Schakowsky
Clayton	Lampson	Schiff
Clement	Langevin	Scott
Clyburn	Lantos	Serrano
Condit	Larsen (WA)	Sherman
Conyers	Larson (CT)	Shows
Costello	Lee	Skelton
Coyne	Levin	Slaughter
Cramer	Lewis (GA)	Smith (WA)
Crowley	Lipinski	Snyder
Cummings	Lofgren	Solis
Davis (CA)	Lowey	Spratt
Davis (FL)	Lucas (KY)	Stark
Davis (IL)	Luther	Stenholm
DeFazio	Maloney (CT)	Strickland
DeGette	Maloney (NY)	Stupak
Delahunt	Markey	Tanner
DeLauro	Mascara	Tauscher
Deutsch	Matheson	Taylor (MS)
Dicks	Matsui	Thompson (CA)
Dingell	McCarthy (MO)	Thompson (MS)
Doggett	McCarthy (NY)	Thurman
Dooley	McCollum	Tierney
Doyle	McDermott	Towns
Edwards	McGovern	Traficant
Engel	McIntyre	Turner
Eshoo	McKinney	Udall (CO)
Etheridge	McNulty	Udall (NM)
Evans	Meehan	Velazquez
Farr	Meek (FL)	Visclosky
Fattah	Meeks (NY)	Waters
Filner	Menendez	Watt (NC)
Ford	Millender	Waxman
Frank	McDonald	Weiner
Frost	Miller, George	Woolsey
Gephardt	Mink	Wu
Gonzalez	Mollohan	Wynn
Gordon	Moore	
Green (TX)	Moran (VA)	

NOT VOTING—5

Cubin	Lewis (KY)	Wexler
Hansen	Moakley	

□ 1331

Messrs. GEPHARDT, CUMMINGS, BERRY and LUCAS of Kentucky

changed their vote from “yea” to “nay.”

Mr. TAUZIN changed his vote from “nay” to “yea.”

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1332

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 142, I call up the bill (H.R. 1836) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2002, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. SHIMKUS). Pursuant to House Resolution 142, the bill is considered read for amendment.

The text of H.R. 1836 is as follows:

H.R. 1836

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE; ETC.**

(a) SHORT TITLE.—This Act may be cited as the “Economic Growth and Tax Relief Reconciliation Act of 2001”.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) SECTION 15 NOT TO APPLY.—No amendment made by section 2 shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

**SEC. 2. REDUCTION IN INCOME TAX RATES FOR INDIVIDUALS.**

(a) IN GENERAL.—Section 1 is amended by adding at the end the following new subsection:

“(i) RATE REDUCTIONS AFTER 2000.—

“(1) NEW LOWEST RATE BRACKET.—

“(A) IN GENERAL.—In the case of taxable years beginning after December 31, 2000—

“(i) the rate of tax under subsections (a), (b), (c), and (d) on taxable income not over the initial bracket amount shall be 12 percent (as modified by paragraph (2)), and

“(ii) the 15 percent rate of tax shall apply only to taxable income over the initial bracket amount.

“(B) INITIAL BRACKET AMOUNT.—For purposes of this subsection, the initial bracket amount is—

“(i) \$12,000 in the case of subsection (a),

“(ii) \$10,000 in the case of subsection (b), and

“(iii) ½ the amount applicable under clause (i) in the case of subsections (c) and (d).

“(C) INFLATION ADJUSTMENT.—In prescribing the tables under subsection (f) which apply with respect to taxable years beginning in calendar years after 2001—

“(i) the Secretary shall make no adjustment to the initial bracket amount for any taxable year beginning before January 1, 2007,

“(ii) the cost-of-living adjustment used in making adjustments to the initial bracket amount for any taxable year beginning after December 31, 2006, shall be determined under

subsection (f)(3) by substituting ‘2005’ for ‘1992’ in subparagraph (B) thereof, and

“(iii) such adjustment shall not apply to the amount referred to in subparagraph (B)(iii).

If any amount after adjustment under the preceding sentence is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.

“(2) REDUCTIONS IN RATES AFTER 2001.—In the case of taxable years beginning in a calendar year after 2001, the corresponding percentage specified for such calendar year in the following table shall be substituted for the otherwise applicable tax rate in the tables under subsections (a), (b), (c), (d), and, to the extent applicable, (e).

	The corresponding percentages shall be substituted for the following percentages:				
	12%	28%	31%	36%	39.6%
2002 .....	12%	27%	30%	35%	38%
2003 .....	11%	27%	29%	35%	37%
2004 .....	11%	26%	28%	34%	36%
2005 .....	11%	26%	27%	34%	35%
2006 and thereafter ..	10%	25%	25%	33%	33%

“(3) ADJUSTMENT OF TABLES.—The Secretary shall adjust the tables prescribed under subsection (f) to carry out this subsection.”

(b) REPEAL OF REDUCTION OF REFUNDABLE TAX CREDITS.—

(1) Subsection (d) of section 24 is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(2) Section 32 is amended by striking subsection (h).

(c) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 1(g)(7) is amended—

(A) by striking “15 percent” in clause (ii)(I) and inserting “the first bracket percentage”, and

(B) by adding at the end the following flush sentence:

“For purposes of clause (ii), the first bracket percentage is the percentage applicable to the lowest income bracket in the table under subsection (c).”

(2) Section 1(h) is amended—

(A) by striking “28 percent” both places it appears in paragraphs (1)(A)(ii)(I) and (1)(B)(i) and inserting “25 percent”, and

(B) by striking paragraph (13).

(3) Section 15 is amended by adding at the end the following new subsection:

“(f) RATE REDUCTIONS ENACTED BY ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001.—This section shall not apply to any change in rates under subsection (i) of section 1 (relating to rate reductions after 2000).”

(4) Section 531 is amended by striking “equal to” and all that follows and inserting “equal to the product of the highest rate of tax under section 1(c) and the accumulated taxable income.”

(5) Section 541 is amended by striking “equal to” and all that follows and inserting “equal to the product of the highest rate of tax under section 1(c) and the undistributed personal holding company income.”

(6) Section 3402(p)(1)(B) is amended by striking “7, 15, 28, or 31 percent” and inserting “7 percent, any percentage applicable to any of the 3 lowest income brackets in the table under section 1(c).”

(7) Section 3402(p)(2) is amended by striking “equal to 15 percent of such payment” and inserting “equal to the product of the lowest rate of tax under section 1(c) and such payment”.

(8) Section 3402(q)(1) is amended by striking "equal to 28 percent of such payment" and inserting "equal to the product of the third to the lowest rate of tax under section 1(c) and such payment".

(9) Section 3402(r)(3) is amended by striking "31 percent" and inserting "the third to the lowest rate of tax under section 1(c)".

(10) Section 3406(a)(1) is amended by striking "equal to 31 percent of such payment" and inserting "equal to the product of the third to the lowest rate of tax under section 1(c) and such payment".

(11) Section 13273 of the Revenue Reconciliation Act of 1993 is amended by striking "28 percent" and inserting "the third to the lowest rate of tax under section 1(c) of the Internal Revenue Code of 1986".

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to taxable years beginning after December 31, 2000.

(2) AMENDMENTS TO WITHHOLDING PROVISIONS.—The amendments made by paragraphs (6), (7), (8), (9), (10), and (11) of subsection (c) shall apply to amounts paid after the 60th day after the date of the enactment of this Act.

**SEC. 3. PROTECTION OF SOCIAL SECURITY AND MEDICARE.**

The amounts transferred to any trust fund under the Social Security Act shall be determined as if this Act had not been enacted.

The SPEAKER pro tempore. After 1 hour of debate on the bill, it shall be in order to consider an amendment printed in House Report 107-68, if offered by the gentleman from New York (Mr. RANGEL) or his designee, which shall be considered read and shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent.

The gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes of debate on this bill.

The Chair recognizes the gentleman from California (Mr. THOMAS).

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, perhaps first of all we should talk about what this debate that is going to ensue is not about. It is not about the structure of the taxes that this Nation will have based upon a conference between the House and the Senate, notwithstanding the fact that the House has passed a number of tax revisions and the Senate is in the process of passing a tax revision package.

What we are doing today is a process which is dictated by the budget bill and largely tied to the rules under which the Senate must operate. Notwithstanding the fact that the content of this bill in front of us, H.R. 1836, has already been passed by the House under the bill titled H.R. 3, we are not debating the content of this bill, because when this bill passes, it becomes the reconciliation vehicle under the Budget Act. It will go over to the Senate, the Senate will take H.R. 1836, remove the contents, and place therein whatever it is that they have come up with, send it back to us; and then we will re-

ject what the Senate has done, and we will go to conference.

The reason we are doing this now, notwithstanding the fact that we have already voted on the substance of this bill under a different title, is because under the reconciliation needed by the Senate to go to a simple majority, or 51 votes, only those tax items passed after the budget and reconciliation has passed are recognized as appropriate vehicles. We are here today then to meet that narrow technicality. We are providing an appropriate vehicle to send over to the Senate so that this process can continue, leading to a conference between the House and the Senate to put together the final product.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, the one word that could describe the procedure that we are going through this afternoon is "outrageous." It is outrageous what is happening to this House of Representatives, and even more painful is what is happening to my beloved Committee on Ways and Means.

It is true that most of the Members, Republican and Democrats, walk around with more self-esteem than we really need, but the truth of the matter is, we were under the belief that revenue issues came from the House of Representatives, came from the Committee on Ways and Means, came to the floor; and historically, this is the way it has been.

Mr. Speaker, this is outrageous. I did not understand half of what the chairman said. I know one thing he is saying, and that is that what we are voting on has nothing to do with all of the tax cuts that came to the House of Representatives and were voted for. It is a fraud that has been committed by press releases that this House has cut people's taxes, because they have only taken one piece of the bill, and the only reason they have taken that is so that we can accept the Senate bill. So the prerogatives of the House in terms of revenue issues now has been laterally passed to the other body, and that will be decided in conference; and not only will Democrats be excluded, but most all Republicans will be excluded.

So all of the compassion about the marriage penalty, all of the compassion about getting rid of the estate tax, all of the compassion about the gentleman from Maryland (Mr. CARDIN) and the gentleman from Ohio (Mr. PORTMAN) working together for better pension benefits, all of the things that we have debated on the floor, I think what the chairman of the committee said is that that is exactly what this debate is not about. This debate is about how fast can we relinquish our responsibilities as House Members, how quickly can we yield to the leadership,

and how quickly can they bring something over here that nobody, freshmen, senior Members, Republicans or Democrats, had anything to do with.

And guess what? If they do it on this, what is going to happen in the next bill? That is the best kept secret in the House. The next bill, that is the alternative minimum tax. That is the one that we take care of capital gains, that would take care of extenders, we take care of debt service, we take care of small business people. But do not trust us if we bring it to the House. That is just for practice. That is just for C-SPAN. The real tax bill will come from the Senate, and we probably will send something over there so that we can go into conference.

Mr. Speaker, I reserve the balance of my time, since nobody here should be wasting their time talking about tax policy, but rather how to yield to the other body.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I share my colleague's outrage. I share his pain. I only wish that when he was in the majority, he would have shown the same degree of outrage and pain which produced this particular situation that we are in. It is not called the Byrd Rule for nothing. And Senator BYRD was in the majority when this was created, as was the gentleman from New York. So I find it somewhat perplexing, although amusing, that he wishes to characterize this as something that this majority has perpetrated on the House and the American people. Quite frankly, it was under his watch.

What this chairman will do is make changes in this outrageous and painful current structure. I aim to pluck some feathers from the Byrd Rule, and I hope the gentleman joins me in making sure that that happens.

We do have the constitutional prerogative to initiate revenue. I think it is an outrage that we are told when and how we are to deal with this issue by the other body. However, under the current rules passed on the gentleman's watch with the Democrats in the majority, we are in the current circumstances. However, I am quite sure that the gentleman and his side of the aisle will take this time to discuss taxes. It is certainly one way to consume the time that we have available to us.

I would much prefer that we work together as Members of this institution to be able to reclaim some of the prerogative we should have had that was given to the other institution when the gentleman was in the majority. I will work with him to make sure that we claim what I think are the House's rightful prerogatives in determining time, place, manner, and circumstances in which we deal with the Senate on questions of revenue. Unfortunately, we are laboring under the current law supported by the gentleman, passed by the gentleman, and imposed upon this House when he was in the majority.

Mr. RANGEL. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I would ask the chairman, what makes the Byrd law so powerful that it is one of the few Democratic legacies that we have that the gentleman has not dismantled? Everything else we believed in, in health care and Social Security and education, the gentleman found it so easy to say that we are now in power and this is where we can show you what we are going to do. When did the gentleman first find out that the gentleman had the power to change the Byrd amendment?

Mr. THOMAS. Mr. Speaker, reclaiming my time, I do not know that I have the power. It is a cooperative effort. But after this exercise and the clear feeling on the part of the gentleman that it is now outrageous and painful, that I found a new ally in trying to make it work. I did not realize the gentleman was so outraged and that there was so much pain laboring under the Byrd Rule. For fear of putting everyone to sleep, I will spend just a minute talking about why we are in the situation that we are in.

Under reconciliation with the Senate, given their rules, there are two key points that need to be remembered when the House and the Senate try to resolve issues surrounding the budget and taxes. There is only one opportunity in any given session of Congress to have a decision made on the budget and taxes associated under that budget with just 51 votes, because the Senate's fundamental rules do not limit debate. Therefore, anyone can filibuster at any time they want, which requires 60 votes from the Senate to stop that filibuster. This is an opportunity to do the people's work under a simple majority. That is one of the reasons we have labored under the Byrd Rule. The 51 vote means we can do meaningful and useful change instead of some of the outrageous change dictated by a minority, whether it is Democrats or Republicans at the time, or a coalition that can control the floor of the Senate.

In addition to that, the Senate does not have the equivalent of our Committee on Rules. One of the things the Founding Fathers created was a structure in the House that could be relatively responsive to needs. There is a time limit in terms of debate; I have already said the Senate does not possess that. We have a traffic cop or a structure for controlling debate on the floor called the Committee on Rules. The Senate does not have that. So we are willing to be subjected, to a certain extent, to the outrages that the gentleman has expressed for the opportunity of moving needed legislation with a 51-vote number in the Senate. We only get it once. If we fail on this, we go back to the 60-vote requirement. As the gentleman knows, the tyranny of the minority on a 60-vote requirement will not enable us to do things

that I believe the gentleman and I would like to do.

So we are putting up with this, notwithstanding the outrage; but we will be looking at ways to modify this in the future so that the prerogatives in the House are not quite so controlled by the other body.

□ 1345

It is the opportunity to make law by 51 votes in the Senate that is driving us to this what I would otherwise consider outrageous and painful situation.

However, knowing how the other body works, the opportunity to resolve problems with 51 votes is an opportunity neither one of us should pass up, because we have seen what they are doing with 51 votes. We can imagine what they would have to do with 60 votes.

Mr. Speaker, I reserve the balance of my time.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS). The Chair would remind members that while it may be important to focus on House prerogatives, they should be very, very careful not to characterize Senate rules.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to my friend, the gentleman from Maryland (Mr. CARDIN), a member of the Committee on Ways and Means.

Mr. CARDIN. Mr. Speaker, I thank the gentleman from New York for yielding me this time.

I appreciate my chairman's explanation of the budget reconciliation process. That is what this is, this is the budget reconciliation bill. But I always thought that budget reconciliation legislation was supposed to reconcile what we do on spending and tax bills with the budget resolution.

We have certainly limited how much tax cuts we are supposed to have this year and how much spending, but as the chairman pointed out, and I think rightly so, budget reconciliation normally occurs at the end of the session, so we reconcile to the budget resolution. Instead, we are doing it earlier so we can pass a single tax bill in the other body, not by a bipartisan vote, but along very partisan lines. That is what this bill is allowing us to do. I urge my colleagues to vote against it.

It is very interesting that the other two issues that are scheduled this week already violate the budget resolution, because we have a bill this week that will cut taxes a little more for adoptions, and we have a spending bill that will be coming out dealing with the education programs that is above the budget resolution.

Mr. Speaker, my reason for urging my colleagues to vote against this legislation is that it is not a \$1.25 trillion tax bill. In reality, we have gone through this, and the chairman knows it, we are going to be doing other tax issues this year. We are going to have to deal with the alternative minimum tax. We have to deal with the tax extenders. There is other tax legislation

that already has been favorably reviewed by the committee. Also, we have the underlying interest cost. When we add that all up, it comes to over \$2.5 trillion.

On the spending side, the education bill we will be taking up later this week, it does not spend what was provided in the budget resolution, it is \$4.5 billion above what was provided in the budget resolution.

I do not object to spending more money on education. The Democratic budget provided for more money for education. But I do object to us passing legislation that is going to add to red ink. That is where we are heading, to larger tax cuts, larger spending, and what we will give is our ability to pay down our national debt.

I do not even think we are very subtle about it. The National Review, which often espouses the Republican philosophy, says, "Don't fear a deficit: the advantages of red ink."

I would hope that with our projected surplus, that our first priority on a bipartisan basis would be to reduce our national debt. I regret that is not the case.

So I heard my chairman's explanation. This budget reconciliation should not be a way in which we pass a single partisan bill in the other body. Instead, we should use it as a way to come together to a budget that is truly bipartisan that will allow us to protect the priorities that are important to our Nation: to have a reasonable tax cut, and to be able to move forward in a bipartisan way.

This bill does not do it. I urge my colleagues to reject the legislation.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Arizona (Mr. Hayworth), a member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank the chairman of the Committee on Ways and Means for yielding time to me.

Mr. Speaker, how mystifying this debate must be to Mr. and Mrs. America, because here we stand in the people's House finding ourselves enshrouded, encumbered with some frustrations dealing with something our Founders put together, and that is the difference between these two institutions, this bicameral legislative branch.

We understand that. I appreciate the concern of my colleague, the gentleman from New York, the ranking member of the committee. But let me suggest to all my colleagues that what we do today with this piece of legislation is to reaffirm our commitment to a basic premise that is quite simple: the American people are overtaxed and they deserve a refund.

We are working through a process that any student of government understands, and indeed, all schoolchildren are taught about, in terms of bringing this forward.

We can deal with arcana, we can deal with prerogatives of different committees, but the bottom line is this: for

the Members of this House today, a vote in favor of this legislation will result in tax relief for the American family. That is the basic premise. This is the tool we use to achieve that dream.

Mr. Speaker, all too often we hear from constituents that they would like us to focus on results. We can disagree without being disagreeable. If Members oppose meaningful tax relief, then oppose this legislation. But if Members want to stand up for their constituents who are overtaxed, who for years and years and years have been told that they should somehow sacrifice so that Washington bureaucrats can have more, in stark contrast to the rhetoric of the last half-century, where American families were asked to sacrifice so that Washington ostensibly could do more with their hard-earned money, what we say today, what we reaffirm with this procedural vote today, in essence, is the notion that we should turn that around; that Washington should tow the line so that American families can have more.

We can disagree on a variety of issues. We can share the frustrations as to institutional prerogatives. But again today, when we come to the floor, I would implore the Members of this body to keep their eye on the ball, keep their eyes on the prize: basic tax relief. This vote, in essence a procedural vote, moves that along.

If Members want the American people to hold onto more of their own hard-earned money to save, spend, and invest for their families, vote yes on this legislation.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is not a procedural vote, this is a substantive vote. The gentleman has just said that he has dumped the marriage penalty provision, the estate tax provision, the Portman-Cardin provision, the child credit provision. He dumped all of that, and he is asking us just to support this tax cut that is geared to the top 1 percent of the highest-income people here, so this is not procedure, this is substantive.

Mr. Speaker, I yield 3 minutes to my friend, the gentleman from Washington (Mr. McDERMOTT), a senior member of the Committee on Ways and Means.

(Mr. McDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, here we go again. We are through with the shell game of the budget and now we have come to the tax cut.

First we are told we need a tax cut because the country's economy is strong and we need to encourage it and keep it going. Then we are told that we need a tax cut because the economy is going bad, so now we need a tax cut for that. Most recently, we have been told we need a tax cut for the issue of the energy prices all over the country.

Mr. Speaker, the Bush tax cut is an outright deception. It is not for hard-working Americans and will do nothing

to prevent a recession. Not a single component of the President's proposal is honest. It is really no wonder we have to take this thing through here one piece at a time.

The Republicans and the administration want to move it on a fast-moving train that nobody ever gets a chance to look at. Instead of focusing on what we actually have right now, this tax debate has been framed in terms of an unreliable 10-year frame of reference. If the Congressional Budget Office were to figure out the surplus now, under the present circumstances in our economy, with California in trouble and the stock market and all the rest, then we would have much different things.

Basically, the game today is a crapsheet. We would have better odds rolling these dice than banking on the money being around for education, for defense, for privatizing Social Security, all the things the President says, that we would counting on a 10-year projection. Just roll the dice, Mr. Speaker, and see what comes up.

The administration seriously underestimates the size of the surplus we ought to be running in order to meet our needs for Social Security and Medicare. It is no wonder that the bill is so backloaded, just like everything else. They are trying to squeeze five pounds of potatoes in a three-pound sack, and the President will not be around to take care of it when the mess occurs.

President Bush's record of cutting taxes in Texas was the centerpiece of his Presidential campaign. Now, many State Texas legislators attribute those tax cuts to the reason they have a budget deficit in Texas. In fact, then Governor Bush the other day said he could see there was a disaster. He said, I hope I am not here to deal with it.

This is *deja vu* all over again. Take a look at the record in Texas and figure out what it is going to be like in this country in two or three years if he gets what he wants. This is *deja vu* all over again. We can learn from history.

I would offer anybody the opportunity today to vote no on a fraud, because if Members want to gamble away the country's future on 15-year projections, today is the day. Members should bring their dice and say, here we go, come back to me, baby. That is what this is all about. It is not going to happen.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I must say that I do have fun trying to follow which argument has now been determined by the brain trust of the Democratic Party is the appropriate one to make.

Apparently now we need to slow this process down because this is a fast-moving train. I thought earlier the argument was the train was not moving fast enough, and that we have to make sure that we get money out to the American people.

I do want to put in context the fundamental nature of the political and partisan argument that is being made. I

would simply lay before the Members the story which has run in a number of newspapers. This happens to be from the Los Angeles Times:

The Federal Reserve cut its key interest rate another half percentage point, to 4 percent on Tuesday, and contrary to what had been expected, left the door open for still more cuts aimed at getting the stumbling U.S. economy moving again. It was the fifth time in 5 months that the central bank shaved the so-called Federal funds rate, a benchmark for interest rates in general, and continued one of the swiftest rate reductions in Fed history.

I would hope this Congress is on a fast-moving train to provide additional assistance. It is not the end-all and the be-all, but if we can move, as the budget resolution said, up to \$100 billion over the rest of this fiscal year and next fiscal year into the hands of the American income tax payers, it would simply assist the Federal Reserve chairman in making sure that this stumbling economy recovers.

I just find it humorous. Earlier we were not moving fast enough, and now that we are involved in a procedure which enables us to get to conference to produce a result before Memorial Day, and whoa, this is a fast-moving train.

I hope the American people believe us when we say this majority in the House and Senate is going to produce a fast-moving train. It will produce a responsible, permanent marginal rate reduction, along with other adjustments, so that we can make sure that we do not stumble in this economy. Our goal is to keep the country strong, not to gain some kind of a narrow partisan advantage by exploiting this opportunity.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker I yield myself such time as I may consume.

I am certain that those 1 percent of the billionaires cannot wait to get half of this tax cut so they can spur the economy. But that explanation is just as interesting as this procedure.

Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. GEORGE MILLER).

(Mr. GEORGE MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GEORGE MILLER of California. Mr. Speaker, I do not know if this is a fast-moving train or a slow-moving train, but I get the sense this is like that train yesterday with no driver. It is very toxic and it is going real fast down the tracks, and there is nobody in the engine.

What this tax cut is going to do is in fact it is going to be toxic to the rest of the priorities in this Nation. Tomorrow we are going to start the debate on the elementary-secondary school act, and we are going to bring a bill out here that not only will provide major reforms within our school systems, but it will provide the resources to bring about those reforms that the President

has said he has wanted, that the Congress has said they wanted, Republicans and Democrats alike.

But this vote today will cause us to pass a tax bill that will strip all of the money away that is in that bill for the next 5 years for elementary and secondary education.

□ 1400

Because when you take the budget as it was passed, as it was impacted by this tax bill, the President's budget went from some money to education to no money in the future for education.

The reforms will not come about, the school improvement will not come about, because that is the real price of this tax cut; it infringes on every American school child's education.

Mr. THOMAS. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. BLUNT), the chief deputy majority whip.

Mr. BLUNT. Mr. Speaker, I thank the gentleman from California (Chairman THOMAS) for yielding the time to me.

Mr. Speaker, with the train metaphor that we are having here, it does seem to me that this bill and what is contained in it will be the engine that moves the train. We do need to respond to what needs to happen to get our economy headed back in the right direction. This bill helps do that.

This discussion of rates, Mr. Speaker, is very important. It is very important to talk about this whole rate issue. I mean, no American, as our bill proposes, would establish this principle. No American taxpayers should pay more than a third of their income in Federal income tax. That is what this bill says.

That does not say they would not pay more than a third of their income in taxes. That says the Federal income tax.

You could argue this in a much more fine way than we are here today by saying that even that rate is too high because that does not consider the Social Security tax. It does not consider the Medicare tax. It does not consider State income tax. It does not consider sales tax.

It does not consider gasoline tax. It does not consider tax on utility bills. It does not consider the 103-year-old Spanish-American War tax on your local telephone bill. This just says that on your income, with your Federal income tax there should be a limit. And it also says at the bottom levels that we are better off with a 10 percent bottom line bracket than a 15 percent bottom bracket.

Those are the guidelines that we need to be debating, need to be working on. They need to be part of the conference with the Senate and passing this bill today, understanding that every taxpayer, every taxpaying family, has a stake in the economy and a stake in this tax surplus that has been sent to Washington.

Mr. Speaker, I respect the work that is being done on the education bill that

the gentleman from California (Mr. GEORGE MILLER) talked about.

I am convinced there is going to be money to do what the Federal Government needs to do. The problem will be if we leave this money in town that we have been saying that we did not need in the Federal Government, we will think of a way to spend it.

Mr. Speaker, we have still allowed in our budget plenty of room for growth. In fact, we are wondering, in fact, if there is a way that we can keep the growth of the Federal Government to twice the rate of inflation. And many, including me, are saying the President will have won a big victory if we can hold the growth of the Federal Government to twice the rate of inflation, which just shows how far we have gone in the direction of Federal Government spending.

One way not to spend the hard-earned money of American taxpayers is give it back to them. They will do a better job for their families and for this economy with their money than the Federal Government would.

Moving this bill forward moves that process forward. It would be great within the next few days if we can send to the President's desk real, meaningful tax relief for every American taxpayer.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. DOGGETT), a member of the Committee on Ways and Means.

Mr. DOGGETT. Mr. Speaker, finally, the Republican tax plan and the Republican energy plan are one. In the amazing words of President Bush on Friday, "The quickest way to help people with their energy bills is tax relief."

This year the benefit to the typical taxpaying American family from this Republican plan that we are considering today will amount to the cost of about 3 gallons of gas per week. That is probably not enough gas to get most Americans to and from work, but it will keep your lawn looking pretty good. I guess you could ride your lawn mower to work.

Mr. Speaker, perhaps, though, Democrats have been a little harsh in criticizing this bill as being designed solely for the wealthy, because just being affluent, just being rich is not enough to really rake in a bonanza from this bill.

As The New York Times reported yesterday morning, "The biggest cuts would go more to the extraordinarily wealthy" as opposed to just the "merely affluent or wealthy" and, "the very richest would save more than \$1 million a year under this House plan."

Your family gets 3 gallons of gasoline a week, the super-rich, each of them, gets \$1 million a year from this scheme.

This summer many American consumers cannot afford to go to the gas station and say "fill 'er up" unless it is a very small quantity for their lawn mower. But the privileged few, they have already said "fill 'er up" to these Republicans, who have been all too

willing to reward the few at the expense of the many.

That expense will come not just this year, but when it is time over this decade to fund student financial assistance, so that every young person can get all of the education for which he or she is willing to work wants; when it is time to address the many unmet health care needs of Americans such as access to the soaring cost of prescription drugs; when it is time to put more cops on the street to protect our neighborhoods; when it is time to meet a wide range of future needs of this country including reasonable tax relief and correction of inequities in the Tax Code. The same Republicans who offer your family 3 gallons of gas a week while they give other folks a million dollars a year, they are going to be saying, well, we are sorry we cannot do that. We just do not have the money to do it.

The reason they do not have the money is no accident. It is a result of a purposeful policy to shortchange the American people in the way quite similar to how they are being shortchanged today.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I cannot help but observe the indication of the gentleman from Texas (Mr. DOGGETT) that they are going to get 3 gallons, and he repeatedly held up a 1 gallon tank. That is about as accurate as the rest of his statement.

Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. RYAN), a member of the Committee on Ways and Means.

Mr. RYAN of Wisconsin. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS) for yielding the time to me.

Mr. Speaker, the other side has nothing to offer but fear itself. As I watch these public policy debates coming to the floor of Congress, you can see two schools of thought at play here. One seeks to prey on the emotions of fear and envy in the American people and to exploit those emotions to keep more of their hard-earned money in Washington.

The other school of thought, what we are trying to achieve is to appeal to people's emotions of hope, of accomplishment, of success.

We punish success in the Tax Code today. The small businessman, the small businesswoman, the entrepreneur in society today, which is the engine that drives the American economy, is what gives us our jobs in this country; yet, we tax them at punishing tax rates, higher than we tax IBM, Exxon, the multinational corporations in this world.

What we are trying to achieve by lowering the tax rates on entrepreneurs, on small businesses, on the American families, down to 33 percent is to simply say that we recognize that what creates this economy, that what grows this economy, that what creates jobs are small businesses and entrepreneurs.



We need to feed that engine, because if we fall victim to the politics of fear and envy, as the other side is suggesting, we will continue to take more and more dollars out of workers' paychecks. We will continue to raise the bar and the hurdle on what it takes to build a small business, to employ people, to risk-take and become an entrepreneur.

Mr. Speaker, there is a tremendous toll gate in the middle class, on the way to becoming the middle class. We are penalizing success in this country. The other side wants us to continue to penalize success in this country. They want to appeal to the worst emotions in you.

They want to suggest that this is nothing more than a tax cut to Bill Gates' or Sam Walton's heirs. That is not what we are doing here. What we are trying to accomplish is this: You are overpaying your taxes. You ought to get some of your money back. We are protecting Medicare. We are modernizing Medicare. We are protecting Social Security.

We are paying down the national debt as fast as we can. And even after doing all of those things, you are still overpaying your taxes. What we are simply saying is rather than take your money and find new ways to spend it for you here in Washington, we want to give it back to the American people, put the money back into their paychecks as they overpay their taxes, and revive this engine of economic growth, small businesses and entrepreneurs, and prey on people's hopes and dreams and aspirations. That is what this all about.

That is why it is important to lower that top rate to 33 percent. I know these numbers may be confusing to some. But what it means is whether or not we are going to answer the call to revive this struggling economy, whether or not we are going to put jobs in front of fear and envy, these are the things that are on the line right here. That is why it is important for us to pass this tax bill, because it is our job to grow this economy and save jobs in this country.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am surprised that the gentleman from California (Mr. THOMAS), my distinguished chairman of the Committee on Ways and Means, would ridicule the 1 gallon container that was held by the gentleman from Texas (Mr. DOGGETT), my friend. As a former college professor, he should know that 1 gallon filled three times equals 3 gallons.

Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. MATSUI), a member of the Committee on Ways and Means.

Mr. MATSUI. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL), the ranking Democrat on the Committee on Ways and Means, for yielding this time.

Mr. Speaker, I am kind of surprised that my colleagues on the other side of

the aisle keep talking about Democrats bringing up the issue of greed and envy. I thought we were supposed to debate these things and state the facts.

The fact of the matter is, if you took all of the bills that were passed over the last 3 months on the other side of the aisle there, you would find that the top 1 percent of the taxpayers in the America, that is, people that file tax returns on the average of \$1.1 million a year, their earned income, they get 46 percent of this tax cut.

Mr. Speaker, we cannot change that fact, and I think it is only right that the American public know this fact, the fact that those people that make over a million dollars a year get 46 percent of the benefit.

It seems to me something that everybody should know before they vote on this particular bill. This is not talking about, making discussions about greed and envy; it is just stating a fact.

But rhetoric is always there, and that is what I guess this floor is all about. This is what we are talking about in terms of lowering the rhetoric on the floor of the House.

The fact of the matter is that not only are we talking about where the distribution of this tax cut goes, but there is also something interesting about the so-called surplus. If you recall, we are talking about the basis of this tax cut, \$5.6 trillion in surpluses over the next 10 years, of which one-third, or about 30 percent of it, will be in the first 5 years; and then a 70 percent total of this \$5.6 trillion will be in the second 5 years.

The same people that predicted this number, the Congressional Budget Office, said that there is only a 50 percent chance of accuracy that the first 5-year projection will be correct.

Then in the last sentence in the same document, the same Congressional Budget Office that made this prediction says they cannot really even make a forecast on 10-year projections. The only reason they do it is because we in Congress mandated it.

We could be talking about \$10.9 trillion or \$1.6 trillion, or maybe even a deficit, because these numbers are based upon projections. They are projecting, for example, there will be a 4.6 growth rate over the next 10 years.

Mr. Speaker, I would imagine any one of you sitting in the hall here would have to say that you cannot make projections about what your income or your child's income will be 10 years from now. But, nevertheless, we are doing this.

I have to say another thing. This is redistribution. About 60 percent of the \$5.6 trillion is in the form of Social Security payroll taxes. Who gets the burden of that? The average American, because it is capped at \$76,000 a year.

So we are going to take the payroll taxes and we are going to redistribute it to those people that file income tax returns of \$1.1 million a year.

We are playing a gamble with the deficit and with the future of our chil-

dren, and we are redistributing this tax cut in a way that takes from the average taxpayer or the average worker and gives to the super-rich. This bill should be voted down. The budget is a sham.

Mr. THOMAS. Mr. Speaker, I yield 3 minutes to the gentleman from Colorado (Mr. MCINNIS), a member of the Committee on Ways and Means.

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Mr. MCINNIS. Mr. Speaker, what a bunch of hogwash. I was just peering over the last few minutes. What is this, Broadway? I am saying this to the Democrats, what is this, Broadway? They have got a Member up here with a gasoline can stomping around trying to use his theatrical props. Before the speaker, before the gas can, we had another Member on the other side of the aisle up here playing with some dice.

This is serious business. We are not on Broadway over here, we are on Washington, D.C. using other people's money. Did my colleagues ever hear of play on Broadway "Using Other People's Money"? That is exactly what the Democrats want to do, but they want to use more and more of other people's money.

Their policy is simple: spend, spend, spend. When the American taxpayer, who, by the way, is the American worker and, by the way, men and women that are working out there in that workplace, when they begin to question the liberal Democrats about their policy of spend, spend, spend, they come up with one answer: fear tactics.

I will tell my colleagues, the gentleman from Texas (Mr. DOGGETT), and I question the accuracy of his remarks, in fact, they are inaccurate. Let me quote his remarks: If we pass this, all future needs of this country cannot be met, if you give a tax refund to the taxpayers.

He goes on further: Further, if you give a tax cut to the American taxpayers, no money for education, no student finance assistance, no prescription drugs, no health care, no more money for the Cops on the Street, and once again he summarizes, it stops all future needs of this country.

It is that kind of exaggeration that puts disrespect in Washington, D.C. That is why people are concerned about the integrity of the institution back here. My colleagues are talking about other people's money, and they ought to move it off Broadway and they ought to move it to Main Street.

Those liberal Democrats that want to continue to spend and spend and spend should at least have enough guts to stand up to the people who are working for this money, who are creating jobs in this country, and tell them they want to spend, spend, spend instead of threatening them with their future education for their children or all future needs of this country will not be met if a tax cut goes to the American taxpayer.

Take a look. Everybody on this House floor, all of my colleagues, we do not go out there. Our salary is created by tax dollars. We do not go out and sell more hamburgers or put up a Kool-Aid stand or mow a lawn. We reach into people's pockets and take the money they got for selling a hamburger or setting up a Kool-Aid stand or mowing a land.

We take their money, and the first thing we do is pay ourselves. The second thing we do, when we discover there is money left, do not give it back to that person, people at the Kool-Aid stand. Just spend it, spend it, spend it.

When the person at the Kool-Aid stand says, hey, can I have a little back of what I gave you? You have some extra money. No, not if you care about your kids' education. No, not if you care about more cops on the street. No, not if you care about prescription care. In fact, no, not if you care about any future need of the country. What an exaggeration.

The Republicans and the conservative Democrats deserve more from the liberal side of the Democratic party. My colleagues ought to follow the leads of their conservatives over there and give back these taxpayers a little of what they deserve.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. STARK), a senior member of the Committee on Ways and Means.

Mr. STARK. Mr. Speaker, I thank the distinguished ranking member. I like the introduction by the gentleman from Colorado (Mr. MCINNIS). As one of the most conservative Members of the House, as ranked by the Concord Coalition and other groups, I am proud to answer the question of the gentleman from Colorado, because it is true that Democrats have been concerned about spending.

We would like to spend money to see that our parents' Medicare is safe. We would like to spend money to make sure that the checks for Social Security go out each month to those beneficiaries. We would like to spend money to see that teachers can have a reasonable salary. All of those things are purposely being denied in the Republican budget which is driven by this tax cut. This is not Broadway. These are facts.

The Republicans, for example, ran out of money for next year's Medicare payments and had to go through some blue smoke and mirror accounting tricks to find an extra \$20 billion yesterday in the Senate bill because, otherwise, they would have had to dip into 2002's Medicare trust fund by 20 billion bucks to balance the budget.

That is how bad this bill is. There is no money left for a pharmaceutical benefit unless, of course, we choose to take it out of Medicare and thereby dismantle the Medicare system which, under the former leadership of Speaker Gingrich, was the Republican plan and still remains the operative policy today.

Privatize Social Security as the Republicans try to have us do, so that we can save that money and give the tax cuts back to the rich.

So make no mistake about it, we conservatives would like to save money. But those of us who have ever run a business and not inherited it from our fathers, or worked all our lives in the public trough would like to see that the poorest of Americans get taken care of. That is the American way. We would like to see that the children's health care is taken care of. We would like to see that Medicare survives. That takes tax dollars.

The fairest way to tax the American people is to let those who are very rich and very wealthy pay a larger percentage. That has been the American way for a long time. We hope, as Democrats, that that continues to be the American way, not the Republican way to give the money back to the rich donors to their campaigns, the huge corporate officers and the beneficiaries of huge stock options, support the people in Aspen who are living the life of luxury, and let the people on Main Street go broke. That is not the Democratic way. That is the Republican way, and we should oppose it.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Texas (Mr. BRADY), a member of the committee.

Mr. BRADY of Texas. Mr. Speaker, I think too many people in Washington are out of touch with the real world and the way families have to struggle these days. It is true that tax relief under this plan starts pretty modestly and grows. It is done so that it increases as we pay off more of our national debt; and as our surplus increases, the tax relief increases. That is the responsible way to do it.

But they will tell us it is only for the wealthy. But if we look at families today, we just had tax freedom day, which meant, from January 1 to May 3, the average American family worked for that time period just to pay their taxes. Starting last week, we started to work for ourselves. No wonder it is so hard for families to make ends meet.

Under the President's proposal and under the Republican proposal here today, in this first year, for a teacher whose husband works at the auto dealership as a mechanic, who has two kids, it means tax relief for about \$500 this first year; and it increases each year to about \$1,600.

Now, in Washington, people do not think that counts. But I can tell my colleagues, when one is raising children, an extra \$120 or \$140 a month for school clothes or to fix the car or to pay for utilities or all the things that come up for health care when your child is sick, that is real money.

My colleagues will hear today about a rebate scheme. But let me tell them, they will love the rebate scheme as long as they do not mind overpaying at the cashier, at the counter, and watching the clerk hand the change to the

next guy in line. They will love rebates.

But if my colleagues think if one overpays that the change ought to come back to one in proportion of what one overpaid, then my colleagues are going to support the President's plan and the principles in the Republican plan.

What is wrong with eliminating the marriage penalty? What is wrong with not taxing people at death? What is wrong with encouraging small businesses to create new jobs? We know if we head into recession, we will lose 3 million jobs in America. That is 3 million families that are going to hurt very badly. If we can make changes today, maybe we cannot save all those jobs, but we can save some of them, and we ought to try.

Mr. RANGEL. Mr. Speaker, I yield myself 30 seconds to ask the gentleman from Texas (Mr. BRADY) to answer a couple of questions if he has the time, because he talked about helping small businesses. He talked about marriage penalty. I assume he wants estate tax relief.

Where are all these things in this bill that we are talking about today? Where are these things? I am missing it. Where is it?

Mr. BRADY of Texas. Mr. Speaker, will the gentleman yield?

Mr. RANGEL. I yield to the gentleman from Texas.

Mr. BRADY of Texas. Mr. Speaker, the principles of this bill—

Mr. RANGEL. Mr. Speaker, I advise the gentleman, be careful what word he uses, because he has got the Speaker here. Do not talk about the other body now, but go ahead. Be careful.

Mr. BRADY of Texas. Mr. Speaker, this bill creates the vehicle for tax relief for Americans. As we sent it to the Senate, as we talked through the principal items we talked about, that is what this bill is about. The gentleman knows it and may not like it, but he understands it.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. KIND).

(Mr. KIND asked and was given permission to revise and extend his remarks.)

Mr. KIND. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for yielding me this time.

Mr. Speaker, this is serious business today. This is a serious debate. That is why today I seriously oppose the majority's tax reconciliation bill before us and strongly support the Democratic substitute which I feel is much more fiscally responsible, long-term in outlook at better enables us to pay down our national debt.

Mr. Speaker, there are a lot of problems with this tax reconciliation bill, not least of which that this is the single most important act we can do if we are interested in setting up for failure future generations of leadership and our children and grandchildren.

The great unspoken truth in this debate is all the focus has been on the

next 10 years and projected budget surpluses that may or may not occur, but very little attention has been given to what happens in the second decade with the aging population, the demographic boom, the soon-to-be-retiring baby boom generation. We have serious unfunded liabilities and responsibilities that need to be taken care of. If we want to set up the next generation of leadership and our children for failure, this is the best way of doing it.

Just take this chart, for instance. It shows the Social Security surplus in the trust fund and what it looks like over the next 10 years. Half of the projected surplus in the next 10 years is coming out of the Social Security trust fund which no one here wants to touch. But if we look at the second decade and beyond when the boomers start retiring, we see a sea of red of unfunded liabilities.

If this tax cut the way it is currently drafted passes, it will gradually phase in over the next 10 years and become fully implemented at exactly the same time the baby boomers start to retire. If that is not a recipe for disaster, I do not know what is.

But what else is unspoken is the hidden cost of the budget resolution that is working its way through Congress. Where is AMT relief in this tax bill, the alternative minimum tax? We all know that that is something we are going to have to deal with in the next 10 years. Where are the tax extenders? Where are the projected plus-up in cost for the missile defense shield, for increase in defense spending, for farm relief if the farm economy does not turn around?

These are things that we all know we are going to have to deal with and deal with in a fiscally responsible manner. We nor future Congresses are going to meet those obligations and reduce our national debt with this tax reconciliation bill. So I encourage my colleagues to support the Democratic substitute, which is more fiscally responsible and places a priority on debt reduction and to preserving and protecting Social Security and Medicare for future generations.

Mr. THOMAS. Mr. Speaker, might I inquire about the time remaining on either side.

The SPEAKER pro tempore (Mr. GILLMOR). The gentleman from California (Mr. THOMAS) has 6 minutes remaining. The gentleman from New York (Mr. RANGEL) has 7 minutes remaining.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 4 minutes to the gentleman from Louisiana (Mr. MCCRERY), a member of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Speaker, I rise in strong support of H.R. 1836 which continues this body's efforts to quickly enact meaningful tax relief.

While I understand that this bill mainly represents a vehicle to get us to conference with the Senate, I am particularly pleased that the House's reconciliation bill focuses on the most im-

portant component of the President's tax cut, a reduction in marginal tax rates.

With almost \$960 billion in tax relief, this legislation provides a solid base for addition of other important tax cuts during negotiations with the Senate. As we work to reach agreement with our friends on the other body, however, I urge the retention of these rate cuts.

First, unlike the tax policy of the prior administration, marginal rate cuts do not discriminate. They do not favor only individuals engaging in activities deemed worthy. They do not use IRS agents as social engineers. Under these marginal rate cuts, if one pays income taxes, one gets a tax cut. It is that simple.

Second, bold marginal rate cuts can help prevent a further slide in our economy. During testimony before the Committee on Ways and Means earlier this year, noted economist Martin Feldstein explained that, "a large tax cut coming at this time will help to assure a stronger short-term recovery from the current economic slowdown."

He went on to say that, while adjusting the tax rates cannot eliminate the business cycle, a tax cut now would be useful, as the increase in after-tax incomes and expectations that such increases will continue in the future will boost confidence as well as spending power.

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Increasing the short-term effect by starting the tax cuts at the beginning of the year would reinforce this favorable effect."

Simply put, the sooner we pass rate reductions, the more likely they are to help address concerns about the softening economy. Arthur Laffer, who advised former President Reagan, said it quite simply, "George W. Bush's tax cut proposal will benefit the American economy in the near term by bringing the current slowdown to a quick end. In the long run, it could increase the economy's growth rate. Pro-growth tax policies do wonders for the economy."

Cutting marginal tax rates encourages individuals to work harder and to take risks. For the small businesses who pay taxes on the individual schedule, these tax cuts will make it possible for them to expend the capital necessary for them to continue to grow.

Recent research by Robert Carroll and other economists found tax rate reductions had a significant influence on small business growth and that reducing the top marginal rate down to 33 percent would result in approximately 10 percent higher revenues for those small businesses in the top tax bracket. In another paper, the group found that boosting small businesses' after-tax income by that much would increase their likelihood of adding more employees.

A dynamic analysis of the United States economy done by the Heritage

Foundation estimated the rate reductions contained in this legislation would increase the family of four's after-tax budget by \$2,624, leading to an increase in consumption while also driving up our anemically-low national savings rate.

In short, Mr. Speaker, let our economy grow. Let us pass this tax bill out of the House today, get into conference with the Senate, give our economy a boost, and get us back on the path to economic growth.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. BECERRA), a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time.

My colleagues, why the need to circumvent the rules of this House and the Senate? Why not follow the legislative process in this Congress? Why do we have this bill, so-called reconciliation bill, before us today? Why, especially when this bill's benefits go mostly to the wealthy and not enough to the rest of middle America?

Why is it that in this proposal the tax cuts that are within it would benefit the richest of Americans; that 1 percent of Americans would get 44 percent of the benefits of this bill and yet 60 percent of Americans earning some \$44,000 or less, 60 percent of America, will receive something on the order of about 16 or 17 percent of the entire wealth in this package?

Why are we rushing so quickly to do this? Why must we evade the process? Why can we not go through the committee process? Why can we not have this inspected in the light of day? Why can the sun not shine on what we are doing?

Why can we not, in fact, feel the same urgency for our energy crisis as we apparently feel in this Congress towards giving tax cuts which will benefit mostly the wealthy? If we are in need of acting quickly in any regard in this body at this moment it is in regards to the energy crisis, which will affect middle America today. When those blackouts occur, those who have money can buy their way out of them.

Yet here we are today not following the legislative process that we are accustomed to, to try to rush through a package of benefits that will not help most of middle America. This is a major use of our time, and it is a major use of taxpayers' money, because every day the lights are on here we are spending money.

I would urge my colleagues to use more caution, more prudence in moving forward. Because, quite honestly, if we need to act today, it is on dealing with this energy crisis that will hit every single home of middle America. That is why today it does not make sense for us to evade the process, go around it, circumvent it, not show the American public what we are doing completely, which will not affect most of the people having a chance to watch this debate.

It is time for us to get down to the business this Congress was elected to do. It is time for us to take care of urgent matters, such as the energy crisis now, and deal with tax cuts in a fair and prudent manner for all of America.

The tax proposal that comes in the Democratic alternative is exactly that. It provides immediate relief to all Americans, and it does it in a fair way; and it makes sure that we protect Social Security, Medicare, education, crisis for our farmers in the heartland, and does it in a way that still saves us money to take care of crises like the energy crisis we are facing.

That is where we need to go. And I would hope that this Congress would heed the call of Americans who say, keep my lights on. Give me fair tax relief, but keep my lights on.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the gentleman from Pennsylvania (Mr. MURTHA), a distinguished Member of this House that does not ask to speak unless he really believes that it is important to the national security of our great Republic. It is a great and distinct honor for me to yield the remainder of my time to him.

The SPEAKER pro tempore (Mr. GILLMOR). The gentleman from New York (Mr. RANGEL) has 4 minutes remaining. The gentleman from Pennsylvania (Mr. MURTHA) is recognized for 4 minutes.

Mr. MURTHA. Mr. Speaker, I am concerned about the way we are doing this. I voted against every tax cut so far. When I go home, and I have been home the last 8 weeks in a row, only one person has brought up to me that we need a tax cut. Only one person has said, and I ask them, How many of you in this room make over \$300,000 a year? Not many hands go up in my district.

The point I am making is the way we are doing this is what worries me. We have a pent-up demand in defense; we have promised the troops we are going to give them a 7 to 10 percent pay increase. We have all kinds of weapon systems which are out of date. We have an O&M problem. And all these are outlay problems. We have a procurement problem as far as the ships go in the Navy. I remember back 20 years when half our airplanes were grounded because of lack of spare parts. I remember offering an amendment to put \$5 billion in for spare parts; \$5 billion for O&M.

Now, I voted for the last tax cut. It was a bipartisan tax cut. When I say the last tax cut, the tax cut that came in the Reagan administration that most of us were convinced by President Reagan and the leadership in the House that this was going to improve things. We ended up with \$4 trillion worth of deficit. Now, we can blame it on spend, we can blame it on everything, but the facts are we ended up with a bigger deficit. I worry about the same thing again.

It seems to me that before we take up a tax cut of this size, we should fig-

ure out exactly what we are going to do with the money. When I went down to Austin to visit with President Bush, he asked a number of us what we thought needed to be done. I told him I thought this year alone we needed \$30 to \$35 billion more for defense alone.

I worry about my district. They just cut off the gas to some of the people that could not pay their bills. In Pennsylvania you cannot turn the gas or electricity off during the wintertime; obviously, people would freeze. But they have now turned it off. They could not afford to pay for prescription drugs and heating; and yet we are passing a tax bill, however it is configured in my estimation. That worries me that we are going to be right back to where we were before.

Now, they assured us that supply-side economics would work. All of us believed that at the time. I remember sitting in a corner and the chairman of the Committee on Ways and Means came back there and said, Look, this is going to work. He said, You need to vote for this tax cut because it will stabilize policy, it will increase economic activity, it will make more money available for investment. Well, as all of us know, for whatever reason, it did not work right.

But my major concern is our national security. I have not seen any of the details of what the President's going to propose. I hear all kinds of rumors. I hear the President saying he is going to spend more money on defense. I listened to him during his campaign. I think most of the people in the military thought that by this time there would be a supplemental appropriation and that there would be more money available for the military.

And I understand that he wants to study the situation. I appreciate that. He has some of the best advisers that any President ever had, and I know he is committed to a strong national defense. But I frankly do not see how we are going to get there. I do not see how we can increase the quality of life for the troops.

I was for the draft, one of the few people in the Congress that voted to continue the draft. I was not for the volunteer army because I knew that personnel costs would be exorbitant, but I thought a cross-section of Americans ought to serve in the military. It turns out it is very expensive. We have to offer bonuses; we have to pay extra money. If we want to keep a quality force, it is essential. Today's force must be a quality force for them to meet the issues that they face today.

So I would urge the Members to vote against this reconciliation bill until we see the details of the budget.

Mr. THOMAS. Mr. Speaker, I yield myself the balance of my time.

I guess everyone is thoroughly confused right now, based upon the statements made by my colleagues on the other side of the aisle: Why do we not do this in the light of day? Do we know where and how we are going to be spending any of this money?

I hate to be the one to tell my colleagues, if they are not aware of it, but the House and the Senate have already passed a budget. That budget takes care of paying down the debt. It covers Medicare. It protects Social Security. It provides more than sufficient money for defense.

I find it ironic they have now reached a point that on a Republican administration, with the former Secretary of Defense as the Vice President, the former military chief of staff as the Secretary of State, and with the honored Donald Rumsfeld as the Secretary of Defense that we are worried about whether or not the defense of this country is going to be taken care of. Where were my colleagues in the last administration based upon the folk who were running the show?

I hate to tell my colleagues this, but we have already passed three tax bills. It was more than a month ago. Even above the Arctic Circle, the sun does not stay up that long. And I know some of my colleagues want to make this a partisan fight, but on one of those tax bills that we passed, the marriage penalty, there were 64 Democrats that agreed with us. We do not call that partisan; we call it bipartisan. On the Estate Tax Bill there were 58 Democrats who voted on that package. We call that bipartisan.

It has been said that my colleagues engage in the politics of envy in an attempt to slow down giving people their money back. And when we hear the other side talk about the fact that only millionaires benefit, we begin to think that maybe that is true. When we say sometimes our colleagues use fear tactics, if we listened to the gentleman from California, who said there were going to be no Social Security checks going out; that, in fact, there was not enough money for prescription drugs for Medicare, I would remind my colleagues that it was this Republican majority that for the first time put preventive and wellness, when we became the majority, provisions into Medicare. Long overdue; not done by the previous majority.

So I guess our concern is that a few months ago we were hearing from the Democratic leadership that we had to get money out into the hands of people. It had to be done fairly quickly. We are on the verge of doing that, and now the statement is this needs to slow down; this needs not to move forward. And at some point, I hope people realize that my colleagues will be arguing the issue of the day when this majority, with right-thinking Democrats, are trying to make sure that programmatic change goes forward and assists the beleaguered chairman of the Federal Reserve Board.

But more importantly, since we have more money than we are spending right now, it is called a surplus, and we need to reduce the taxes that, under a budget we have already passed, takes care of the gentleman from Pennsylvania's concerns, we ought to return

some of the taxpayers' money. It is not this bill. We are going to conference to find out what that bill is going to be, and it is time we do that so we can move forward.

Mr. BEREUTER. Mr. Speaker, this Member rise today in support of H.R. 1836, the Economic Growth and Tax Relief Act of 2001, a bold and fair tax relief plan that will reduce the inequities of the current tax code and help ensure that America remains prosperous. This measure will reduce taxes for everyone who pays income taxes, and it will encourage enterprise by lowering marginal tax rates.

This Member strongly believes that some considerable portions of the Federal budget surplus should be returned to the American taxpayer, especially to middle income Americans. And, this Member also believes it is symbolically and financially important to use part of the surplus to at least make significant reductions in the national debt. Therefore, this Member is pleased to support the President's common sense plan that funds our nation's top priorities, pays down our national debt and gives tax relief to every taxpayer. Over-charged taxpayers deserve some of their own money back. It is interesting to note that in the first four months of fiscal year 2001, the surplus generated \$74 billion. Clearly, the American people are being taxed too much.

In fact, Federal taxes are at the highest peacetime rate in history. Americans currently pay more in taxes than they spend on food, clothing and housing combined. This year, it will take most Americans more than four months of paychecks to pay their tax burden.

This Member is supportive of this tax cut because George W. Bush is President and we have a Republican Congress to check truly excessive levels of Federal spending. The legislation will help strengthen our economy, create jobs, and put money back in the pockets of those who earned it and need it most.

The measure provides immediate tax relief by reducing the current 15 percent tax rate on the first \$12,000 of taxable income for couples (\$6,000 for singles). A new 12 percent rate would apply retroactively to the beginning of 2001 and also for 2002. The rate would be reduced even further to 10 percent as follows: 11 percent in 2003 through 2005 and 10 percent in 2006. The reduction in the 15 percent bracket alone provides a tax reduction of up to \$360 for couples in 2001 (\$180 for singles), increasing to as much as \$600 for couples in 2006 (\$300 for singles).

Furthermore, in accordance with President Bush's income tax rate reductions, H.R. 1836 reduces other income tax rates and consolidates rate brackets. By 2006, the present-law structure of five income tax rates (15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent) gradually would be reduced to four rates of 10 percent, 15 percent, 25 percent and 33 percent. No American will pay over one-third of his or her income in income taxes.

This Member supports the reduction in the tax rates provided in H.R. 1836 because the bill reduces taxes for all Americans who pay income taxes, spurs economic and job growth for all Americans and provides an average of \$1,600 in tax relief for the average American family (family of four) phased in over a 5-year period. The \$1,600 amount represents the average mortgage payment for almost two months, one year's tuition cost at most community colleges, and the average gasoline costs for two cars for one year.

The legislation will also begin to address the growing problem of the alternative minimum tax by repealing the current-law provisions that offset the refundable child credit and the earned income credit by the amount of the alternative minimum tax. In addition, it should be remembered that this is only the first element of the Bush tax plan—additional tax relief is in sight for married couples and others that will benefit from more targeted tax cuts.

According to the non-partisan Joint Committee on Taxation, savings to taxpayers over ten years would be \$958 billion under the provisions of H.R. 1836.

In closing, Mr. Speaker, this Member would like to express his appreciation to our President, George W. Bush, for his willingness to steadfastly "demand a refund" for the American taxpayer. This Member urges his colleagues to support H.R. 1836 as an important step toward tax relief for all Americans.

The SPEAKER pro tempore. All time for debate has expired.

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. RANGEL:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

(a) **SHORT TITLE.**—This Act may be cited as the "Tax Reduction Act of 2001".

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) **SECTION 15 NOT TO APPLY.**—No amendment made by this Act shall be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

(d) **TABLE OF CONTENTS.**—

Sec. 1. Short title.

**TITLE I—REFUND OF 2000 INDIVIDUAL INCOME TAXES**

Sec. 101. Refund of 2000 individual income taxes.

**TITLE II—INDIVIDUAL INCOME TAX RATE REDUCTIONS; EXPANSION OF EARNED INCOME CREDIT ASSISTANCE**

Sec. 201. Individual income tax rate reductions.

Sec. 202. Modifications to earned income tax credit.

**TITLE III—MARRIAGE PENALTY RELIEF**

Sec. 301. Marriage penalty relief.

**TITLE I—REFUND OF 2000 INDIVIDUAL INCOME TAXES**

**SEC. 101. REFUND OF 2000 INDIVIDUAL INCOME TAXES.**

(a) **IN GENERAL.**—Subchapter B of chapter 65 (relating to rules of special application) is amended by adding at the end the following new section:

**"SEC. 6428. REFUND OF 2000 INDIVIDUAL INCOME TAXES.**

"(a) **IN GENERAL.**—Except as otherwise provided in this section, each individual shall be treated as having made a payment against the tax imposed by chapter 1 for such indi-

vidual's first taxable year beginning in 2000 in an amount equal to 100 percent of the amount of such individual's net Federal tax liability for such taxable year.

"(b) **MAXIMUM PAYMENT.**—The amount treated as paid by reason of this section shall not exceed \$300 (\$600 in the case of a married couple filing a joint return).

"(c) **NET FEDERAL TAX LIABILITY.**—For purposes of this section—

"(1) **IN GENERAL.**—The term 'net Federal tax liability' means the amount equal to the excess (if any) of—

"(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

"(B) the sum of the credits allowable under part IV of subchapter A (other than the credits allowable subpart C thereof, relating to refundable credits).

"(2) **FAMILIES WITH CHILDREN.**—In the case of a taxpayer with 1 or more qualifying children (as defined in section 32) for the taxpayer's first taxable year beginning in 2000, such taxpayer's net Federal tax liability for such year shall be the amount determined under paragraph (1) increased by 7.65 percent of the taxpayer's taxable earned income for such year. For purposes of the preceding sentence, the term 'taxable earned income' means earned income as defined in section 32 but only to the extent includible in gross income.

"(d) **DATE PAYMENT DEEMED MADE.**—The payment provided by this section shall be deemed made on the later of—

"(1) the date prescribed by law (determined without extensions) for filing the return of tax imposed by chapter 1 for the taxable year, or

"(2) the date on which the taxpayer files his return of tax imposed by chapter 1 for the taxable year.

"(e) **CERTAIN PERSONS NOT ELIGIBLE.**—This section shall not apply to—

"(1) any estate or trust, and

"(2) any nonresident alien individual."

(b) **CLERICAL AMENDMENT.**—The table of sections for subchapter B of chapter 65 is amended by adding at the end the following new item:

"Sec. 6428. Refund of 2000 individual income taxes."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning in 2000.

(d) **PROTECTION OF SOCIAL SECURITY AND MEDICARE.**—The amounts transferred to any trust fund under the Social Security Act shall be determined as if this Act had not been enacted.

**TITLE II—INDIVIDUAL INCOME TAX RATE REDUCTIONS; EXPANSION OF EARNED INCOME CREDIT ASSISTANCE**

**SEC. 201. INDIVIDUAL INCOME TAX RATE REDUCTIONS.**

(a) **IN GENERAL.**—Section 1 is amended by adding at the end the following new subsection:

"(i) **12 PERCENT RATE BRACKET.**—

"(1) **IN GENERAL.**—In the case of taxable years beginning after December 31, 2001—

"(A) the rate of tax under subsections (a), (b), (c), and (d) on taxable income not over the initial bracket amount shall be 12 percent, and

"(B) the 15 percent rate of tax shall apply only to taxable income over the initial bracket amount.

"(2) **INITIAL BRACKET AMOUNT.**—For purposes of this subsection, the initial bracket amount is—

"(A) \$20,000 in the case of subsection (a),

"(B) 80 percent of the dollar amount in subparagraph (A) in the case of subsection (b), and

“(C) 50 percent of the dollar amount in subparagraph (B) in the case of subsections (c) and (d).

“(3) INFLATION ADJUSTMENT.—

“(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2002, the \$20,000 amount under paragraph (2)(A)(i) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under subsection (f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2001’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(B) ROUNDING RULES.—If any amount after adjustment under subparagraph (A) is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50.

“(4) ADJUSTMENT OF TABLES.—The Secretary shall adjust the tables prescribed under subsection (f) to carry out this subsection.”

(b) ADJUSTMENT IN COMPUTATION OF ALTERNATIVE MINIMUM TAX.—Paragraph (2) of section 55(a) is amended to read as follows:

“(2) the sum of—

“(A) the regular tax for the taxable year, plus

“(B) in the case of an individual, 3 percent of so much of the individual’s taxable income for the taxable year as is taxed at 12 percent.”

(c) REPEAL OF REDUCTION OF REFUNDABLE TAX CREDITS.—

(1) Subsection (d) of section 24 is amended by striking paragraph (2) and redesignating paragraph (3) as paragraph (2).

(2) Section 32 is amended by striking subsection (h).

(d) CONFORMING AMENDMENT.—Subclause (II) of section 1(g)(7)(B)(ii) is amended by striking “15 percent” and inserting “12 percent”.

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

(f) PROTECTION OF SOCIAL SECURITY AND MEDICARE.—The amounts transferred to any trust fund under the Social Security Act shall be determined as if this Act had not been enacted.

**SEC. 202. MODIFICATIONS TO EARNED INCOME TAX CREDIT.**

(a) INCREASES IN PERCENTAGES AND AMOUNTS USED TO DETERMINE CREDIT; MARRIAGE PENALTY RELIEF.—

(1) IN GENERAL.—Subsection (b) of section 32 is amended to read as follows:

“(b) PERCENTAGES AND AMOUNTS.—

“(1) PERCENTAGES.—The credit percentage, the initial phaseout percentage, and the final phaseout percentage shall be determined as follows:

“In the case of an eligible individual with:	The credit percentage is:	The initial phaseout percentage is:	The final phaseout percentage is:
1 qualifying child .....	34	15.98	18.98
2 or more qualifying children .....	40	21.06	24.06
No qualifying children ..	7.65	7.65	7.65

“(2) AMOUNTS.—

“(A) IN GENERAL.—The earned income amount and the initial phaseout amount shall be determined as follows:

“In the case of an eligible individual with:	The earned income amount is:	The initial phaseout amount is:
1 qualifying child .....	\$8,140	\$13,470
2 or more qualifying children .....	\$11,120	\$13,470
No qualifying children .....	\$4,900	\$6,130.

In the case of a joint return where there is at least 1 qualifying child, the initial phaseout

amount shall be \$2,500 greater than the amount otherwise applicable under the preceding sentence.

“(B) FINAL PHASEOUT AMOUNT.—The final phaseout amount is \$26,000 (\$28,500 in the case of a joint return).”

(2) MODIFICATION OF COMPUTATION OF PHASEOUT.—Paragraph (2) of section 32(a) is amended to read as follows:

“(2) PHASEOUT OF CREDIT.—The amount of the credit allowable to a taxpayer under paragraph (1) for any taxable year shall be reduced (but not below zero) by the sum of—

“(A) the initial phaseout percentage of so much of the total income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds the initial phaseout amount but does not exceed the final phaseout amount, plus

“(B) the final phaseout percentage of so much of the total income (or, if greater, the earned income) of the taxpayer for the taxable year as exceeds the final phaseout amount.”

(3) TOTAL INCOME.—Paragraph (5) of section 32(c) is amended to read as follows:

“(5) TOTAL INCOME.—The term ‘total income’ means adjusted gross income determined without regard to—

“(A) the deductions referred to in paragraphs (6), (7), (9), (10), (15), (16), and (17) of section 62(a),

“(B) the deduction allowed by section 162(l), and

“(C) the deduction allowed by section 164(f).”

(4) CONFORMING AMENDMENTS.—

(A) Subsection (j) of section 32 is amended to read as follows:

“(j) INFLATION ADJUSTMENT.—

“(1) IN GENERAL.—In the case of any taxable year beginning after 2002, each of the dollar amounts in subsection (b)(2) shall be increased by an amount equal to—

“(A) such dollar amount, multiplied by

“(B) the cost-of-living adjustment determined under section 1(f)(3), for the calendar year in which the taxable year begins, determined by substituting ‘calendar year 2001’ for ‘calendar year 1992’ in subparagraph (B) thereof.

“(2) ROUNDING.—If any dollar amount, after being increased under paragraph (1), is not a multiple of \$10, such dollar amount shall be rounded to the nearest multiple of \$10.”

(B) Subparagraph (C) of section 32(c)(1) is amended by striking “modified adjusted gross income” and inserting “total income”.

(C) Paragraph (2) of section 32(f) is amended to read as follows:

“(2) REQUIREMENTS FOR TABLES.—

“(A) IN GENERAL.—The provisions of subsection (a)(1) and the provisions of subsection (a)(2) shall be reflected in separate tables prescribed under paragraph (1).

“(B) SUBSECTION (a)(1) TABLE.—The tables prescribed under paragraph (1) to reflect the provisions of subsection (a)(1) shall have income brackets of not greater than \$50 each for earned income between \$0 and the earned income amount.

“(C) SUBSECTION (a)(2) TABLE.—The tables prescribed under paragraph (1) to reflect the provisions of subsection (a)(2) shall have income brackets of not greater than \$50 each for total income (or, if greater, the earned income) above the initial phaseout threshold.”

(b) REPEAL OF DENIAL OF CREDIT WHERE INVESTMENT INCOME.—Section 32 is amended by striking subsection (i).

(c) EARNED INCOME TO INCLUDE ONLY AMOUNTS INCLUDED IN GROSS INCOME.—

(1) IN GENERAL.—Section 32(c)(2)(A)(i) (defining earned income) is amended by inserting “, but only if such amounts are includible in gross income for the taxable year” after “other employee compensation”.

(2) CONFORMING AMENDMENT.—Section 32(c)(2)(B) is amended by striking “and” at the end of clause (iv), by striking the period at the end of clause (v) and inserting “, and”, and by adding at the end the following new clause:

“(vi) the requirement under subparagraph (A)(i) that an amount be includible in gross income shall not apply if such amount is exempt from tax under section 7873 or is derived directly from restricted and allotted land under the Act of February 8, 1887 (commonly known as the Indian General Allotment Act) (25 U.S.C. 331 et seq.) or from land held under Acts or treaties containing an exception provision similar to the Indian General Allotment Act.”

(d) MODIFICATION OF JOINT RETURN REQUIREMENT.—Subsection (d) of section 32 is amended to read as follows:

“(d) MARRIED INDIVIDUALS.—

“(1) IN GENERAL.—If the taxpayer is married at the close of the taxable year, the credit shall be allowed under subsection (a) only if the taxpayer and his spouse file a joint return for the taxable year.

“(2) MARITAL STATUS.—For purposes of paragraph (1), an individual legally separated from his spouse under a decree of divorce or of separate maintenance shall not be considered as married.

“(3) CERTAIN MARRIED INDIVIDUALS LIVING APART.—For purposes of paragraph (1), if—

“(A) an individual —

“(i) is married and files a separate return, and

“(ii) has a qualifying child who is a son, daughter, stepson, or stepdaughter of such individual, and

“(B) during the last 6 months of such taxable year, such individual and such individual’s spouse do not have the same principal place of abode, such individual shall not be considered as married.”

(e) EXPANSION OF MATHEMATICAL ERROR AUTHORITY.—Paragraph (2) of section 6213(g) is amended by striking “and” at the end of subparagraph (K), by striking the period at the end of subparagraph (L) and inserting “, and”, and by inserting after subparagraph (L) the following new subparagraph:

“(M) the entry on the return claiming the credit under section 32 with respect to a child if, according to the Federal Case Registry of Child Support Orders established under section 453(h) of the Social Security Act, the taxpayer is a noncustodial parent of such child.”

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

**TITLE III—MARRIAGE PENALTY RELIEF**

**SEC. 301. MARRIAGE PENALTY RELIEF.**

(a) STANDARD DEDUCTION.—

(1) IN GENERAL.—Paragraph (2) of section 63(c) (relating to standard deduction) is amended—

(A) by striking “\$5,000” in subparagraph (A) and inserting “twice the dollar amount in effect under subparagraph (C) for the taxable year”,

(B) by adding “or” at the end of subparagraph (B),

(C) by striking “in the case of” and all that follows in subparagraph (C) and inserting “in any other case.”, and

(D) by striking subparagraph (D).

(2) INCREASE ALLOWED AS DEDUCTION IN DETERMINING MINIMUM TAX.—Subparagraph (E) of section 56(b)(1) is amended by adding at the end the following new sentence: “The preceding sentence shall not apply to so much of the standard deduction under subparagraph (A) of section 63(c)(2) as exceeds the amount which would be such deduction but for the amendment made by section 201(a)(1) of the Tax Reduction Act of 2001.”

## (3) TECHNICAL AMENDMENTS.—

(A) Subparagraph (B) of section 1(f)(6) 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”.

(B) Paragraph (4) of section 63(c) 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).”.

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

The SPEAKER pro tempore. Pursuant to House Resolution 142, the gentleman from New York (Mr. RANGEL) and a Member opposed each will control 30 minutes.

Mr. MCCRERY. Mr. Speaker, I rise in opposition to the amendment.

The SPEAKER pro tempore. The gentleman from Louisiana (Mr. MCCRERY) claims the time in opposition.

The Chair recognizes the gentleman from New York (Mr. RANGEL).

□ 1445

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, said the people should be thoroughly confused, and I guess he knows what he is talking about since it is his tax bill that is on the floor. And he talks about all of these tax bills that we passed.

We better get back to how a law is made, because what we pass here, unless it gets over to the other body, it never gets to the President. So forget all of these things that we have passed here. We are not passing any tax law here. We have given up our authority to pass a tax law here. What we pass here are vehicles so the other body will then send to us a tax bill.

Mr. Speaker, I tell the gentleman, when we take over the House and I become chairman of the Committee on Ways and Means, I am anguished to find that we may not have authority to do anything other than ask the other body, what would you like us to send over so we can go into conference?

What does the gentleman mean by “we”? It is the other body’s bill. The gentleman could have taken the estate tax and sent it over there, the child credit and sent it over there, the marriage penalty and sent it over there; but, no, the gentleman says that we are going to send this over there, and is so proud of it.

Mr. Speaker, I hope the gentleman is proud of what they send back over here, because most of us will not be involved in that decision. So if there is confusion, I agree. But my colleagues should understand why. And that is, we are confused because we do not know what the other body is going to send to us as our bill.

Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. NEAL), a distinguished member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, the tax vote today is essentially a procedural vote to go to conference, since the only reason we are here is to add a reconciliation instruction to a tax bill to speed up the process in the other body. But that does not mean this is an unimportant vote.

The House should go to conference with the best product, and the best product is the Rangel substitute. It contains rate reductions for the American people, marriage penalty relief, improvements in the earned income tax credit, and a rebate of \$600 for married couples. But let me stress this, and my colleagues talk about the juxtaposition of the two political parties, our substitute is affordable. The Republican bill is not. Our substitute is fiscally prudent. The Republican bill is not.

Mr. Speaker, the substitute does not push 10 years into the future tax cuts which we cannot afford today. If we cannot afford them now, why does anyone think we can afford them when the baby-boom generation begins to retire? I would call everyone’s attention to that front-page piece in The New York Times yesterday about who is going to get this tax cut. I was mistaken, because I used to argue that the Republican bill would only take care of the wealthy. I discovered yesterday it really takes care of the super-wealthy. That is an extraordinary achievement, even for the other party.

Mr. Speaker, we should be investing in the promotion of retirement savings, and we know that this bill that the Republicans have is deficient on that score. The pension provisions approved by the House lack direct incentives for anyone other than those who least need it to save for retirement. We could have done something about that here with simply spending \$100 billion over 10 years. Over 10 years, I emphasize.

The pension provisions produced by the other body are superior in structure to the House pension provisions, but squeezing those provisions into the \$40 billion box was done.

At the very least, I would recommend to the conference that they take the House cost figure and spend the additional money on the other body’s retirement savings proposal.

Mr. Speaker, let me go back to something. The main point here is that no one in business across this country would use up all of the surplus when they see large investment needs just around the corner. Education, defense, the environment, the retirement of baby-boom generation members are all going to make gigantic demands on the Federal budget beginning in 2012, and we are going to have nothing to offer to those people once this bill goes into effect. The responsible thing to do is to support the Rangel substitute and object to and oppose the irresponsible

majority party’s position on this tax cut.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I commend the minority on bringing forward a tax cut to this body. It is not an exercise that they are particularly accustomed to, but I commend them for getting a substitute together to cut taxes for the American people.

Mr. Speaker, I believe that not only the base bill that is before us, H.R. 1836, which is an across-the-board rate cut for the American people, as well as the other tax vehicles, the tax cut provisions that we have passed through this House that will be part of the conference between the House and the Senate, those items being the marriage penalty relief, the increase in the child tax credit, estate tax relief, the Portman-Cardin bill on IRAs and 401(k)s, savings vehicles, will provide the kind of stimulus for savings and investment that we need in this country; whereas the substitute that is offered by the minority, as good as it is, will not do that.

Their bill is more narrowly targeted, to say the least. It will not provide incentives for small businesses or entrepreneurs to increase investment in their businesses, to create more jobs, and to give the economy the kind of kick that we need to continue economic growth in the future.

While I commend the minority for bringing forth a tax cut to this body today in the form of their substitute, I would urge the Members of this House to vote against the substitute and for the underlying bill.

Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. NUSSLE), a distinguished member of the Committee on Ways and Means.

Mr. NUSSLE. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, picture this. Pull into a 7-Eleven late at night. The gentleman tops the gas tank off at the pump. It comes to \$18 because of the last 8 years’ worth of energy policy that we have had. The gentleman walks into the clerk at the 7-Eleven and hands the clerk \$20 for the \$18 charge out on the pump. What happens next? What happens next?

Does the clerk take the money and stick it all in the cash drawer and say it is close enough? Does the clerk take the change that is owed and stick it in the little charity box that might be in front of the cash register, as many of the convenience stores have, maybe it is for Muscular Dystrophy, maybe it is for Special Olympics? No. That is not what happens.

Does the clerk look at the person next in line and say, they deserve the money more than you do, so let us give it to somebody else? No, they do not do that. Do they take the extra money, and as the gentleman before me said, we have some investments that we need and so we are going to invest that

overcharge in something right here at our local 7-Eleven; thank you very much. No, that is not what they do.

What do they do? They give, my colleagues, their change back. That is what our Federal Government needs to do. We have been overtaxing America for some time now. Americans have been paying the tab. We have bills that we have been able to pay. We have investments that we have met. We have spending that we have taken care of. We have debt that we are paying down. We have set aside Social Security, and there is change left over.

What the Rangel substitute says is we will give part of the gentleman's change back, but we will keep the rest, because we have extra spending that we need or we have extra investments, as the Rangel substitute seems to presuppose.

Mr. Speaker, that is not what we say in our Republican budget, and that is not what we say in this reconciliation bill. We say, just like in Iowa, the clerk would run into the parking lot to give the change. American taxpayers deserve their change back. Vote for the underlying bill and against the Rangel substitute.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it would seem to me if we gave \$20 to the guy at the gas station and got \$18 worth of gas, and we owed the owner \$3.4 trillion in national debt, we would say put the \$2 on our account; but that is a different way of doing business.

Mr. Speaker, I yield 2 minutes to the gentleman from Washington (Mr. INSLEE).

(Mr. INSLEE asked and was given permission to revise and extend his remarks.)

Mr. INSLEE. Mr. Speaker, I had a constituent at a town hall meeting in Washington ask a very interesting question, I thought, about the President's tax cut and energy bill which must be considered together. He asked this question: What earthly good is it to get some very modest tax cut, if every single dollar I get in a tax cut I have to turn around that month and give to an energy company in Texas? Every single dollar I get, I am going to give it to the energy industry which increases electrical bills and gas prices. He is right. What good is it?

Mr. Speaker, what he asked me, if the Republicans want to do that, if they want to take absolutely no action about this energy crisis in the short term, nothing to help people in the short term with energy prices, what he asked me was why do they not just eliminate the middleman. Why not just give all of the tax cut to the energy industry and not have it go through us? I thought about that and thought it is clear.

The Bush energy inaction plan, together with the Bush tax plan, is a giant money-laundering operation. The Republicans are not content to give 43 percent of all the tax cut to the top 1

percent, much of which goes to the wealthy oil barons; they want to make sure all of the money gets to the energy industry oil barons. That is not right.

Why not have a sensible substitute and a sensible energy tax policy? We need a time-out from this madness of having the energy industry increase their prices to my constituents 1,000 percent in 1 year. It is a crime. This simple money-laundering operation to make sure all of the money in this tax vehicle goes to the energy industry is not going to do anybody any good except President George Bush's political friends.

It is time for this President to understand he does not work for the oil industry anymore. He works for us. Reject this bill, pass the Democratic substitute and our energy policy, which will help middle-class Americans.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, with all due respect to the gentleman from Washington, I would hope that he would tell his constituent who asked that question, would he be better off with both higher energy prices and higher taxes, surely not. Surely he realizes that one way we can help that constituent is to cut his taxes, to give him more of his own money to use to meet those high energy bills.

The gentleman should know that the President appointed long ago a task force to come back with recommendations on energy policy, which this country has lacked for a decade and we are very sorely in need of having. So this President is trying to respond to the energy needs of this country, and we expect that report, in fact, tomorrow from the President.

Mr. Speaker, I hope that we can tell the constituent of the gentleman from Washington (Mr. INSLEE) that help is on the way, not only on the energy front but certainly on the tax front, as we have demonstrated by our votes here in this House to cut taxes.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a member of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Speaker, the base bill provides a tax cut to people who pay income taxes. The problem is the Federal Government is collecting too much in income taxes. I think the gentleman from New York (Mr. RANGEL) knows that. The solution is to let the taxpayers keep more of their income rather than sending it to Washington. Providing money to really low-income individuals who do not earn enough money to pay income taxes is not a tax cut. It is simply an excuse for those who do not want tax cuts to spend more money.

□ 1500

When President Clinton and every Democrat voted to pass the largest tax increase in history, they voted to punish hard work, penalize success and tax

the American dream. They believed then and still believe now if you work hard and become successful, the government is entitled to over 40 percent of your income. That is just wrong.

Today with this vote, Republicans are saying if you work hard, you get to keep more of your money. I honestly believe if you ask any American, they would agree that the government does not deserve to keep more than one-third of a taxpayer's hard-earned money. The budget surplus we currently enjoy was created because Americans pay too much in taxes. It is a tax surplus. This substitute does not want to give it back to you. The government did not create the surplus, and I do not think the government deserves to keep it.

Every Member should remember this money belongs to the people. If they vote for any substitute, they will deny every American who pays taxes from getting their own money back. Americans want, need, and deserve a tax break. They deserve tax relief because that is what America is all about.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. LEWIS), a distinguished member of the Committee on Ways and Means.

Mr. LEWIS of Georgia. Mr. Speaker, I want to thank my friend and my colleague, the gentleman from New York (Mr. RANGEL), for yielding me this time.

Mr. Speaker, this entire process is unbelievable. It is unreal. It is a sham. It is a shame. It is a disgrace. The tone in Washington has not changed and this reconciliation process proves it.

We are passing this bill today so we can rush the Republican tax bill to conference. We are rushing to pass a \$1.35 trillion tax bill. That is a lot of money. That is a great deal of money. We cannot afford to be wrong. Somebody needs to tell the American people what would happen if we are wrong. The Republican tax bill is based on a 10-year budget projection that may be wrong. It is going to jeopardize our ability to provide for our senior citizens, jeopardize our ability to invest in priorities like education and prescription drug benefits for all of our citizens, and jeopardize our ability to pay down the national debt, save Social Security, and protect Medicare.

We should be taking care of the basic needs of all of our people and not just some of our people but all of our people and not rushing to pass a tax bill that we cannot afford. This Republican bill is not right for America. It is not fair and it is not just. And this entire process is rotten to the core. Where is the bipartisanship that we hear from the White House, that we hear from the other side? It is not here with this bill. It was not here last week and it is not here today. We have wasted an important opportunity to work together on a bill that is good for all Americans.

I urge all of my colleagues to vote against it and vote for the Democratic



substitute. If we want clean water, if we want clean air, if we want safety in the workplace, then support the Democratic substitute.

Mr. McCRERY. Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington (Ms. DUNN), a member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, one of the previous speakers asked the question, how can we afford the tax cut? Well, I say if we cannot afford the tax cut at this time of surplus, when can we ever afford a tax cut? It is the taxpayers who created this surplus for us and it is they whom we should be rewarding by turning back some of those dollars for them to spend.

Mr. Speaker, I rise in support of the reconciliation measure and in opposition to the substitute motion. President Bush has very wisely made rate reduction the foundation of his tax relief proposal. He wants to help all income tax payers, especially low- and moderate-income tax payers as quickly as possible and this bill embodies his commitment to give Americans broad-based tax relief.

The bill is fair, it is fiscally responsible, and it is good for the economy. Rate reduction is fair. Everybody who pays income taxes will receive tax relief under this proposal. It targets no one in and no one out. In addition, it provides retroactive tax relief for people in the lowest brackets by reducing the 15 percent rate to 12 percent effective at the beginning of this year.

This tax relief bill takes 6 million people off the tax rolls, and it enables a woman on her own with two children to earn up to \$31,000 in a year without having to pay income taxes. Rate reduction is fiscally responsible. The tax cut is phased in over 10 years, and it represents a very small fraction of the estimated \$20 trillion the government is expected to take in over the next decade.

And rate reduction will help American families. Once the cuts are fully implemented, an average family of four with \$55,000 in income will see \$2,000 a year in tax reduction. \$2,000 is the same as 10 weeks of groceries, a semester of tuition at a community college, or 2 months' worth of mortgage payments. These are real dollars that should go where the taxpayer chooses to send them.

I urge my colleagues to support the reconciliation bill and reject the substitute.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

The gentlewoman from Washington asks if not now, when could we give a tax cut? I would respond to this rhetorical question, that if you are talking about repealing estate taxes, I would suggest the time would be 2011.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Florida (Mrs. THURMAN).

Mrs. THURMAN. Mr. Speaker, we have been hearing an awful lot about the need to pass the biggest tax cut

since 1981, and we always seem to go back to 1981. Maybe it was the teacher in me, I am not real sure, but for some reason I thought, well, what exactly happened in 1981?

Well, I got to looking at it, and found out some information. Like this bill, the Reagan tax bill of 1981 was an exploding tax cut. If it had not been changed, CBO estimated that by 1986 it would have reduced revenues by 5.5 percent of the gross domestic product. At today's level, that is about \$550 billion per year. And because of these projections, Congress passed legislation in 1982 to raise revenues by a little over 1 percent.

Another part of this history lesson is, it could not come out of the House, it was passed by the Senate under Senator Dole's guidance. Two years later, the Deficit Reduction Act of 1984 raised taxes again. Taxes again were raised in 1987, 1989, 1990, and then in 1993. Taken together, all six of these tax increases reversed about two-thirds of the 1981 Reagan tax cut.

Proponents of the Bush tax cut often argue that the deficits of the 1980s and the early 1990s resulted from surging spending rather than reduced revenues. The figures that they cite on spending are misleading. Why? Because they include soaring interest payments on the national debt. Gee, we have not heard this before. Appropriations declined relative to GDP while our entitlement spending held roughly constant as a share. Tax revenues fell relative to GDP. The result was an increase in the public debt. Remember that thing we keep talking about, the public debt, pay it down, let us get rid of it?

Well, if we do not look at this, we are going to lead ourselves into higher and higher payments on the debt.

Mr. Speaker, I needed to provide this history lesson as a warning. This is an exploding tax bill. Most of its benefits will not take effect for 5 or 10 years. Revenues will be reduced just when the baby boomers retire, and that money will be needed for their retirement and health care. If we pass an irresponsible tax bill, a future Congress, like 1981, 1982, 1983, 1984, will have to find the money for these needs. We need to pass the responsible Rangel substitute.

Mr. McCRERY. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I thank the gentleman from Louisiana for yielding me this time, and I thank my friend from Florida for bringing up the 1980s. A key element which Paul Harvey may refer to as the rest of the story, who was the majority in Congress in 1981, 1982, 1983, 1984 but liberal, big-spending Democrats? And what do they do when they get your money? They spend it. Why are they opposed to a tax reduction? Because they believe in their heart of hearts, and this is the crux of the whole matter, the big philosophical, empirical difference between the parties is that in their heart of hearts they believe they can spend

your money better than you can. They believe the American people are incapable of spending decisions which might benefit society by creating jobs and creating more tax revenues.

I was speaking at a high school recently and I asked a young lady on the front row of a class how many of you have a job. She had a job. She made \$7 an hour. I said, "So if you work for 2 hours, you make \$14."

She said, "No, sir, I only get to bring home about \$11 because of the taxes."

I said, "I knew that. But let us say you do not really object to paying \$3 in taxes or \$4 in taxes out of your 2 hours that you work, you pay \$4 in taxes and that \$4 goes to roads, bridges, education, military, Medicare and you don't have a problem with that, right?"

She said, "No, sir I don't mind that."

I said, "What if you knew that instead of \$4, that we could run the government on \$3.50 out of your earnings, what would you want with the rest of the money, that extra 50 cents? Would you want to keep it or would you want it to go to Washington so you could feel even more patriotic?"

She said, "That's my 50 cents. I want to keep it." That is all that this is about, is saying to the American people, we could run the government on less money. The only question is, who wants the return? Do you want to send it to the government or do you want to keep it yourself? And when you go out as an American taxpayer and you buy washing machines or tires for your cars or clothes or whatever, you create jobs, you stimulate the economy, the economy grows, and it is good for America.

Let the American people spend their own money. Support tax relief.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. GEPHARDT), the distinguished minority leader.

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, I rise to urge my colleagues to vote for the Democratic substitute and against the Republican tax bill which I think is fiscally irresponsible and the wrong plan for America. Republicans in the last days are so committed to this massive tax cut for the wealthiest special interests that they are even suggesting that cutting taxes is a substitute for a real energy policy in our country.

This is a full-service operation. To sell a tax plan, they are willing to use any argument that is available to try to convince the country that the tax plan is the right thing to do. First, it was the economy that was in trouble. That is why we needed the tax plan. Now it is the energy problem that causes the need for the tax plan. I fully expect it is going to be suggested as the cure for the common cold.

□ 1515

We should be voting today, rather than on this plan, for immediate relief

from soaring electricity prices. We should be directing the Federal Energy Regulatory Commission to do something now to give people in California relief.

This tax bill will not give the ordinary citizens in California, in Oregon, in Washington, and through the rest of the country that are facing huge increases in energy prices any reasonable relief. If milk prices in California had gone up the way energy prices have gone up in California, a gallon of milk in California today would be \$190, for a gallon of milk.

This tax bill offers no reasonable relief for the middle-income families and the poor families in California and the West that are facing huge energy price increases. Gasoline in the Midwest in some places has gone to \$2.22 a gallon. If you want to know where relief is needed, it is at the pump. And again, this tax bill is so focused on the wealthiest Americans, it does very little for those poor and middle-income Americans who are having to go to the pump today to buy gasoline at \$2 and \$2.22 a gallon.

We should be passing today a bill that addresses our long-term, short-term, and medium-term energy problems in this country. But Republicans have chosen tax cuts for the wealthy special interests first, second, third, fourth, fifth, and sixth. This is a one-trick pony. The only thing they ever want to talk about on this floor is tax cuts for the wealthiest Americans.

In addition, this bill becomes a budget buster. It is going to cause high deficits. It is going to cause high interest rates and high inflation. We did this in the 1980s; we do not need to do it again. It could very well, alone, wipe out the budget surplus that the people of this country have worked so hard to produce, to keep interest rates down, to keep inflation down. And again, half of it is focused on the wealthiest folks in the country, people who do not even need tax relief, instead of focusing the tax cut, as we do in our substitute, on the hard-working, middle-income families and people trying to get in the middle class.

Now, finally, by passing this tax cut, if that is our choice today, it is so large that it forces things out of our budget that people desperately want. People want money for education, to build new buildings, to help local school districts hire teachers, to have after-school programs and pre-school programs. It will cause us to eliminate all of those efforts in education.

We are going to take up an education bill here in the next few days. It is not going to have any additional money in it, because the budget assigns most of the surplus to this tax cut. It makes impossible a universal Medicare prescription drug program. When I go home now people come up to me and say, where is the drug program? You ran ads for it, the President ran ads for it, all the Democrats and Republicans ran ads saying they were for prescription drugs. Where is it?

Well, I will tell you where it is: it is in this tax cut. There is not going to be a prescription drug program that goes to everybody who needs it in this country, because we have spent the money on the wealthiest special interests, so the people, the senior citizens of this country who want this program, are not going to get it.

Where are the cops-on-the-beat? We are not going to have enough. We are not going to fight crime and prevent crime, because we are squandering too much money on a tax cut for the wealthiest interests. Where are the environmental protections? Where is the research on renewable sources of energy, on fuel cells, on trying to solve this problem in an environmentally-sensitive way? Again, we are spending those dollars in this tax cut.

This is the wrong choice for America today. We could do better than this if we would pass a tax cut that is reasonably priced, that is focused on the people who need it, and will continue the economy we built in this country over the last 10 years.

I urge Members to vote for the Democratic substitute and against this irresponsible tax cut that will wreck the greatest economy we have seen in our lifetime.

Mr. MCCRERY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the minority leader has engaged in a tactic that is fairly common around here. It is the tactic of obfuscation. But no amount of obfuscation can get around the fact that the American people today are being taxed more than they have ever been taxed before in peacetime. In fact, as far as the research that I have been able to conduct can uncover, this is the highest rate of taxation for the American people except for one time in our history, which was during World War II. You cannot obfuscate that fact. We are paying more in taxes than we ever have.

And what is the result of that high rate of taxation? We have a surplus. We are taking in more money than we need to run the government. So what are we going to do with that surplus? We are paying down debt as fast as we can. Regardless of all the rhetoric that you just heard, this House and the Senate passed a budget that accounts for this tax cut, that accounts for paying down \$2.4 trillion in debt over the next 10 years, that accounts for a prescription drug benefit for seniors, that accounts for Medicare spending and Social Security spending.

Shame on people who say that if we give the American people some of their money back, their hard-earned money, if we let them keep more of the money that they earned, that we are going to throw the elderly into the streets. Shame on them. That is just not the case, and they know it.

For years in this House, years, decades, the Democratic majority passed budgets that not only did not pay down debt, it added to the debt. They spent

money willy-nilly while raising taxes in a vain attempt to keep up with their spending habits.

But in the last 6 years, the Republican majority, with spending restraint, has managed to balance the Federal budget and create a surplus. Now we would like to give the American people the rewards of those efforts, and I believe we are going to do it. It is the right thing to do. It is the right thing to do for the American people, it is the right thing to do for economic growth.

Mr. COLLINS. Mr. Speaker, will the gentleman yield?

Mr. MCCRERY. I yield to the gentleman from Georgia.

Mr. COLLINS. Mr. Speaker, I appreciate the gentleman yielding.

Am I understanding the gentleman right that the gentleman is saying that the Democrats in the Congress for years have been on the kick of tax and spend, and that tax and spend was for the purpose of implementing programs, for the purpose thereof of reelection; because over those years there has been a dependency created among some constituency in this country, that those people had to be reelected to go forward with those programs, irregardless of the cost? Is that what I am hearing the gentleman say?

Mr. MCCRERY. Mr. Speaker, reclaiming my time, that may be the interpretation of the gentleman from Georgia (Mr. COLLINS), but I really believe that Democrats are well intentioned. They really believe that the Federal Government ought to spend money for the benefit of people in this country.

Mr. COLLINS. Mr. Speaker, if the gentleman will yield further, I have no doubt of the intent. But my daddy was one of the smartest people that I ever knew. He had less than a third grade education, and I often heard him say that the road to the poorhouse was paved with good intentions.

We have created so many programs in this country, so many programs that have to be funded, that it has created excessive taxation on the American people.

What we are talking about here today, sir, is cash flow. There are people in this Chamber and this body who are concerned about the cash flow of the Treasury of the United States, rather than the cash flow of the constituency at home, who get up every day or work 12 hours, 14 hours, sometimes around the clock, to make ends meet for their families.

But we are taking so much of it. And we also require them to have to shift their cash flow at home to meet necessities, where it used to be they could meet necessities and niceties because they had the money. But today they do not.

It has been mentioned about energy. Yes, gas prices are excessive, and they are going to go even higher. But a lot of it has been due to the recent years of overprotection, overregulating, the

lack of providing the facilities and the infrastructure to have the energy necessary to keep this country going, that now the price is out of hand and now some people are getting concerned about it, only because of the cash flow of the Treasury, not the cash flow of people. And when it comes to the charge while operating this government, we have a different charge than the marketplace does. We have a different charge structure than States and local governments do, because when it comes to taxes for local government or taxes for the State, everyone within that State practically pays the same or pays on the same basis. When we go to the marketplace and buy our product, we all pay on the same price structure. But when it comes to the operation of the government, we have five tiers of price structure, five marginal rates. We only had four prior to the previous administration, but there was a fifth one added in 1993, moving it to 39.6 percent.

That is unfair. This bill allows the removal of some of those marginal rates and consolidation of and lowering of the tax rate on every taxpayer in this country, increasing the cash flow to the family and the private sector, which will result in an increase in the cash flow of the Treasury. We need to be looking at the cash flow of our citizenry, not the cash flow of this Treasury.

Mr. MCCRERY. Mr. Speaker, reclaiming my time, I thank the gentleman for his remarks.

Mr. Speaker, let me conclude by pointing out that the minority leader in closing on the Democrat substitute twice mentioned that the Republican underlying bill, the underlying tax cut, is a tax cut for the wealthy special interests. Did Members hear that? The wealthy special interests.

Guess who the underlying bill benefits? Guess who this tax cut that the Republican majority is attempting to past today benefits? It benefits everybody in this country who pays income taxes. That is your special interest. That is your wealthy special interest.

If you pay income taxes, I guess you are a wealthy special interest. So be it; we are going to cut your taxes.

Ms. PELOSI. Mr. Speaker, I rise in strong support of the Democratic alternative and commend our distinguished ranking member for bringing it to the floor and in opposition to the Republican's risky tax cut.

Our best hope for reducing dependence on foreign oil and reducing pollution is through renewable energy and energy efficiency. Yet funding for renewable energy is cut by almost one-half and energy efficiency research and development is cut by over 30 percent.

Mr. Speaker, the Republicans attempt to justify the tax bill by saying it is needed to offset a slow down in the economy.

My colleagues, in case you haven't noticed, the biggest threat to our economy is the energy crises which will be felt throughout the country.

The Republicans are willing to tank the economy with their cavalier attitude toward the energy needs of Western United States.

The Bush budget cuts about one-half billion from energy research into renewable sources which are the wave of the future.

Indeed even without the energy concerns, the Republican tax bill is excessive, which is based on a surplus which we may not have and comes at the expense of investments which are priorities to the American people. Administration have repeatedly spoken of "hard budgeting times" and the need therefore to make difficult choices.

In other words in order to pay for this risky tax cut, Bush's budget cut millions of dollars from breast and cervical cancer even when we know that early detection saves lives.

Cuts in child care block grants, ignoring school modernization needs modernization needs and the cuts in investments go on.

Don't let the Republicans tank the economy—

Vote "no" on their risky tax cut!

Mr. RANGEL. Mr. Speaker, I yield back the balance of my time.

Mr. MCCRERY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SWEENEY). Pursuant to House Resolution 142, the previous question is ordered on the bill and the amendment in the nature of a substitute offered by the gentleman from New York (Mr. RANGEL).

The question is on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. RANGEL).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 188, nays 239, not voting 4, as follows:

[Roll No. 117]

YEAS—188

Abercrombie	Clayton	Frost	Klecza	Miller, George	Schiff
Ackerman	Clement	Gephardt	Kucinich	Mink	Scott
Allen	Clyburn	Gonzalez	LaFalce	Moakley	Serrano
Andrews	Conyers	Green (TX)	Lampson	Mollohan	Sherman
Baca	Costello	Gutierrez	Langevin	Moore	Skelton
Baird	Coyne	Hall (OH)	Lantos	Moran (VA)	Slaughter
Baldacci	Crowley	Harman	Larsen (WA)	Nadler	Smith (WA)
Baldwin	Cummings	Hastings (FL)	Larson (CT)	Neal	Snyder
Barcia	Davis (CA)	Hilliard	Lee	Oberstar	Solis
Barrett	Davis (FL)	Hinchoy	Levin	Obey	Spratt
Becerra	Davis (IL)	Hinojosa	Lewis (GA)	Olver	Stark
Bentsen	DeFazio	Hoeffel	Lofgren	Ortiz	Strickland
Berkley	DeGette	Holt	Lowey	Owens	Stupak
Berman	DeLahunt	Honda	Luther	Pallone	Tanner
Bishop	DeLauro	Hooley	Maloney (CT)	Pascarell	Tauscher
Blagojevich	Deutsch	Hoyer	Maloney (NY)	Pastor	Thompson (MS)
Blumenauer	Dicks	Inslie	Markey	Payne	Thurman
Bonior	Dingell	Israel	Mascara	Pelosi	Tierney
Borski	Dooley	Jackson (IL)	Matheson	Pomeroy	Towns
Boswell	Doyle	Jackson-Lee	Matsui	Price (NC)	Turner
Boucher	Edwards	(TX)	McCarthy (MO)	Rangel	Udall (CO)
Brady (PA)	Engel	Jefferson	McCarthy (NY)	Reyes	Udall (NM)
Brown (FL)	Eshoo	John	McCollum	Rivers	Velazquez
Brown (OH)	Etheridge	Johnson, E. B.	McDermott	Rodriguez	Vislosky
Capps	Farr	Jones (OH)	McGovern	Roemer	Waters
Capuano	Fattah	Kaptur	McIntyre	Rothman	Watt (NC)
Cardin	Filner	Kennedy (RI)	McKinney	Roybal-Allard	Waxman
Carson (IN)	Ford	Kildee	McNulty	Rush	Weiner
Carson (OK)	Ford	Kilpatrick	Meehan	Sabo	Wexler
Clay	Frank	Kind (WI)	Meek (FL)	Sanchez	Woolsey
			Meeks (NY)	Sanders	Wu
			Menendez	Sandlin	Wynn
			Millender-	Sawyer	
			McDonald	Schakowsky	

NAYS—239

Aderholt	Fletcher	LaTourette
Akin	Foley	Leach
Armey	Fossella	Lewis (CA)
Bachus	Frelinghuysen	Lewis (KY)
Baker	Galleghy	Linder
Ballenger	Ganske	Lipinski
Barr	Gekas	LoBiondo
Bartlett	Gibbons	Lucas (KY)
Barton	Gilchrest	Lucas (OK)
Bass	Gillmor	Manzullo
Bereuter	Gilman	McCrery
Berry	Goode	McHugh
Biggart	Goodlatte	McInnis
Billirakis	Gordon	McKeon
Blunt	Goss	Mica
Boehlert	Graham	Miller (FL)
Boehner	Granger	Miller, Gary
Bonilla	Graves	Moran (KS)
Bono	Green (WI)	Morella
Boyd	Greenwood	Murtha
Brady (TX)	Grucci	Myrick
Brown (SC)	Gutknecht	Nethercutt
Bryant	Hall (TX)	Ney
Burr	Hansen	Northup
Burton	Hart	Norwood
Buyer	Hastings (WA)	Nussle
Callahan	Hayes	Osborne
Calvert	Hayworth	Ose
Camp	Hefley	Otter
Cannon	Herger	Oxley
Cantor	Hill	Paul
Capito	Hilleary	Pence
Castle	Hobson	Peterson (MN)
Chabot	Hoekstra	Peterson (PA)
Chambliss	Holden	Petri
Coble	Horn	Pickering
Collins	Hostettler	Pitts
Combest	Houghton	Platts
Condit	Hulshof	Pombo
Cooksey	Hunter	Portman
Cox	Hutchinson	Pryce (OH)
Crane	Hyde	Putnam
Crenshaw	Isakson	Quinn
Culberson	Issa	Radanovich
Cunningham	Istook	Rahall
Davis, Jo Ann	Jenkins	Ramstad
Davis, Tom	Johnson (CT)	Regula
Deal	Johnson (IL)	Rehberg
DeLay	Johnson, Sam	Reynolds
DeMint	Jones (NC)	Riley
Diaz-Balart	Kanjorski	Rogers (KY)
Doggett	Keller	Rogers (MI)
Doolittle	Kelly	Rohrabacher
Dreier	Kennedy (MN)	Ros-Lehtinen
Duncan	Kerns	Ross
Dunn	King (NY)	Roukema
Ehlers	Kingston	Royce
Ehrlich	Kirk	Ryan (WI)
Emerson	Knollenberg	Ryun (KS)
English	Kolbe	Saxton
Everett	LaHood	Scarborough
Ferguson	Largent	Schaffer
Flake	Latham	Schrock

Sensenbrenner Stenholm Upton  
Sessions Shadegg Sununu  
Shaw Sweeney Tancred  
Shays Tancredo  
Sherwood Tauzin  
Shimkus Taylor (MS)  
Shows Taylor (NC)  
Simmons Terry  
Simpson Thomas  
Skeen Thompson (CA)  
Smith (MI) Thornberry  
Smith (NJ) Thune  
Smith (TX) Tiahrt  
Souder Tiberi  
Spence Toomey  
Stearns Traficant

Hilleary Miller (FL)  
Hobson Miller, Gary  
Hoekstra Moran (KS)  
Hostettler Morella  
Houghton Myrick  
Hulshof Nethercutt  
Hunter Ney  
Hutchinson Northup  
Hyde Norwood  
Isakson Nussle  
Issa Osborne  
Istook Ose  
Jenkins Otter  
John Oxley  
Johnson (CT) Paul  
Johnson (IL) Pence  
Johnson, Sam Peterson (PA)  
Jones (NC) Petri  
Keller Pickering  
Kelly Pitts  
Kennedy (MN) Platts  
Kerns Pombo  
King (NY) Portman  
Kingston Pryce (OH)  
Kirk Putnam  
Knollenberg Quinn  
Kolbe Radanovich  
LaHood Ramstad  
Largent Regula  
Latham Rehberg  
LaTourette Reynolds  
Leach Riley  
Lewis (CA) Rogers (KY)  
Lewis (KY) Rogers (MI)  
Linder Rohrabacher  
LoBiondo Ros-Lehtinen  
Lucas (KY) Roukema  
Lucas (OK) Royce  
Maloney (CT) Ryan (WI)  
Manzullo Ryun (KS)  
McCrery Saxton  
McHugh Scarborough  
McInnis Schaffer  
McIntyre Schrock  
McKeon Sensenbrenner  
Mica Sessions

Shadegg  
Shaw  
Shays  
Sherwood  
Shimkus  
Shows  
Simmons  
Simpson  
Skeen  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Souder  
Spence  
Stearns  
Stump  
Sununu  
Sweeney  
Tancred  
Tauzin  
Taylor (NC)  
Terry  
Thomas  
Thornberry  
Thune  
Tiahrt  
Tiberi  
Toomey  
Traficant  
Upton  
Vitter  
Walden  
Walsh  
Wamp  
Watkins  
Watts (OK)  
Weldon (FL)  
Weldon (PA)  
Weller  
Whitfield  
Wicker  
Wilson  
Wolf  
Young (AK)  
Young (FL)

Rodriguez  
Roemer  
Ross  
Rothman  
Roybal-Allard  
Rush  
Sabo  
Sanchez  
Sanders  
Sandlin  
Sawyer  
Schiff  
Scott  
Serrano  
Sherman  
Skelton  
Slaughter  
Smith (WA)  
Snyder  
Solis  
Spratt  
Stark  
Stenholm  
Strickland  
Stupak  
Tanner  
Tauscher  
Taylor (MS)  
Thompson (CA)  
Thompson (MS)  
Thurman  
Tierney

Towns  
Turner  
Udall (CO)  
Udall (NM)  
Velazquez  
Viscosky  
Waters  
Watt (NC)  
Waxman  
Weiner  
Wexler  
Woolsey  
Wu  
Wynn

NOT VOTING—4

Cramer Napolitano  
Cubin Phelps

□ 1550

Messrs. SAXTON, KENNEDY of Minnesota, THOMPSON of California, MICA, and SAM JOHNSON of Texas changed their vote from “yea” to “nay.”

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mrs. NAPOLITANO. Mr. Speaker, on rollcall No. 117, the Rangel amendment/substitute, I was detained with constituents and arrived as the roll closed. Had I been present, I would have voted “yea.”

The SPEAKER pro tempore (Mr. SWEENEY). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. THOMAS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were yeas 230, nays 197, not voting 5, as follows:

[Roll No. 118]

YEAS—230

Abercrombie Castle Fletcher  
Aderholt Chabot Foley  
Akin Chambliss Fossella  
Army Clement Frelinghuysen  
Bachus Coble Gallegly  
Baker Collins Ganske  
Ballenger Combet Gekas  
Barr Condit Gibbons  
Bartlett Cox Gilchrest  
Barton Cramer Gillmor  
Bass Crane Gilman  
Bereuter Crenshaw Goode  
Biggert Culberson Goodlatte  
Billirakis Cunningham Gordon  
Bishop Davis, Jo Ann Goss  
Blunt Davis, Tom Graham  
Boehlert Deal Granger  
Boehner DeLay Graves  
Bonilla DeMint Green (WI)  
Bono Diaz-Balart Greenwood  
Brady (TX) Doolittle Grucci  
Brown (SC) Dreier Gutknecht  
Bryant Duncan Hall (TX)  
Burr Dunn Hansen  
Burton Ehlers Hart  
Buyer Ehrlich Hastert  
Callahan Emerson Hastings (WA)  
Calvert English Hayes  
Camp Everett Hayworth  
Cantor Ferguson Hefley  
Capito Flake Herger

Ackerman Engel  
Allen Eshoo  
Andrews Etheridge  
Baca Evans  
Baird Farr  
Baldacci Fattah  
Baldwin Filner  
Barcia Ford  
Barrett Frank  
Becerra Frost  
Bentsen Gephardt  
Berkley Gonzalez  
Berman Green (TX)  
Berry Gutierrez  
Blagojevich Hall (OH)  
Blumenauer Harman  
Bonior Hastings (FL)  
Borski Hill  
Boswell Hilliard  
Boucher Hinchey  
Boyd Hinojosa  
Brady (PA) Hoeffel  
Brown (FL) Brown (FL)  
Brown (OH) Holt  
Capps Honda  
Capuano Hooley  
Cardin Hoyer  
Carson (IN) Insee  
Carson (OK) Israel  
Clay Jackson (IL)  
Clayton Jackson-Lee  
Clyburn (TX)  
Conyers Jefferson  
Costello Johnson, E. B.  
Coyne Jones (OH)  
Crowley Kanjorski  
Cummings Kaptur  
Davis (CA) Kennedy (RI)  
Davis (FL) Kildee  
Davis (IL) Kilpatrick  
DeFazio Kind (WI)  
DeGette Kleczka  
DeLaunt Kucinich  
DeLauro LaFalce  
Deutsch Lampson  
Dicks Langevin  
Dingell Lantos  
Doggett Larsen (WA)  
Dooley Larson (CT)  
Doyle Lee  
Edwards Levin

NAYS—197

Lewis (GA)  
Lipinski  
Lofgren  
Lowey  
Luther  
Maloney (NY)  
Markey  
Mascara  
Matheson  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McDermott  
McGovern  
McKinney  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Millender  
Holden  
Miller, George  
Mink  
Moakley  
Mollohan  
Moore  
Moran (VA)  
Murtha  
Nadler  
Napolitano  
Neal  
Oberstar  
Obey  
Olver  
Ortiz  
Owens  
Pallone  
Pascarell  
Pastor  
Payne  
Pelosi  
Peterson (MN)  
Phelps  
Pomeroy  
Price (NC)  
Rahall  
Rangel  
Reyes  
Rivers

NOT VOTING—5

Cannon Cubin  
Cooksey Horn

□ 1610

So the bill was passed.  
The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. HORN. Mr. Speaker, on rollcall No. 118, the Economic Growth and Tax Relief Reconciliation Act, I was on official business to examine the computers that were being demonstrated to assure honest and effective implementation of voting. I strongly support the tax relief provided by this legislation, thus, had I been present, I would have voted “yea.”

Mr. COOKSEY. Mr. Speaker, during rollcall vote No. 118, I was unavoidably detained. I strongly support tax relief and had I been present, I would have voted “yea.”

Stated against:

Ms. SCHAKOWSKY. Mr. Speaker, on rollcall No. 118, had I been present, I would have voted “nay.”

GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include therein extraneous material on H.R. 1836.

The SPEAKER pro tempore (Mr. SWEENEY). Is there objection to the request of the gentleman from California?

There was no objection.

MAKING IN ORDER EN BLOC AMENDMENTS TO H.R. 1846, FOREIGN RELATIONS AUTHORIZATION ACT, FISCAL YEARS 2002 AND 2003

Mr. HYDE. Mr. Speaker, I ask unanimous consent during further consideration in the Committee of the Whole of H.R. 1646, pursuant to H. Res. 138, that it be in order at any time for the chairman of the Committee on International Relations or a designee to offer en bloc a set of amendments comprising amendments numbered 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, 21, 22, 24, 25 and 26 printed in House Report 107-62 or germane modifications of any such amendment; that amendments en bloc pursuant to this order be considered as read, except that modifications be reported, be debatable for 40 minutes, equally divided and controlled by the chairman and ranking minority member of the Committee on International