The question is on the motion to adjourn offered by the gentleman from Indiana (Mr. HILL).

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

RECORDED VOTE

Mr. HILL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 160, noes 253, not voting 19, as follows:

[Roll No. 41]

AYES—160

Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Becerra
Berkley
Berman
Berry
Bishop
Blagojevich
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clement
Clyburn
Condit
Conyers
Coyne
Cramer
Crowley
Cummings
Davis (CA)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dingell
Doggett
Doyle
Eshoo
Farr
Fattah
Filner
Ford
Frank
Gephardt
Gonzalez
Gutierrez
Hall (OH)
Harman
Hastings (FL)
Hill
Hilliard
Hinchey
Hinojosa
Holden
Holt
Hoyer
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lowey
Lucas (KY)
Luther
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Mink
Moran (VA)
Nadler
Napolitano
Olver
Ortiz
Owens
Pallone
Pascrell
Payne
Pelosi
Peterson (MN)
Phelps
Pomeroy
Rangel
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Schakowsky
Schiff
Serrano
Sisisky
Slaughter
Smith (WA)
Snyder
Solis
Stark
Stenholm
Strickland
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Turner
Udall (CO)
Velazquez
Visclosky
Waters
Watt (NC)
Waxman
Weiner
Wexler
Woolsey
Wynn

NOES—253

Abercrombie
Aderholt
Akin
Armey
Baker
Ballenger
Barcia
Barr
Barrett
Bartlett
Barton
Bass
Biggert
Bilirakis
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Coble
Collins
Combest
Cooksey
Costello
Cox
Crane
Crenshaw
Culberson
Cunningham
Davis (FL)
Davis, Jo Ann
Deal
DeLay
DeMint
Diaz-Balart
Dicks
Dooley
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Etheridge
Evans
Everett
Ferguson
Flake
Fletcher
Foley
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (TX)
Green (WI)
Grucci
Hall (TX)
Hansen
Hart
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoeffel
Hoekstra
Honda
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
Kind (WI)
King (NY)
Kingston
Kirk
Kleczka
Kolbe
Kucinich
LaHood
Largent
Latham
LaTourette
Leach
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lucas (OK)
Manzullo
Matheson
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller, Gary
Mollohan
Moore
Moran (KS)
Murtha
Myrick
Neal
Nethercutt
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Osborne
Ose
Otter
Oxley
Pastor
Paul
Pence
Peterson (PA)
Petri
Pickering
Platts
Pombo
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reynolds
Riley
Rivers
Roemer
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sawyer
Saxton
Scarborough
Schaffer
Schrock
Scott
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Simmons
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Thurman
Tiahrt
Tiberi
Toomey
Traficant
Udall (NM)
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Wu
Young (AK)
Young (FL)

NOT VOTING—19

Ackerman
Bachus
Bentsen
Bereuter
Cubin
Davis, Tom
Frost
Greenwood
Gutknecht
Knollenberg
Lewis (CA)
Maloney (CT)
Moakley
Morella
Pitts
Shows
Skelton
Spratt
Stupak

□ 1400

Mr. PICKERING changed his vote from ‘‘aye’’ to ‘‘no.’’

So the motion to adjourn was rejected.

The result of the vote was announced as above recorded.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair wishes to announce that those Members that are speaking are not allowed to wear badges while they are speaking, and the Chair will abide by that as one of the rules of the House. So if Members intend to speak, please do not wear a badge.

PARLIAMENTARY INQUIRY

Mr. THOMAS. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) will state his parliamentary inquiry.

Mr. THOMAS. My understanding of the rule is that we are not supposed to wear a button while we are speaking, but we can wear a button on the floor. Is my understanding correct, Mr. Speaker?

The SPEAKER pro tempore. That is what the Chair just indicated.

ECONOMIC GROWTH AND TAX RELIEF ACT OF 2001

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 83, I call up the bill (H.R. 3) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 83, the bill is considered read for amendment.

The text of H.R. 3 is as follows:

H.R. 3

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 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).

''In the case of taxable years beginning during calendar year:	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)(II) 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 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 of such Code 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.''.

(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), and (10) of subsection (c) shall apply to amounts paid after the date of the enactment of this Act.

The SPEAKER pro tempore. The amendment printed in the bill is adopted.

The text of H.R. 3, as amended, is as follows:

H.R. 3

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 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).

''In the case of taxable years beginning during calendar year:	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)(II) 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 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, as amended, it shall be in order to consider a further amendment printed in House Report 107–12, if offered by the gentleman from New York (Mr. RANGEL) or his designee, which shall be considered read, and shall be debated for 60 minutes, equally divided and controlled by a 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 the bill, as amended.

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

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

Mr. and Mrs. America, help is on the way, H.R. 3. This bill is only seven pages long. How ironic. The usual complaint about congressional bills is that they are about as long as War and Peace or they weigh between 10 or 12 pounds. Seven pages. What is inside these seven pages?

Before a Joint Session of Congress, President Bush asked Congress to make sure no hard-working income tax payer pays more than one-third of their income in taxes. It is here. It is in these seven pages.

President Bush said he wanted immediate relief for small business. Seventeen million individual returns are actually small businesses. It is here. It is in these seven pages. Small businesses will have more money this year to pay workers, buy inventory or pay heating or lighting bills.

President Bush said more low income workers should not have to pay any income tax. It is here in these seven pages. More than 4 million low-income workers are freed from their income tax burden. President Bush said the economy is faltering. In fact, a number of economists and all of the leading economic indicators say the economy is faltering.

President Bush said every hard-working American taxpayer should have some of their money returned. It is here. It is in these seven pages. Money so these hard-working Americans can pay their bills with more of their own money.

Mr. Speaker, today we offer the heart of President Bush's tax plan, lower taxes, permanently for all, H.R. 3. It is about time.

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

Mr. RANGEL. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I agree with the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, it is only seven pages, but what is in those seven pages?

This is not the tax bill that we hear the President talking about. This does not give relief to people who are married and suffer the marriage penalty. It does not take care of the estate tax. Who it takes care of politically are the top rollers in the United States.

Mr. Speaker, 60 percent of the relief that is in this part of the bill and the other parts that they will bring in tomorrow will go to the top 10 percent of the people in America, 43 percent of it goes to the top 1 percent. Yet they do not even have a budget.

They would have us to believe that they are working under last year's budget, and technically it is this year's budget. But one thing is clear that they waived all rules that would prevent them from having to say that there is a budget on the floor today.

We do hope that those of us who are concerned about Social Security, about Medicare, about prescription drugs, about improving the quality of education, about making certain our farmers and those young men and women who serve in the military that they are protected. How would we ever know without a budget, but we can take a riverboat gamble that perhaps the CBO at one time is right and maybe the $5.6 trillion is going to be there, but all of this money that we will be saying that we are giving back to the people, we do not give them back their obligations for the $3.4 trillion of debt that we got in before because of reckless fiscal policy.

What we had hoped is that we could have a budget of measure and be able to make decisions in a framework of what our responsibilities are, but, unfortunately, the other side believes that the faster they go, the better it is and so, therefore, we hope to slow down this train so the American people could take a good look at the fraud that is being perpetrated.

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

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute the gentleman from Illinois (Mr. WELLER), a member of the Committee on Ways and Means.

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

Mr. WELLER. Mr. Speaker, I rise to support this legislation. It is vitally important legislation. In representing the Chicago area, we are seeing tens of thousands of layoffs.

I have families every day that tell me about their needs, their struggle to pay their high energy home heating bills. They are struggling to pay off their credit card bills. They are seeing their neighbors lose their jobs. And President Bush, as we know, inherited a weakening economy, and he is proposing that we move quickly to fix it and put some money back into the economy and protect jobs and help people pay off their bills.

This legislation will provide real money for real people. I am pleased to point out and thank the leadership of the gentleman from California (Mr. THOMAS). This tax relief is retroactive, which means it will be effective this year, giving taxpayers, every taxpayer who pays taxes, the opportunity to have some extra money. That is a fine point about this bill.

It is not targeted so that people are excluded or divided. It means if you pay taxes this rate reduction benefits everyone. It provides real money for real people.

Mr. Speaker, I would note for a married couple with two kids, a combined income of $75,000, a machinist and schoolteacher, it will provide $1,600 in tax relief once fully phased in, $400 this year.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. DINGELL).

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

Mr. DINGELL. Mr. Speaker, I rise in opposition to this outrageous piece of legislation on which none of my Republican colleagues have the vaguest idea of what they are doing.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from California (Mr. MATSUI), a senior member of the Committee on Ways and Means.

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

Mr. Speaker, the whole basis of this Bush tax cut which ultimately will be $1.6 trillion, maybe $2 trillion or $3 trillion, when it is finished, no one knows what the total amount will be, the whole basis of this tax cut is based upon surplus projections over the next 10 years from the Congressional Surplus Budget Office that does estimates. In the document that said that we will have $5.6 trillion, the Congressional Budget Office also said that there is only a 50 percent probability that the 5-year projections will be correct, and they say in the 10-year projections they cannot even assess whether or not they will occur because they have no experience at it.

If you take away the fact that these projections are kind of guesswork, like whether the weather, in fact, will have snow next week or last week, and maybe it did not, then if you take away that, the whole basis of this tax cut then becomes illusionary, and that means if it does not happen, we are going to have to cut health care benefits. We are not going to be able to get prescription drug treatment to our senior citizens.

Mr. Speaker, I will guarantee that we will have to make significant cuts in Social Security, if, in fact, this tax cut occurs and these numbers do not come up, and we know these numbers are just based upon nothing but guesswork, and it is my hope that the Members will come to their senses and be very, very cautious, because the Democrats have a tax cut that basically is modest.

It is about $600 billion, which is a lot of money, but at the same time that tax cut is well within a budget framework and obviously will stay within these guesswork numbers.

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 gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means for yielding me the time.

Mr. Speaker, I listened with great interest to my friend from California (Mr. MATSUI) on the other side of the aisle acknowledging what we all know, none of us here have the gift of clairvoyance. Indeed, the other side did not have the gift of clairvoyance when they disregarded budget rules, waived budget rules and spent and spent and spent and spent more of your hard earned money.

Now to hear my friends on the other side with this born-again devotion to passing a budget first, I simply say, Mr. Speaker, what about the family budget? What about your constituents working hard to make ends meet? What about your constituents sending up to 40 percent of their income in taxation to some form of government? What about your constituents paying more in for taxes than for food, clothing and shelter combined? What about your constituents who you have asked time and time and time again to sacrifice so that Washington can do more?

Mr. Speaker, I would suggest that is exactly backwards. Washington should live within its means so that American families can have more in this year. For a married couple, an extra $400 this year, I know to big spenders it does not sound like much, but it helps pay down credit card debt. It helps buy new clothes for the kids or a new set of tires.

In short, it is real money for real people, and it is money that belongs to the people, not to the government.

Mr. Speaker, what we see here in this debate this afternoon is really a conflict in philosophy. Some folks here honestly believe Washington needs the people's money more than the people do. We respectfully submit that is exactly backwards.

The American people need more of their hard earned money especially in these times of economic uncertainty, and joining together with the passage of H.R. 3 this afternoon, we take this important step.

Mr. Speaker, I urge my colleagues to vote in the affirmative.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to 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, I am here to oppose any tax cut until we get a budget.

Now, the last speaker, the gentleman from Arizona (Mr. HAYWORTH) said we do not need a budget. Let me tell you why we do. I sit on the Budget Committee, as well as on the Ways and Means Committee, and we had the wizard from Wisconsin appear before the Budget Committee.

That was former Governor Thompson who is now head of HHS. He did not answer a single question that comes from the budget book ''A Blueprint For New Beginnings which the President sent to us and told us about.

On page 15, this book says that Medicare is going to be $645 billion in the hole over the next 10 years. On page 51, the President says we will put $153 billion into Medicare. Now that is $400 billion that will not be there for Medicare.

Better yet, the wizard says I am going to give you a prescription drug benefit. In that $153 billion they are sticking in, somewhere they are going to come up with $159 billion for the prescription drug benefit this House passed in the last session. Those numbers do not add up, and that is just one part of this budget.

I was in Seattle the other day listening about whether I should come back from the earthquake which nobody predicted. The projections on earthquakes are kind of bad. They said there was going to be 2 feet of snow here, so I got on the plane in Seattle, and I arrived here and walked off and there were two flakes.

Anybody who votes for this tax budget is reckless.

I will not support a tax cut without a budget.

I. NEED BUDGET FIRST ARGUMENT

I went to the Budget Committee hearing yesterday where Secretary Thompson testified. He could not answer a single question about how we are going to meet our financial obligations for Medicare.

The President allocates $153 billion to modernize Medicare—this includes a prescription drug benefit and his Immediate Helping Hand program. This ''modernization'' effort will not give the Medicare program the infusion of dollars it so desperately needs. This amount will not even be enough to fund a prescription drug benefit, let alone have any success in so-called modernization. Last year's House Republican plan alone carried a 10-year price tag of $159 billion. But according to many health care analysts, even this amount is inadequate.

The administration puts Part A HI surplus into a $842 billion contingency fund. This fund must be the same ''one trillion additional reasons'' to which the President referred in his speech last week as to why we should feel comfortable with his budget.

But the administration promises the HI fund will be used only for Medicare. So really, this fund is worth only about half of that amount.

The administration combines Part A and B and tells us we are really in a deficit. Using the administration's own numbers, I asked the Secretary, how are we going to meet these obligations—is it through increasing the payroll tax, decreasing benefits, decreasing payments to providers? He could not answer the question.

The program needs an infusion of money, but the Secretary does not know how to achieve that. Of course not—the administration is trying to ram a tax cut down our throats before considering the budget.

Where is the allocation of money for the President's tax credit proposal to help the uninsured? I suppose that is one of the trillion reasons why I should feel comfortable with his budget.

II. ECONOMIC STIMULUS ARGUMENT

We are told that the reason that this tax bill was rushed through the Ways and Means Committee, and rushed to the floor is because our economy is in dire need of a tax cut. We must stimulate the economy—we are told. But this tax cut was proposed in 1999. It had nothing to do with the economy then. Furthermore, the principle reason CBO's budget projections show larger surpluses in their latest estimates is that CBO now believes the economy generally will be stronger over the next 10 years than previously thought. This completely undermines the argument that a large, permanent, and growing tax cut is needed to help ward off the impending arrival of a weak economy.

His tax cut will give $360 to families in the first year—this is a dollar a day. If you're lucky, you can buy a cup of coffee. How can we expect one dollar a day to stimulate the economy?

Supporters claim that knowing your marginal rates will be increased will cause people to spend which will in turn stimulate the economy. All that will increase is their personal debt!

Not to mention, this tax bill is dead-on-arrival in the Senate, where they will wait until after they've passed their budget.

III. GOVERNMENT SPENDING IS GOOD ARGUMENT

There has been much focus on Chairman Greenspan's testimony and the peril of reaching zero debt. There is a misconception that government spending is a bad idea. Republicans ask—who needs the money more—the American people or Washington, DC. But this is a completely misleading question and not the choice with which we are faced.

Government spending is money spent for the people—for the welfare of our citizens and includes social goods that individuals independently would not have otherwise purchased.

Take for example the latest disaster in my district, in Seattle. We just experienced an earthquake registered at 6.8.—6.8 in India leveled buildings and caused massive loss of life—thousands of people. But in Seattle, we were extremely lucky. There was no loss of life.

I was just there. I saw the extent of the damage with my own eyes. While there was an estimated $2 billion worth of damage, it could have easily been so much worse—had we not prepared.

But we did prepare—with the help of a government program called Project Impact. Seattle was one of seven cities chosen for $1 million pilot programs in 1998. This forward-looking program linked community leaders to corporations interested in blunting the economic fallout from natural disasters.

The government provides the initial seed money and suggestions to get various stakeholders involved and invested in prevention and investment efforts.

Project Impact began with seven pilot communities and quickly became a nationwide initiative as more communities began to see the value in disaster planning. Today there are nearly 250 Project Impact communities as well as more than 2500 businesses that have joined Project Impact as partners.

As I surveyed the damage myself, I said—''This initiative worked!''

This is a prime example of government spending for the public good. But unfortunately, this administration wants to abolish it to save $25 million, as they try and find the funds to pay for their $2 trillion tax cut.

This is also a perfect example of why government spending is good, and why I will not vote for a tax cut before I know the budget.

IV. TAX CUT IS BIASED AND UNFAIR ARGUMENT

The tax cut proposal from President Bush is biased and unfair, giving disproportionately less money to working poor families.

Bush supporters talk in terms of marginal tax rates and percentages, but not dollars. They will tell us that the poor receive a large reduction in marginal tax rates in order to help them obtain access to the middle class. But they do not tell us that one in three families receive no benefits.

Twelve million families with children would not receive any tax cut. One-third of all children and more than one-half of black and Hispanic children live in excluded families. But 80% of these families have workers. In other words, they pay taxes, payroll taxes. They have contributed to the very surplus President Bush is trying to raid.

Why shouldn't all Americans benefit from the economic growth and prosperity that has resulted in our surpluses?

Yes, I believe in a lockbox for both Social Security and Medicare, but there are ways to give breaks to lower income families with no tax liabilities.

If President Bush really wants to help hard-working individuals obtain access to the middle class, why does he reduce rates across only the first 25% of income within the 15% bracket income tax rates—to 10%, while all other income amounts within all other tax brackets experience the rate reduction. Why am I not surprised?

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentlewoman from Washington (Ms. DUNN), a member of the Committee on Ways and Means.

□ 1415

Ms. DUNN. Mr. Speaker, there are two reasons for the tax relief bill that we are considering on the floor this afternoon. First, as the Federal Government continues to amass surpluses, we must share this reward with the people who produced it. The longer we delay providing tax relief, the less likely it will materialize. Because we know that it is a fundamental fact that, if that money stays in Washington, D.C., it will be spent.

Under this bill alone, a typical family of four with an income of $55,000 a year would see a tax cut of nearly $400 this year; and under the entire bill, which we will be addressing later on, $2,000 once the plan is fully implemented.

Second is, as the economy softens, tax relief will provide critical stimulus to prevent this country from going into a prolonged recession.

Wait for the budget. Sure, we could do that. But H.R. 3 would increase family income. It will boost economic activity, and it will contribute to job growth. We need to get this tax relief moving now. Why wait?

The critics and doomsayers claim that H.R. 3 is too large, it is reckless, it is unfair. I respectfully disagree on all counts. The bracket reduction represents 25 percent of the projected budget surplus. It is also fair. Under H.R. 3, every taxpayer will receive relief, every taxpayer. It targets no one in and no one out.

Indeed, those in the lowest bracket will garner immediate benefit retroactive to the beginning of this year. Mr. Speaker, I urge my colleagues to support this bill.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair asks Members not to have signs posted when they are not standing at the podium. The Chair would prefer that when Members come to the podium, they can put their exhibit up, but not before beginning their remarks.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from New York (Mr. MCNULTY), the gentleman in the well who has the sign up there.

Mr. MCNULTY. Mr. Speaker, the American people have seen so many numbers recently. I know their eyes are glazing over. They do not know who to believe.

This is going to be the simplest chart my colleagues are going to see in this debate today. I am going to use all the President's numbers. You will see no McNulty numbers no Rangel numbers, no Gephardt numbers; all the President's numbers.

He says we are going to have a $5.6 trillion surplus in the next 10 years. We think it is like a weather forecast. But let us assume it happens. We get the $5.6 trillion. He pledged at the podium behind me very recently that we were going to reduce the national debt by $2 trillion. I like that. I support the President in that regard. That takes us down to $3.6 trillion.

He also pledged to protect Social Security and Medicare. Every person I am looking at on this floor voted to do that with the lockbox legislation just a couple of weeks ago. That is $2.9 trillion. All his numbers. That takes us down to less than 1 trillion, 700 billion dollars.

If one subtracts from that, not the 1.6, not the Rangel 2 trillion, not the Gephardt 2.2 trillion, just what we are doing today, just $900 billion. And subtract that from what is left, you have a deficit of $200 billion. All the President's numbers. Even if this projection comes true.

Mr. Speaker, we should not go back to the days of deficit spending. We owe more to our children and grandchildren than to drown them in a sea of red ink.

I urge my colleagues to reject this proposal, to support the Rangel substitute.

Mr. THOMAS. Mr. Speaker, those numbers are very bright, they are very bold, they are nicely drawn, they are absolutely wrong.

Mr. Speaker, I yield 15 seconds to the gentleman from Louisiana (Mr. MCCRERY) on how wrong the numbers are.

Mr. McCRERY. Mr. Speaker, the numbers of the gentleman from New York (Mr. MCNULTY) are incorrect. They are not the President's numbers. He double-counts $2 trillion of the $2.9 trillion of Social Security surplus.

Mr. THOMAS. Mr. Speaker, it is my pleasure to 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, it is $363 billion over 5 years. So when one is talking in bigger numbers like that, one is absolutely wrong.

Do my colleagues know what? This is a great day for every American who pays taxes, because today we are going to give each and every American some of their own money back.

Unlike the Democrats, Republicans know that the surplus is the people's money, not the government's money. It is a tax surplus. With a slowing economy and public confidence slipping, we have got to act now because our failure to act could just make matters worse. That is irresponsible.

We do represent the people of the United States. That is why every Member of Congress should vote to approve this fair and responsible tax relief bill. It returns money to those who need it the most, low- and middle-income families. Do not deny them their own money. They worked hard to earn it, and we ought to work just as hard to give it back.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee (Mr. TANNER).

Mr. TANNER. Mr. Speaker, I am one of the Blue Dog members on the Committee on Ways and Means, and I tell you, we want as large a tax cut as is responsible and consistent with protecting Social Security and Medicare and retiring the national debt, not to mention the needs of military, education and agriculture. The way you do that is you get a budget. I know of no prudent business person in this land who would make a critical operating decision in his company without a budget.

And, you know, people are overtaxed. Let me give my colleagues one reason why. Look at the debt of this country. Every person in this country is responsible for $20,300 of debt. For a family of four, that is $82,000 worth of debt that they have on them.

Retiring the debt is one of the priorities of the Blue Dogs. We think there is room to do both. But the way you do that and to make sure that you are in a position to do both is to have a budget first and then you get to where we want to go with the tax cut.

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

Mr. RAMSTAD. Mr. Speaker, I thank the chairman for yielding me this time.

Mr. Speaker, for the life of me, I cannot understand how those opposed to tax relief can make spending decisions based on projected revenues. You can spend the taxpayers' money based on projected revenues, but you cannot provide tax relief based on those same revenues?

All we are talking about, Mr. Speaker, is returning 1 of 4 surplus dollars back to the taxpayers. It is their overpayments that are creating the surplus. It is the taxpayers' money, not the government's money.

Let us put this into context. All we are talking about, those of us who support this much-needed tax relief, we are talking about returning 6 percent of the $28 trillion in government revenues over the next 10 years, 6 percent of $28 trillion in revenues. That is hardly a risky tax scheme or overgenerous to return 1 of 4 surplus dollars based on the same projections that you are spending money, that we are all spending money.

Our economy needs the stimulus of a tax cut. Every day in Minnesota, my constituents are telling me sales are slow, orders are slow, inventories are up, consumer confidence is down. More layoffs.

This tax relief will bring immediate relief to families who are pinched financially. It will lift consumer confidence and boost our sputtering economy. Our families need this tax relief, our overtaxed taxpayers deserve it, and economic growth in America depends on it.

People want to pay off credit-card debt. They want to make car and mortgage payments, pay energy bills. That is why we need to get this tax relief to them, as the President says, as soon as possible.

American people are paying the highest level of taxes in peacetime history. We need to return the surplus, the taxpayers' overpayments to them in the form of these marginal rate reductions. This tax cut will not threaten fiscal discipline, but it will mean real relief for American families and for our sinking economy. The taxpayers of America deserve this tax relief now.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, to the gentleman from Minnesota (Mr. Ramstad) and every single Member of this House who has talked about a surplus today, this is reality. I have challenged every one of you to say it is not true.

Our Nation is 5 trillion 700 billion dollars in debt. What the gentleman from California (Mr. THOMAS) will not tell us is that the people who benefit the most from this tax break are the same people who own this debt and the same people who are on the receiving end of $1 billion a day from the taxpayers in interest payments. They benefit the most.

What he will not tell us is that the people who benefit the most do not really care if we do not pay back the trillion dollars to Social Security, because they are not counting on that check. They do not need it. But the folks I represent do. They paid into that fund. We owe them a trillion bucks. I say we pay them back.

What the gentleman from California (Mr. THOMAS) will not tell us is that the folks who owe 228 billion to the Medicare Trust fund do not care if we do not pay it back, because they can afford private insurance. My folks cannot. They paid into this fund. I say let us pay it back. What the gentleman from California will not tell you is the folks who benefit the most on this tax bill do not care if we do not repay $165 million to military retirees because that is not what they are counting on to live. But the folks I represent did earn that money. I say let us pay them back.

Mr. THOMAS. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. COBLE).

Mr. COBLE. Mr. Speaker, what have the Republicans done for Americans. We reformed welfare, reduced capital gains tax. We have removed the earnings cap that penalized working seniors. We tried to repeal the estate tax and the marriage penalty; President Clinton rejected those proposals, however.

Mr. Speaker, today we say to American taxpayers, you earned it, you will get to keep more of it. Fairness and equity at work. Many of my Democrat colleagues, and I do not say this critically, promote a big, bloated Federal Government. Many of my Republican colleagues, conversely, encourage the maintenance of a small, lean Federal Government thereby freeing up more money for taxpayers. Yes, the debt has stopped being ignored. The debt will continue to be paid down gradually, but we are not turning a deaf ear or a blind eye to the American taxpayer who earned it in the first place. American taxpayers, this is a good day for you. This is a victory for you.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, there are many reasons to vote against this bill. First, the numbers do not add up. The bill is much more expensive than advertised. I hear my colleagues say that all taxpayers will benefit. We know unless we fix the alternative minimum tax, that is not true, the bill is going to cost more money. It is based upon 10-year projected surpluses. CBO has never been able to project a surplus 2 years accurately let alone 10 years accurately. The surplus could be $2.5 trillion less than we are advertising.

We know that the passage of this bill will make it much more difficult for us to deal with Social Security, Medicare, prescription drugs, paying down our national debt and investing in education.

This bill violates our own budget rules. Section 303 of the Budget Act says we are supposed to have a budget before we bring up any revenue bill. The Committee on Rules waived that budget violation. Section 311 of the Budget Act says all tax bills have to be within the existing budget. This violates that budget rule.

Then we are trying to work in a bipartisan way. I heard the President over and over again say let us work together. One would think the first thing we would want to do is work out a bipartisan budget instead of bringing forward piecemeal tax bills. This is not a good sign for us working together in a productive way. This bill is reckless. This bill is wrong, and I encourage my colleagues to vote against it.

Mr. THOMAS. Mr. Speaker, I think a good sign to the American taxpayer would be voting tax relief.

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

Mr. HERGER. Mr. Speaker, I rise in support of H.R. 3, the Economic Growth and Tax Relief Act of 2001. This legislation will provide real tax relief for American families at a time when it is urgently needed. Simply put, Americans are overtaxed considering that Americans today face a higher tax burden than they have at any other time since World War II. In fact, on average families today pay more in taxes than they spend on food, clothing and shelter combined.

Once fully phased in, President Bush's plan will enable the typical family of four to keep at least $1,600 more of their own money. This is real help for families trying to make ends meet. $1,600 will pay the average mortgage for almost 2 months. This relief will pay for a year's tuition at a community college or the cost of gasoline for two cars for a year.

In my home State of California, families will be able to use their tax refund to help cope with our State's high energy costs.

Let us be clear. If we leave the tax surplus in Washington, it will be spent on bigger government. Americans have been overcharged, and it is time to give them their refund.

□ 1430

The legislation before us is a critical first step in this process. I urge my colleagues to support this legislation.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentlewoman from New York (Ms. VELÁZQUEZ), the senior Democrat on the Committee on Small Business.

Ms. VELÁZQUEZ. Mr. Speaker, I rise today in strong opposition to the President's tax plan.

My colleagues, we are here today to talk about tax cuts, but let us spend a little time examining how the President is going to pay for this tax cut. The President says his budget will increase access to capital and expand opportunities for small businesses throughout America. But let us be clear. This tax proposal is paid for on the backs of this Nation's small businesses.

To pay for what we are voting on today, the President's budget tacks on exorbitant fees for SBA loans that increase the costs on small business owners by up to $2,400 for each loan and $7,000 over the life of the average loan. Ask any small business owner and they will tell you that ''fee'' is code word for ''tax.''

But small businesses needing access to capital are not only the only ones being taxed. To add insult to injury, the President's budget proposal goes after those small businesses that have their businesses destroyed through a natural disaster. Many of the Members of this body have seen the effects of natural disasters. The assistance provided through disaster loans gives hope for small businesses. But the President's budget effectively kicks them when they are down by forcing them to pay an additional $7,000, making it impossible for them to ever rebuild their businesses.

I ask and I urge the Members to vote ''no'' on this ill-conceived tax plan.

Mr. THOMAS. Mr. Speaker, may I inquire about the time remaining on each side.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from California (Mr. THOMAS) has 17 minutes remaining, and the gentleman from New York (Mr. RANGEL) has 18½ minutes remaining.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Wisconsin (Mr. KLECZKA), a senior member of the Committee on Ways and Means.

Mr. KLECZKA. Mr. Speaker, the question before the House today is not whether or not we should have a tax cut; the question is what size should a tax cut be.

This meager little 7-page bill before us has a price tag of almost $1 trillion. Well, that is fine, but I ask my colleagues, is the $1 trillion here today? And the answer is no. That is a 10-year projection. So what we are in essence doing is committing money today that we think and hope and pray will come to Washington in the years 2006, 2009, 2011.

How many of my colleagues would plan a vacation based on a 10-year weather forecast? Would they reserve the hotel room? Would they buy the airplane ticket because they were told that on a particular week or day in the year 2009 it is going to be good weather? We would all think that is sheer nonsense. Well, my friends, that is what we are doing today.

So the Democrats are saying, let us go slower, and if in the year 2006 the surpluses, the projectors, the crystal ball is right, we will cut taxes again. We did this only 20 years ago. A similar Congress with a Republican President cut taxes. And what happened to the country? We ballooned the national debt from $1 trillion to almost $4 trillion. So what I see happening today is deja vu.

We have not paid off the old national debt. In fact, I saw a friend of mine at the airport and he said, JERRY, vote to send my money. I want my money back. And, I said, I am going to do that. But, my friend, what should I do about your national debt, totaling $12,500?

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume to merely respond that someone once said that everyone talks about the weather, but no one can do anything about it. This is tax reduction. We can do something about it. We can vote aye on H.R. 3.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut (Mrs. JOHNSON), a member of the committee.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of H.R. 3.

The time is right. The time is now to give hard-working Americans substantial tax relief. It simply amazes me that Americans spend more in taxes than they spend on food, clothing, and housing combined. The tax burden on ordinary working people in today's America is higher than it has been at any time since World War II, and the average household pays two and a half times more in taxes than it paid in 1985. This is unacceptable. It is unfair. It is just plain outright wrong.

Let us look at what is happening to those tax dollars that they are pouring into Washington. For one thing, they are building up a surplus faster than at any time in our history. Just yesterday, our Secretary of the Treasury said that right now, this month of March, our surplus is $75 billion. A year ago, in that economic year, at the same time, it was only $40 billion. So in spite of the leveling off of the economy, the surplus is growing more rapidly now than it was a year ago. The surplus dollars are our taxes. They are just the fruit of the hard labor of the American people.

We can reduce the debt; pay it right down. We can spend on our priorities like education and health care; and, yes, we can and must reduce people's taxes. It is their money. They deserve a portion of it back, and they deserve that today.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. GREEN).

(Mr. GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. GREEN of Texas. Mr. Speaker, I thank the gentleman for yielding me this time.

Despite our President's promises to end the partisan tenor in Washington, our congressional Republicans continue to use the same old tactics. This does not match the procedure the President stated as his goal. For the last 2 days, Congress has debated two extremely divisive issues. Yesterday, after 1 hour, we undid job-safety standards we had been working on for 10 years; and today we are considering a tax bill that could wipe out the current surplus and our effort to reduce our $5 trillion national debt.

What is worse, we are doing this without a budget. We do not know what else we are doing with the people's money. We do not have any contingency funds. We are just racing around this process with the hope that when we are finished we will still have some money left over.

We should have a budget in place before we start either spending or cutting revenue. We need to protect Medicare, Social Security, we need to pay down the debt, and we need to make sure there is money for our children's education, health care costs and energy bills. We can cut taxes, but we need to look at it responsibly, Mr. Speaker.

I support a broad and even retroactive tax cut. I do not want our citizens too overburdened by a tax system any more than our Republican colleagues do, but we know the priorities of our citizens is not immediately to have a tax cut.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN), a valuable member of the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I thank the chairman for yielding me this time, and I applaud him for this tax bill, which is a great tax relief effort; and I will be strongly supportive.

I want to just respond briefly to what my colleague from Texas said. I have never seen any President, Republican or Democrat, reach out so much to the other side. I look at some of my Democrat colleagues over here, who have been down to the White House with me to meet with the President, and I know they have been down there without me too, so he has reached out. He has tried to bring Democrats and Republicans together, and he has put together, with the gentleman from California (Mr. THOMAS) and the Committee on Ways and Means, a very responsible bill here.

First of all, it fits within the budget. The President outlined the budget last week. We are protecting Social Security and Medicare as we never have before. For over 30 years, we raided that trust fund. We are not doing that. We are protecting Social Security and Medicare. We are paying down the debt in a way we never have before. We are paying down more debt in his budget than we ever have in the history of this country. In fact, we are going to pay down all the available debt. So I do not know what people are talking about in terms of the debt.

After all that, we are going to have some spending increases in places like education and the military, and still there is room for tax relief for the hard-working American people who created every dime of this big surplus we have.

People are overtaxed. We just heard earlier people spend more on taxes now than they do on food, shelter, and clothing combined. We have the highest tax burden since World War II. Taxpayers in Ohio need some relief. I know they do. And they ought to get it.

Finally, I want to say that we need to do this for the economy, even if it did not fit in the budget so neatly, even if taxpayers were not so overburdened with taxation. Do any of us want to see us go into a recession? Every economist will tell us that tax relief is going to help the economy. It did when President John Kennedy passed tax relief, which incidentally was much larger than this tax relief. This is about half the size of John Kennedy's tax relief. When Ronald Reagan did it again in 1981, and incidentally it was a lot more than this tax relief, it was about three times higher than this tax relief, it helped the economy.

We can disagree on the impact precisely, whether it will help a lot or a little; but we know it will help the economy. In Ohio, people are talking about layoffs. Around the country all the economic data is very troubling. We have to do this tax cut to give this economy a boost, to be sure we can keep the good jobs we have, and expand the economy and continue the prosperity this country has enjoyed over the last decade.

Vote for this bill. It is good tax policy, it fits in the budget, people need it, and it is necessary for the economy.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may need to just advise my colleagues that the House rules say that the House has to have a budget, not the White House. That is the House of Representatives. And that we do not have.

Mr. Speaker, I yield 1½ minutes to the gentlewoman from Florida (Mrs. THURMAN), a member of the Committee on Ways and Means.

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

Mr. Speaker, America's families decide what they can spend based on their yearly income and not 10 years out. Should we in the people's House act differently? No. Congress has no idea how it will meet our national priorities, Medicare, prescription drugs, education, tax cuts and more, because we do not have our national family's budget planned.

But the House is willing to jeopardize all of these priorities if the projections are wrong. If a family's projections are wrong, they must dig into their savings or take out loans. If our projections are wrong, then Congress will have to take out loans or use our savings, Social Security and Medicare.

Quite frankly, I do not know about my colleagues, but I do not want to go back to the time when interest rates were 18 percent, when working families could not afford to buy homes, when unemployment was high and underemployment kept workers at low wages. I think it is time for prudence to guide us.

I think we should first look at the country and give us a real honest and responsible budget with tax cuts, just like we did in 1997. I do not think that is too much to ask for.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. CAMP), a member of the committee.

Mr. CAMP. Mr. Speaker, I thank the chairman for yielding me this time.

Over the next 10 years, the Federal Government will collect more money than it needs to operate. Even after setting aside money to protect Social Security and Medicare, the government will collect much more than it needs. If that money is left in Washington, there is no doubt that it will be spent, when in all fairness it should be returned to the American people.

Today, the average American family pays more in taxes than on food, clothing, and shelter combined. Every dollar that passes through the taxpayers' hands on its way to Washington is a dollar that could be saved for a child's education, used for necessary living expenses or household repairs. In my district in Michigan, I know these dollars could be used to help with the high cost of gasoline and heating fuel.

High taxes are not only a tax on the ability to create wealth for working people, they are a tax on opportunity itself; the opportunity for Americans to determine their own destiny, make their own choices, and keep more of what they have worked so hard to earn. These values are the essence of democracy itself. It is the people's money. They worked hard for it, and they deserve it. They deserve a refund.

Today, we have a great opportunity. It has been 20 years, since Ronald Reagan was a new President, to see any significant Federal tax relief. Let us vote to give the American people a refund.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. DOGGETT), a member of the Committee on Ways and Means.

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Mr. DOGGETT. Mr. Speaker, the notion that this tax bill will correct the economic slowdown is truly a fantasy. This proposal was concocted during last year's Republican campaign primaries. It was not developed during hard times, and it is certainly not designed for hard times. The only reason that its supporters seem preoccupied with the thought of recession is that they cannot sell this distorted tax cut any other way.

This year, the daily benefit to the typical American family of this tax bill will be less than the cost of one good cup of coffee. That is pretty wimpy help when you get right down to it. And if your family does not want to share a cup of coffee, you can use your big tax savings to buy a can of beans every day. Or, down in Texas, black-eyed peas, with a few pennies to spare. And not just any beans, you can get Bush's Best black-eyed peas or beans. In fact, if they have got coupons at the grocery store, you can probably get a couple of cans of beans so everybody will have extra helpings every day as a result of this Bush's Beans tax cut.

For the average American family, it is not $1,600. This year this is the Bush's Best Beans tax cut. And that is all that it amounts to. But while you get so very little immediate tax relief, over time, over 10 years, the wealthiest Americans get a huge bonanza of benefits out of this bill. The disaster that will occur to Social Security and our children's educational opportunities is a very, very serious one, if we approve this bill without ensuring that it can fit within an overall balanced budget. I am for all the tax relief that fiscal sanity will permit, but even the Republican economists have made it clear that this Bush tax cut is not about the economy, it is about overpromising to the privileged at campaign time.

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

I anxiously await creating a larger tax cut so the gentleman can add to the canned beans something he is quite familiar with, canned ham.

Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Illinois (Mr. CRANE), the senior member of the Committee on Ways and Means.

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

Mr. CRANE. Mr. Speaker, I rise in strong support of the Economic Growth and Tax Relief Act of 2001. When Governor Bush released his tax relief proposal during the campaign with tax reductions as its centerpiece, I knew we had the right program at the right time. I congratulate the gentleman from California (Mr. THOMAS) for moving the rate reductions so quickly through the Committee on Ways and Means. I urge my colleagues to support it, and I urge the Senate to pass the same measure at the earliest possible occasion.

I know many of our friends on the other side of the aisle are concerned that we have moved this bill so quickly. Some, like my friend the gentleman from New York (Mr. RANGEL), have said we should wait until we have a budget resolution. I respectfully disagree. There is no question the surplus projections will permit the size of tax cut before us without endangering Social Security or Medicare and without endangering our other priorities, including debt reduction. The only information a budget resolution would provide us is how much additional tax relief the Congress can provide this year.

I also believe it is imperative that we pass this bill without delay. We must act quickly to build credibility with the American people that this Congress will make good on the President's promise to cut taxes. We have experienced a high degree of gridlock in recent years. The American people are waiting to see if President Bush can work with the Congress to enact important legislation. Nowhere is this more true than with respect to tax relief. We have talked about major tax relief for many years, with little to show for it because of President Clinton's opposition. The American people, naturally enough, are skeptical that we will really give them the tax relief that President Bush has promised.

With our economy struggling, timely tax relief is exactly the right complement to the interest rate cuts made by the Federal Reserve in recent weeks. But the real effect of these cuts is not that it puts cash in people's pockets today but that it promises to reduce their taxes tomorrow. It is the expectation of lower tax rates that alters decisions to invest and work today that increases economic activity today and tomorrow. Incentive effects like these, which are the real engine of a tax policy that strengthens the economy, are forward looking. But for these incentive effects to take hold, taxpayers must have some confidence that the tax cuts will be enacted. And that is why we must act so quickly, to build confidence in the minds of the taxpayers that we will enact the promised tax relief, so that they can build these lower tax rates into their plans, so that the economy will strengthen more rapidly.

I urge my colleagues to support the bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. PELOSI), a member of the Committee on Appropriations.

Ms. PELOSI. I thank the ranking member for yielding me this time.

Mr. Speaker, today the Republican majority rises to a new level of recklessness and irresponsibility by proposing a tax cut which benefits the wealthiest Americans, giving 44 percent of this tax cut to the highest 1 percent of our country. And who pays for this gift to the richest Americans? America's working families. We all know that the biggest and best tax cut is low interest rates. Low interest rates on our home payments, car payments, mortgage payments, credit card payments. If we instead would pay down the debt instead of giving this gift to America's wealthiest, we would be able to enable America's working families to have the best tax cut of all.

We do not have the surplus Members are talking about here. First of all, we are talking about a tax cut based on a budget we have not seen, on a surplus we cannot guarantee, at a time when we have unmet needs in our country. We have unmet needs in education, in prescription drug benefits. Why should our children and our seniors pay for this tax cut to the wealthiest? I urge our colleagues to vote no.

Mr. THOMAS. Mr. Speaker, it is with great pleasure that I yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH), a member of the Committee on Ways and Means.

Mr. ENGLISH. Mr. Speaker, I think the time has come for candor. We need to recognize that America is experiencing a slowdown. After we have seen the smoke clear from last year's election campaign, it became increasingly obvious that the economy was not doing as well as some had claimed. And in the manufacturing sector that makes up so much of the economy of my district, we are clearly experiencing a recession. We have an opportunity to move forward right now and change those dynamics. But the only way we can do it is by recognizing that in this background, we are imposing the heaviest tax burden in peacetime ever on the American economy, and we need to recognize that if we are going into a recession, the last thing on earth we want to do is run a huge surplus.

Our tax bill would address that issue. Our tax bill would stimulate the economy, lower the tax burden and encourage growth, savings and investment.

A recent study by the Heritage Foundation of H.R. 3 suggests that this bill would clearly increase economic growth, increase investment, increase savings, increase family income and over 5 years create 500,000 new jobs. Now, our opponents are making phony procedural arguments against the bill and using strange numbers. But the fact is they want to spend the money. We want to give it back to the American public so it can stimulate the economy and get our economy back on a growth track. There is nothing more urgent facing this Congress than the right kind of economic policy. We should act swiftly to pass this tax cut and send the resources back to the economy.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. BOSWELL).

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

Mr. BOSWELL. Mr. Speaker, I will recall again, if I could, for all of us that the President came up to Nemacolin here a few weeks ago and he shared with us and we appreciated it very, very much. We asked him there, can we see a budget? And he said yes. And that has come forth. None of us expect that to be a perfect document. We have the gentleman from Iowa (Mr. NUSSLE) and the gentleman from South Carolina (Mr. SPRATT) to work on that. We would like to see what they will produce and come forward with.

So I am wondering, is this a criticism, what we are doing without a budget, is this a criticism of the President's ability to lead or is this a criticism of the folks to follow? We have got our work to do. We have not done it. Common sense would tell us we would not expect to do this with a business or a family. We have heard those comments made several times. We would not go ahead and do something to our family and plan a vacation and not have kids to have their shoes for school or whatever. We would not do that. Let us not gamble on our future. We do not have to. We have got a better situation. We do not have to do that.

A little bit ago, someone referred to 1981. We do not have the luxuries of 1981. We do not have a $1 trillion debt. We have got $5.7 trillion. We ought to deal with it.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Wisconsin (Mr. RYAN), one of the newer members of the Committee on Ways and Means.

Mr. RYAN of Wisconsin. Mr. Speaker, I thank the chairman for yielding me this time. I have been listening to this debate with a lot of wonder. I am a newer member to the committee and a newer Member to Congress. It is amazing to me the excuses we are hearing to further separate people from their own money. We hear that this tax cut is just too big, it is irresponsible, we cannot handle it. I refer Members to this chart which shows that this is six cents on the dollar, six cents on the dollar that every American taxpayer is sending to Washington over the next 10 years. $1.6 trillion out of $28 trillion.

More importantly, what is this all about? People are overpaying their taxes. Everybody who pays income taxes are overpaying their income taxes. That is why we are trying to pass this now. I hear this bizarre excuse that the process is wrong, that we should do this bill in October, not in March. I encourage Members of Congress to take a look at this chart. This was the cover of Newsweek not too long ago: ''Laid Off, How Safe Is Your Job?'' In the First District of Wisconsin, we are losing jobs by the thousands. We do not have time to wait to give people money back in their paychecks. Energy costs, job rates, they are chewing up the paycheck of working Americans. We are trying the highest tax burden we have in the peacetime history of this Nation.

It is time, it is more than time, that as people overpay their taxes, especially after we are paying off the debt and protecting Social Security and Medicare, as people continue to overpay their taxes, we give them some of their money back. That is what we are doing today. All of these excuses are other attempts to further separate people from their own money as they overpay their taxes, so, guess what, they can spend that money here in Washington.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Nevada (Ms. BERKLEY).

Ms. BERKLEY. Mr. Speaker, I came here today to vote for an across-the-board tax cut, but the tax cut that I support must be fair, it must be responsible, and it must ensure that this country pays down its national debt. Sadly, this tax bill does none of these things.

When my constituents in southern Nevada sit down to figure out how much of their paychecks they can afford to spend, they know better than to spend money they do not have, or money that they need to pay their bills, or money that they might earn in the future. Unfortunately, this Congress has not learned these simple lessons. We are getting ready to pass a very large tax cut. How will this tax cut affect our education system, our seniors, our prescription medication plan, our veterans, our military? We do not know, because we have not got a budget yet.

I want to pass a large tax cut but to do so without a budget, without protecting Social Security and Medicare, without paying off our national debt is irresponsible and inappropriate. We should be here voting on a bipartisan bill that fits our budget and helps American families. We are not. We are attempting to ram something through without hearings, without input, without reasoning.

It is very disappointing, Mr. Speaker. I cannot condone this process, and I am not going to be a party to it.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. PRICE).

Mr. PRICE of North Carolina. Mr. Speaker, like most Members of this body, I support tax relief. But today we are debating this bill in clear violation of the budget law which states, quote, the concurrent resolution on the budget must be adopted before budget-related legislation is considered.

This body is in violation of sound budget procedure, and we are in violation of common sense. Who among us would dream of building a house without a blueprint? That is what we are being asked to do: to shout through a tax cut costing $1 trillion on the way to $2 trillion, benefiting mainly the richest 5 percent of taxpayers, before we have a budget resolution or a detailed budget proposal from the administration.

With this tax bill, we would bet the store on shaky surplus projections, more than two-thirds of which are more than 5 years away. If you need any lessons on the unpredictability of projections and forecasts, just ask the school children in my district about the snow day they were promised last Monday!

This bill would compromise our ability to pay off the national debt. And it would make it impossible to meet the obligations both parties have made without a high and unacceptable risk of deficit spending.

This is a case of putting the cart before the horse if there ever was one. Vote no.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, Abraham Lincoln called on the better angels of our nature. President Franklin Roosevelt asked us to set fear aside. President Kennedy asked for sacrifices to enhance the common good. But the rallying cry of the Bush administration is, ''It's not the government's money, it's your money.'' That is a shriveled-up vision of what the American people care about. We are better than that. The American people want and deserve lower taxes, but not a cut so large that seniors still cannot afford their drugs, our kids are stuck in inadequate schools, and baby boomers lose benefits under Social Security and Medicare. This Republican tax cut is a clarion call for more spending on luxury goods by the wealthiest Americans.

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To those seniors who cannot afford their prescription drugs, this bill says forget it, they are on their own. To those students, teachers and parents who know that our schools need full funding of special education, this bill says, forget it, they are not a high priority.

To the baby-boom generation not far from Medicare and Social Security, this bill says forget any help from general revenues any time soon.

Support the Democratic alternative.

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

Mr. Speaker, I am just a little bit confused now. I thought all we were giving was a can of beans and now we are depriving virtually every American of a significant portion of their share of the American pie. I just really wish my colleagues on the other side would get together on their side in terms of which argument it is going to be.

Mr. RANGEL. Mr. Speaker, will the gentleman yield? It is as clear as it could be.

Mr. THOMAS. If the gentleman wants to yield on his time I would be more than willing to do that.

Mr. RANGEL. No, because I think it is very clear what we are doing. The gentleman is making it cloudy.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Kentucky (Mr. LEWIS), a valued member of the committee.

Mr. LEWIS of Kentucky. Mr. Speaker, in the true spirit of bipartisanship, I want to be as partisan as my colleagues across the aisle. There they go again. They say they want tax relief, but actions speak louder than words. Their history: Big spending, big taxes, big government, and they are fighting with all their heart, mind, soul and body to stop tax relief. That is the bottom line.

The sad part about this is that the President offered a hand across the aisle in a true bipartisan spirit for their help to give the American people a refund on their money. What did he get in return? A partisan slap in the face.

I think that beyond a shadow of a doubt what has been displayed here today with the Democratic dilatory tactics, the American people can see what the Democrats are all about. They have never seen a tax cut that they like. They have never seen a tax increase that they have not liked. They have never seen a big government spending bill that they would not vote for.

Mr. Speaker, let us get the money, the tax money, out of Washington and in the pockets of the American people.

Families need help, not Washington bureaucrats. If the Democrats refuse to help and Republicans have to do it alone, so be it.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Arkansas (Mr. BERRY).

Mr. BERRY. Mr. Speaker, I want to thank the distinguished ranking member, the gentleman from New York (Mr. RANGEL), for yielding me this time.

Mr. Speaker, I have to say if we get any more bipartisan than we are here today, it is going to be an absolute miracle. We will have to remove the center aisle.

We favor tax cuts, but we do not favor a bigger debt. We are not in favor of running up the debt another $5.7 trillion. We are not in favor of our children having to pay off this debt. We are not in favor of not having a budget, not having a spending plan that will protect our children and protect Social Security and Medicare like both parties have over and over promised to do; provide an education for our children; do a better job for our national defense; take care of our farmers and our agricultural industry in this country and provide better infrastructure.

We all know we have to do that to be a successful Nation, and at the same time we can have these tax cuts but we need to have a budget first. This is absolutely ridiculous.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. MEEHAN).

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

Mr. Speaker, we have an historic opportunity to pay down the debt, cut taxes substantially for middle-class and working families, provide a Medicare prescription drug benefit for seniors and invest in the children of our country in education. Instead, we are snatching deficits from the jaws of surpluses.

Families watching this debate across America have to be scratching their heads. When they consider making major financial commitments, they first sit down at their kitchen tables with a pad and a calculator and see if they can afford it. When they cannot afford to repay their debts, they pay down those debts before using the money to buy new goodies. But some in this body, I guess, know better than the American people, because today we are passing a trillion dollar tax cut in a budget vacuum, and we are making excuses about why we cannot pay down the debt. Only in this Congress do we strap on a blindfold before making major fiscal policy decisions.

We can do better than this, and the American people know it. I urge a no vote on this bill.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. REYES).

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

Mr. Speaker, it has been said that those that refuse to learn from history are doomed to repeat their mistakes. I want to say that I support a fair, reasonable and affordable tax cut; but I cannot support this proposal because we have had no hearings; there is no budget; and there have been no opportunities for us to express our shortcomings with this proposal.

I want to also illustrate that if we are using the Texas model, and this is where history comes in, and President Bush has said over and over again he is using the Texas model, I want to point out that a Democrat and a Republican State Senator have said the following: Senator Chris Harris, Republican, said, we made tax cuts because we thought we had this huge surplus. I might have voted a little differently on all of these tax cuts had I realized that we were only funding 23 months of these programs.

A Democratic Senator said, we should have taken a harder look at the tax cuts. We did not look down the road and so now we find ourselves, as a result of these budget priorities, in a difficult hole.

This is what has happened to Texas because of two enormous tax cuts that then-Governor Bush proposed.

When he was asked about this on the campaign trail, then-Governor Bush said, I hope I am not here to deal with it.

Well, guess what? Texas is dealing with this hole today, a deficit that is as red as my tie. It is important that we not repeat the mistakes of the past.

I think it is more important that we realize that we must have a sensible, affordable tax cut proposal and not my way or the highway proposal.

I hope we do not repeat history again.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. COLLINS), a member of the Committee on Ways and Means.

Mr. COLLINS. Mr. Speaker, for 8 long years I have waited to tell the people of Georgia that the President of the United States has sent a bill to Congress which will reduce the tax burden on every taxpayer in America. That day has come.

Mr. Speaker, the previous administration was not only taxing Americans' wallets but they taxed their patience as well.

We suffered through 8 years of either tax hikes or so-called targeted tax cuts which were awarded to selected Americans who met certain criteria, who agreed to jump through certain hoops.

This Washington-knows-best type of tax policy is ending. Today we are considering across-the-board tax relief to all Americans, to all taxpayers, of every level so that they can keep more of their earnings and spend those earnings as they wish. They can save the money or they can spend it. It is their money so it should be their decision and not Washington's, Mr. Speaker.

The same old, usual complaints from those who are pained to see this money escape from Washington unspent we are hearing over and over again today. They say tax relief is too expensive, but the President's tax relief amounts to only 6 percent of all Federal revenues over the next 10 years.

They say it is unfair, but what is fairer than returning the overpayment of taxation back to the people who paid the taxes in in the first place? What is fairer than including the tax relief as part of a plan which strengthens defense, improves education and sets aside payroll tax dollars for Medicare and Social Security? What is fairer to the future generations than passing this relief as part of a plan which will allow us to responsibly pay down the publicly held national debt?

Eight years and coming, Mr. Speaker. Today is the day; now is the time to act. I urge a yes vote on this tax reduction bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. LEVIN).

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

Mr. LEVIN. Mr. Speaker, the President's tax plan is a gamble. It is a risky gamble. It is true, it is the public's money. The Bush plan is gambling with the public's money. It is gambling because there is no budget, and there is no clear indication what it would mean for education, for prescription drugs and others. It is a gamble because it would use 75 percent of the projected surplus, 75 percent, and leave little else for other things. That is only a projected surplus.

We have learned in the past how risky those projections are.

It is a gamble because 1 percent would receive over 40 percent, the highest 1 percent in income would receive over 40 percent of this tax cut, and they have their own money all ready for a gamble.

Some gambled in 1981, and it resulted in the highest deficits in the history of the world. Our alternative is fiscally responsible. Let us pass it.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. JEFFERSON), a member of the Committee on Ways and Means.

Mr. JEFFERSON. Mr. Speaker, I just saw a member of our Chamber of Commerce from back home who urged me to vote for this bill, and I told him it was incredulous to me how a man could fiscally ask that sort of question of me, because I reported to him that if he had had a great year at his business and could look down the road and see 4 or 5 other great years but had a big debt at the bank, what would he do about it? Would he send a dividend down to his shareholders or would he pay off his debt in advance?

He had to admit he would pay his debt off because to do anything else would be irresponsible.

This debate is uninformed by the claim that this is the people's money. Of course it is, as are all the taxes which are paid by the people. Does that mean we send all the taxes back to the people because it is their money? Of course, it does not. It means that the folks have entrusted us to make some fiscally responsible decisions about the expenditure of that money for their government. The money is here to support the government, support things that people cannot do by themselves that we do collectively. That is the whole idea behind it. We are making fiscally imprudent choices, unwise choices for the people now, and we are violating the trust of the public in sending back their money to them when we need to have our money spent on priorities that will meet the needs of the people back home.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Rhode Island (Mr. KENNEDY).

(Mr. KENNEDY of Rhode Island asked and was given permission to revise and extend his remarks.)

Mr. KENNEDY of Rhode Island. Mr. Speaker, I rise in strong opposition to this Reaganesque, trickle-down tax cut that will not spur the economy and will further deficits.

We are debating here today more than what the IRS's next batch of forms will look like.

President Bush is proposing a major shift in our national priorities. The real debate here is over the sort of society we want to have, about the degree of responsibility we as a community are prepared to accept—for each other, and for the future. The question of taxes is merely a vehicle for this larger question.

I believe that the President's tax plan is a betrayal of the rhetoric he has used to cloak himself as a moderate. He claims that he is determined to leave no child behind, but he will leave millions behind if his plan becomes law. He talks about instilling a sense of responsibility, but proposes to saddle future generations with tremendous deficit. He touts help for working Americans while dramatically widening the income gap.

This bill, and the tax plan of which it is a part, is bad for America. I understand the House leadership's desire to pass it as quickly as possible, before the American people take a close look.

Because if they examine it, they will see that it rests on pie-in-the-sky economic forecasts. No responsible family would commit itself to spending patterns based on guesses about its income in ten years, and neither should the government.

They will realize that we have been here before, we have experimented with enormous tax cuts with disastrous consequences. The country cannot afford a return to the discredited supply-side, trickle-down economics of the 1980s.

They will notice, as the Republicans wish they wouldn't, that the tax cuts are appallingly tilted to the wealthy. Our nation has rarely been as polarized between rich and poor as it is today, yet the Bush plan would direct 43 percent of the tax cuts to people earning more than $300,000 per year.

And they will, I believe, agree that we have higher priorities as a nation than unfair, economically suspect tax cuts that will return the country to deficits and prevent investment in our people and our future.

To put the choices that we face in context, I'd like to ask you to imagine you had a brother. Imagine your brother graduated from college and got a good job with a decent salary. But your brother has expensive taste. In the years that followed he lived high on the hog. HIs earnings weren't enough and he borrowed to keep that lifestyle going.

At 35, your brother was pretty much maxed out on the credit cards, the mortgages, and the car loans. He was swamped with debt and spending nearly twenty percent of his income just on the interest.

So your brother, bless his soul, changed his ways. He tightened his belt, reined in his extravagant taste. Over the next eight years, your brother was paying down his enormous credit card balances, slowly. Although he's a long way from paying off his debt, he's finally started bringing in more money than he's spending, by a little.

Of course, his new approach was not without cost. He has been unable to put money away for his kids' education, or save for retirement, or pay for needed home repairs. But at least he's now in a position to do so in the future.

And now imagine that your long, lost Aunt Millie has died and left him a big pile of dotcom stock options that vest in five to ten years. He calls you up, really excited. ''I'm back in the money!'' he says, imagining himself at the wheel of a Lexus, already plotting his new spending spree.

How are you going to respond to your brother? He's 43 now. He's spent eight years digging himself out of the mountain of debt created during his youthful indiscretions. He has been unable to provide adequately for his children or invest for the future. But in those stock options, he sees a big glittering pot of gold—never mind that you never know what the stock market might do.

So what will you tell him?

I've belabored this little story enough, but it does illustrate the juncture at which our country stands. The choices we make tell a lot about our values. This country is your fictional brother, poised to head off to Vail. What will we say?

The language of this debate is tax policy, but the substance of it runs much deeper. This debate is about priorities. It is about the sort of community we choose to make for ourselves. It is about our young children and our elderly parents, about the working poor and the uninsured, about creating an America we can be proud of.

We live in a national community that allows forty-three percent of its children to grow up poor enough to qualify for free or reduced lunches. Forty million of our citizens go without health insurance. Our public education system frequently consigns children to classes of thirty or more in crumbling buildings, without textbooks, where everyone including the students knows they will not learn what they need to know to escape poverty.

How can we possibly look at our society and conclude that addressing poverty and health insurance and education are less important than huge tax cuts? If we as a nation do reach that decision, what does it say about our American community? What does it say about us?

This choice is real. President Bush and the majority may try to spin it otherwise, but there is not room for both massive tax cuts and plans to address needs like health care, education, and Social Security in any meaningful way.

Underlying this new tax-cutting mania is the famous surplus. Let's look at that surplus. The Congressional Budget Office recently estimated the ten year surplus at five-point-six trillion dollars.

But nobody, including the CBO, knows what will happen five or ten years in the future. If you want proof, just go back to some old CBO projections. Only five years ago, the CBO was predicting deficits as far as the eye could see. The estimate for fiscal 2000 alone was off by almost half a trillion dollars! And that was only four years later. The prediction made five years ago for a single year, 2006, differs by nearly a trillion dollars from the estimate made this year.

As you can see, these numbers are not exactly rock solid. The estimated surplus is not money in the bank. In fact, more than 70% of the surplus that the President proposes to spend is projected in years six through ten. But if the CBO's five year projection is off by a half-trillion dollars again, there is no surplus.

So point one is that we are playing with dotcom stock options here. We are as reckless as your zany brother if we spend trillions of dollars now on the assumption that the ephemeral surplus will materialize as predicted.

It's also important to realize that more than half of the surplus predicted by the CBO belongs to the Social Security system and to Medicare. We shouldn't spend that money on tax cuts.

And we need to be prepared for future growth. The CBO estimates and the Bush tax plan assume that spending will increase only at the rate of inflation. This assumption is unrealistic because the population keeps growing. Every year there are more cars on the road, more travelers in airports, more students in college, more children eligible for Head Start, more kids in our public schools. We need to increase spending just to keep up with the increasing demand on government services.

The Bush tax plan ignores these considerations. Not only does it rely on untrustworthy numbers, it threatens to dip into Social Security and Medicare and it ignores the need for increased spending.

And nobody in Washington is talking about the ripple effect that this will have at the state level. As federal taxes are cut, state and local taxes, which are often at least partially tied to the federal tax rate, are going to have to be increased to make up the difference. In addition, because the federal government will have to cut back even further on services, pressure will mount on the states to pick up the slack. In a small state like Rhode Island, that prospect is particularly ominous.

So this bill and the Bush tax plan, first, rely on numbers nobody in their right mind would count on, and, second, spend even more than those numbers estimate to be available. If this sounds eerily familiar, that's because it is.

Like your hypothetical brother, this country has spent the better part of two decades trying to put its financial house back in order after the massive Reagan tax cuts of 1981. We have watched more and more kids wind up in poverty, counted the steady increase in the number of uninsured Americans, seen schools deteriorate, pleaded poverty as students struggled to keep up with escalating college costs, buried our heads in the sand about Social Security and Medicare's coming demographic crisis—all in order to slowly, painfully, clean up the mess caused by the last giant tax cuts.

But like your spendthrift brother, George W. Bush and the Republicans in Congress can't help themselves. The instant gratification of tax cuts overwhelms common sense borne of twenty years' experience.

We are witnessing the restoration of Reaganomics. The Republicans were wrong in the early '80s when Ronald Reagan promised that the huge tax cuts would balance the budget by 1984. Instead, we had the biggest deficits in history, the accumulation of a 4 trillion dollar debt, and higher interest rates. They were wrong again in 1993 when they insisted that raising the rates on the wealthiest taxpayers to pay down the deficit would cause economic disaster. Bill Clinton and the Democrats passed that budget without a single Republican vote and it began the biggest economic boom our country has ever seen.

For most people who lived through the last twenty years, supply-side economics has been thoroughly discredited. After the Reagan tax cut passed the House in 1981, short term interest rates shot up two full points in ninety days. The Dow fell 11 percent in the two months after the tax cuts became law. Within a year, four million Americans were out of work and the unemployment rate was in double digits.

Even David Stockman, who orchestrated the Reagan tax cuts, admitted in his 1987 book that the ''fiscal wreckage'' of that time was the result of the ''basic assumptions and fiscal architecture of the Reagan Revolution itself.''

It unfortunately appears, however, that George W. Bush missed the lesson about the folly of supply-side economics. Not only is he going back to the supply-side policies that brought on massive deficits, he is advertising this tax cut plan as tonic for the economy. But this is just old wine in a new bottle. Long before the warning flags went up about the slowdown of the economy, he was saying gargantuan tax cuts were needed.

You can tell his plan is not intended to be an economic stimulus by its structure. If you wanted to help the economy now, you would put more money in the pockets of working class people, the people who are having trouble meeting their bills, as soon as possible. Not only are the Bush tax cuts mostly backloaded, due to take effect six or more years down the road, but they are heavily tilted towards the wealthy. They are not economic medicine, they are economic poison.

It is a question of priorities. Are we going to rely on numbers that nobody thinks are accurate and then squander the entire surplus that might or might not materialize? Are we going to gamble away your future in the hopes that the budgetary roulette wheel comes up black? Are we going to tell the children on Head Start wait lists, the seniors unable to afford prescription drugs, the families made homeless by the lack of affordable housing that they have to wait another twenty years? What sort of community do we want?

And if we do cut taxes, we must ask for whom? Under the Bush tax plan, 43 percent of the tax savings would go to the wealthiest one percent of Americans. That means people earning more than $319,000 are receiving a huge windfall. What about working folks, the forty percent of our citizens who earn less than $25,000? They get a measly 4.3 percent of the President's largesse.

The President touts his big income tax rate cuts, but four out of five American workers pay more in payroll taxes than they do in income tax. In fact, most workers earning under $35,000 per year don't pay any income tax at all. Therefore, a typical family who could really benefit from a tax cut is left out. Even the Wall Street Journal, hardly the mouthpiece of the left, has written that the affluent stand the most to gain from the Bush tax cuts.

Take a home health aide in Woonsocket, in my district, struggling to make ends meet on $13,600 per year or less. The President's helping hand to her is a tax cut totaling $42—I hope she doesn't spend it all in one place. I know it's not a lot, but that's all that's left after giving Bill Gates, Ross Perot, and the rest of the richest one percent their average $46,000 tax cut.

Don't be misled by the $1,600 average tax cut that President Bush advertises. Remember, that includes the hundreds of thousands of dollars that the Bill Gateses of the world will save. You're not likely to see $1,600. Eighty-eight percent of taxpayers—or virtually every family making less than six figures—will receive less than that. In fact, a quarter of all taxpayers will see zero benefit from the Bush tax plan according to the Washington Post.

Another pillar of the Bush tax plan is the elimination of the estate tax, or inheritance tax. This tax is currently paid only by the wealthiest two percent of families. If a couple's estate is worth less than $1.3 million, they pay no estate tax. In other words, one of the Republicans' highest priorities is $50 billion per year in tax relief for millionaires.

By ending the estate tax, the President would be allowing the richest Americans to avoid paying any tax ever on over a third of their wealth, on average. Over half of the value of the average estate worth more than $10 million has never been taxed. A working, single mother here in Bristol has to pay tax on every dollar she earns, but the Republicans are proposing to let millionaires and billionaires go tax-free on a substantial portion of their earnings. Plus, eliminating the estate tax is likely to sharply curtail charitable giving, further hurting the poor. Some estimate that donations to charity could drop by 90 percent.

Even provisions that could help working people if done right are skewed towards more affluent taxpayers. The Republican plan to eliminate the marriage penalty in the last Congress was structured in such a way that 89 percent of the benefits would go to those making more than $75,000 per year. The increase in the child tax credit the President proposes is nonrefundable, which means most working class families will not see the benefit of it.

If you were serious about helping working people, why would you not make the child tax credit refundable? A credit against your income taxes isn't helpful if, like most working families earning less than $35,000, you don't pay income tax.

Again, it's a question of choices. As MIT Economics Professor and New York Times columnist Paul Krugman has written recently, it is not class warfare to point out that the Bush tax cut disproportionately benefits the very, very affluent. It is, instead, a debate over priorities.

George W. Bush ran like Bill Clinton but is already governing like Ronald Reagan. He talks a good game, but his actions belie his words. He trotted out working folks for photo ops, but if those appearances had anything to do with his tax plan, he should have been standing there with some of his wealthy friends who stand to gain twenty to sixty times the families brought in as props.

The Republicans justify this reverse Robin Hood approach by saying that the affluent get the biggest share because they pay the most in taxes. Well I say that they also gained the most from this economic expansion. The wealthy have already received the upside of the economic growth. It's time that the working men and women who made this surplus possible saw some of the benefit.

During the booming '90s, from 1988–89 to 1997–98, the poverty rate in Rhode Island increased by 3.9 percent. A far greater percentage of Rhode Island children qualify for free and reduced school lunches now than at the beginning of the '90s.

In other words, the benefits of the expansion have gone predominantly to the wealthy.

In fact, it wasn't until halfway through the expansion that regular working folks saw their incomes rise at all. And even today, the bottom twenty percent is still earning nearly nine percent less in real dollars than they did in 1979.

And now the President is proposing to give 43 percent of a multi-trillion dollar tax cut to people whose incomes average $900,000 per year. The income gap is already the widest it's been in decades. The wealth gap is even wider. I want to ask George Bush and the Republicans in Congress, how wide must that gap be before tax cuts are shared fairly?

This discussion is not just about the arcane minutiae of the federal budget. This discussion is about people's lives. It is about asking ourselves what matters most. Are we the kind of people who will cause our children to go without, who will blithely blindfold ourselves to the needs of the future, to gratify our short-term wants?

Before we pass any tax cuts, we first must take a long, national look in the mirror.

I look at our society and I am not satisfied. I see a failing education system, skyrocketing rents, uninsured children, and critical shortages of quality childcare. I see a retirement system that we know for a fact will soon require large infusions of cash to maintain the status quo. I see millions and millions of our fellow citizens working 160 hours more per year for less money than they earned a quarter of a century ago.

I see an America with many needs more pressing than massive tax cuts for the wealthy.

Medicare needs a prescription drug benefit. Students need help affording college. Children need day care and Head Start programs. Our schools need teachers and textbooks. Our workers need health insurance. Social Security needs reform. Families need affordable housing.

A community, like a garden, requires tending. We are finally in a position to give our garden some of the water and sunshine so long denied. We have labored for years to put our fiscal house in order, so that we would be able to do things like responsibly reform Social Security before it's too late or help communities build new schools. We are in a position to invest for the future, but like a happy-go-lucky big spender, the very prospect of money is burning a hole in some politicians' pockets.

Twenty years ago we closed our eyes to hopelessly optimistic economic predictions, and allowed an affable President to gamble our future on a dubious economic theory that promised us the moon. He told us we could afford to eat dessert before dinner, we could get big tax cuts and a balanced budget. We made some decisions about priorities that led to trillions of dollars in national debt, the biggest deficits in our nation's history, more poverty, and fewer federal investments in people. Are we going to make those decisions again?

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. HILL).

Mr. HILL. Mr. Speaker, my wife and I taught our three daughters to eat their dinner before they could have their desert. What this House is doing today is they are trying to have their dessert before they eat their dinner.

Now, the way we eat our dinner here in Congress is we write a budget. We sit down and we decide what our priorities are going to be. We answer some difficult questions, like how do we balance tax cuts against paying down the national debt? How do we balance tax cuts against protecting Social Security and Medicare? How do we balance tax cuts against supporting the men and women in our Armed Forces, our farmers, and our veterans? That is what budgets are for.

Mr. Speaker, we are going to get our dessert this year. We are going to have a tax cut this year, but we should eat our dinner first. We have to figure out how to fit this tax cut into a responsible budget framework. Let us pass the budget first, then cut taxes.

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

Mr. Speaker, the problem is that the Federal Government has been eating the American taxpayers' dinner for too long. We would just like to give a little of it back.

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

Mr. BRADY of Texas. Mr. Speaker, the American people are a lot smarter than folks in Washington give them credit for. They know that tax cuts do not cause deficit spending; spending causes deficit spending.

They understand that today they are footing the bill for a million dollar, two-hole outhouse, that is a million dollars for an outhouse the Parks Department recently built. They know that they are footing each year $2,000 a fish each year to help some salmon get back to their spawning ground. For $2,000, we could put each fish in a first class seat and fly them from the mouth of the river and back and still save money.

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Common sense says the best way to pay down the debt and to keep these surpluses going is to keep our economy strong, and that is what this tax relief bill is about.

We are facing recession, and we are working hard to stay out of it; but we know if a recession occurs, that 3 million American families will lose their jobs. That is 3 million families that are going to have a lot of hurt.

Now, maybe we cannot save all of those jobs, but we can surely save some of them; and there is a good chance we can save a lot of them, and we ought to do our very best to do that. I know there is a lot of pressure on my Democratic friends to not go along with the President, to not work with him; there is a lot of bitterness from the past election. But those who will be laid off are not Republicans or Democrats, and the small businesses and their employees are not Republicans or Democrats, they are Americans. I would ask them to work with us to try to save this economy.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. SANDLIN) to close debate.

Mr. SANDLIN. Mr. Speaker, Herbert Hoover said, ''Blessed are the young for they shall inherit the national debt.''

We do not need another Herbert Hoover. Americans deserve tax cuts. We can afford tax cuts. We support tax cuts. But it is irresponsible to consider a tax bill before we have a budget. Not only is that course irresponsible, it is contrary to the law. The Congressional Budget Impoundment Control Act of 1974 says that a budget must be enacted before consideration of a tax bill. Congress makes laws and expects the public to follow the laws. We should do no less in the United States Congress.

Finally, make no mistake about it: across-the-board seems to indicate that everyone will share. That is a serious misnomer. Most people believe that they will share. The truth is under the Republican plan, across-the-board means 44.3 percent of the relief goes to the richest 1 percent of the people, and that is just not fair.

Mr. Speaker, I encourage my friends watching in Texas to look at their friends to the left and look at their friends to the right, behind them and in front of them. They have not seen one person who benefits by this plan. Not one person in Texas. We tried this trickle-down before. Trickle-down dried up at the Red River. Mr. Bush, Senior, knew what to call it. He called it voodoo economics. Here we go again.

Mr. THOMAS. Mr. Speaker, I yield myself the remainder of the time. I tell my friend, he probably ought not to use Herbert Hoover as an example. That President raised taxes and plunged us into the Depression. We are here cutting taxes.

Mr. Speaker, talk is cheap. We hear talk about the weather, we hear excuses about process, we see props like cans of beans. Please, why is it so hard for the folks on the other side to say yes? Yes to returning a little bit of the tax surplus to those who paid it: hardworking Americans. Every taxpayer gets exactly the same tax reduction; no matter what my Democratic colleagues say, it is true. It is in these seven little pages. It is here. Every American this year gets the same reduction.

Just say yes on H.R. 3 and relieve your pain.

Mr. BLUMENAUER. Mr. Speaker, the beginning of this Congress has been dominated by discussions of President Bush's massive tax cut proposal—a proposal which, after accounting for the true costs to government, is likely to cost close to $2.6 trillion rather than $1.6 trillion over the next 10 years.

It is also the most important issue that we'll face over the next six months. Not only will it dominate the news; whether and how much to reduce government revenue will also frame every policy debate in Congress. The decision will determine our ability to honor our health care commitments, protect our environment, educate our children, defend our country, or keep our economy strong.

For many in Washington, cutting taxes has become the popular mantra. Gone is concern for the 1997 Balanced Budget Agreement, which instituted spending caps to help reduce our national deficit. Now, however, Congressional leaders are winking and nodding at those unrealistic restrictions and empty past promises, hoping the American press and public won't notice.

Since coming to Congress in 1996, I have based my fiscal policies and budget decisions on five principles—principles that continue to guide my responses to the current tax cut proposals:

1. Tax reductions need to be fair. Every Oregonian should be positively affected by these tax reductions, not just a selected few. The Bush proposal ignores the largest burden for most Americans: payroll taxes. Hardworking families who need help the most should have their burden reduced as much as those who are the most well off. Approximately 146,000 Oregon families are left out.

2. We must honor our promise to fund Social Security and Medicare. These obligations are not diminishing over time; in fact, they are growing larger each year, as the baby boom generation retires and requires increased medical assistance.

3. We need to pay down our $6 trillion national debt. This single act is the most effective way to lower government spending—and reduce the long-term interest costs for American families and business.

4. We must avoid future funding shortfalls. The robust economy of the past few years has lured many states-Kansas, North Carolina, and President Bush's own state of Texas, among others—into cutting taxes and fees, only to find themselves struggling to fund basic services.

5. We need to honor the commitments we've made to provide health care for our seniors, education for our children, and a cleaner environment.

Time and again, my constituents tell me that honoring these obligations and commitments takes precedence over reduction in taxes.

Ms. LOFGREN. Mr. Speaker, I have received a lot of advice from my constituents about H.R. 3, President Bush's tax cut proposal. Mostly my constituents have told me not to vote for this plan, although some have urged support. I have listened carefully and read every letter and email. I've thought about what people back home have told me. I take very seriously my responsibility to act prudently in this matter.

I have heard President Bush and other proponents of H.R. 3 say that the surplus ''belongs to the people'' and that ''the people have overpaid'' and ''the people deserve a refund.'' Well what about the accumulated national debt? That doesn't belong to some other group of people. What that phrase overlooks is that the accumulated national debt, over 4 trillion dollars, is also ''the people's national debt.'' That debt needs to be paid, and if it is paid, it will be paid off with ''the people's money''.

In listening to my constituents, as well as economic experts, I have focused on several elements.

First, there is concern among many that a softening of the economy could be countered with a tax reduction that would stimulate consumer spending and help counter recessionary trends. I think it is important to underscore that the American economy is not in a recession, but it is also clear that softening has occurred. In addition to providing relief to taxpayers who want and need it, I agree that a tax reduction effort might well have a salutary impact.

To maximize this benefit, the tax cut should be quick, should be directed towards those who will spend it but must also avoid deficit spending. H.R. 3 falls short in these requirements.

Second, if we enact a tax reduction plan we must exercise care to insure that we avoid returning to the days of deficit spending, a phenomenon we have only recently escaped.

I have focused on the need for fiscal responsibility for the 22 years I have served in public office. As a member of the Board of Trustees of the San Jose-Evergreen Community College District in the late 1970's, I was part of the coalition that reduced administrative costs by more than 25%—and put the money into the classrooms. As a member of the Santa Clara County Board of Supervisors in the 1980's, I was part of the Board majority that cut spending dramatically and balanced the county's budget. This earned the county its excellent bond rating and saved taxpayers money on interest.

As a Member of Congress since 1995, 1 have supported policies that have helped this country to balance its operating budget and to begin to pay down the national debt. I'm proud of that and I believe that fiscal responsibility is good for America. Why? Deficit spending eats up revenue in interest rates. It leads to inflation, which eats up the budgets of families. In fact, some observers have predicted that if the Bush tax reduction plan results in a return to deficit spending, that most families will end up spending more on increased interest rates than they will see in a reduction of tax liability through the plan.

Finally, we need to make sure that a tax reduction plan, of an amount that is consistent with a balanced budget and deficit reduction, is constructed in a manner that advances the American principles of fairness and equity.

The Bush plan falls short. It postpones too much of the benefit to later years, defeating the effort to stimulate immediate economic activity. It directs 43% of the tax reduction benefit to those whose annual incomes are over $900,000 a year. I have nothing against those with incomes over $900,000 a year. In fact, I think it's terrific that we have a country where so many are able to prosper and to grow incomes. However, directing so much of the benefit to this income bracket is not the best way to stimulate economic activity nor is it perceived as equitable by the American people. People who have middle class incomes are having a harder go of it than those who have met with extraordinary financial success. Finally, there is geographic discrimination in this bill.

Because the economy of Silicon Valley has been so extraordinarily successful and because people have worked so hard and productively, median incomes are high. This is a wonderful thing. However, costs are also high in Silicon Valley. Families with incomes that would seem extraordinary in other parts of the country struggle with the costs of housing and childcare in Santa Clara County.

Because of the shortcomings in H.R. 3 to deal with the alternative minimum tax, many of my constituents will be denied the benefit of provisions of the bill that will help other middle class people. Let me give just one example: the increased child deduction is a good thing and something I support. Unfortunately, this promised benefit will be denied to my constituents whose annual income is $87,800 a year—just about the median 'income for the county under this bill. That's not fair and it's geographic discrimination.

I believe that it is wise to enact a tax cut, but I think President Bush's plan is not balanced and will damage America. There is broad consensus in this Congress that a major overhaul of the estate tax, correction of the so-called ''marriage penalty tax'' and increases in child deductions should be made. Nobody likes taxes, and many of us would like to see further reductions. But reductions have to be in harrnony with debt reduction as well as realistic forecasts of spending. Many of my constituents have told me that they would prefer higher investments in energy research, education and transportation than this proposed tax cut.

That is one of the reasons why it is a terrible mistake (as well as violative of the rules of the House of Representatives) to take action on this proposed tax bill before we have even discussed, let alone adopted, our budget.

Unfortunately, the manner in which this tax plan has been handled by the Republican leadership of the House has precluded the possibility of give and take, compromise and a sound consensus bill that would serve America well.

CENTER ON BUDGET AND POLICY PRIORITIES,
MARCH 2, 2001

NEW JOINT TAX COMMITTEE ESTIMATES RAISE COST OF BUSH TAX PLAN

Cost now well over $2 trillion

New Joint Tax Committee cost estimates of several elements of the Bush tax plan, which were released March 1 in conjunction with House Ways and Means Committee action, show that the cost of the Bush tax cuts is mounting. The Joint Tax Committee estimates find that the cost of the plan's income tax rate reductions exceeds the cost listed in the Administration's budget.

The Joint Tax Committee estimates also show that the rate reduction in the Bush plan would raise the number of taxpayers subject to the Alternative Minimum Tax to a stunning 36 million by 2011—or about one of every three taxpayers. The Joint Committee found that enactment of the proposed rate reductions would increase the cost of fixing the problems in the AMT by nearly $300 billion over 10 years.

The budget the Administration issued on February 28 shows that the tax cut would consume $2.0 trillion in projected surpluses. The Administration's estimates show the tax cuts would lose a little more than $1.6 trillion in revenue over 10 years and would raise the cost of interest payments on the national debt by nearly $400 billion, for a total cost of $2.0 trillion.

The cost estimate the Joint Tax Committee released March 1 shows that the Bush proposal to reduce the 28 percent, 31 percent, 36 percent, and 39.6 percent tax rates would cost $59 billion more over 10 years than the Administration's budget estimates.

The Joint Tax Committee also provided a cost estimate for the Bush proposal that would create a new 10 percent tax bracket; the estimate includes the effects of the Ways and Means Committee action to accelerate the phase-in of this provision. Primarily because of the faster phase-in, the cost of this provision is $67 billion higher than the cost listed for this provision in the Administration's budget.

This additional $126 billion in tax reductions, shown by the Joint Tax estimates, results in additional interest costs of $54 billion. This brings the overall added cost to $180 billion, raising the cost of the tax cut from $2.0 trillion to $2.2 trillion.

Further increases in cost may occur when the Joint Tax Committee issues its estimates for the cost of other components of the Bush tax plan. A comparison of the estimate of the cost of the Bush plan that the Joint Tax Committee issued last May to the estimates in the Administration's budget suggests the Joint Committee's forthcoming estimate of other aspects of the plan also is likely to exceed the Administration's figures.

The Joint Tax Committee's shocking AMT estimates

Another new analysis the Joint Tax Committee released in conjunction with the Ways and Means Committee action finds that the rate reductions the Committee approved would result in 15 million additional taxpayers becoming subject to the Alternative Minimum Tax by 2011. To prevent the Bush tax cut from subjecting these additional 15 million taxpayers to the AMT would require changes in the AMT that, according to the JCT analysis, would cost $292 billion over the next ten years.

Since the Bush plan fails to address this problem, this nearly $300 billion in added cost is not included in the Administration's estimate of its plan. But this cost eventually will have to be paid; neither party will stand by and allow one of every three taxpayers to be hit with the complexities (and increased tax burdens) of the AMT. The Bush plan thus ultimately entails a cost of an additional nearly $300 billion, plus added interest costs. This raises to more than $2.5 trillion over ten years the likely amount of projected surpluses that ultimately will be consumed if the Bush plan becomes law.

The Alternative Minimum Tax was intended to prevent high-income taxpayers from using a combination of tax breaks that would eliminate most or all of an individual's income tax liability. Taxpayers must pay the larger of either their normal income tax bill or the income tax they would owe under the AMT.

Because of flaws in the AMT's design, growing numbers of taxpayers will become subject to the AMT unless the problems in the AMT are addressed. According to the new Joint Tax Committee analysis, the number of taxpayers subject to the AMT is expected to rise under current law from 1.5 million taxpayers in 2001 to 20.7 million in 2011.

The income tax rate cuts in the Bush plan, as reflected in H.R. 3 (the legislation the Ways and Means Committee approved March 1), would further increase the number of people subject to the AMT, because the income taxes these people would owe under the regular income tax would now be lower than what they would owe under the AMT. The Joint Tax Committee estimates show that under the Ways and Means bill, the number of taxpayers affected by the AMT would rise to 35.7 million in 2011. In other words, the bill would result in an additional 15 million taxpayers being thrown into the AMT (i.e., 15 million taxpayers on top of the filers who would become subject to the AMT under current law). Under the Ways and Means bill, approximately one-third of all people who would pay income taxes would be subject to the AMT by 2011.

The Joint Tax Committee estimates find it would cost $292 billion over ten years just to keep these additional 15 million taxpayers from becoming subject to the AMT as a result of the Bush tax-rate reductions. This estimate does not reflect the cost of addressing the underlying problems in the AMT that, if not fixed, will push the number of taxpayers subject to the alternative tax from 1.5 million to nearly 21 million by 2011 even in the absence of the Bush tax cuts. Fixing this underlying problem will entail additional costs beyond the $292 billion.

CENTER ON BUDGET AND POLICY PRIORITIES, FEBRUARY 26, 2001

IS A LARGE TAX CUT NEEDED TO FORESTALL AN EXPLOSION IN SPENDING?

Some supporters of a large tax cut this year, such as the tax cut the Bush Administration has proposed, argue that a large tax cut is needed to prevent an explosion of federal spending. They state that the Congressional Budget Office has determined that action by Congress and the last Administration in the final half of 2000 increased federal spending by $561 billion over the next ten years. A $1.6 trillion tax cut is needed, this argument goes, or else further spending explosions will occur. There are several problems, however, with the use of these figures to make the case that a spending explosion has begun.

How much did spending increase last year?

CBO has reported that actions taken in the last session of Congress increased CBO's estimate of baseline spending on government programs by $434 billion over the next ten years. Since this $434 billion will be used for program expenditures rather than for paying down debt, CBO has estimated that interest payments on the debt will be $118 billion higher. The figure of ''$600 billion in new spending'' that some policymakers have cited as a reason for a large tax cut is reached by adding the $118 billion in interest payments to the $434 billion in projected increased spending, also adding (inappropriately) $9 billion in increased interest costs that CBO says will result from some modest tax cuts enacted last year, and rounding the resulting $561 billion figure up to $600 billion.

It may be noted that $368 billion of the $434 billion in projected increases in program spending—or 85 percent of the increases in program spending—consist of increases in discretionary spending. The remaining $66 billion includes $28 billion in increased entitlement spending for health care for military retirees, a net of $20 billion in increased Medicare spending as a result of scaling back some Medicare savings provisions enacted in 1997, and $18 billion in increases in spending for other entitlement programs.

Should all of these costs be considered as spending increases?

Upon closer examination, a question arises as to whether this $368 billion in discretionary spending should all be regarded as a spending increase. Whether, and to what extent, it constitutes a spending increase depends on the baseline against which the new discretionary spending levels are measured.

No adjustment for population growth

The baseline that CBO employs assumes the maintenance of discretionary spending at its level for the preceding fiscal year, adjusted only for inflation. Since the U.S. population increases each year but the CBO baseline contains no adjustment for population growth, the CBO baseline essentially assumes a decline each year in the purchasing power of discretionary programs on a per-person basis. Under the CBO baseline, simply keeping discretionary spending constant in real per capita terms (i.e., keeping it at the same level in its ability to provide goods and services per U.S. resident) is counted as a significant spending increase.

A number of analysts have argued over the years that a more appropriate baseline for discretionary spending would be one that adjusted for both inflation and population growth. Robert Reischauer, the former CBO director who now heads the Urban Institute, argued (unsuccessfully) when CBO was first etablished that the discretionary spending baseline should account for population growth as well as inflation. In addition, President Bush himself stated on a number of occasions during the presidential campaign that the right way to measure changes in spending in Texas during his tenure as governor was by comparing the actual spending that occurred to what spending would have been if it had kept pace with both inflation and population growth. Were the same approach used here, the magnitude of the increase in discretionary spending that policymakers approved last year would be significantly smaller.

Spending as a share of the economy to hit half-century low

Furthermore, when measured as a share of the Gross Domestic Product, federal spending declined this year, despite the spending actions the last session of Congress took. The new CBO report on the budget shows that between fiscal year 2000 and fiscal year 2001, federal spending will drop from 18.2 percent of GDP to 18.0 percent. The 18.0 percent level for fiscal year 2001 is the lowest level since 1966. The CBO report also projects that federal spending will decline further to 15.1 percent of GDP by 2011, which would be the lowest level since 1951.

In addition, CBO projects that discretionary spending will remain constant at 6.3 percent of GDP between 2000 and 2001, which is the lowest level ever recorded. (These data go back to 1962.) Under the CBO projections—which include the much-touted ''explosion'' of spending—discretionary spending will decline to 5.1 percent of GDP by 2011, a level that would be the lowest by far in at least half a century.

One wouldn't know from the claims of a spending explosion that federal spending is at its lowest level as a share of GDP in 35 years or that by 2011, it would—under the baseline that includes the $561 billion in added spending reach its lowest share as a percentage of GDP since 1951.

Defense constituted nearly one-third of spending increase

A fact not often mentioned by those decrying the ''spending explosion'' is that the spending added in the last session of Congress was disproportionately directed toward defense spending. Defense spending increases accounted for nearly one-third—31 percent—of the $434 billion in spending increases over ten years. Defense spending accounts for 18 percent of the federal budget, exclusive of interest payments, so defense's share of the spending increase was nearly twice its share of the budget.

CBO has estimated that as a result of action in the last session of Congress, defense discretionary spending in the baseline will be $106 billion higher over the next 10 years, while entitlement spending for military health will be $28 billion higher. This $134 billion total accounts for 31 percent of the $434 billion projected increase in program spending before the increased interest payments are added.

Conclusion

Proponents of a large tax cut frequently speak of revenues as being at or near their highest level as a share of GDP since World War II. In discussing trends in federal expenditures, however, tax-cut proponents typically eschew use of a standard that measures federal spending as a share of GDP. They measure trends in discretionary spending against a baseline that assumes reductions in such spending on a real per-capita basis and counts spending levels that keep discretionary spending constant in purchasing power per person as constituting spending increases. These definitions of what constitutes a spending increase underlie arguments that a spending explosion has taken place, arguments that overlook the reality that federal spending is at its lowest level in decades as a share of the economy.

CENTER ON BUDGET AND POLICY PRIORITIES, REVISED MARCH 1, 2001

THE ADMINISTRATION'S BUDGET RESERVE: DO THE NUMBERS ADD UP?

(By Robert Greenstein, Richard Kogan, and Joel Friedman)

The budget is said to contain a $842 billion reserve. Closer examination, however, indicates that the numbers underlying the reserve do not add up.

1. Medicare: The budget fails to set to the side the surpluses in the Medicare Hospital Insurance trust fund and creates a fiction that Medicare has no surpluses and is in deficit. Tables in the budget show that OMB actually projects that the Medicare Hospital Insurance trust will run a $526 billion surplus over the next 10 years. The Medicare HI surplus, which policymakers of both parties have voted to set to the side and not to use to finance tax cuts or other programs, amounts to more than half of the so-called ''reserve.''

In the budget, the administration tries to make this surplus disappear through a clever but misleading budget display. Medicare Hospital Insurance (Part A) is financed by payroll taxes and, to a small degree, by a portion of the income taxes that are collected from the taxation of a portion of the Social Security benefits of higher-income beneficiaries. Medicare Hospital Insurance has its own trust fund. The physician's services part of Medicare (Part B) is funded separately and, unlike Part A, was never intended to be self-financing. One-fourth of its financing of Medicare Part B comes from monthly premiums that beneficiaries pay, but the other three-fourths comes from general revenues. This is how Medicare was designed.

The administration takes the unprecedented step of adding the total costs of Medicare Parts A and B and then comparing them to Medicare revenues just froom payroll taxes and premiums. Since three-quarters of Medicare Part B is intended to be funded by general revenue, the effect is to make it look like Medicare's costs exceed Medicare's income. The administration then pronounces the Medicare HI surplus as meaningless and claims that Medicare is in deficit so it has no surpluses to save. This serves the politically convenient purpose of helping to justify what otherwise would seem politically unjustifiable—failing to set aside the Medicare HI trust fund surplus and instead using it to fund other items.

Using this device to claim that Medicare is in deficit is not justifiable. By this logic, all programs funded by general revenues—including the Pentagon, the military pension Program, and the education and health research programs that the administration proposes to expand—are in deficit and thus in need of reform, as is everything in the budget not specifically financed by an earmarked tax.

By camouflaging the Medicare HI trust fund surplus and artificially making it ''disappear,'' the Administration can turn around and add the $526 billion Medicare HI surplus to the surplus in the rest of government to make it appear as though all of these funds are available to finance the tax cut and other programs. Through this maneuver, the Administration is able to make it look as though there is more room in the budget for its tax cut and to hide the troubling trade-offs the large tax cut creates for the rest of the budget. Ironically, one of those troubling trade-offs is that if the tax cut is enacted, there will be less money available for an adequate Medicare drug benefit and for an infusion of more general revenue into Medicare as part of a Medicare reform package that restores long-term solvency to the program.

Once the Medicare HI surpluses are set to the side, only $316 billion of the Administration's $842 billion reserve remains.

2. Inevitable Costs that are Left Out. The budget leaves out a number of inevitable costs. These include:

Continuing current payments to farmers, at a cost of about $100 billion over 10 years (Table S–11 shows spending for agricultural programs plummeting from $26.1 billion in 2001 to $14.9 billion in 2003 and smaller amounts in subsequent years, because of the administration's failure to include the virtually inevitable costs of continuing these farm payments);

Fixing a well-known problem in the Alternative Minimum Tax so it does not subject millions of middle-class families to the AMT, which entails a cost of approximately $300 billion over 10 years if the Bush tax cut is passed; and

Extending the expiring tax credits for 10 years (the budget shows the cost of extending most of these credits for only one year), which adds about another $25 billion.

The more-than-$400 billion in costs just mentioned would also generate additional costs for interest payments on the debt. This would bring these costs to more than $500 billion, which exceeds the $316 billion left in the reserve when the Medicare HI trust fund surplus is set to the side.

3. Additional Costs the Administration has not specified. The administration's ''helping hand'' prescription drug proposal is supposed to be only a first step; it is limited to low-income seniors. As a candidate, President Bush said this would then be broadened into a drug benefit for other seniors as well. The budget does not include resources that could accommodate a significant drug benefit for middle-income seniors.

The budget also does not include funds for a national missile defense or other defense spending increases that are likely to emerge from the Administration's defense review.

Conclusion

The ''reserve'' is a convenient way to avoid providing specifics in a number of areas. It obscures the fact that rather than creating a reserve for unforeseen contingencies, the budget lacks sufficient funds to avoid a return to deficits outside the Social Security and Medicare HI trust funds, unless large cuts in domestic programs—cuts that the Administration does not identify at this time—are enacted.

CENTER ON BUDGET AND POLICY PRIORITIES, REVISED MARCH 1, 2001

THE ADMINISTRATION'S BUDGET: GAPS BETWEEN RHETORIC AND REALITY

(By Robert Greenstein, Richard Kogan, and Joel Friedman)

Initial analysis of the Administration's budget suggests substantial differences in key areas between the realities that underlie this budget and the comforting rhetoric surrounding it:

1. The supposed $842 billion contingency reserve is essentially an illusion.

First, the reserve is inflated by more than $500 billion through a misleading presentation that camouflages the surpluses in the Medicare Hospital Insurance trust fund, which both houses of Congress voted by nearly unanimous votes last year to set aside and not to use for tax cuts or other programs. The budget artificially makes the Medicare HI surpluses ''disappear'' in order to make the surpluses available for tax cuts and other initiatives appear to be larger than they actually are.

Second, the ''extra'' funds that constitute the reserve are generated by failing to include in the budget various costs that will inevitably occur, such as the costs of maintaining current payments to farmers, fixing the Alternative Minimum Tax so it doesn't hit millions of middle-class taxpayers, and extending a number of expiring tax credits for the full 10 years. The ''extra funds'' also are generated by the lack of inclusion in the budget of the costs of some key initiatives the President promised in the campaign and plans to pursue, such as a national missile defense.

Third, the math underlying the reserve assumes that a prescription drug benefit and Medicare reform can be accomplished for $153 billion over 10 years. This amount is far below what any drug benefit that provides even modest help to middle-income seniors will cost and ignores the fact that restoring long-term solvency will require large additional sums to be devoted to Medicare from general revenues, even if controversial changes like those in the Breaux-Frist or Breaux-Thomas packages are enacted. (The Breaux-Frist and Breaux-Thomas packages would close only a modest share of the long-term funding gap in the Medicare Hospital Insurance trust fund. The need for additional general fund revenues can be avoided only if Medicare payroll taxes are raised significantly, an approach the Administration clearly does not favor.)

Fourth, any use of the reserve for purposes other than debt reduction—i.e., for AMT relief, Medicare reform, farmers, extra defense costs, or the like—will generate extra interest costs that also must fit within the reserve.

Fifth, the existence of the reserve also rests upon an assumption contained in the budget that cuts of several hundred billion dollars will be needed over the next 10 years in non-defense discretionary programs outside education, health research, and a few other favored areas. Such cuts will be very difficult to secure political support for, especially in a period of surpluses. They are unlikely to occur.

When realistic accounting is done, the reserve disappears and a budget hole emerges. If this budget hole is not filled, the budget will entail a return of deficits outside Social Security and Medicare (and of the use of Social Security and Medicare surpluses to fund other programs). In other words, since the reserve is inadequate to cover the likely claims against it, deficits outside of Social Security and Medicare Hospital Insurance trust funds are likely to return unless still larger cuts in domestic programs can be achieved.

The reserve turns out, upon close inspection, to be a clever accounting device that obscures more than it illuminates and cloaks the budget trade-offs the Administration's large tax cut creates. By failing to disclose the costs of a number of items and distorting Medicare financing, the budget essentially ''hides the ball'' and prevents policymakers and the public from seeing the trade-offs the tax cut entails. (The reserve is discussed in more detail in our accompanying piece, ''The Administration's Budget Reserve: Do the Numbers Add Up?.'')

2. A careful reading of the tables in the budget reveals that the budget math depends upon significant, unspecified reductions in non-entitlement programs. Table S–4 shows that the budget proposes cuts of $12.1 billion in fiscal year 2002 in discretionary programs outside defense, education, health research, and a few other favored areas. Table S–4 also shows a reduction of $8.4 billion in FY 2002 appropriations below the FY 2001 level for one-time items and earmarked items. Reductions of this magnitude in earmarked and one-time items are unlikely—each year's appropriations bills have new earmarks and one-time items. The probable result would be reductions greater than $12.1 billion next year in discretionary programs outside the favored areas. Another table (S–6) provides data showing that fiscal year 2002 funding for discretionary programs in an array of departments and agencies would be cut below a ''freeze'' level—that is, below the FY2001 level even without an adjustment for inflation. Among the agencies in which overall funding for discretionary programs would be cut below a freeze level are the Departments of Agriculture, Commerce, Energy, Interior, Justice, and Labor, and the Environmental Protection Agency.

The budget also shows that the Administration's education, defense, health research, and other discretionary initiatives would add $260 billion over 10 years, without counting national missile defense, while total discretionary spending would rise just $30 billion over 10 years. This means non-defense discretionary spending outside education, health research, and a small number of other favored areas would have to be reduced $230 billion below the current year's level, adjusted for inflation. These cuts are left unspecified. And when the Administration eventually proposes increases for national missile defense and other defense spending increases, the size of the reductions needed in other discretionary areas could grow several hundred billion dollars larger—or, more realistically, constitute another claim against an already oversubscribed ''reserve.''

Also of note, Table S–7 shows that the Administration is proposing new caps on total discretionary spending, to be set approximately at this year's level adjusted for inflation. Table S–12 purports to show how much each area of the budget would receive under the caps. But the figures in Table S–12 are illusory; a footnote to the table shows that the defense numbers in the table do not include any of the defense spending increases the Administration will propose in the future. Providing more money for national missile defense and other defense programs, as the administration is expected to do, will mean that other departments need to be cut to lower levels than the levels shown in the table, in order for total discretionary spending to fit within the caps the Administration has proposed.

What emerges is that the Administration is using the ''reserve''—along with the lack of specificity regarding what it will seek for national missile defense and various other defense spending increases and what specific cuts it ultimately will propose in an array of domestic discretionary programs—to camouflage the trade-offs and tough choices its tax cut entails. Indeed, the strategy may be to show the defense increases—along with some of the proposed cuts—in the budget released a year from now, after the tax cut has been enacted.

3. Another point that emerges from the budget is that the Administration's tax cut costs at least $2.0 trillion. Table S–2 shows the tax cut will lose $1.62 trillion in revenue. It also shows increased interest payments on the debt of $417 billion. The overwhelming bulk of this $417 billion in added interest costs results from the tax cut. (The $417 billion reflects the added interest costs due to $1.62 trillion in tax cuts and $173 billion in net spending increases.) Since about $375 billion of the $417 billion in interest costs results from the tax cut, that brings the overall cost of the tax cut to $2.0 trillion. This $2 trillion cost does not include added costs from fixing problems in the Alternative Minimum Tax or from accelerating some of the tax cuts, which the President has said he favors.

4. The budget pays down less debt than it could. The Administration's claim that $2 trillion is the maximum amount of debt that can be paid down over 10 years rests on an

assertion that there is $1.2 trillion of publicly held debt that cannot be paid down in this period. This figure is disputed by other experts. CBO has estimated that the amount of debt left outstanding at the end of ten years would be about $800 billion if the Treasury simply continues its existing policy of buying back some marketable debt before it matures. In recent testimony, Federal Reserve Chairman Alan Greenspan used a figure of $750 billion (plus some modest amounts of debt the Fed may or may not need to hold on to). Gary Gensler, the former Treasury Undersecretary who managed the Treasury's debt operations, concludes in a new analysis that the amount of debt outstanding in 2011 could be reduced as low as $400 billion to $500 billion. The Administration's figure is conveniently above these other estimates.

5. Finally, in some areas, the Administration's press releases and the President's address to Congress risk creating misleading impressions. For example, the President said last night that his budget would increase spending on Social Security, Medicare, and other entitlements by $81 billion in 2002. In fact, $68 billion of this increase represents no change in the operation, eligibility, or generosity of these programs; this $68 billion simply reflects costs that will automatically occur under current law as a result of the annual Social Security cost-of-living adjustment, increases in health care costs charged by medical providers, and an increase in the number of elderly beneficiaries. The true increase that the President is proposing in 2002 in these programs is $13 billion, about one percent of the cost of these programs, which would largely go for the ''helping hand'' prescription drug proposal.

CENTER ON BUDGET AND POLICY PRIORITIES, MARCH 2, 2001

IN BUSH BUDGET, TAX CUTS FOR TOP ONE PERCENT ARE LARGER THAN HEALTH, EDUCATION, AND ALL OTHER INITIATIVES COMBINED

In the Presidential campaign, Vice President Gore contended that then-Governor Bush would provide more in tax cuts to the top one percent of taxpayers than he would provide for all of the initiatives he proposed. Mr. Bush replied that this was untrue. Both campaigns provided numbers to support their cases. In so doing, both campaigns engaged in some distortion of the numbers (as explained in the box on page 2), with Gore overstating and Bush understating the tax reductions that would go to the top one percent.

A new analysis, based on the Bush budget document issued February 28 and free of the distortions of both campaigns, finds the top one percent would get at least $555 billion in tax cuts over the next decade under the Bush plan. All initiatives in the budget—including a prescription drug proposal for seniors, increases in education, health research, defense, and other areas—would total less than $500 billion. (As explained below, these figures are based on a methodology that favors the president.) Thus, the tax cuts that would go to the one percent of taxpayers with the highest incomes—a group whose incomes have soared in recent years and have risen much more rapidly than the incomes of the rest of the population—would exceed the new resources proposed for all other national priorities combined.

Methodology

According to the Bush budget, the President is proposing tax cuts that would lose $1.62 trillion in revenue over the next ten years. This total includes both those tax cuts President Bush unveiled in the campaign that are often thought of as ''the Bush tax cut'' and about 20 other, mostly small, tax reduction proposals. Virtually all analyses of the proportion of the proposed tax cut that would go to the top one percent of taxpayers have examined the proposals in ''the Bush tax cut'' and not the additional, smaller proposals. In analyzing the amount of tax reductions that the top one percent would receive in the next ten years, we include only the tax proposals in ''the Bush tax cut'' and exclude the other Bush tax reductions. This understates the amount of tax cuts that would go to the top one percent.

The Bush budget shows a total of $1.494 trillion in tax cuts over ten years from the tax provisions in the ''Bush tax cut'' (see Table S–9 of the budget). This figure appears to understate the size of the tax cuts; on March 1, the Joint Tax Committee informed Congress that the income tax rate reductions in the Bush plan would cost $59 billion—or 12 percent—more over ten years than the Administration's budget estimates. Earlier Joint Tax Committee estimates suggest the Committee is likely to raise the price tag on other provisions of the tax cut as well. In this analysis, we use the Administration's estimates, which are lower than the Joint Committee's, because a Joint Committee estimate on the cost of the full Bush tax cut is not yet available.

We divide the administration's estimate of the cost of the tax cut into three categories: what the administration estimates the individual income tax reductions will cost; what it estimates the estate tax changes will cost; and what it estimates its corporate tax reductions (which are relatively small) will cost.

We multiply the income tax reductions by the percentage of the Bush income tax cuts that Citizens for Tax Justice has estimated would go to the top one percent of taxpayers. The CTJ estimate comes from the well-respected Institute for Taxation and Economic Policy model, which CTJ uses. In the past, CTJ estimates of the distribution of proposed income tax cuts among different income groups have been similar to those that the career staff at the Treasury Department has produced.

For estate tax repeal, we multiply the administration's estimate of the amount of tax reductions that this proposal would generate over the next ten years by the Treasury's own estimate of the proportion of the estate tax that the top one percent of taxpayers pay. Treasury issued a major study of this issue in September 1999 and since then has used the study's findings on this matter in analyzing how different income groups would be affected by tax proposals that include changes in the estate tax.

For the modest corporate tax changes in the Bush plan, we use the Treasury estimate (from the same September 1999 study) of the proportion of corporate taxes that are borne by the top one percent of taxpayers. The results on the corporate tax changes are essentially the same regardless of whether one uses the CTJ results from the ITEP model or the Treasury estimate.

The result is an estimate that $555 billion in tax cuts over the next ten years would go to the top one percent of taxpayers. This estimate understates the actual amount because, as noted, it excludes some tax reductions contained in the administration's budget and uses the administration's estimates for the cost of tax cut provisions that the Joint Tax Committee says carry a higher price tag.

The initiatives

The amounts the administration is proposing for initiatives in its budget are set forth in the tables at the back of the budget the administration issued on February 28.

The budget proposes $153 billion over ten years for Medicare, principally for a drug benefit (Table S–1).

The budget proposes $260 billion over ten years in discretionary spending increases in education, defense, health research, and seven other areas (Table S–5). The budget also proposes $230 billion offsetting savings from unspecified reductions in discretionary programs. In this analysis, we count the $260 billion in proposed increases without netting out the proposed decreases.

The budget contains $2 billion in mandatory spending initiatives outside Medicare. The budget also contains $20 billion in savings in mandatory programs. We count the $2 billion without subtracting the reductions.

This produces a total of $415 billion in spending initiatives. This is well below the $555 billion in tax reductions the top one percent of taxpayers would receive.

The administration may argue that the proposal it has included in the budget for health insurance tax credits should be considered more like a program initiative than a tax cut. According to the Office of Management and Budget, the budget includes $70 billion to $80 billion for this purpose, consisting of $50 billion to $60 billion in tax reductions and $20 billion in refundable tax credits to taxpayers with no remaining income tax liability. Including the $70 billion to $80 billion cost of this proposal brings the initiatives to $485 billion to $495 billion, still well below the tax reductions the top one percent of taxpayers would secure.

Finally, the budget also includes $63 billion to $73 billion for approximately 20 other tax incentives. Some of these appear to be proposals that would primarily benefit higher-income taxpayers; other of these proposals would not have that effect. The administration has not yet provided information that breaks out the cost of each of these tax proposals. An appropriate accounting would count these as tax reductions, a portion of which would go to the top one percent of taxpayers. Even if we assume that the bulk of these tax preferences should be treated as initiatives, like the health tax credit, the total for initiatives in the budget still would not exceed what the top one percent would receive through tax cuts.

CENTER ON BUDGET AND POLICY PRIORITIES, MARCH 5, 2001

IS THE HOUSE TAX BILL NEEDED TO AVERT A RECESSION?

(By Peter R. Orszag)

On March 1, the House Ways and Means Committee passed the Economic Growth and Tax Relief Act of 2001, which reduces income tax rates roughly in line with the Bush administration's tax cut proposal. (The Ways and Means legislation includes one change from the Bush budget: It would create an interim 12 percent bracket this year, accelerating a small part of the income tax cut.)

Many advocates of the tax cut, including members of the Bush administration, have argued that it will help to spur the economy out of its current period of sluggish growth and avoid a possible recession. Most economists are dubious of this argument. Even Treasury Secretary Paul O'Neill stated in his confirmation hearings that ''I'm not going to make a huge case that this is the investment we need to make sure we don't go into a recession.''

The argument that the proposed tax cut is necessary to avoid a recession overlooks several key factors.

The tax cut is backloaded and does not provide much stimulus in short run

The tax plan the Ways and Means Committee has passed would do little to lift the economy in the short run because its tax cuts are backloaded. Indeed, only 0.5 percent (or $1 out of every $200) of the cost of the legislation between 2001 and 2011 would occur in

2001. Less than 5 percent of the total cost occurs before 2003, by which time economic conditions are very likely to be different than today. Fundamentally, such backloading is inconsistent with spurring the economy in the short run: The tax cuts would do little to boost families' spending power immediately and therefore do little to spur the economy in the months ahead.

Another perspective on the size of the tax cut in 2001 is that it amounts to just 0.05 percent (or roughly $1 out of every $2,000) of Gross Domestic Product for the year, as estimated by CBO. This reduction is too small to have much macroeconomic impact in the short run.

As Alan Auerbach, a leading tax economist at the University of California, Berkeley, recently noted, the Bush tax package ''was never designed to be a stimulus package, and it can't be made into a stimulus package unless you throw it away and start over. It has no effect in the short run.'' The Ways and Means Committee did not throw out the Bush tax proposal and start over; the legislation it passed was not designed to be, and is not, an effective stimulus package.

The reason that the Bush tax cut is not designed to stimulate the economy in the short run is not only that it is backloaded but also that it is heavily tilted toward high-income earners. When fully in effect, the Bush tax cut would deliver nearly 40 percent of its benefits (including its estate tax reductions) to the top one percent of the population. This substantially exceeds the share of federal taxes this group pays. (The top one percent pays 24 percent of all federal taxes.) Moreover, the share of the tax cuts the top one percent of the population would receive when the Bush proposal 5 is fully in effect is greater than the share the bottom 80 percent of the population would receive. The distribution of tax benefits is significant because higher-income families are more likely to save some portion of their tax cut than are lower- and middle-income families.' If the objective is to spur the economy, the Bush tax cut is not well-designed for the task. Putting more money back in the hands of lower- and middle-income families would provide a greater ''bang for the buck.''

Tax cuts are not an effective tool for managing the economy

Whatever the design of the tax cut, a large majority of economists believe tax cuts are simply not an effective tool for managing the macro-economy. In many cases, such tax cuts take effect after the economy has already started to recover. Even if the Ways and Means Committee legislation were enacted, families would likely not receive any additional cash until the second half of the year. By then, as William McDonough, the President of the Federal Reserve Bank of New York, was recently quoted as saying, the economy is expected to be ''quite strong'' even in the absence of a tax cut. As discussed below, CBO similarly projects a strong, fairly prompt return to solid economic growth rates without a tax cut.

Most economists believe that monetary policy is more effective than fiscal policy in managing short-term problems in the economy. Alan Greenspan noted in testimony on January 25, ''Lately there has been much discussion of cutting taxes to confront the evident pronounced weakening in recent economic performance. Such tax initiatives, however, historically have proved difficult to implement in the time frame in which recessions have developed and ended.''

In most cases, the Federal Reserve can provide as much or more stimulus than Congress by increasing the money supply, which reduces interest rates. A tax cut is usually unnecessary, given the ability of the Federal Reserve to reduce interest rates and to act quickly. Paul Krugman, a well-known economist at Princeton, recently wrote, ''almost all economists now agree with the position that monetary policy, not fiscal policy, is the tool of choice for fighting recessions.''

It is far from clear that a recession looms

The seriousness of the economic slowdown remains uncertain. CBO projects that while economic growth will slow in 2001, the economy will avoid a recession, with GDP rising by 2.4 percent, after adjusting for inflation. CBO also projects that the economy will then rebound and grow at a solid rate of 3.4 percent in 2002 and a rate of 3.1 percent throughout the rest of the coming 10-year period. CBO forecasts that the economy will avoid a recession, rebound from its current, slower rate of growth, and enjoy a higher subsequent growth rate, without a tax cut.

The Federal Reserve itself, in its February 13 monetary policy report to Congress, also predicted a return to stronger growth later this year in the absence of any fiscal policy changes. As the report stated, ''Although the economy appears likely to be sluggish over the near term, the members of the Board of Governors and the Reserve Bank presidents expect stronger conditions to emerge as the year progresses. For 2001 overall, the central tendency of their forecasts of real GDP growth is 2 percent to 2½ percent, measured as the change from the fourth quarter of 2000 to the fourth quarter of 2001.''

Private-sector forecasters similarly are doubtful the economy will enter a recession. The Economist magazine's most recent poll of private-sector forecasters suggests an average projected growth rate of 1.8 percent in 2001. The average growth forecast for 2001 among the forecasters included in the latest Blue Chip Economic Indicators, published February 12, is 2.1 percent. While these rates of growth are lower than those of recent years, they indicate that most forecasters do not believe a recession will occur. The unofficial definition of a recession is two consecutive quarters of negative growth (that is, the economy contracts rather than continuing to grow).'' Only five percent of the forecasters included in the Blue Chip report believed the economy is in a recession. Moreover, the average Blue Chip forecast is for a strong rebound from the current growth slowdown, with a growth rate of 3.5 percent in 2002.

This uncertainty regarding whether the economy is in, or will enter, a recession provides another motivation for leaving macroeconomic management to the Federal Reserve: the Federal Reserve is better equipped to monitor the economic situation as it evolves than Congress is.

Conclusion

The Ways and Means tax cut is not well designed to address a possible economic slowdown since it is backloaded. The tax cut in 2001 is too small to be of much macroeconomic benefit in the short run and is also unlikely to be passed in time to address the current sluggishness in the economy. Most economists believe that with the exception of a significant recession, macroeconomic fluctuations such as a decline in the growth rate should be addressed primarily by the Federal Reserve.

CENTER ON BUDGET AND POLICY PRIORITIES,
MARCH 6, 2001

IN MANY STATES, ONE-THIRD TO ONE-HALF OF FAMILIES WOULD NOT BENEFIT FROM BUSH TAX PLAN

(By Nick Johnson, Allen Dupree, and Isaac Shapiro)

A substantial number of families in every State would not benefit from tax plan

A substantial portion of families with children in each of the 50 states and the District of Columbia would receive no assistance from President Bush's tax plan submitted to Congress in early February. In some states, as high a portion as one in two children live in families that would receive no assistance under the provisions of the plan. In every state, the number of families that would not benefit from the plan is substantial.

Nationwide, an estimated 12.2 million low- and moderate-income families with children—31.5 percent of all families with children—would not receive any tax reduction from the Bush proposal. Approximately 24.1 million children—33.5 percent of all children—live in the excluded families. The vast majority of the excluded families include workers.

These families are distributed somewhat unevenly across the states. Among the states where high percentages of families and children would not benefit from the plan are Arizona, Arkansas, California, Georgia, Louisiana, Mississippi, Montana, New Mexico, North Dakota, Texas, and West Virginia, plus the District of Columbia. In each of those states, about 40 percent to 50 percent of all children live in the excluded families. In California alone, 1.7 million families with 3.7 million children would not benefit from the tax cut. Even in the states with the smallest proportion of low- and moderate-income families—such as Colorado, Connecticut, Maryland, Minnesota and Wisconsin—about one in five families would not benefit from the tax cut.

This analysis investigates these figures in more detail and examines the reason that so many families and children do not benefit—the families have incomes too low to owe federal income taxes. The Bush plan reduces only income taxes and taxes on large estates. This leads to a discussion of whether families that do not owe income taxes should benefit from a large tax-cut proposal and the extent to which they owe taxes other than income taxes, most notably the payroll tax. The large majority of the excluded families do pay payroll taxes and other federal taxes, plus substantial amounts of state and local taxes, and can have significant overall tax bills. Among all American families, three of every four pay more in federal payroll taxes than in income taxes.

FAMILIES AND CHILDREN THAT WOULD NOT BENEFIT FROM BUSH TAX PLAN, BY STATE

State	Number of families	Percent of families	Number of children	Percent of children
New Mexico	117,000	47	278,000	52
District of Columbia	25,000	43	54,000	48
Mississippi	194,000	42	339,000	45
West Virginia	99,000	42	161,000	45
Louisiana	270,000	41	496,000	44
Arizona	278,000	41	565,000	41
Tennessee	298,000	39	528,000	38
Montana	50,000	38	98,000	41
Texas	1,167,000	38	2,256,000	41
Georgia	431,000	38	859,000	41
Arkansas	140,000	37	276,000	40
New York	922,000	36	1,865,000	39
Alabama	227,000	36	436,000	38
North Dakota	30,000	36	61,000	40
California	1,742,000	35	3,744,000	40
Kentucky	198,000	35	326,000	35
Hawaii	58,000	34	108,000	33
South Carolina	190,000	34	338,000	37
Idaho	62,000	33	138,000	40
North Carolina	349,000	33	644,000	34
Florida	630,000	33	1,213,000	35
Oklahoma	144,000	32	282,000	35
Oregon	146,000	31	291,000	33
Wyoming	22,000	30	43,000	33
Missouri	236,000	30	435,000	30
Kansas	107,000	29	201,000	30
Delaware	32,000	29	70,000	34
Ohio	460,000	29	887,000	30
Maine	49,000	29	90,000	29
Nebraska	63,000	28	132,000	29
Massachusetts	224,000	28	471,000	31
Illinois	482,000	28	985,000	30
Michigan	396,000	28	807,000	28
Nevada	76,000	27	172,000	29
Vermont	23,000	27	43,000	28

FAMILIES AND CHILDREN THAT WOULD NOT BENEFIT FROM BUSH TAX PLAN, BY STATE—Continued

State	Number of families	Percent of families	Number of children	Percent of children
South Dakota	27,000	27	50,000	27
Iowa	107,000	26	201,000	28
Pennsylvania	413,000	26	835,000	29
Virginia	242,000	25	439,000	26
Washington	203,000	25	391,000	28
Rhode Island	34,000	25	68,000	26
Indiana	208,000	25	390,000	26
Alaska	25,000	24	50,000	25
New Jersey	247,000	23	486,000	24
Utah	78,000	23	171,000	24
New Hampshire	41,000	23	83,000	23
Maryland	136,000	21	255,000	21
Minnesota	134,000	20	297,000	22
Wisconsin	157,000	20	316,000	20
Connecticut	86,000	19	191,000	21
Colorado	106,000	18	233,000	20
U.S. Total	12,182,000	31	24,148,000	34

Source: Center on Budget and Policy Priorities tabulations from U.S. Census, Current Population Survey.

Who would be excluded?

We examined the latest data from the U.S. Census Bureau to estimate the number of families and children under 18 who would receive no assistance from the Bush tax plan. To ensure accurate estimates at the state level, we used data for the three years from 1997 to 1999; our analysis estimates the effects of the plan as if it were in full effect in those years. Using data for three years rather than data collected within a single year enlarges the sample size, thus increasing precision.

The table on page 2 shows how many of these families live in each state and in the District of Columbia. The figures indicate that throughout the country, there would be substantial numbers of children left out of the plan. In some states, extremely high numbers of children and families would receive no benefit.

An estimated 3.7 million children in California, 2.3 million children in Texas, 1.9 million children in New York, and 1.2 million children in Florida, along with their families, would receive no benefit from the tax proposal. In each of another eight states—Arizona, Georgia, Illinois, Michigan, North Carolina, Ohio, Pennsylvania, and Tennessee—the families of half a million children, or more, would fail to gain from the tax cut plan.

In less populous states, the numbers of children and families that would not benefit from the plan are smaller but still substantial. Even in the least populous states, such as Alaska, Vermont and Wyoming, tens of thousands of families with children would not benefit.

Approximately 52 percent of children in New Mexico live in families that would not benefit under the tax proposal. Other states where approximately 40 percent to 50 percent of children live in families that would not benefit include Alabama, Arizona, Arkansas, California, Georgia, Idaho, Louisiana, Mississippi, Montana, New York, North Dakota, Tennessee, Texas, and West Virginia, plus the District of Columbia. Not surprisingly, because the families that would be excluded under the Bush plan are those with incomes below the poverty line or modestly above it, these states tend to have relatively high levels of child poverty.

By contrast, families in wealthier states are least likely to be excluded from the Bush plan. Even in relatively low-poverty states, like Colorado, Connecticut, Maryland, Minnesota and Wisconsin, 18 percent to 22 percent of children and families would not benefit from the plan.

The finding that about one in three families nationwide does not benefit from the tax plan is consistent with the findings of independent analyses of who is left out of the Bush plan that have been conducted by researchers at the Brookings Institution, the Urban Institute, and the Institute on Taxation and Economic Policy. All three sets of analyses indicate that among all families with children, nearly one in three would not receive any assistance from the Administration's proposal.

Even the Bush proposal to double the child tax credit—the feature of the President's tax plan that one might expect to provide the most assistance to children in low- and moderate-income families—would be of little or no help to most of these children. This proposal would provide the largest tax reductions to families with incomes above $110,000 and confer a much larger share of its benefits on upper-income families than on low- and middle-income families.

Under the Bush plan, the maximum child credit would be raised from $500 per child to $1,000 in 2006.

All families with two children in the $110,000 to $250,000 range, however, would receive an increase in their child tax credit of more than $500 per child. For most of these affluent taxpayers, the child credit would rise from zero under current law to $1,000 per child under the Administration's plan. This is because the Bush proposal extends the child tax credit to many families with high incomes who currently receive no credit at all. (This outcome results from two provisions of the Bush plan. The plan both increases the point at which the child credit begins to phase out and slows the rate at which it phases out. Under current law, the credit for a married family with two children phases out between $110,000 and $130,000. Under the Bush plan, when fully in effect starting in 2006, the credit for such a family would phase out between $200,000 and $300,000. Families between $130,000 and $300,000 thus would be made newly eligible for the credit.)

By contrast, the Bush plan does not extend the credit to any low- and moderate-income families who currently receive nothing from the credit. Under the plan, increased coverage for high-income families with children is not accompanied by increased coverage for low-income families.

Why don't families benefit?

During 2000, Bush campaign officials touted their tax-cut plan as benefitting lower-income taxpayers substantially in two key ways—by doubling the child credit to $ 1,000 per child and by establishing a new 10 percent tax-rate bracket. Some married families also would benefit from the plan's two-earner deduction. None of these features, however, affect a family that owes no income taxes under current law.

A large portion of families with children fall into this category. As a result of the combination of the standard deduction (or itemized deductions if a family itemizes), the personal exemption, and existing credits such as the child tax credit, these families do not owe federal income taxes. (As described below in more detail, these families can pay substantial amounts in other taxes, such as payroll and excise taxes, even after the Earned Income Tax Credit is taken into account.)

The level at which families now begin to pay federal income taxes is well above the poverty line. For example, in 2001, a two-parent family of four does not begin to owe income tax—and thus does not begin to benefit from the Bush plan—until its income reaches $25,870, some 44 percent above the poverty line of $17,950. Families with incomes below the poverty line would receive no assistance from the tax cut, nor would many families with incomes modestly above the poverty line.

The framers of the Bush plan could have assisted low-income working families by improving the Earned Income Tax Credit, which provides tax relief and supplements wages for low- and moderate-income working families. Alternatively, the Bush plan could have expanded the dependent care tax credit—a credit that can offset a family's child care costs—and made it available to the low-income working families who now are denied access to this credit because it is not ''refundable'' (that is, it cannot exceed the income taxes a family otherwise owes). Or, the plan could have increased the now-limited degree to which the child tax credit is refundable and can be used to offset taxes other than income taxes. The plan takes none of these steps.

Which families should benefit?

Since the reason that millions of families and their children would not benefit from the Bush plan is that they do not owe federal income taxes, some have argued that it is appropriate they not benefit. ''Tax relief should go to those who pay taxes'' is the short-hand version of this argument. This line of reasoning is not persuasive for several reasons.

1. A significant number of these families owe federal taxes other than federal income taxes, often paying significant amounts. For most families, the biggest federal tax burden by far is the payroll tax, not the income tax. Data from the Congressional Budget Office show that in 1999, three-fourths of all U.S. families paid more in federal payroll taxes than in federal income taxes. (This comparison includes both employee and employer shares of the payroll tax; most economists concur that the employer's share of the payroll tax is passed along to workers in the form of lower wages.) Among the bottom fifth of households, 99 percent pay more in payroll than income taxes. Low-income families also pay federal excise taxes and state and local taxes, which are discussed further on the next page. While the Earned Income Tax Credit offsets these taxes for many working poor families, many families with incomes modestly above the poverty line who would not benefit from the Bush plan are net taxpayers.

Consider two types of families earning $25,000 a year in 2001, an income level President Bush has used in some of his speeches, including his first radio address to the nation about his tax package. In this radio address, the President used the hypothetical example of a waitress who is a single-mother with two children and earns $25,000 a year and indicated her family would be a prime beneficiary of the tax cut. The figures suggest otherwise.

A single mother with two children and income of $25,000 would pay $3,825 in payroll taxes (again, counting both the employee and employer share) and lesser amounts in gasoline and other excise taxes. The family pays various state taxes as well. The family would receive an Earned Income Tax Credit of $1,500, well under half of its payroll taxes.

As a result, even if just payroll taxes and the EITC are considered, the family's net federal tax bill would be $2,325. Nonetheless, this family might receive no tax cut under the Bush plan. If this single-mother waitress pays at least $170 a month in child care costs so she can work and support her family—an amount that represents a rather modest expenditure for child care—she would receive no tax cut under the Bush plan despite having a significant net tax burden. (The amount of child care costs affects the calculation due to the interaction between the dependent care credit and the child credit. If she had no child care costs, she would qualify for no dependent care credit and would receive a modest income tax cut, though it would be far below what she owes in payroll taxes.)

A two-parent family of four with income of $25,000 would not receive a tax cut under the Bush plan, whether or not the family has child care costs. For such families as well, their payroll taxes exceed their EITC by $2,325.

2. Low and moderate-income families in every state pay state and local taxes, often paying a larger percentage of income in such taxes than higher-income families. Families with incomes below or near the poverty line bear substantial state and local tax burdens. These taxes commonly include sales taxes, excise taxes on such items as gasoline, property taxes (passed on by landlords to tenants in the form of increased rent), various tax-like fees, and sometimes state or locality-specific taxes such as local taxes on wages. In addition, many states have income taxes that tax families at much lower income levels than the federal tax does. The Institute on Taxation and Economic Policy estimates that state and local taxes altogether equal anywhere from eight percent to 17 percent of the income of an average low-income married couple, depending on the state. Furthermore, these burdens are inequitably distributed; in almost every state, lower-income families pay a larger share of their incomes in state and local taxes than higher income families.

Although some states have taken steps to reduce the burden of taxes on low-income families in recent years, they are limited in their ability to do so. States that for many years have levied the sales, excise and property taxes that are most burdensome on the poor cannot simply eliminate those taxes without dramatic effects on state budgets. In addition, it is cumbersome for states to target relief to poor families that are burdened by these taxes. For example, the sales tax is collected by merchants from consumers without regard to their income level, and property taxes are passed through from property owners to renters as part of a rent payment. Moreover, states with higher levels of poverty often have the least fiscal resources with which to pay for tax relief for low-income families.

These state and local taxes that poor families pay often help finance federally required services or joint federal-state programs. For instance, state contributions to Medicaid typically are financed in whole or in part by general fund taxes such as state sales taxes and excise taxes. Similarly, state contributions to federal highway construction often are financed by gasoline and other motor vehicle taxes. In part because these and other federal programs rely on state and local taxes, it can be appropriate for the federal government to administer tax relief that helps offset the burden of those taxes.

3. An additional income boost would further the objective of helping working families lift themselves out of poverty. A key theme of welfare reform has been to prod, assist, and enable families to work their way out of poverty. The principle of helping families work their way out of poverty has gained support across the political spectrum. This principle is important for married families and single-parent families, and there is considerable evidence that welfare reform—in combination with a strong economy, low unemployment rates, and the EITC—has significantly increased employment rates among single mothers. Providing increased assistance to the working poor through the tax system could further the goal of ''making work pay.''

Such assistance is particularly important since much of the recent gain in the earnings of the working poor has been offset by declines in other supports. For example, from 1995 to 1999 the poorest 40 percent of families headed by a single mother experienced an average increase in earnings of about $2,300. After accounting for their decrease in means-tested benefits and increases in taxes, their net incomes rose only $292. (Both changes are adjusted for inflation.)

In addition, a study the Manpower Demonstration Research Corporation recently released finds that improving income—and not just employment—is important if the lives of children in poor families are to improve. The MDRC report examined five studies covering 11 different welfare reform programs. The report's central finding was that increased employment among the parents in a family did not by itself significantly improve their children's lives. It was only in programs where the parents experienced increased employment and increased income that there were positive effects—such as higher school achievement—for their elementary school-aged children.

4. The Bush approach fails to reduce the high marginal tax rates that many low-income families face. Throughout the campaign and early into the new Presidency, President Bush and his advisors have cited the need to reduce the high marginal tax rates that many low-income working families face as one of their tax plan's principal goals. They have observed that a significant fraction of each additional dollar these families earn is lost as a result of increased income and payroll taxes and the phasing out of the EITC. Yet a large number of low-income families that confront some of the highest marginal tax rates of any families in the nation would not have their rates reduced at all by the Bush plan

Analysts across the ideological spectrum have long recognized that the working families who gain the least from each additional dollar earned are those with incomes between about $13,000 and $20,000. For each additional dollar these families earn, they lose up to 21 cents in the EITC, 7.65 cents in payroll taxes (15.3 cents if the employer's share of the payroll tax is counted), and 24 cents to 36 cents if they receive food stamp benefits. They lose additional amounts if they receive housing assistance or a state child care subsidy on a sliding fee scale, or if they are subject to state income taxes. Their marginal tax rates are well above 50 percent. The Bush plan does not reduce these rates.

Ways to reduce marginal tax rates for such families are available and not especially expensive. One approach is to raise the income level at which the EITC begins to phase down as earnings rise and/or reduce the rate at which the EITC phases down. Bipartisan legislation that Senators Rockefeller, Jeffords, and Breaux introduced last year follows such a course, as does another proposal made by Rep. Ben Cardin. Another way to lower marginal rates would be to expand substantially the existing, very limited refundable component of the child credit.

5. The rewards from the surplus should be spread throughout the population. The Bush tax plan would take most or all of the surplus that is projected to occur over the next ten years outside Social Security and Medicare. Democratic leaders have proposed substantially smaller but still significant tax cuts. If tax cuts are to be provided as one of the principal uses of the surplus, as seems likely, it is appropriate to dedicate some portion of those tax cuts to people with the most pressing needs, such as low-income families with children.

Mr. CASTLE. Mr. Speaker, I rise today in strong support of H.R. 3, ''The Economic Growth and Tax Relief Act of 2001.'' This $958 billion proposal to reduce income tax rates over the next ten years represents the center piece of President George W. Bush's tax plan for the American people. It also represents a very fair form of tax relief because it does not give tax relief to special interests. Instead, it gives money back to every American who paid more in income taxes than is necessary to operate the Federal government. All working Americans of every income level deserve to have some of their tax dollars returned to them. I congratulate President Bush for his leadership putting tax relief for every American ahead of special interest groups. This proposal demonstrates his commitment to changing the culture in Washington, D.C.

The rate reductions in this bill would cut rates for taxpayers from 15% to 10% on the first $12,000 a couple earns; 15% for income from $12,000 to $45,200; from 28% or 31% to 25% for income from $45,200 to $109,250; and from 36% or 39.6% to 33% for income above $109,250. In addition, the plan adjusts the Alternative Minimum Tax to protect taxpayers from being penalized for claiming the child tax credits they are promised under the tax code.

In recent months, there has been much discussion about the fairness of tax cuts. When one looks beyond the rhetoric of class warfare, there is strong evidence that President Bush's tax cut proposal is truly fair. When the tax cut is fully implemented, families earning less than $18,000 [the bottom quintile (0%–20%) of income earners in this country] will see their after-tax income rise 1.1%. With the Earned Income Tax Credit program they receive an income tax credit without paying federal income taxes. It is also important to keep in mind that we will continue to fund an important array of federal programs that provide assistance to low-income Americans. More than $3.7 trillion in federal funds will be spent over the next ten years on programs that are intended to help low-income Americans. We must help low-income Americans and we will continue to do so.

Mr. Speaker, taxpayers in my state of Delaware are large contributors to the Federal Government. Delawareans receive only 84 cents in return for every tax dollar they pay to the federal government. I am proud that I come from a successful and well-run state. However, when their federal taxes will help create a true budget surplus of $2.7 trillion, it is proper for Delawareans to ask for some share back so they can use their hard-earned money to help their families and keep their local communities strong. According to one estimate, the rate reduction in this bill could return $3.8 billion to Delawareans as a whole. These funds will be invested in ways to create jobs and keep Delaware's economy strong and growing—helping all families.

The tax relief under this plan is intended to help lower income Americans. Families earning less than $35,000 [income earners representing second quintile (21%–40%)] currently pay 0.5% of all federal income taxes. Under President Bush's rate reduction plan, their after tax income would rise 1.5%. In fact, if the President's child tax credit is enacted in addition to this rate cut, a married couple with two children living on one income, will pay no income taxes on the first $39,000 they earn.

Will the highest income taxpayers continue to pay their fair share? Yes, and a larger percentage of federal taxes as well. Taxpayers at the top 10% of income levels, these families earning more than $140,000 currently pay 61.3% of all federal income taxes. This is up from 57.3% in 1988. The reason is that in 1990 the top income tax rate was raised from 28% to 31%. Then, in 1993, it was raised again to 39.6%. The justification cited at that time was that these funds were needed to reduce the federal budget deficits. Those deficit spending days are gone and taxpaying families that shouldered the extra burden for the last decade also deserve some tax relief. Instead of returning the top income tax rate to 28%, President Bush's plan reduces it to 33%. Upper income taxpayers will continue to pay the largest portion of federal taxes, but they will receive some tax relief.

Apart from the question of fairness, is the question of the overall size of the tax cut and the soundness of the assumptions upon which the surplus projections rest. $958 billion over the next 10 years falls within the range of tax cuts that both Republicans and Democrats believe is reasonable within the projected $2.7 trillion surplus. However, 10-year surplus projections are inherently uncertain. One only needs to look at projections from a few years ago that predicted budget deficits. I support additional steps to ensure we achieve the predicted surpluses and continue to reduce the national debt.

One safeguard that should be considered is a trigger on the phase in of future tax cuts and new spending. Like Federal Reserve Chairman Alan Greenspan, I support adding a trigger that would delay the phasing in of these tax rate reductions if the surplus does not materialize as projected and the national debt is not reduced. Contrary to some interest groups' political spin, a trigger does not raise taxes. I also note that Chairman Greenspan's support for tax cuts is conditioned upon this surplus materializing. He still believes that debt reduction is the first priority. I agree with his views that debt reduction, used as a tool to decrease the interest many Americans pay on credit care debt, home mortgages, and education loans, is the best way to bring financial relief to our country and spur economic growth.

Mr. Speaker, even though this initial tax relief legislation does not contain a trigger, I still support its passage for three reasons. First, I recognize that this is the beginning of the 2001 tax debate, not the end. There will be other opportunities to improve the final budget and tax legislation and I look forward to that discussion with you. Second, the Federal Government has a spending problem. In budget negotiations with the previous Administration, there was a serious lack of fiscal control in both parties. Spending increases far exceeded the rate of inflation. If this were sustained, there would not be room in the surplus for a tax cut or debt relief. Third, triggers on tax cuts represent only half the story. Those who have listened carefully to Chairman Greenspan note that he supports both a trigger on tax cuts and on long-term spending. During the upcoming budget debate, there will be opportunity to discuss the value of a trigger on both spending and tax cuts. I believe Americans need to hear both sides of this story.

Mr. Speaker, again, I am proud to support ''The Economic Growth and Tax Relief Act.'' It meets the tests of fairness by providing meaningful relief to all income levels. It is fair and brings relief to my state of Delaware. Its size is compatible with debt reduction goals. Finally, it sends the proper message to Washington, D.C. that broad-based tax relief is more important than ever-increasing levels of government spending. I will continue to work to ensure that the ultimate tax relief and budget legislation is fair to all Americans, protects the surplus and pays down the debt. I look forward to this effort.

Mr. UDALL of Colorado. Mr. Speaker, I regret that I cannot support this bill—but I am convinced that to vote for it today would be a serious mistake.

In fact, we should not even be considering the bill today. We have not yet even begun consideration of an overall budget resolution, let alone reached an agreement with the Senate on a budget framework.

We have not had a chance to weigh how this bill or any other bills to reduce taxes would affect other important priorities, including continued progress in reducing the publicly-held debt, strengthening Social Security and Medicare, and investing in our schools, our communities, and our country.

We do not yet have a complete budget proposal from the President, but already we can see he is proposing to make room for his tax bill by cuts in other areas, including important research and development programs. And the bill before us today is only the first installment on the President's plan.

That is why the law says, and what is provided for by the House's own rules. But that is not what we are doing—we are waiving the rules, so that we can rush to pass this bill before we have a chance to consider how—or whether—it would fit with every other part of the budget.

It may be politically important for the new Bush Administration to rush this process, but it is not a responsible way to make budgetary decisions that may have profound consequences for future generations of Americans. That is the way the budget process is supposed to work. That is not the way any family in America would go about making a budget, and it is not how we should go about doing our jobs either.

That is why I voted against the resolution to waive the normal rules and bring the bill to the floor today.

But since the Republican leadership insisted on going forward, regardless of the normal rules and common prudence, we should have at least proceeded more cautiously and with a better focus.

That is why I voted for the Democratic substitute—because it was the more prudent alternative.

Mr. Speaker, Colorado is an arid state. If you come to visit us in the summer you will find it is sunny almost every day. We like it that way, and do so our summer visitors. But that means we have to be careful about water. We watch the snowpack carefully, and we work to conserve water so we will be prepared for a dry season. We know how hard it is to accurately forecast the weather, and how risky it would be to drain our reservoirs prematurely because of a long-range forecast of surplus water in coming years.

And, Mr. Speaker, it is just as risky to rely too much on long-range forecasts of future budget surpluses—as the Republican bill does.

The Democratic alternative took a more cautious approach. The Democratic alternative would have lowered taxes for everybody, by lowering from 15 percent to 12 percent the tax on the first $10,000 for a single taxpayer, the first $18,000 for heads of households, and the first $20,000 for married couples filing jointly. It also would have addressed the ''marriage penalty'' by allowing married couples filing jointly twice the standard deduction used by single filers. And it would have adjusted the alternative minimum tax (AMT) to assure that all taxpayers who pay income taxes would receive the benefit of its reduction in rates and that everyone eligible for the Earned Income Tax Credit and the child credit would receive the full benefit of those provisions of the law.

But it would not have gone as far as the Republican bill to slow reduction of the publicly-held debt. It would not have gone as far to reduce our ability to strengthen Social Security and Medicare. I would not have bet as much on a 10-year forecast of good economic weather. In short, the Democratic alternative would have provided real tax relief for millions of Americans, without the same risks to the economy as the Republican bill.

It is very important that we continue on the path of fiscal responsibility and pay down the public debt, which will mean lower interest rates, lower mortgages, and lower student loan payments. That is first-class tax relief.

Today, my first choice would have been for us to first debate an overall budget resolution under normal rules, so that we could carefully frame real, substantial tax reductions in the full context of the debt and other important priorities. My second choice was to support the Democratic alternative.

The Republican leadership rejected both those courses and have left me only with the choice of an irresponsible vote or a vote against this bill.

That means I have no responsible choice except to vote no, and hope. I hope that the Senate will take a more cautious, responsible course than the Republican leadership here in the House. And I hope that the result will be a sounder, more balanced bill that all of us can and should support.

Mr. SANDLIN. Mr. Speaker, I want to take a moment to talk about today's vote on tax cuts and in so doing lay out what I believe is a responsible and balanced approach to fiscal policy. We have heard a great deal from the Republican Leadership and the Bush Administration about the importance of passing massive tax cuts now. Last week, the President came to this chamber to make his case for tax relief and I must say I found myself agreeing with a great deal of what he said. I support tax fairness for America's working families. We need tax relief and I support lower taxes—including complete repeal of the Federal Estate Tax and elimination of the Marriage Penalty.

It is, however, because of my desire to enact significant tax relief coupled with the fact that I am interested in working with President Bush on the items in his agenda, that I am so disappointed in how the Republican Leadership has chosen to proceed. To pass any massive tax cut without first setting a budget framework is simply irresponsible and does not set a positive tone. Debating, voting, and passing a budget resolution that balances the priorities of Congress and the President is not an argument about process or rules. Rather, it is the foundation from which all subsequent debates between Congress and the White House follow. To act on a tax proposal before enacting, let alone debating, a budget framework severely restricts Congress's ability to address other priorities, particularly strengthening

Social Security and Medicare and paying off the national debt.

The submission of a budget blueprint by President Bush setting out how he proposes to balance priorities within an overall budget is an important first step. Congress should take the next step of adopting a budget resolution that balances the President's priorities with those of Members of Congress in both parties. The large projected surpluses by the Congressional Budget Office (CBO) are as tempting to squander on new spending programs as on passing a massive tax cut. We must remember that it was not that long ago official forecasts predicted crushing budget deficits, which would make today's debate over the size of a tax cut seem reckless. A budget resolution, therefore, puts Congress on record to adhere to set spending levels. Rushing ahead with tax cut legislation before we have reached an agreement on a fiscally responsible budget framework that honestly balances all of the tax and spending priorities of both parties would be irresponsible and could have severe negative consequences for the budget and the economy.

A bipartisan budget is imperative because the budget sets the tone and tenor for the year, the Congress, and this administration. President Bush has spoken often of the need to change the tone in Washington and his early actions demonstrate a commitment to bipartisanship. As a member of the Blue Dog Coalition, a group of Members who support enacting a fiscally responsible budget plan, we have asked the President to insist that Congress consider a budget resolution before tax cuts. I am disappointed that to date all we have gotten from the White House is a budget outline, short on specific budget figures. Silence from the White House has lead us to where we are today—voting on a massive tax cut before anyone fully understands how such a measure impacts the budget. By putting the cart before the horse and passing a tax cut before a budget is in place, the President has squandered an opportunity to capitalize on the goodwill of his first few months in office.

Although I am disappointed by the handling of today's debate by the House leadership, I still believe that Congress can work together to pass significant tax relief. I ask my colleagues on the other side of the aisle to stop playing politics with tax cuts. The American people deserve tax relief; however, they expect Congress not to abandon the sound fiscal policies and risk a return to deficits. We can provide affordable tax cuts, strengthen Social Security and Medicare, and pay off the national debt, but we must be careful not to squander this momentous opportunity through irresponsible fiscal policy.

Mr. HOLT. Mr. Speaker, I strongly support the alternative tax cut package put forth by Congressman RANGEL and oppose the package by the President and the majority in the House.

People in New Jersey pay too much in taxes. That's why I have been one of the few Democrats in Congress who has been willing to cross party lines to vote for eliminating the estate tax, to vote for eliminating the marriage penalty, to vote for cutting taxes for small businesses, and to vote for cutting taxes for senior citizens. It's why I have pushed for tax breaks that will help local communities keep their property taxes low by helping with the costs of school construction. And it's why I have consistently supported making permanent job-producing tax credits like the Research and Development Tax Credit.

The Rangel tax cut proposal deserves our support. It cuts the tax rates for hard pressed New Jerseyans, adjusts the Alternative Minimum Tax, and expands the child tax credit for families with kids. It undertakes all of these tax cuts in a responsible way while protecting Social Security and Medicare, paying down our debt, and saving part of the budget surplus in the event of a "rainy day."

H.R. 3, the bill the majority has brought before us today, is simply too large, too irresponsible and based on projections that are just too uncertain.

The authors of this bill have rushed it to the floor without knowing what the rest of the budget holds. And they are basing their bill on financial projections that may or may not materialize. High tech forecasters can't predict the weather two days away as we have been reminded when forecasts earlier this week called for a historically large snowfall in New Jersey that never materialized. But supporters of H.R. 3 are betting that we can accurately predict the financial weather a decade from now. It is worth noting that economic projections that were made just three years ago have proven to be trillions of dollars off the mark. One can only guess how accurate these ten-year projections might be.

Parents in my central New Jersey district don't bet their children's financial future on rosy scenarios, and castle-in-the sky projections. They sit around the kitchen table and budget their bills, their income and their anticipated expenses. They make tough choices. They don't squander a lot of money to buy a lavish vacation home, counting on a raise the breadwinner hopes to get in future years, without first figuring out how to pay the medical bills, send their children to college and save for retirement. They expect from us the same type of honesty and responsibility when we make budget decisions that affect their families.

When this proposed tax cut is combined with the other elements of President Bush's entire tax plan, it costs well over $2 trillion, after adding in interest on the debt and other hidden costs. The entire available surplus is just $2.7 trillion. Spending that much of the surplus—that is, the projected surplus—is simply irresponsible. It leaves no room for the other important priorities that our nation faces. And it is a recipe for huge budget deficits.

My constituents elected me to make decisions based on evidence, not partisan ideology. And the evidence is that this bill is all too likely to throw our economy into the same financial ditch that President Bush's Secretary of Treasury, Paul O'Neill, admits President Reagan's 1981 tax cut put the country in. Republicans and Democrats alike have labored long and so hard to pull us out of that ditch. Let's not repeat the mistakes of the past.

This plan is also unfair. It gives 45% of the tax benefits to the top 1%—those with an average income of $1.1 million—and fails to give a single dime to more than 12 million low- and middle-income families with 24 million children. We can do better than that.

By arriving at a tax cut in a responsible way and making sure that we can continue to pay down the national debt, we can generate confidence among investors and consumers, ensure lower interest rates, and put more money in the pockets of almost all Americans than they would get from the proposed tax cut.

Together, I know that we could come together to pass a responsible tax cut for Americans. But this bill is not responsible, and it has not been crafted in the bipartisan, civil way that President Bush has asked us to behave.

Let me also say that, like most Americans, I have been greatly encouraged by President Bush's promise to change the tone in Washington by ending the excessive partisan warfare in this city. It pains me to see that pledge undercut at the very beginning of the President's term. The Administration and the Leadership should not rush through on a partisan basis legislation embodying the President's top priority, without consulting with Democrats. They should work together with me and others in the minority who support tax cuts to craft a bipartisan, responsible tax cut.

I urge my colleagues to support the Rangel tax cut and oppose H.R. 3.

Mr. CUNNINGHAM. Mr. Speaker, I rise today in support of H.R. 3, the Economic Growth and Tax Relief Act of 2001. The plan that we are considering today reduces to 12% the current 15% tax rate on the first $12,000 of taxable income for couples ($6,000 for singles) to get money in the hands of those who need it most. The new rate is applied retroactively to January 1, 2001. This plan also consolidates by 2006 the current 5-rate tax structure (15%, 28%, 31%, 36% and 39.6%) into four new rates (10%, 15%, 25%, and 33%). This legislation is an important first step in returning tax overpayments to the American people.

The American people are working harder than ever, and they are spending forty percent of their income in federal, state, and local taxes. I think that it is unconscionable that families are paying more in taxes, than for food, clothing, and shelter combined, and that four months of every year, taxpayers are working to pay the federal government. The Congressional Budget Office (CBO) has estimated that over the next ten years, Washington will collect a $5.6 trillion tax surplus. Taxpayers are sending us more than we need—and there is no doubt in my mind that if we don't return it, that money will be spent. It is time to return that money and let the American people spend their own money to meet their own needs.

When we return this tax surplus to American families, they will see more than just the benefit of a refund check. I am concerned that our economy is slowing down—consumer confidence, capital investment and growth are down, while layoffs, energy prices and anxieties are up. We need to give the economy a boost, and any credible economist can tell you that tax cuts will do that. So not only will the American people get their overpayment back, but they will also reap the benefit of a rejuvenated economy that will enhance their prosperity.

I look forward to working with President Bush and my colleagues in the House and Senate to build on this important first step to return the tax surplus to the American people. I rise today in support of H.R. 3, and also to voice my support for President Bush's other tax refund initiatives which include doubling the child tax credit, reducing the marriage penalty, eliminating the death tax, expanding the charitable tax deduction, and making the research and development tax credit permanent.

Mrs. CAPPS. Mr. Speaker, today I voted to cut taxes for all Americans. And I voted in support of fiscal responsibility.

I believe we need to cut taxes and have voted to do so repeatedly during my short time in Congress. At a minimum, we should lower overall tax rates, fix the marriage penalty, and reform the estate tax laws.

But tax cuts must be done in the context of an overall budget framework that will allow us to meet other pressing priorities. And we must remember that much of this surplus is still only a projection—it's not money in the bank.

We must continue paying down the $3.4 trillion national debt. Our progress in debt reduction has kept interest rates down and allowed families to pay less for their homes and cars. We must also ensure the long-term solvency of Social Security and Medicare, provide prescription drug coverage for our seniors, improve education and protect our environment.

The proposal I voted for today will allow us to do all these things, while providing tax cuts for all taxpayers.

I fear that the tax cut bill being pushed by the House leadership and President Bush is too big and won't allow us to accomplish these other important goals. I also fear that it could open the door to a new era of runaway deficits that would cripple our economy. And I am disappointed that the House leadership has chosen to bring tax cuts to a vote before we have a budget in place.

The prosperity we have enjoyed over the last decade has produced the record surpluses we have today and are projecting for the future. Let's take advantage of this moment and give American families the tax relief they deserve. But let's not squander this opportunity by passing irresponsible tax cuts that our families, and our nation, can ill afford.

Mr. CHAMBLISS. Mr. Speaker, our government is too big and spends too much money. Americans are over taxed and being asked to pay too much to the federal government. Tax relief is about freedom. Freedom for American families to save, spend or invest as they see fit. Tax relief is about returning dollars and decisions back home to families in Georgia and across the country.

Americans will send $5.6 trillion more to Washington over the next ten years than is needed to run the federal government. Some of these funds will be locked away to ensure that Social Security and Medicare are strengthened. Some of these funds will go toward reducing the national debt. And some of these funds will be spent on important priorities such as education, prescription drugs, and strengthen our military. But the rest of the federal budget surplus should be returned to the American people in the form of tax relief. Working Americans deserve relief now.

We worked hard over the past few years to enact tax relief for American people but were stymied by the previous president. President Bush has shown leadership in putting forward a plan that helps relieve the tax burden on working families, and I am pleased that we now have an opportunity to provide a refund to those people who work hard everyday to make the greatest country in the world productive.

The President's plan is balanced and fair; it reduces inequities in the tax code while at the same time providing for long term economic growth. This bill today will give tax relief to all taxpayers and return decision making power to families who know best how to spend their money.

I urge my colleagues to join me in supporting this bill because it is simple and fair and will provide powerful incentives to save and invest.

Mr. GILMAN. Mr. Speaker, I rise today in strong support of H.R. 3, the Economic Growth and Tax Relief Act of 2001.

H.R. 3 represents the first vote on a key component of the new President's campaign agenda; tax relief for American families. This legislation begins this process by providing for across-the-board reductions in the marginal rates of the Federal income tax.

Under H.R. 3, the current 15 percent rate would be reduced to 12 percent on the first $12,000 for couples and the first $6,000 for single filers. This provision would be applied retroactively to the beginning of 2001.

The bill further reduces and makes adjustments to rate brackets over the next five years, so that by 2006, the current five brackets (15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent) would be replaced by four lower brackets set at 10 percent, 15 percent, 25 percent and 33 percent respectively.

Mr. Speaker, this House passed a number of important tax reduction bills over the past two years, only to see them fall victim to presidential vetoes. We are now in a position to break this pattern and offer real tax relief for hard working American families. It is refreshing to know that we now have a partner in the White House who is willing to work with us in achieving this goal, rather than dredging up the tired old class warfare excuses not to enact real reductions.

This change in political climate could not have come at a better time. After years of sustaining high levels of growth, the economy took a sharp downturn in the 4th quarter of last year. While it does not appear that it has slipped into recession, this possibility cannot yet be discounted. Given this, as well as the fact that the long-term budget surplus estimates continue to exceed expectations, it makes sense to use a tax cut to help boost our economy.

I have always strongly supported the premise that everyone who pays income taxes should benefit from an income tax cut. Therefore, I believe that this legislation to reduce the marginal rates across-the-board is appropriate. The higher rates were sharply raised in 1993 to help reduce the budget deficit. Since then, this increase accomplished what it set out to do. At the time there was no reason to believe that those tax increases were intended to be permanent. Given our current growing surplus, it is inappropriate not to repeal them.

This point cannot be overstated. Our Nation is currently enjoying a budget surplus, above and beyond the surplus provided by the Social Security Trust Fund. Over the next ten years this surplus is expected to substantially increase.

For those who cite the inaccuracies of long term projections as a reason to oppose tax cuts, it bears noting that the Congressional Budget Office is using very conservative numbers for economic growth assumptions in formulating these projections. The rate of economic growth has exceeded similar projections over the past five years, and should it continue to do so in the future, the size of the surplus will only grow.

Moreover, the last five years have shown that the Congressional Budget Office (C.B.O.) has consistently underestimated the level of economic growth and the size of the surplus. My colleagues may remember that the budget was not supposed to initially go into a surplus until 2002. The changeover actually occurred in 1999, three years early.

Yet, despite the President's assurances to the contrary, there are those on the other side of the aisle who charge that this tax cut is risky and reckless. Yet history has shown the minority's definition, and the numbers behind it, have shifted dramatically. In 1999, they charged that any tax cut over $250 billion was reckless. During last year's campaign, the Democratic candidate stated that any cut over $500 billion was risky. Now, less than four months later, the minority is willing to cut taxes by $900 billion, far more than the risky tax bill this House passed in the First Session of the 106th Congress.

Finally, it bears mentioning that whenever taxes have been cut, be it marginal rates or capital gains, tax receipts have subsequently grown. This has occurred despite the alarmist predictions of the opponents of tax cut reductions. If history is any guide, tax receipts will increase after this bill becomes law. When tax receipts increase, so does the surplus.

Accordingly, I urge my colleagues to support this tax reduction legislation.

Mr. HINOJOSA. Mr. Speaker, I am here today because I am greatly disturbed by the irresponsibility being displayed by the Republican Leadership in Congress today.

I cannot believe that the rules of Congress and the People have been violated once again, and now—we are going to vote on a tax cut before we pass a budget.

No family or business would make a decision that would have a major impact on their finances for the next ten years without first sitting down and working out a budget to figure out what they can afford. We owe it to the citizens of America to apply that same common sense principle to the Nation's budget and its security.

I am further outraged that the plan the Republicans have offered gives the lions share, 43 percent, of the peoples surplus to the wealthiest one percent and ignores the majority of the hard working Americans who greatly contributed to the creation of the surplus.

This outright robbery is further perpetuated when one realizes that most Americans will not be impacted by the tax cut, especially not the $25,000 a year waitress that the President speaks of with such conviction.

For this reason, I ask you to pass a measure that utilizes common sense and provides for all American families and American workers. This can only be done by passing the Rangel Amendment, an amendment that takes care of our families and our future.

The Rangel measure that cuts taxes responsibly and for everyone by increasing the earned income tax credit and helping our married families get tax relief.

Let there be no mistake; today we stand at a crossroad with two paths:

The first gives the surplus to the wealth for expanded purchases of luxury items. The second gives Americans the extra funds needed to live a better life. If a decision is to be made today, I hope we make the right one.

Mr, KNOLLENBERG. Mr. Speaker, passing H.R. 3, the Economic Growth and Tax Relief Act of 2001 is simply the right thing to do.

Whenever the federal government collects taxes, it takes money away from hard-working American people. The government isn't entitled to that money. It's the people's money and the government takes it away. We, as Members of Congress, have a responsibility to ensure the government doesn't take away any more than it needs.

Over the next ten years the federal government is expected to run a surplus of approximately five and a half trillion dollars. In other words, the federal government will be taking away from the American people five and a half trillion dollars more than it needs to pay its bills.

This is simply wrong. people need their money to pay their bills, put food on their tables, send their children to college, plan for their retirement, and meet all of the other challenges they face every day.

Under the President's plan, we will send a mere 30 percent of that tax overpayment back to the people who work hard to earn their money. Not the entire tax surplus, just 30 percent of it. And the legislation we're debating today is even less than that—roughly 17 percent.

Mr. Speaker, passing this bill is not only the right thing to do; we have a fundamental responsibility to do it for the people we represent.

This bill will increase fairness in the tax code, allow every American income tax payer to keep more of their own money, and provide support to our economy at a critical time.

I urge all Members to do the right thing tonight and vote in favor of this legislation.

Mr. ALLEN. I rise in opposition to this excessive, unfair Republican tax cut that will block our best opportunity to improve our education and health care systems for years to come.

Abraham Lincoln lifted America's spirits by calling on ''the better angels of our nature.''

President Franklin Roosevelt inspired a nation to set fear aside. President Kennedy and others asked for sacrifices to enhance the common good.

But the rallying cry of the Bush Administration is different: ''It's not the government's money. It's your money.''

What a shriveled up vision of what the American people care about! We are better than that.

This tax cut is a clarion call for more spending on luxury goods by the wealthiest Americans.

Those earning over $300,000 per year can buy a Lexus every year with this tax cut. Those earning about $35,000 would have difficulty getting a muffler.

This tax cut slams the door on spending for the common good.

To those seniors who cannot afford their prescription drugs, this bills says forget it, you're on your own.

To those students, teachers and parents who know that our schools need full funding of special education, this bill says forget it, you're not a high priority.

To the baby boom generation not that far from Medicare and Social Security, this bill says forget any help from general revenues any time soon.

The Democratic alternative is half this size and is fair to middle income Americans.

A tax cut half this size would allow us to put the medicines they need in the hands of our seniors.

A tax cut half this size leaves room to fully fund 40 percent of the special education mandate we imposed on the states.

A tax cut half this size leaves room to shore up Social Security and Medicare instead of privatizing both for the benefit of insurance companies and brokerage firms.

The American people want and deserve lower taxes, but not a cut so large that seniors still cannot afford their drugs, our kids are stuck in inadequate schools, and baby boomers lose confidence in Social Security and Medicare.

I urge my colleagues to reject this bill.

Mr. TOM DAVIS of Virginia. Mr. Speaker, I rise today in strong support of H.R. 3, the Economic Growth and Tax Relief Act of 2001.

The U.S. economy is currently experiencing a slowdown. In order to fend off a further downturn or recession, it is imperative that Congress act quickly to breath life back into the economy. By reducing income tax brackets retroactively to the beginning of this year, H.R. 3 provides immediate tax relief by decreasing withholding rates. This will result in an infusion of cash into the economy—up to $360 for a married couple in 2001—that our economy urgently needs. Some say that it is reckless to bring a tax relief bill to the floor of this body before we have adopted a budget resolution. I disagree. Rather, I commend Chairman THOMAS for recognizing the fact that undue delay would deaden the positive, restorative effects that lowering marginal rates would bring. Furthermore, this being a bicameral legislature, we must wait for the other body to do their part on this bill. It is even more imperative, then, that we spur them on by doing our work expeditiously. Before a final conference report comes before us, we will have the benefit of a budget resolution. But if we wait for the final budget resolution before we begin the process, the tax cut could lost its stimulative effect on the economy. We have a choice: Either take the necessary steps to return our country to the positive growth, or bring the danger of recession ever closer through indecision and delay.

H.R. 3, is only the first step in bringing tax relief to the American people. There are other areas of the tax code that Congress must fully address—the marriage penalty, the alternative minimum tax, higher savings levels for Individual Retirement Accounts, and the death tax; however, those must wait for a later date. Our focus now must be on keeping the economy healthy, keeping Americans working, keeping small businesses open, and ushering more and more people into the middle class through the prosperity that has blessed this country in recent years. Across-the-board cuts affect withholding rates now and give an immediate stimulus to the economy.

Finally, reducing marginal tax rates is an issue of fairness. I believe that is simply wrong that the government currently takes away up to 40 percent of an individual's income—and much more when other taxes are taken into account. We must encourage enterprise. We must encourage savings. Our policies must reflect the oft-touted belief in the American Dream that through hard work and sacrifice one might build a better life—not become the object of higher government tolls and the subject of vilification merely because of success. I have heard from many of my constituents who would be positively affected by the relief this bill would bring. They are not the ''idle rich.'' They are individuals and couples who have mortgages to pay. They are parents trying to pay for their children's educations. They are making car payments. They are the people who tirelessly serve our federal government. They are the entrepreneurs whose small businesses are at the core of the high-tech revolution that has fueled our economy's growth over the past several years. I can assure you that they do not live lives of ease as has so often been portrayed by opponents of this plan. They deserve to get a small portion of the money that they have overpaid to the government back. It was their hard work and sacrifice that rescued the government from the massive debt it had accumulated over years of bloated excess. Now that they need a helping hand, we must not abandon them. I urge my colleagues to support this bill.

Ms. PELOSI. Mr. Speaker, as a Member of the Appropriations Committee, I am particularly concerned about the impact of the Bush tax cut on the overall federal budget. We must not sacrifice investments in education, infrastructure and health, which make our economy stronger, in order to provide excessive tax cuts.

In 1981, President Reagan passed a major tax cut, increased defense spending drastically, and supported cuts in investments in the American people. His policy marked the beginning of the worst economic downturn since the Great Depression and quadrupled the national debt.

Over the last eight years, the Clinton Administration has eliminated the budget deficit but we still have a $3.5 trillion national debt. Interest payments on the debt alone cost the United States more than $200 billion a year. A lower national debt means lower interest rates, lower mortgage payments, lower car payments, lower credit card payments, and more jobs. Paying down the national debt will put the U.S. government in the best possible position to meet the Social Security and Medicare needs of future generations, when the retirement of the ''Baby Boom'' generation places a significant strain on the federal budget.

Nearly $3 trillion of the $5.6 trillion projected surplus is supposed to be dedicated to Social Security and Medicare. Are the Republicans going to take those funds from seniors to pay for their tax cut? Increased debt service, farm payments, extending expiring tax credits, and emergency defense and non-defense spending will also need to be accounted for in a responsible budget.

Unfortunately, the Republican majority has jammed this tax cut through before we even have a budget resolution. Therefore, we are forced to have this debate without any budgetary framework. However, we do know that of the nearly $2 trillion of the surplus that remains after we protect Social Security and Medicare, funding a tax cut must compete with providing a prescription drug benefit for seniors and the modernization of our schools, two of the top priorities of the American people. Do we want to underwrite an unaffordable tax cut at the expense of our children's education and our seniors' and veterans' health?

I urge my colleagues to oppose the Bush tax rate plan.

Mr. COSTELLO. Mr. Speaker, I rise in opposition to the $1.6 trillion tax cut package proposed by President Bush as well as the Democratic substitute that will be voted upon today with the Bush tax cut plan.

I believe that the Congress can and should pass legislation giving tax relief to the American people. That is why last year I voted to eliminate the death-inheritance tax and the marriage penalty. Unfortunately, President Clinton vetoed both bills. However, when these bills come back before the Congress in this session, I will vote to again eliminate the inheritance tax and the marriage tax penalty.

The Congress can and should give tax relief to the American people after President Bush lays out his spending plan to the Congress and the American people and after we put a mechanism in place to adjust the plan if revenue projections prove to be wrong.

Most of us remember the 1981 tax cut proposed by President Ronald Reagan and approved by the Congress cutting taxes for the American people with the promise that the tax cut would help the economy and balance the federal budget within three years. Then candidate George Herbert Walker Bush called the Reagan plan voodoo economics. Republican Senator Howard Baker called the Reagan plan a river boat gamble. Unfortunately for the American people, George Herbert Walker Bush and Senator Baker were right.

In fact, taxes were cut but spending continued to increase and the American people saw two decades of huge budget deficits and saw the national debt explode to $5.7 trillion. President Reagan and the Congress were successful in cutting taxes but not holding down spending.

Last week, former Chairman of the House Ways and means Committee Republican Bill Archer said that if anyone believes that we will have a surplus eight or ten years from now with this tax cut plan is ''hallucinating''. Others have questioned the ability of this President and this Congress to control spending. They fear a repeat of the Reagan years with taxes being cut and spending continuing to increase resulting in a return to the days of huge deficits that will hurt interest rates and the economy.

Today I intend to vote against the Bush tax cut plan as well as the Democratic substitute. I believe that we should force the President to lay out his spending plan so that we can see how the President intends to fund critical programs important to the American people like Social Security, Medicare/Medicaid, national defense and other important programs. After the President lays out his budget to the Congress and the American people then we should bring a tax relief package before the Congress that is realistic and that has a mechanism that directly ties tax cuts to controlled spending and the amount of revenue that will come to the federal treasury each year.

Mr. Speaker, today we should reject both the Bush tax plan and the Democratic substitute and come back to pass a bill that gives tax relief to the American people later this spring after the President lays out his detailed budget to the American people.

Ms. SOLIS. Mr. Speaker, I rise today in adamant opposition of H.R. 3, the Economic Growth and Tax Relief Act which was proposed by President Bush.

In the past few months, the Bush Administration has desperately tried to convince the American public that their planned tax cuts are fair, that their tax cuts rightfully return money to those who have paid the most, that their tax cuts will help spur our economy.

Evidently, the Bush Administration's attempts have failed. In a Los Angeles Times poll released today, the majority of Americans support the alternative Democratic tax bill—and for good reason. The public is not gullible. No matter how you skew the numbers, no one can deny that the richest Americans stand to gain the most from this plan, while virtually no money will be returned to the working poor.

In addition, the public understands that our projected budget surplus is not stable; we need to pay down our deficit and not repeat the disastrous tax policies of the 1980's which plunged us further into debt. President Bush wants us to risk slashing funds for Social Security, housing, health care, environmental protection and a slew of other vital programs for the sake of making the rich even richer. How can these cuts possibly better our society?

Under President Bush's proposal, the richest one percent of the U.S. population will receive more in tax cuts than the bottom 80 percent of the population combined. This high-income group pays 20% of all federal taxes, yet they would receive at least 36% of the tax cuts under the Bush plan. That means that the amount in tax cuts that these individuals would get back would be nearly double the share of federal taxes that they pay.

On the other hand, the bottom 40 percent of tax filers, a group that makes up a significant population in my district, will only get four percent in tax cuts—an average of about $115. Moreover, 12 million low and moderate income families will get absolutely nothing in return—that is almost one-third of all families in the United States and includes 24 million children.

Among African-American and Hispanic children, the percentage rises to over 50% who will not see one penny of the Bush tax cut. Even the much hyped increase in the child tax credit from $500 to $1,000 would not assist those who need it the most. How can President Bush justify increasing the income required for families to qualify for this child tax credit to $200,000, rather than expanding the Earned Income Tax Credit for those struggling families who can barely feed their children?

This tax plan grossly neglects the needs of honest, hard working citizens whose toil and sweat are the source of America's greatness. Where is the support for the seniors and veterans of my district who helped create the surplus that we are squandering today? This plan proposes an estate and gift tax repeal—a tax which, according to some figures, would go to only the top 5% of the country's population! Yet, our seniors and veterans, who dedicated their youth to the growth of our nation's wealth and security, will receive no specific tax cut whatsoever. They will have to be content with insufficient assistance from federal programs that are in danger of being cut due to President Bush's exorbitant tax reductions.

The bottom line is that the Republican tax plan is bad policy. President Bush's proposal does nothing but deplete our hard earned surplus for the benefit of those who need it the least. I vehemently urge my colleagues to act responsibly and block this disastrous measure from becoming law.

Mr. OTTER. Mr. Speaker, I rise today to voice my strong support for H.R. 3, the ''Economic Growth and Tax Relief Act of 2001.'' This bill will ease the terrible yoke of federal taxation that is crushing the people of Idaho and the rest of the United States. I am proud of President Bush for proposing this bill, proud of our House leadership for bringing it to the floor so quickly, and proud to say that I will vote for it.

This bill takes the common sense view that taxpayers deserve their money. The people of Idaho can better prioritize what to do with their hard earned money than bureaucrats in Washington, D.C. Passing this bill says that we trust the people in the states. We trust hardworking people. They are smart enough to make the money. Aren't they smart enough to spend it?

By reducing the number of tax rates and the rate of taxation this bill will lower our record high tax burden. Right now America pays more of its GDP in taxes than it ever has in peacetime. Currently Americans are paying Uncle Sam more in taxes than they spend on food, clothing, housing, and energy costs combined. This legislation provides a fair, needed refund of tax overpayments to all Americans. It is a great first step.

It is a first step, but not the only step. Farmers and small businessmen in my state are looking forward to repealing the estate tax. Without estate tax repeal the money we return to the American people today will only be stolen from their heirs. Our farmers and small businessmen are already suffering from drought, electricity shortages and record low commodity prices. The least we can do is say ''If you are successful, your children can inherit what you worked for.''

The people of Idaho are waiting for us to pass lower, fairer taxes to help them in their time of need. The people of America are waiting for us to pass lower, fairer taxes to get the economy moving again. Let's vote for the Economic Growth and Tax Relief Act and give the people what they want.

Ms. KILPATRICK. Mr. Speaker, today I rise in strong opposition to the tax proposal submitted by President Bush. I do so for many reasons, none of which are founded on the ''myth'' so blatantly pushed by the President, that the Democrats are engaged in class warfare.

We are not here to engage in warfare between the rich and the not-so-rich. We are here today to preserve those things which most of us here in Congress have fought so hard to promote over the course of the past 8 years. We are here to maintain the fiscal discipline that has given us unprecedented prosperity in good times. We are here to maintain the fiscal discipline necessary to insure that in uncertain times, the nation does not slip into recession.

Today we should be mindful of the state of the nation back in 1992. Just a little more than 8 years ago we saw an economy that was faltering. Unemployment peaked at nearly 7%, as layoffs spread throughout the land. Consumer confidence was low. In the political arena fingers were pointed in all directions. President George H.W. Bush's administration blamed the voodoo economics of the previous Reagan era. Democrats agreed. The Republican faithful argued that the excesses of the Democrat Congress resulted in the sharp economic downturn.

In this context, former President Bush chose to do what he believed was the responsible thing. He chose to raise taxes—and he suffered the consequences. He suffered the scorn of his political opponents, but more importantly, he suffered the scorn of the majority of the Republican establishment. Although he was trying to do the responsible thing and mitigate the increasing federal deficit, he violated the cardinal rule for which Republicans claim to stand. He violated that often repeated Republican refrain, that ''God created Republicans to cut taxes''—not increase them.

Well today we stand before the American people because President George W. Bush faces a choice similar to the one his father made: whether to do the responsible thing, or to do what history has so vividly illustrated is the wrong thing to do. I am sure his father's experience resonated prominently in his decision to forward this tax proposal we consider today. His father made a tough choice to increase taxes. Former President Bush chose to counter the policies of his predecessor, Ronald Reagan, whose history I am sure also resonates prominently in President Bush's decisions today.

After all, President Reagan drastically cut taxes during the 1980's and he is revered by the Republican establishment. Republicans loved his execution of Republican ideals and credit him with the restoration of hope and optimism to the American people. Most importantly, however, in the Reagan lesson, is the fact that he was reelected for a second term.

Today, I stand here to remind the American people of the cost of Mr. Reagan's policies. I come from the city of Detroit. I represent a population that was devastated in many ways by the policies of the Reagan administration. I watched as services critical to my city's youth were cut. No longer were funds made available for successful after school programs. Budgets for parks and recreation stagnated, leaving few alternatives for youth activity. The loss of these benefits soon led to the feelings of despair and desperation. Drugs plagued the inner city and the introduction of crack cocaine into our neighborhoods devastated the community. Today the City of Detroit is still digging out from the plague of crack-cocaine in the 1980s.

I point this out to say there are consequences to this tax-proposal—both in economic, and most importantly, in human terms. Sure I am for a tax cut. I am not, however, for irresponsibility.

I ask the American People to reflect on what we consider here today. Today, there are projected surpluses of approximately $5.6 trillion. Of this amount, $2.5 trillion in attributable to the Social Security Trust Fund and $.4 trillion or $400 billion is attributable to the Medicare Trust Fund, leaving the Non-Social Security, Non-Medicare Surplus at $2.7 trillion.

President Bush has proposed a tax-cut across all income brackets. The cost of which is $1 trillion dollars not including other tax proposals he plans to introduce. If we include these other proposals, the tax cut could cost anywhere from $1.6 trillion to upwards of $2 trillion.

Additionally, the Joint Committee on Taxation, a bipartisan committee on taxation, recently released estimates that show that the true cost of President Bush's Proposal exceeds the cost listed in the Administration's Budget. Their study also shows that the cost of remedying the problems associated with the Alternative Minimum Tax would increase to $300 billion over 10 years under the Bush proposal. This would raise the cost of the Bush tax cuts to nearly $2.5 trillion over the next ten years. This would mean that only $200 billion dollars of the surplus would remain for other national priorities.

In order to put this in perspective, I would like to point out that the cost of the proposed national missile defense system is estimated to be nearly $30.2 billion. Improving the lives of our military personnel is estimated to cost nearly $100 billion. We do not know the cost of privatizing a portion of Social Security, or other increases in spending promised by President Bush during the campaign. And even after we address these concerns this bill does not even consider the cost of reforming Medicare, the cost of a prescription drug benefit (estimated at nearly $200 billion) or the cost of addressing this nation's education needs.

I would also like the American people to ask themselves a question. Would you in your own personal finances write checks based on money that you did not have in your account? I would bet that most Americans would never be so careless with their expenses and the expenses of their families. So how can we today afford to be so careless with surpluses that are not yet in treasury accounts?

Nor would you spend money for a vacation, or new car, without looking at how such an expenditure would affect the rest of your budget. You would not go out and buy a car knowing that the payment may prevent you from being able to pay your rent or mortgage. Yet here, we will not have the opportunity to debate the full budget in Congress prior to voting on this tax bill. Forget about the fact that by law (the Congressional Budget Act) Congress must pass a budget before it passes tax breaks.

We were told that the President's priority was education. You would think that as a body, we would consider education legislation first. Today we see the true priorities of the administration and the leadership of this Congress. President Bush and the Republican leadership tell the American people that they care about education, yet they war willing to pass a tax cut that may jeopardize that very priority. Don't be surprised if we later learn that in order to accommodate today's tax cut, we must make sacrifices in education and other national priorities.

I do not stand here today to criticize without offering a credible alternative. Moreover, I would like the public to know that there are a number of alternative proposals from both Democrats and Republicans. However the leadership, through the rules committee, has limited the consideration of many of these proposals—this all in the so called spirit of transparency and bipartisanship.

Do not be led to believe that Democrats do not believe in tax relief. There is an alternative Democrat tax-cut proposal. The Democrat proposal is a simple budget plan that directs ⅓ of the Non Medicare, Non-Social Security surplus towards a tax cut, ⅓ toward our national priorities like education and a prescription drug benefit and ⅓ of the surplus to paying down the national debt. This tax cut is responsible in its scope and addresses the other priorities expressed by the American people. More importantly, the Democratic alternative would provide tax relief where tax relief is needed most—to the working families of this country.

Ms. BALDWIN. Mr. Speaker, I rise today in strong opposition to H.R. 3, the Economic Growth and Tax Relief Act. This $958 billion tax cut, which is part of a larger $1.6 trillion tax cut package, does not focus relief on those who need our help the most.

I support responsible tax cuts for working families, which is why I am voting for the substitute being offered on the floor today. The substitute offers marriage penalty tax relief, and provides larger refunds to low and middle-income families with children.

Two weeks ago I held listening sessions across the Second District of Wisconsin. I heard from many who are struggling to pay their bills. Some showed me their prescription drug receipts as evidence for the increasing costs they must pay. Others told me about the tremendous increases in their home heating bills, which have jumped dramatically due to the recent increases in the price of natural gas and other energy sources.

Many of the families I heard from during my listening tour do not make enough money to benefit substantially from this tax cut plan. Some have incomes so low they do not owe federal income taxes. Those families would receive nothing from the tax cut proposed in H.R. 3. Other middle income families will receive very small tax cuts that pale in comparison to their increased expenses.

In addition to the fact that many middle and lower income families would not benefit substantially from this legislation, the magnitude of this tax cut would limit resources that could go to programs to address their very real needs. I believe a tax cut this large puts at jeopardy the funds needed to add a Medicare prescription drug benefit. This means that the seniors I represent will not see adequate relief in addressing their health care needs. If this tax cut is passed, the Low Income Heating and Energy Assistance Program (LIHEAP) could face a freeze on its level of funding, or even worse, a cut. This would be devastating for people with low incomes in my district who are confronting enormous heating bills during this frigid Wisconsin winter.

Today's tax-cut legislation does not address the needs of families struggling to pay their increasing bills every month. Those who genuinely need relief will not receive the real fruits of this legislation. We must place a higher priority on a tax cut that provides relief to those who need it most. We must pass a responsible tax cut that does not jeopardize the fiscal health of this nation.

Mr. STARK. Mr. Speaker, I vehemently oppose President Bush's tax cut plan and encourage my colleagues to do the same.

I did not support the bill in the Ways and Means Committee markup because the House has not adopted a budget; the tax cut is one piece of a larger tax plan that imperils Social Security and Medicare; the bill leaves no room for more deserving priorities like a Medicare prescription drug benefit for seniors and better education for our children; and it provides far greater tax breaks to wealthy Americans—like members of Congress—than it does to the vast majority of working families.

A prudent family who has just experienced an increase in their annual salary would not run out to buy a yacht before they figure out how much debt they have on their credit cards, whether or not they're saving enough for the kids' college education, and if their retirement savings plan is in order. Likewise, Congress is acting irresponsibly by not setting spending priorities before blowing all our forecasted resources on a massive—not requested—tax cut.

President Bush did not send Congress a budget proposal. He sent Congress a blueprint for disaster dressed up in partisan rhetoric. The Bush ''budget'' is merely the rationale for a bloated tax cut. There are also some $20 billion in domestic spending cuts for next year alone that the President has yet to detail in his budget. These cuts could result in fewer cops on the street, less relief for over-crowded schools, less research and development for alternative energy, and reductions in federal emergency assistance.

Nor, does the President take into account all of the obligations that Congress is required to calculate when we devise a real budget. Congress is forced to account for an increase in population and therefore an increase in spending programs. Congress must account for additional interest on the debt when the debt isn't paid down and instead spent on a $2.5 trillion tax cut. Congress must account for the annual tax extenders that are renewed every single year. However, this Administration seems to think itself immune from taking into account these real costs to the federal government. This Congress isn't remotely ready to debate—much less vote on—a nearly $1 trillion tax cut which is only the smaller portion of an eventual $2.5 trillion tax cut.

President Bush is attempting to persuade the American public that his number one priority is education and that he also wants to protect Medicare and provide a new prescription drug benefit in the program. This is a blatant attempt to mislead America's seniors and parents alike.

The $2.4 billion in education spending increases pales in comparison to the $2.6 trillion cut the President plans to give primarily to the wealthiest Americans. The Administration's budget blueprint calls for a 12% increase in education spending. But once again, this figure is completely misleading. Bush calculates $2.1 billion in funds that Congress already provided for 2002 appropriations and already designated for specific education programs. You can't truthfully count these funds twice.

Likewise, the President is double-counting on Medicare and Social Security. His rhetoric states that he's protecting the Medicare and Social Security trust funds. In fact, his budget raids both trust funds—that Congress has consistently voted to put into a ''lock box'' to be used only to extend the solvency of Medicare and Social Security—as a resource to fund the wrong-headed priorities of his budget.

Because of the overwhelming size of the tax cut he's proposing, he also fails to provide the necessary resources to create a Medicare prescription drug benefit. Make no bones about it—the funds don't exist in President Bush's budget to provide seniors with an adequate and affordable Medicare prescription drug benefit. And, his use of the Trust Fund to finance other parts of his budget could imperil the program's future.

Finally, the President attempts to sell his tax package to the American people by advertising it as an economic stimulus. The problem with this misleading advertisement is that the entire tax plan isn't fully phased in until 2006. Most economists agree that most of the tax relief that has been promised by the President won't take effect until the economy has recovered.

I want my constituents to know the real substance of what I am about to vote on. This rate reduction tax bill is a small part of a larger problem. There is no real budget in place that spells out the realities of our spending priorities. The bill before us today sets up the federal government for increasing deficits. The tax benefits of this bill—which are wrongly directed to disproportionately assist the wealthy—arrive too late to provide any real stimulus for the economy. This will then force Congress to make drastic cuts to the programs that low and middle-income workers rely on like Medicare, Social Security and quality public education. It is unfair to leave our children with the burden of our federal debt so that the GOP can give away trillions of dollars to America's wealthiest taxpayers. I urge my colleagues to vote no on H.R. 3.

Mrs. CHRISTENSEN. Mr. Speaker, I rise in strong opposition to the Bush Tax cut plan and in support of the Rangel Democratic Substitute because H.R. 3 is misguided and just plain wrong. The Democratic proposal, however, would provide immediate and fair tax relief, while not threatening the surplus that so many of us worked hard to make possible.

Instead of following the law which requires that a budget be passed before tax cuts, the Republican Leadership has decided to ignore the law and rush to the floor a tax cut proposal which if it is adopted, will preclude us addressing some of the critical needs of the people of this country.

By the President's own admission, this tax cut is designed to make sure there is no money for spending; meaning they would take this unprecedented surplus and unique opportunity to secure our future and do good for those who need it most, and give it away to those who need it least.

Regardless of what my friends on the other side of the aisle say, Mr. Speaker, independent organizations report that an estimated 12.2 million low and moderate income families with children—31.5 percent of all families with children—the majority of them headed by hard working adults, would not receive any tax reduction at all.

That means primarily African Americans and other people of color. We won't benefit from the tax cut, that is clear. But what is the President talking about when he says he wants to cut government spending?

Today, with the sure passage of the Bush tax cut, the House begins the first step in dismantling all of our hard work and the progress that we have made in education, health care, housing, economic opportunity and the many other needs of our constituents.

He is in essence, talking about leaving many Americans, especially Black and Hispanic behind.

He is talking about inadequate spending for education, the issue Americans care about most. But others will talk about that.

He is talking about closing the doors of economic opportunity. For example, he proposes no New Markets initiative, a program that would be the first ever by SBA to actually provide the venture capital needed in our communities so that our constituents can open a business, create jobs, and pull our communities out of economic distress.

The Bush tax cut will also mean that 45 million Americans will continue to be without health insurance, and that HMO's will continue to make profits by denying care. It also means that over 25 million seniors will still be denied prescription drug coverage, and that Americans living in the territories and others living in the states will be denied access to health care because Medicaid will be cut so that those who are in the top 10% of incomes in this country can get more.

Mr. Speaker, we applaud the almost $3 billion increase for research, but African Americans, Latino Americans, native Americans, and Asian and Pacific Islanders need health care now.

I need not remind you, my colleagues, that health care is a right not a privilege—not for some, but for all.

We have the resources today to right many of the negative commissions and omissions of the past. On behalf of the people of this country, we must insist that President Bush and the leadership of this Congress not to squander our wealth, but invest it in the people of this nation instead.

Today portends not to be America's finest hour. But there is still an opportunity to help her live up to her legacy by passing the Democratic Substitute.

Under the Democratic Substitute, a new 12% tax bracket would be created, giving an across the board rate cut for all Americans and overwhelmingly benefit middle income taxpayers. Additionally, and most importantly, the Democratic alternative will give those working families who only pay payroll and federal excise taxes a refund through expansion of the Earned Income Tax Credit.

Finally, the Democratic alternative would provide families with children who earn less than $65,000 within most cases larger tax breaks than under the Bush proposal.

My colleagues we must tell the President and the Congress: ''No tax cut until our Seniors are secure, our children have access to a quality public school education, and until everyone—everyone—has access to quality health care.''

Mr. BALLENGER. Mr. Speaker, President George W. Bush and the Republican Congress understand that we can achieve our budget objectives while providing this long overdue tax relief—while, simultaneously, protecting Social Security, Medicare and retiring the public debt. My constituents share this vision, and have written the following to me in support of our efforts:

''The bottom line is, we are a low to moderate income working class family with a college age daughter. We pay huge amounts of income tax in comparison to our net worth and earnings, and we do not qualify for any assistance. $1,600 is a lot of money to us. Let us keep more.''

''Two of our children are in college while the other two are still at home. My husband and I both work. I prepare the payroll at my job and see how much is withheld from every paycheck. The American people already pay too much in taxes.''

''We are not in the top half or the bottom—we are caught in the middle. We get no extra help, nor do we want any, but we pay one-third of our income in taxes. Please help.''

''Please remember Mr. Ballenger, it's our money.''

''As a mother of three, I feel this package would greatly help our family and allow my husband and myself to better provide for our children.''

''As a Navy retiree and the father of two school age children, I would greatly benefit from this refund of my 'overpayment' of taxes.''

''It really does not matter to me if Bill Gates gets a big enough tax refund to buy himself a whole fleet of Lexus cars, my only concern is what I'm going to do with my tax refund.''

''Please hold the Democrats accountable for their distortions about the Reagan-era tax cuts—remind them of the late 70's under a Democrat president and the inflation of that time.''

My colleagues, let's vote for H.R. 3, the first installment in our tax relief agenda.

Mr. STUPAK. Mr. Speaker, unfortunately I am not able to vote on this issue because of a prior family commitment. With all that has happened to my family in the past nine months, this was a commitment I vowed to keep!

In our current times of economic surplus, and in light of Federal Reserve Chairman Greenspan's recent statements, I am in favor of tax cuts and believe that we need to use this opportunity to return money to hard-working Americans. Furthermore, with some signs of an economic slowdown, I hope that we can examine ways that a tax cut can act quickly to boost the economy. However, I cannot support President Bush's tax cut plan; it is simply too expensive and too speculative, will jeopardize vital programs such as Social Security and Medicare and will prevent us from taking aggressive action to reduce our nation's outstanding debt.

President Bush's $1.6 trillion tax cut package will actually cost more than $2 trillion when other hidden costs are taken into account, such as the costs of making it retroactive and additional interest costs of the national debt. This is simply too expensive. It leaves no room to ensure the future solvency of Social Security and Medicare, to reduce the debt and to account for future budgetary needs, such as our children's education or a prescription drug benefit for our nation's seniors.

I believe we must plan responsibly. Our first priorities must be to use the surpluses to protect Social Security and Medicare and pay down our national debt. In addition, we must leave room for the budgetary needs that inevitably occur, be they unforeseen needs for emergency relief, or because of an increase contained in the budget that President Bush has indicated he will propose. It is important to note that while Republicans in the House are rushing to vote on this issue, the Senate has indicated that it will hold off on any tax cut votes until the President's full budget is set forth. As any business or family would do, Congress needs to know its budget before determining how much it can afford to spend on a tax cut. The President has not yet offered Congress a complete budget to review. When he does so, we can rationally study this issue.

Furthermore, the current projected surplus is just that, a projection, and we cannot recklessly spend it, even with the best intentions. I would not plan my own family's budget that way, and I will certainly not invest the nation's future that way. As Chairman Greenspan said, ''We need to resist those policies that could readily resurrect the deficits of the past and the fiscal imbalances that followed in their wake.''

With responsible planning, I believe that we can promote the priorities of paying down the national debt, protecting our seniors' retirement and health security, and enacting tax cuts. I want to work in a bi-partisan manner with the president and members of both parties on Capitol Hill to pass a sensible budget that includes tax relief for America's working families. Unfortunately, this is not the approach being taken by the President and the Republican leadership; therefore, I oppose this package.

Mr. BEREUTER. Mr. Speaker, this Member rises today in support of H.R. 3, 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 would also like to thank the gentleman from California (Representative BILL THOMAS) the Chairman of the Ways and Means Committee for his efforts in bringing H.R. 3 to the House Floor as it provides tax relief to all hardworking taxpayers. However, this Member must lament the fact that, in what appears to be a partisan decision, none of the Minority Members of the Committee were willing to support refunding these surplus tax dollars back to the people who paid the taxes—our constituents.

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. Overcharged 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. 3 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) 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. 3 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. 3.

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. 3 as an important step toward tax relief for all Americans.

Mr. COYNE. Mr. Speaker, I rise in opposition to this legislation. I oppose this bill because it is irresponsibly large. I also oppose this legislation because it does not provide enough of its tax relief to working- and middle-class households. And I oppose it because we shouldn't pass a major tax bill before we pass a budget.

In my opinion, Congress shouldn't pass a major tax cut until we see how it affects the rest of the Federal budget. We received an outline of the President's budget plan only last week, but even this outline has caused me great concern. This document raised as many questions as it answered.

Normally, Congress doesn't take up a tax bill until after it has passed its annual budget resolution. The whole point of the process laid out under the Budget Act of 1974 was to avoid making decisions about major tax and spending proposals piecemeal—but, rather, to make major decisions about taxes and spending as part of the annual budget process. I strongly believe that abandoning this process is a recipe for disaster. It could well undermine future efforts to address pressing national problems like paying down the national debt, keeping Social Security solvent, creating a Medicare prescription drug benefit, improving education, fighting crime, and preserving our environment.

I am concerned that if we pass the tax cuts that the President is proposing, we might not have enough money left to pay down the national debt, keep Social Security and Medicare solvent, and pay for important Federal priorities like education and health care—especially because the surpluses that he is counting on to pay for his tax cut don't exist. They are only estimates that may or may not materialize over the next 10 years.

However, I understand that the Majority in the House will approve this bill later today. Consequently, I will do what I can to limit the damage that I believe that this bill would do. I will support the Democratic substitute, which would lose less revenue than the mark—and which would result in more of the tax relief provided by the bill to low-income taxpayers, the people who need help the most. The Democratic alternative reduces the lowest tax bracket from 15 percent to 12 percent. It also contains $60 billion in Alternative Minimum Tax relief and contains $60 billion in tax relief for American working families through expansion of the earned income tax credit.

To those of my colleagues who argue that the earned income tax credit is too vulnerable to error, fraud, and abuse, I would only observe that it is remarkable that they have not expressed the same concern about the much higher error, fraud, and abuse rate for small businesses and sole proprietorships—which has been reliably estimated at 40 percent. That apparent inconsistency suggests to me that the disagreement over expanding the EITC really is a disagreement over who needs tax relief the most—and that is a debate I feel confident about winning.

To sum up, Mr. Speaker, I don't think that we should be considering this bill today. We shouldn't mark up major tax legislation until after we finish work on the budget resolution. But since the majority intends to ram this bill through the House this afternoon, I will do what I can to ensure that most of the tax relief this provides will go to the hard-pressed middle-class families that Governor Bush talked so much about during the recent Presidential campaign.

I urge my colleagues to support the Democratic substitute.

Mr. CROWLEY. Mr. Speaker, I rise in strong opposition to the Bush Republican tax cut. I oppose this misguided plan to provide tax cuts to a select few while leaving working New Yorkers holding the bag.

Though, unlike the rhetoric you have heard on the other side of the aisle—Democrats, like myself, support cutting taxes—they are too high and stifling.

I am a strong believer in tax cuts—as a married man with two infants at home, I personally know how devastating the marriage penalty tax is—and I have voted in the past to eliminate this onerous tax.

I have worked with my colleagues in both parties to eliminate the regressive tax on talking that levies a tax on every phone call you make.

And as the representative of a middle and working class district comprised of a diverse swath of neighborhoods in Queens and the Bronx, NY, I know how punitive the estate tax is on the Mom and Pop enterprises that dot my district.

Estate taxes are too high and they must come down.

I spoke out just yesterday in the Committee on Financial Services for legislation that would lower the tax burden on the investing public via taxes levied on individuals' 401(k) plans, mutual funds and retirement accounts.

So for people to claim that I, or the majority of my colleagues, are opposed to any form of tax relief is ludicrous and out right wrong. I am for tax cuts—but responsible tax cuts.

In 1993, without one single Republican vote, Congress passed an austere plan for cutting spending, raising taxes on a targeted few wealthy individuals and injecting real fiscal discipline into our economy.

The other side cried that this bill would be the death knell of the American economy—but the facts bear them wrong, again. In fact, our nation then began to see annual budget surpluses instead of deficits, deficits created mostly by fiscal irresponsibility of the Reagan and Bush White Houses.

Now, thanks to the fiscal discipline of the Democratic Party, we are in a situation where we have experienced several years of back to back annual budget surpluses with more surpluses predicted into the future.

I am proud to prove the pundits wrong and stand before you today and say the Democrats are the party of fiscal responsibility while the Republican majority has become the party of fiscal irresponsibility.

We have seen a decade of incredible economic growth and expansion. The virtual elimination of inflation and the smallest interest rates in a generation.

Unemployment went from 8 percent under the last President Bush in 1992, down to 7 percent, then 6 percent, then 5 percent and then 4 percent and then a historically low 3.9 percent—unheard of.

All the while, real incomes rose—again, something not seen during the Reagan and Bush Administrations. Home ownership skyrocketed and consumer confidence was skyhigh. but Americans didn't just spend, they invested, and the stock market exploded.

Coincidence—I think not. It was a careful economic plan worked on by the Democrats in Congress—the Republicans continually refused to work with us—and the White House as well as the Federal Reserve Bank.

Democrats cut spending and erased the deficit—all the while the percentage of income sent to the Federal government in the form of income taxes continued to decline. Now, we want to throw the gains of the most prosperous decade in American history out the door to pass a backward tax cut plan that will primarily benefit the wealthy.

Even President Bush himself says a large share of the tax cut benefits will go to the rich—finally something we can all agree on.

We are basing economic forecasts for the next 10 years on data that is as reliable as weather reports. A year ago, the Government estimated our Nation's 10-year surpluses at a little over three trillion dollars—now they ''revised'' it to over $5 trillion—Guess they forgot to carry a one. Or, instead of being a mathematical goof, these 10 year projections are very flawed. Everyone from Alan Greenspan to the CBO agrees on this point.

No family could budget itself like this, no company would dare give away bonuses based for the next 10 years under the guise of favorable 10-year projections.

But that's the way the Republicans like to think when it comes to our future—they are gambling with Social Security and Medicare. This Bush Republican plan represents fiscal irresponsibility at its worst.

In fact, the President and the Republican Congress refuse to even consider an idea of providing triggers in their tax plan in case these projected surpluses do not happen. Triggers on these tax cuts are the only sensible option to prevent us from returning to the staggering Reagan-Bush deficits of the near past.

But instead, the Republicans want the go-go parties of the 1980's to continue whereby we spend all of our children's inheritance and leave them with the bill—that stinks both economically and morally, and that is why I oppose this foolish and reckless tax cut.

Congress and the President should work together, with guidance from the Fed, to address our Nation's fiscal concerns. I believe the economic priorities of the last Administration and of the Democrats in Congress are the right ones.

The expected Federal surplus is the people's money—it is not the government's money. Therefore, these funds should be used to benefit the people.

That is why I support a budget strategy commonly referred to as ⅓, ⅓, ⅓—where our country would use ⅓ of the surplus for tax cuts; ⅓ for debt reduction; and ⅓ for increased spending.

I believe one-third of our surplus should be returned to the American people in the form of a tax cut. Not one like the President supports which would reward almost $1 trillion of his $2 trillion plan to the richest one percent of Americans—but a fair tax plan.

I support and have voted for the elimination of the marriage penalty—something that will not occur even if Congress passed the President's plan exactly as written. Using just one-third of our surplus will allow for the elimination of this onerous tax. Also we can provide families and small businesses estate tax relief.

Another ⅓ of our surplus must be used to pay down our national debt. I have two young children, I do not want them and millions of other children to inherit a multi-Trillion dollar debt because I would not provide any fiscal discipline.

That is morally and economically wrong. The past 8 years America has borne witness to the wonders debt relief and deficit elimination will have on our Nation's overall economy and growth rates—this is undisputed, regardless of what some of my Republican colleagues insist.

If a family ran its budget like the Republicans want America to run its budget, they'd be in bankruptcy court, losing everything they worked for—and this will happen to our Nation if we pass these economically foolish tax cuts. We cannot let this happen.

The other third of the surplus should be used to provide for our Nation's critical investments, such as providing a prescription drug benefit under Medicare or shoring up Social Security or providing a well deserved pay raise to the hard working men and women of the U.S. military.

In my own district I know of too many people who ration their own medications because they cannot pay for their doses.

A also support increased public investments in our nation's crumbling schools. I released a study several weeks ago showing 97 percent of the school children in my district studying in overcrowded and antiquated classrooms.

I believe our children should be introduced to the Internet and computers at a young age. It is universally noted that the Internet economy has sparked much of our Nation's boom over the last decade, and this high technology has greatly improved our Nation's economic output and productivity levels, a reason why inflation has been virtually nonexistent.

Congress can and should provide tax relief, but we should not abandon our basic values, like Medicare or Social Security, or risk the re-emergence of ballooning deficits to achieve this goal.

Democrats have a plan to accomplish this goal. This Republican bill will not accomplish this goal.

We need an economic policy for all of America—not just the richest of America.

Mr. SERRANO. Mr. Speaker, I rise in vehement opposition to H.R. 3, the so-called ''Economic Growth and Tax Relief Act of 2001''.

There is no need to rush into the tax issue today. Indeed, it is foolish to move forward with any bill cutting taxes until we can put it in the context of the entire budget. For that reason, I will not support the Democratic substitute either at this time.

Before we cut taxes, we need to know how much we will need to spend to meet national needs—education, which is top priority of the American people, Social Security and Medicare, including a prescription drug benefit, universal access to health care, a cleaner environment, more effective law enforcement, a robust foreign policy, and all the necessary activities of the Federal Government.

We need to decide how we will respond to the American Society of Civil Engineers' 2001 Report Card for America's Infrastructure, issued today, which gives our public works a grade of D+ and estimates that we will need to invest $1.3 Trillion over five years in our roads, bridges, aviation system, schools, water, waste, and energy systems.

We need to reach agreement on paying down the Federal debt to prepare for the pending retirement of the Baby Boom generation, which will place enormous strains on the Federal budget and the national economy.

Just as important, because we know that the Bush tax plan will cost far more than the $1.6 Trillion he claims, and that his budget won't add up without cuts (or deficits), we need to understand what areas of the Federal budget President Bush proposes to cut to make his numbers work. And that's assuming the ten-year surplus projections come true, which is a very risky assumption.

Apart from the timing and the lack of a budgetary context, the substance of H.R. 3 is not worthy of support.

The Bush tax proposals, those in this bill and those yet to come, are unfairly skewed away from the neediest families. The wealthiest 1 percent of the income distribution, with incomes averaging $900,000, pay about 21 percent of federal taxes but would receive 43 percent of the benefits, an average tax cut of $46,000.

Many working families, including those who pay more in payroll taxes than in income taxes, would get nothing. On Tuesday, the Center on Budget and Policy Priorities released a study which indicates that if Congress approves the Bush tax plan, an estimated 12.2 million low- and middle-income families, with 24.1 million children, would not receive any tax reduction at all.

Mr. Speaker, I represent the South Bronx in New York. There are many people in my district who work two or more jobs just to make ends meet. Just think what these families could do with some extra money. They, and low- and moderate-income families like them, need and deserve tax relief as much as anyone, and they are likely to put any money they get from tax relief into the local economy.

The Republicans keep saying the rich deserve the biggest tax breaks because they pay the most taxes. But don't forget, the rich pay the most taxes because they have the most money.

Don't get me wrong, Mr. Speaker. I believe Americans should get a tax cut, but I also believe a tax cut package should be reasonably sized, fairly distributed, and achievable within a budget that addresses national needs, especially education.

I urge my colleagues to vote against HR 3.

Mr. SHAYS. Mr. Speaker, I rise in strong support of the tax reduction legislation before the House.

We've heard a number of our colleagues come to the floor today to brand this tax cut as irresponsible. Let me state nothing could be further from the truth.

We need to put this legislation in perspective, not simply in terms of the enormous surplus projections for the next 10 years, but also in terms of federal revenue and spending over that same period.

Consider the following: over the next decade, the U.S. Government is anticipated to collect $28 trillion in taxes. We are asking that $1.6 trillion be returned to the American people.

Of the $28 trillion in revenue, total federal spending is already expected to be $22.3 trillion over the next 10 years, unless, of course, Congress finds new ways to spend taxpayers' money.

When we compare the $1.6 trillion tax package to our other commitments over the next 10 years this tax cut seems rather modest. We anticipate spending $3.6 trillion for our military; $4.2 trillion for discretionary non-defense programs; $5.8 trillion for Social Security; $3.0 trillion for Medicare; and $2.1 trillion for Medicaid.

We've heard today, like a broken record, that this is a tax cut for the rich.

The reality is this is a tax cut for those who pay taxes. If you pay taxes, you will receive a tax cut. In fact, 6 million of the lowest income earners will be taken off the income tax rolls by this legislation. They will pay no income tax.

Some of my colleagues don't want you to know that the top 5 percent of taxpayers pay more than 50 percent of personal income taxes, and the top 50 percent of taxpayers pay more than 95.8 percent. That's a very progressive tax system, and if the president's tax package is enacted, the tax code will become even more progressive.

A married couple who both work making $55,000 with two children would receive a $1,930 tax cut. Yet a similar household making an additional $20,000 would receive only $120.

Mr. Speaker, the bottom line for me remains this: if we don't return some of the $5.6 trillion in tax surplus that the U.S. Treasury is estimated to collect over the next 10 years, it will be spent and the growth in the size of government will increase.

I am convinced the natural tendency to spend more money will only worsen with annual surpluses rolling in every year.

The President's proposal is very consistent with my long-standing efforts to limit the growth of government, cut wasteful federal spending and move power, money and influence out of Washington and back to local communities where it belongs.

I am pleased to support this bill, and urge my colleagues to do the same.

Mr. LAFALCE. Mr. Speaker, I rise today in strong support of fiscal responsibility. Unfortunately, the bill before us today is not fiscally responsible, and it is also not fair. It is unfair because it will exclude millions of working families from receiving any tax relief. In my state of New York alone, one in three families will get nothing from this bill. Nearly 1 million families and 1.9 million children in New York will receive absolutely no benefit from this tax cut. And these are the poorest of our working families, those who pay substantial payroll and other federal taxes but have no income tax liability.

The bill before us today delivers fully 44 percent of its benefits to the wealthiest 1 percent of Americans. It is the first and largest installment of the President's $2 trillion tax cut plan—a plan whose tax cuts for the wealthiest 1 percent would cost more than all of the President's new spending initiatives combined; and a plan that would force us to raid the Social Security and Medicare Trust Funds. The Republican Leadership has chosen to introduce the most expensive element of the President's plan first; it is also the component that (with the exception of the repeal of the estate tax) most favors the wealthiest Americans, which seems to reflect their priorities.

In short, Mr. Speaker, this bill and the overall Bush tax plan have three glaring problems, any one of which should cause us to reject them resoundingly.

First, it is the wrong kind of tax cut, providing the lion's share of benefits to the wealthiest Americans. It does nothing for the most vulnerable taxpayers who need the most help, while providing substantial help to the wealthy who need it least.

Second, it is much too expensive and will crowd out important federal spending priorities, many of which the President himself claims to support. It will also derail our efforts to eliminate the national debt, which poll after poll shows is a clear priority for the American people.

Finally, we are putting the cart before the horse in considering this tax cut today, prior to laying out a budget for the year.

THE WRONG KIND OF TAX CUT

Promoters of this tax cut have a peculiar notion of fairness. They believe it is fair that the wealthiest 1 percent of Americans get 44 percent of the benefits from this tax cut. In the old days, they might have argued that these benefits would ultimately trickle down to the rest of America through dramatic surges in economic growth. In 1981, we were asked to suspend disbelief and watch as a tax windfall for the wealthy would supposedly bring dramatic benefits to even the poorest Americans. Of course, these benefits never trickled down and we learned an important, if obvious, lesson: a tax windfall for the wealthy is nothing more than a tax windfall for the wealthy.

Now, the Republicans are trying a different tack, arguing that the wealthy face the highest burden from taxes, so they deserve the lion's share of a tax cut. But this just isn't true. After-tax income for the wealthiest 1 percent of Americans grew by a whopping $171,000 (or 40 percent) per family over the past decade, while after-tax income for the bottom 90 percent of families grew by just $1,241 (or 5 percent) per family. In light of this growing disparity in after-tax income, it should be obvious who is feeling the real burden of taxes today, and it is not the very wealthy. Yet, working families will get little or no relief from this tax bill. Again, 1 in 3 families in my state will get zero benefit from this bill or the President's overall tax plan. And these are the very families who need the help the most—the working poor and lower middle class. The conclusion from these numbers is unassailable: this tax cut will further widen the gap between the very wealthy and the rest of America. What definition of tax fairness could possibly apply to this bill?

THIS TAX CUT WILL CROWD OUT SPENDING AND DEBT REDUCTION PRIORITIES

In his address before Congress last week, President Bush repeatedly assured us that his massive tax cut plan could easily be paid for by what was ''left over'' after meeting spending and debt reduction obligations. Now his own sketchy budget proposal shows that nothing could be further from the truth. As many of us have been warning for weeks now, the President's tax plan, and today's bill, will come at the expense of federal budget priorities and debt reduction.

The President's budget director said we would have to look long and hard to find any cuts in the budget proposal. It took me less than 30 seconds: a 20% cut at the Federal Emergency Management Agency, a 17% cut at the Environmental Protection Agency, a 15% cut at the Department of Transportation, and so on. In fact, the President's so-called ''budget blueprint'' is nothing more than a tax cut masquerading as a budget. And today's vote for the biggest piece of this tax cut is effectively a vote to slash federal programs, raid the Social Security and Medicare trust funds, and reverse progress toward eliminating the national debt.

Among the many program cuts in the President's budget, I find two areas particularly egregious. President Bush would dramatically cut the budgets of the Department of Housing and Urban Development and the Small Business Administration. I have played a lead role in the oversight of these two agencies during the past decade, and I can attest to the tremendously important work they do in serving American families and small businesses.

Yet, at a time when our affordable housing needs are growing, the proposed HUD budget would cut housing funding by $2.2 billion in real terms. Included in these cuts is the elimination of the Drug Elimination Program for public housing, as well as a $700 million cut in the public housing Capital Fund, a critical source of funds for upgrades and repairs to ensure that low income and senior citizens' housing remains safe and accessible.

The budget of the Small Business Administration would be decimated under the Bush plan, with cuts totaling over 46% next year. The President proposes to sustain the Small Business Development Centers program and the General Business Loan and Small Business Investment Company programs by raising fees or introducing new fees charged to small businesses. He is effectively proposing to impose new taxes on America's small business in order to finance his tax windfall for the very wealthy—in short, a windfall for Wall Street paid for on the backs of America's Main Streets. Worse yet, he proposes to completely eliminate key elements of the New Markets Initiative, which is successfully realizing the untapped productive potential of America's under-served communities.

I am also concerned about our ability to meet critical infrastructure needs in light of this expensive tax cut. According to the American Society of Civil Engineers, the United States must spend a staggering $1.3 trillion over the next 5 years to meet our infrastructure needs. Much of the burden of that spending will fall on the federal government, and we must be prepared for it. Infrastructure investments are desperately needed to ensure that the water we drink is clean, that the roads and bridges we drive on are safe, that we can accommodate increased air traffic and alleviate airport congestion, and that we can continue to clean up our environment.

In the City of Buffalo, alone, the critical need to fix crumbling schools will likely cost $1 billion over the next decade. Multiply this amount by the countless number of other cities, large and small, that face similar school repair needs. The needs are substantial and real, and we will not be able to meet them if we pass this bill.

Finally, there are substantial human needs, which continue to go unaddressed by the federal government. 45 million Americans continue to go without any form of health insurance. And none of 39 million senior citizens on Medicare receive any prescription drug benefit from that program, at a time when drugs offer great hope for healthier and longer lives. Again, we simply will not be able to meet these needs if we pass this bill and follow the President's path for tax cuts.

In short, in passing this bill, we are incapacitating and emasculating the federal government's ability to meet all of these pressing needs. And we are re-digging the deficit ditch, after spending a long and difficult 18 years extricating ourselves from it.

THIS TAX CUT PUTS THE CART BEFORE THE HORSE

Poll after poll indicates that the American people do not support a massive tax cut that would jeopardize federal spending priorities and debt reduction. Congressional Republicans know this, which is why they are now rushing to put the cart before the horse, by passing the President's tax plan before we even know what our budget will be for the year. Mr. Speaker, we tried this approach before, and it was a disaster. In 1981, President Reagan assured us that we could first pass a massive tax cut and then meet federal spending priorities, all the while keeping the federal deficit in check. In reality, the 1981 tax cut plunged us into a decade of mounting debt, while putting the squeeze on important federal programs.

This experience should have taught us that we cannot rely on magic asterisks and vague promises to meet federal budget priorities. It is critical that we consider tax cuts after we give serious consideration to a detailed budget for the year. In adopting the Republicans' plan, we would be turning the President's message on its head—he told us that tax cuts would be paid for by what was ''left over'' after budget priorities and debt reduction goals were met. But today, we are, in fact, moving headlong into a fiscal plan that will pay for all of the federal government's spending obligations, as well as debt reduction, out of what is left over from a massive tax cut.

Mr. BENTSEN. Mr. Speaker, I rise in strong opposition to H.R. 3, the first installment of President Bush's proposed tax cut package.

Having voted for tax cuts many times, I support an income tax rate cut, but not outside a sensible budget framework. By rushing H.R. 3 to the floor even before we've adopted next year's budget, the Republican Leadership has abandoned even the semblance of fiscal prudence. Mr. Speaker, I cannot support a tax cut of this magnitude before we have had an opportunity to engage in a full and fair debate on the competing budgetary priorities, including those of the President. The Republican Leadership has rushed the $1 trillion tax cut to the floor before deciding how much will go to debt reduction, funding the President's own spending increases, and reforming Social Security and Medicare. This is a classic case of putting the cart before the horse.

In all the euphoria over the projected budget surplus of $5.6 trillion over ten-year projection, released by the Congressional Budget Office, we run the risk of failing to continue the fiscal restraint which has brought us to this point today. In just eight years, the baby boomers begin retiring and place unprecedented stresses on Social Security and Medicare. All the major economic forecasters, including CBO, OMB, GAO, as well as independent analysts, agree that the long-term budget picture shows deficits returning in due course and ultimately rising to unsustainable levels. The Republican Leadership is today throwing fiscal responsibility to the wind for short-term political gain and are denying the lessons of the past about relying on speculative economic and political assumptions.

I also think it is irresponsible to structure a tax cut against the entire on ten-year surplus projections, the bulk of which are projected to materialize after 2006. History has taught us that it is far easier to enact additional tax cuts in future years of economic projections hold up or improve, while it is far more difficult to enact tax increases or budget cuts in the future if the projections go unrealized. CBO itself acknowledges that current projections may substantially overstate projected surpluses and has concluded that ''the estimated surpluses could be off in one direction or the other, on average, by about $52 billion in 2001, $120 billion in 2002, and $412 billion in 2006.'' While there is significant doubt about whether surpluses will be realized, the coming retirement of the baby generation is a certainty for which we must plan.

I also have serious reservations about some of the contortions in the President's Budget Blueprint. The Administration plans to dedicate $2 trillion of the surplus, attributable to Social Security Trust Fund, to debt reduction and reserve the remaining $600 billion of Trust Fund receipts for Social Security privatization.

Futhermore, the President's Budget assumes dramatic spending increases in some accounts with unrealistic spending cuts in others. In recent days, the Administration has reversed itself on some of its proposed cuts and the Republican Chairman of the Senate Budget Committee has called into question the President's discretionary budget assumptions. Finally, in recent days of hearings before the Budget Committee, we have learned that the President's proposed ''contingency fund,'' which is supposed to offset additional spending, tax cuts or unrealized surpluses, is actually not $842 billion, but less than $200 billion, once you subtract the projected Medicare Trust Fund balance and add the increased cost of the H.R. 3 over the President's estimate.

Thus, Mr. Speaker, I must oppose H.R. 3. This House is moving too fast to gain political advantage before determining how we can meet our longterm obligations, including paying down the debt.

Mr. MCGOVERN. Mr. Speaker, I rise today in strong opposition to H.R. 3, the Economic Growth and Tax Relief Act of 2001. While I strongly support giving money back to hard-working Americans and to the families that need a tax cut, this is not the right way to do it.

While current economic projections show that we might see a significant budget surplus, the projections are just that—projections. We must be very cautious with these forecasts because the money we spend today—on tax cuts or on necessary programs—will be directly drawn from the projected surplus. Before Congress and the new Administration begin spending this surplus, we must take steps to ensure that our economy does not return to the budget deficits of the 1980s and early 1990s.

There are several reasons I am opposed to and will vote against H.R. 3.

First and foremost, this tax cut does not provide the necessary relief to the people who need it most. Instead of providing tax relief to middle-income families and working Americans, this bill benefits the most affluent of Americans. The top one percent of the income distribution would receive 43 percent of the tax benefits. This means that people whose incomes average over $900,000 per year would receive an average annual tax cut of $46,000! Yet many moderate- and low-income families will receive little or no benefit.

For example, while the top one percent of income earners receive tax breaks, an estimated 224,000 low and moderate income families in Massachusetts will not benefit from this plan. 28 percent of families living in Massachusetts will not benefit from this tax cut because their incomes are too low to owe federal income taxes.

Second, the U.S. House of Representatives is considering this tax cut without having considered or approved a budget. Instead of crafting and debating a budget for the next fiscal year, the majority party has rushed this tax bill for a vote at the expense of other priorities. The budget is the framework for all spending in the next fiscal year, including tax policy. Without a budget, we are endangering important priorities like education, health care, public safety, environmental protection, Social Security and Medicare.

This tax cut is nothing more than a replay of Reaganomics—the rich will get the tax cut, promises will be made that the money the rich receive will trickle down to the rest of us, and the nation will return to deficit spending.

Instead, we should move forward with a blueprint that has provided us with record surplus projections and has allowed us to consider such vital programs as a prescription drug benefit. We must protect and extend the Social Security and Medicare Trust Funds. We must continue to pay down the debt. As we pay down the debt, the surplus will continue to grow and we will be better able to pay for the priorities that are vital to all Americans.

We must not ignore our responsibilities to all Americans by providing tax breaks to just a few. I urge a no vote on H.R. 3.

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 on behalf of myself, the gentleman from North Dakota (Mr. POMEROY); the gentleman from Rhode Island (Mr. LANGEVIN); the gentleman from California (Mr. HONDA); the gentlewoman from California (Mrs. DAVIS); the gentleman from Oklahoma (Mr. CARSON); and the gentleman from Missouri (Mr. GEPHARDT), the Democratic leader.

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.

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

SEC. 101. 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, 2000—

''(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—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the initial bracket amount is—

''(i) $20,000 in the case of subsection (a),

''(ii) 80 percent of the dollar amount in clause (i) in the case of subsection (b), and

''(iii) 50 percent of the dollar amount in clause (i) in the case of subsections (c) and (d).

''(B) PHASEIN.—The initial bracket amount is—

''(i) ¼ the amount otherwise applicable under subparagraph (A) in the case of taxable years beginning during 2001, and

''(ii) ½ such amount otherwise applicable under subparagraph (A) in the case of taxable years beginning during 2002.

''(3) INFLATION ADJUSTMENT.—

''(A) IN GENERAL.—In the case of any taxable year beginning in a calendar year after 2003, 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 2002' 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, 2000.

(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. 102. 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	$10,820	$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 INCLUDIBLE 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 II—MARRIAGE PENALTY RELIEF

SEC. 201. 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).''.

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

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 83, the gentleman from New York (Mr. RANGEL) and a Member opposed each will control 30 minutes.

Mr. THOMAS. Mr. Speaker, I do rise, along with the entire Republican leadership and every Republican member of the Committee on Ways and Means and the vast majority of Republicans in opposition to the substitute.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) claims the time in opposition.

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

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume. I would note that the gentleman from California (Mr. THOMAS) did not mention the Republican President that I assume is still trying to be bipartisan.

Mr. Speaker, as we have said, we all would like to have a tax cut. Some of us believe that it should be responsible; all of us hope that it would be bipartisan. We want it to be fair, we want it to be honest, we do not want the hidden costs, as we see with the major bill that is on this floor today.

We think that it is unfair that 44 percent of the tax bill that is before us would go to 1 percent of the taxpayers, and those other people who make over $373,000 each year. What we have done is created a new 12 percent rate bracket for the first $20,000 of taxable income; and truly, all people would enjoy some type of tax relief.

But another issue which I hope will be discussed during the debate is that Republicans like to say, if you do not pay income taxes, do not expect an income tax return. Well, for 80 percent of the hard-working people that pay payroll taxes, they think it is a tax on their income. They work hard every day, and they do not get any relief under this bill. So we do not tinker and stop the flow of the money to Social Security or to Medicare, but we do create in our substitute an expansion of the earned income tax credit, so that we would provide a cushion for these hard-working people. The Republican bill does not deal with the marriage penalty. What we do is create a double standard deduction that is twice the standard deduction that would be available to the single people.

I admit that we are concerned about the people that are in high-income States too, because under the Republican bill, the deductibility of local and State taxes will be prevented by a mechanism that is referred to as the alternative minimum tax. We raised this to the chairman, but the Republicans obviously say ''manana,'' or tomorrow, they will take care of it. They will take care of the estate taxes, they will take care of the marriage penalty, they will take care of the deficit that might result as a result of their bill.

So I am hoping that at this time we would reject the Republican bill that is before us. It is not bipartisan; it has not been discussed with us. We think that this substitute is fiscally responsible; we think it is fair; we think it is honest; and, unlike H.R. 3, we think that it warrants the support of Republicans and Democrats, and we urge our colleagues to support it.

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

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

Again, I guess I am just a little bit confused. I thought that what we heard for the last hour was how quickly Republicans were moving, and that we just should not really move this quickly on a tax cut. I thought I just heard my friend and colleague from New York now indicate that we are not moving in this tax bill on the marriage penalty, on the death tax, on child credit, on alleviating the alternative minimum tax; and they just wonder if we are ever going to move.

I would tell the gentleman that, just as the President in the joint session in the well said that he wanted immediate tax relief for all Americans, which we are providing today, he also mentioned that we should have a child credit increase; that we should fix the marriage penalty; that we should eliminate the death tax. And we are going to do all of those.

I look forward to working with my colleague as we go forward in putting those tax packages together. It is March, and I do apologize to the gentleman because we do not have all of those other portions of the President's plan in front of us today, but I know that we will work diligently in committee; and before this month is out, very likely, we will be able to present the rest of the President's package.

So I do take the admonition about moving quickly for the other parts of the package, and I look forward to the gentleman working with us. Today is not the day, however; and today is to pass the heart of the President's program, and that is the rate reductions, the lowering of the fundamental structure of taxes for all income tax payers. That is what H.R. 3 does, and that is why we support the bill rather than this quickly conceived, hastily thrown together substitute.

Mr. RANGEL. Mr. Speaker, would the distinguished and articulate chairman of the Committee on Ways and Means yield?

Mr. THOMAS. Mr. Speaker, I would certainly yield to the gentleman from New York on his time.

Mr. RANGEL. Well, the gentleman is not yielding then. That is parliamentary. It is impossible for him to do that. Has the gentleman from California no sense of how this House is supposed to operate? How can the gentleman yield to me on my time? I asked the gentleman to yield. That is unfair.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from New York (Mr. HOUGHTON), a valued member of the Committee on Ways and Means, and a gentleman who understands the rules.

Mr. HOUGHTON. Mr. Speaker, I wish this were a little more evenly balanced in terms of a bipartisan approach, but evidently we are dealing with things which have been triggered by the White House, and we have to follow that route.

Look, there are certain things about the Republican bill that I do not particularly like. It is a very uncertain future. Who knows what is going to happen in 10 years? Also, there are some things in terms of child credits and in terms of a whole variety of things such as alternative minimum taxes that maybe should be considered, but there are certain things we do know. We know we are dealing with a huge surplus, a gargantuan surplus; and irrespective of what happens here in terms of the economy, we have a lot of area to play with. And it seems to me that what we want to do is to stretch and give as much as possible back to the people, where this money came from.

I used to be in business, and if one said to the stockholders and the employers in the business, look, we have been losing money for 30 years, which is exactly what the Federal Government has done, and now we are beginning to make a little bit, and what we want to do is to thank you for holding with us and we want to give you a dividend increase, we want to give you a salary increase; we are going to pay back our debts, but we are not going to pay them back all at once without taking care of you, we are going to do it in a balanced way. It seems to me that this is the whole premise of the Republican budget, and I support it.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. STARK), a senior member of the Committee on Ways and Means.

Mr. STARK. Mr. Speaker, I am so happy to follow my distinguished colleagues on the other side of the aisle from California and from New York. The gentleman who preceded me is arguably somewhat more wealthy than I am, and I think I would just like to explain in terms he and I can understand.

Mr. THOMAS. Mr. Speaker, will the gentleman yield briefly?

Mr. STARK. No.

Mr. THOMAS. Mr. Speaker, I do not believe there is any argument.

Mr. STARK. Regular order, Mr. Speaker.

It is pretty clear, because I talked to my colleagues a few months ago about why I did not intend to support removing the inheritance tax to make my children even richer than they will be, and so I am here today to explain to my colleagues in the simplest terms about what greed has done.

I know the gentleman from New York (Mr. HOUGHTON) will do far better than I will on this, but my accountant tells me that under the Republican plan, I will save $28,253.82. Under the Democratic alternative as proposed by our distinguished ranking member and the Democrats, I would save $737, a difference of $27,500.

My father-in-law is a retired teamster in San Marino, California. He has had a small business. He and people under $44,000 a year will receive $316 under the Bush plan, $289 under ours, a $25 difference. The $27,500 that my Republican colleagues are giving to Members of Congress is going to us instead of paying for a drug benefit for seniors. That is what is the issue today. The Republicans would destroy Medicare and Social Security by giving the money to the gentleman from New York (Mr. HOUGHTON) and to me who arguably do not need it and deny decent benefits to the seniors in this country. It is clear.

Mr. THOMAS. Mr. Speaker, as someone who clearly does not have that dilemma in front of him, I yield 2 minutes to the gentleman from Oklahoma (Mr. WATKINS), a valued member of the Committee on Ways and Means.

Mr. WATKINS. Mr. Speaker, I have a great deal of respect for the gentleman from New York (Mr. RANGEL). I support this bill because I truly believe we must stimulate the economy.

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When you have Alan Greenspan, Chairman of the Federal Reserve, lowering the interest rates twice in January, and the economic indicators have been down. They need to be stimulated in order for us to build jobs and build the economy. We must not let the economy go into a tailspin.

There are a lot of people that like to point out that it does not go far enough. I agree there. And let me say to the gentleman from New York (Mr. RANGEL), if he does not believe in tax reduction, let me have the gentleman's capital gains tax reductions that the gentleman has with the empowerment zones.

Let me also have the gentleman's tax credits that the gentleman has in Harlem and also the accelerated depreciation, and if the gentleman gives me all of those, I will back off because I know tax reduction works.

The gentleman from New York (Mr. RANGEL), my good friend, knows it works, because that is the only hope to stimulate that economy in Harlem. Just like I have high hopes that I can get industry into the lower income rural economic depressed areas of Oklahoma where we have had out-migration. We have lost our population. We have had welfare, low per capita income.

The tax reductions do work, because we have to have the economic opportunities to stimulate jobs. Some people like to point back and say look at Ronald Reagan's time. That was totally a different time 20 years ago.

If my colleagues remember, that budget was built by David Stockman with inflated figures. Does the gentleman remember that? They were out of bounds. We did not have a balanced budget.

Today we have a balanced budget. In fact, we are paying down debt. We do not have a huge military buildup like we had back at that time either. Circumstances are a lot different.

Let me say I stand in support of this tax bill and let us send part of this surplus back to our taxpayers.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. EDDIE BERNICE JOHNSON), the chairwoman of the Congressional Black Caucus.

(Ms. EDDIE BERNICE JOHNSON of Texas asked and was given permission to revise and extend her remarks.)

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for yielding the time to me.

The Congressional Black Caucus supports the Democratic alternative to the Bush tax plan, because it really is better. However, the Congressional Black Caucus believes that before we do any tax cut, we do need a budget plan.

I just heard the gentleman, a friend, talk about wanting to stimulate jobs. The last administration stimulated 22 million jobs. We are not in a crisis for a tax break.

The Democratic plan calls for a $900 billion tax cut that is fiscally responsible and fair to the average American. The Democratic plan contains a new 12 percent bottom bracket that would cut taxes on all individuals up to $300 and to all couples $600 annually, not just the top 1 percent.

The plan contains a married penalty relief for couples who use the standard deduction and for the tax relief for married couples who utilized the earned income tax credit.

Mr. Speaker, the Congressional Black Caucus supports the Democratic alternative to the Bush tax plan, because it is better. However, the Congressional Black Caucus believes that before we do any tax cut we need to have a budget plan.

The Democratic plan calls for a $900 billion tax cut that is fiscally responsible and fair to average Americans.

The Democratic plan contains: a new 12 percent bottom bracket that would cut taxes on all individuals up to $300 and to all couples up to $600 annually; the plan also contains marriage penalty relief for couples who use the standard deduction and further tax relief to married couples who utilize the earned income tax credit; and the plan includes estate tax relief that would eliminate this tax for over two-thirds of all estates that are currently subject to this tax.

The Democratic plan protects Social Security and Medicare. It reserves one-third of the projected $2.7 billion surplus so that we can meet our obligations to the Baby Boomers when they start to retire in 2008.

This Democratic plan leaves enough money for investment priorities that even the administration has said they support, such as improving education and providing a real prescription drug benefit for senior citizens.

The Democratic tax cut also lets us pay down the debt rapidly by setting aside one-third of the projected surplus for debt reduction. Every American benefits from this because everyone will at some point want to own a home, or buy a new car. Paying down the debt ensures that interest rates on loans will stay low, meaning lower monthly mortgage and car payments.

The slowdown in the economy does require a tax cut to ensure that a full scale recession does not occur.

Tax cuts should be fair to the average American family. The President's plan is not. The Citizens for Tax Justice organization performed independent analysis that found that the President's plan provides an average $46,000 tax cut to the top 1 percent of taxpayers while leaving only an average tax cut of $227 for the lowest 60 percent of working families.

The President's plan is also fiscally irresponsible. It raids the surplus, threatens Social Security and Medicare, and leaves no room for important investments like education and health care.

The President's plan threatens economic prosperity by reversing all the progress that was made during the last administration. It will plunge the country back into deficit spending just like President Reagan's tax cuts of the 1980s.

The President's plan even threatens Medicare and Social Security because it leaves no room for error if the economy does not grow as quickly as current projections.

Mr. Speaker, we need a budget plan before voting on any tax cuts. However, the Democratic alternative is the better tax approach.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Virginia (Mr. GOODLATTE).

Mr. GOODLATTE. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, for yielding the time to me and for his strong leadership in bringing this bill to the floor.

Mr. Speaker, I rise in opposition to the Democratic substitute and in support of H.R. 3, the Economic Growth and Tax Relief Act. This is very simple, what we are about here. This is money that was earned by the American people. They have paid it.

The government is taking in far more, far more than we are spending, and it is appropriate to give it back. It is a lot like if someone baked a batch of cookies and put them all out on a plate on the table at one time, watch and see what happens to it. In most families, they are going to go just like that. That is why we have to give this money back to the taxpayers, and we need to do it in a responsible way, because if we leave that money here, that plate of cookies right here, they are going to spend it.

It is entirely appropriate that instead of doing that, we provide for a reduction in statutory tax rates under the individual income tax. A vital step towards reducing the complexity of our tax process is reducing taxes in general. Instead of squandering the surplus on wasteful government spending, the Bush administration and Congress are working to ensure that government provides tax relief to all Americans.

Mr. Speaker, by reducing the current five tax brackets into four and making the new 12 percent rate retroactive, Washington will return hard earned dollars to those who earned it, the American citizens. This bill allows people to make choices on how to best spend their money.

The government should not be making that decision for them. This is the heart, the heart of President Bush's tax plan, and I urge my colleagues to support this bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Missouri (Ms. MCCARTHY).

(Ms. MCCARTHY of Missouri asked and was given permission to revise and extend her remarks.)

Ms. MCCARTHY of Missouri. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for yielding me the time.

Mr. Speaker, I rise in opposition to the Republican tax cut plan, H.R. 3, and in support of the Democratic substitute. I support tax cuts for all Americans. Under the President's plan, many of American working families would still be left behind.

The President's tax plan provides each of the wealthiest 1 percent of the taxpayers $46,000 in relief with the lowest 60 percent of working families getting a tax cut of just $227, or less than a dollar a day. This plan leaves working families and children behind.

Mr. Speaker, 30 percent of Missouri's families will be left behind, a third of Missouri's children will be left behind. I support a tax plan that focuses its relief on workers and families with children. This is fairness.

I support a budget that protects Social Security and Medicare and continues to reduce the national debt. This is fiscal responsibility. Supporting a tax cut of such magnitude as the President's will leave us unable to meet the needs of the economy of the American people and especially the educational needs of our children.

It is not a fair plan nor a responsible fiscal policy, and I urge my colleagues to vote no on H.R. 3 and support the Democratic alternative.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from Michigan (Mr. SMITH).

Mr. SMITH of Michigan. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS), chairman of the Committee on Ways and Means, for yielding the time to me.

Mr. Speaker, the most important reason to have a tax cut is to get some of this money out of town. It has been mentioned that spending is the danger.

There are a lot of problems in this country. There are a lot of problems in the world, and it is easy for politicians to say let us spend a little more of that available money.

Let me just give my colleagues a quick example, Mr. Speaker, in the last one, if we would have stuck to the caps that we set on ourselves for 1997, the baseline for the next 10 years would be

$1.7 trillion less spending than the baseline that exists because of our expanded spending.

The danger is more and more spending from this body, and it has been said many times how many people believe that if you leave it on this political counter in Washington most of it is going to be spent for an expanded government; that is the worst thing we can do for the future of the economy.

It is the worst thing we can do for the liability that our kids are going to have to bail us out of. Let us get some of the money out of town. Let us be fiscally responsible and start setting priorities.

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

Mr. Speaker, it amazes me the lack of confidence that these Republicans have in their leadership as relates to spending, but they know best.

Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. LEE), who served in the State Finance Committee before she came to the Congress.

(Ms. LEE asked and was given permission to revise and extend her remarks, and include extraneous material.)

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

Mr. Speaker, I rise today to oppose the Bush tax cut plan, which discriminates against millions of families with children, especially minority families.

According to the Center for Budget and Policy Priorities, 55 percent of African American families and 56 percent of Latino families, including 12 million children, would not receive 1 penny of tax relief under the Bush tax plan.

Let me read you a quote from a full page ad in the West Coast edition of the New York Times that ran last week. It says your proposed $1.6 trillion tax cut inadvertently puts our children at risk.

Now this ad, this full page ad, was taken out by a multi-ethnic coalition of 38 church, community and small business associations in California, including the California Hispanic Chamber of Commerce, the California Black Chamber of Commerce, and the National Council of Asian American Business Associations.

President Bush states that he wants to unify the Nation, but his tax plan is not a unifying plan. It leaves out many minority families. Instead of huge tax breaks, we should spend any surplus on education, on housing, Social Security and paying off the debt.

Mr. Speaker, I submit the following ad I mentioned in my remarks for the RECORD:

[From the New York Times, Mar. 1, 2001]

OPEN LETTER TO THE PRESIDENT—WE SUPPORT YOUR PRO-CHILD INAUGURAL ADDRESS: PLEASE CREATE A PRO-CHILD TAX CUT

''And whatever our views of [poverty's] cause, we can agree that children at risk are not at fault. Abandonment and abuse are not acts of God, they are failures of love.'' (Inaugural Address, Jan. 2001)

DEAR PRESIDENT BUSH: Your eloquent and compassionate Inaugural Address will long be remembered if your tax policies follow the pro-children theme of this address.

Your proposed 1.6 trillion-dollar tax cut inadvertently puts our children at risk. By its sheer size and focus on the wealthiest one percent of families (average income of one million dollars) it jeopardizes the children-at-risk theme of your compassionate educational and health care projects.

Over half (56%) of all Latino and African American children live in families that will receive no tax cuts.

Only one in 25 children live in families that will receive any significant benefits, and virtually all of these families can presently fully provide for all their children's needs and wishes.

PROTECT OUR MOST PRECIOUS RESOURCE: A $1,200 ANNUAL TAX REBATE FOR A FAMILY OF FOUR

Consistent with the compassionate theme of your Inaugural Address we support an annual $300 per person tax rebate for all U.S. residents, including senior citizens. A family of four would receive $1,200 a year.

Over 95% of children and their families would receive more under this proposal than under your proposal. And, only the top one percent of families (average income of one million dollars) would receive significantly less from the pro-child proposal than from your proposal. Your proposal gives these families $63,000 a year in tax cuts in the first year and close to a million dollars over a ten year period.

Even the typical senior citizen would benefit. Under your proposal a widow earning $20,000 would get a rebate of just $60. Under the $300 per person proposal, she would receive five times as much.

And, the typical family earning under $80,000 would receive $233 more per year under this proposal than from your tax cut proposal.

Unlike your proposal, the $1,200 per family of four proposal will not jeopardize social security, Medicare, military spending, or environmental protection, since it will cost fewer than 90 billion dollars a year and can be adjusted upward or downward depending on the size of our national surplus.

This $1,200 rebate will directly and immediately stimulate the economy and work in tandem with Federal Reserve Chairman Greenspan's interest rate cuts. It will do so because it can be provided immediately and 95% of the beneficiaries will use it for domestic spending such as health care, food, clothing and housing. In contrast, a tax cut for the super-rich will either not be spent or expended largely on foreign luxury goods such as Ferraris.

Mr. President, do not forget our children! Do not put our most precious resource at risk! Let their families, not the super-rich determine their future.

''African Americans fully understand the distinction between complex tax cuts for the super rich and a sweeping and simple across-the-board cut that equally benefits every American, including the humble and hardworking factory, hospital and restaurant workers of America.'' (Reverend J. Alfred Smith, Jr., co-pastor, Allen Temple Baptist Church)

''Latinos future success is largely dependent upon tax policies that promote and protect our most precious resource, our children.'' (Raul Medrano, Chairman, California Hispanic Chamber of Commerce)

Reverned Mark Whitlock, First AME Church, Los Angeles; Raul Medrano, California Hispanic Chamber of Commerce; Aubry Stone, California Black Chamber of Commerce; Gelly Borromeo, National Council of Asian American Business Associations; George Dean, Greater Phoenix Area Urban League; Reverend J. Alfred Smith, Jr., Allen Temple Baptist Church; Jorge Corralejo, Latin Business Association; Angelina Casillas-Corona, Hermandad Mexicana Nacional; Leo Avila, American GI Forum; Mary Ann Mitchell, National Black Business Council; Stanley H. Hall, Bay Area Urban League; Darlene Mar, Council of Asian American Business Association; Reverend Stephen McGlover, Black Business Association; Ben Benavidez, Mexican American Political Association; George Bivins, Black Business Association of Los Angeles; Lisa Yuchengco, Asian Pacific Publishers Association; Gayle Orr-Smith, San Francisco Business and Professional Women; Calvin Louie, CAABA; Ray Uzeta, Chicano Federation of San Diego; Manuel Pena, Orange County Minority Business Council; Arabella Martinez, Spanish Speaking Unity Council; John Gamboa, The Greenlining Institute.

PREPARED BY THE GREENLINING INSTITUTE, A MULTI-ETHNIC COALITION OF 38 CHURCH, COMMUNITY, AND SMALL BUSINESS ASSOCIATIONS, 785 MARKET STREET, 3RD FLOOR, SAN FRANCISCO, CA

Mr. THOMAS. Mr. Speaker, I yield myself 45 seconds.

Mr. Speaker, I believe that pretty well clears the air in terms of what some folks want to do with other people's money.

I believe that the point of the gentlewoman from California (Ms. LEE) was that there are a number of Americans who do not pay income taxes. This is a reduction, a permanent reduction in the income tax rate. More than 60 million women income tax payers will be benefitted. More than 16 million African American income tax payers will be benefitted. More than 15 million Hispanic American income taxpayers will be benefitted.

Those African Americans, Hispanics and women who will be benefitted are income taxpayers. The concern of the gentlewoman about those who do not pay income taxes was addressed by the President when he talked about needed reform in Social Security.

We will be doing that, and we will be doing it soon.

Mr. Speaker, it is my pleasure to yield 2½ minutes to the gentleman from California (Mr. COX), chairman of the Republican Policy Committee.

Mr. COX. Mr. Speaker, I thank the gentleman from California (Mr. THOMAS), the distinguished chairman of the Committee on Ways and Means.

Mr. Speaker, the gentleman could not have said it better. Higher tax rates do not produce jobs. Lower tax rates do.

High tax rates do not help single moms. Lower tax rates do.

High tax rates do not help our kids and our families. Lower tax rates do.

Mr. Speaker, today, for the first time in 20 years, we had on this floor a bill that will provide across the board tax rate relief for every working American, everyone. And, of course, the greatest percentage relief goes to the lowest end of the income scale.

The last time we did this was the Economic Recovery Tax Act of 1981. That was the catalyst for the staggering economic growth of the 1980s, the 1990s, the growth that we are still enjoying today. By reducing tax rates, we found during the decade of the 1980s that income tax revenues to the government more than doubles.

The problem was, of course, congressional spending at that time which more than doubled, but now a fiscally responsible Congress is prepared to keep a lid on spending.

I do expect that we will live within the 4 percent growth in discretionary spending that President Bush has laid out for us.

Mr. Speaker, what better time for a tax rate reduction than when we are enjoying record surpluses, something we were not blessed with back in the 1980s. Since the 1981 tax rate reduction, the American people have suffered eight tax hikes, so that today the tax burden on the American people and the tax burden as a share of this largest economy in our history is, in fact, the greatest in American history, eclipsing even the tax burden of World War II, when we were facing a death struggle with Nazi Germany and imperial Japan.

The need is clear. It is time to reduce tax rates which are placing a burden on our economy right now, which is the greatest since the largest war in the history of man.

Mr. Speaker, $2,000 that the average family of four will save because of this bill will go a long way towards setting this economy back on the path of economic growth and prosperity for every American.

Mr. Speaker, I want to thank the gentleman from California (Mr. THOMAS), chairman of the Committee on Ways and Means, for his leadership in bringing this bill to the floor and commend this bill to my colleagues who I know will vote in its support.

Mr. RANGEL. Mr. Speaker I yield 1½ minutes to the distinguished gentleman from Massachusetts (Mr. NEAL), a member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, what we are essentially being asked to do today is this, to vote on what economic conditions are going to be like in 10 years. The gentleman from New York (Mr. HOUGHTON) had it right on target when he suggested that.

Let me take my colleagues back 10 years. What we were told that we had to replicate in America 10 years ago were simply Japanese management practices. If every businessman and businesswomen in America simply did what the Japanese did, we would be in great shape, and the prosperity would be just around the corner.

Who among us would argue that today? We were told we were going to have deficits for the next 25 years. Who would argue that today?

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We were told by Paul Kennedy at Yale with his popular book 10 years ago that America's best days were behind; and it was widely read and on the best seller list forever. Who would argue that today? But yet we are being asked to do precisely that by projecting what economic conditions will be like a decade from now.

Then we are being told we better do this today so we can stimulate the economy. The Senate is not going to take this up until spring or summer, but we are told it has got to be done today. Minimal debate. Shove it through. Ram it down the minority's throat.

Let me tell my colleagues what we are going to do with AMT. We are going to make the matter even worse today. Currently, there are 1.5 million taxpayers who are caught in the AMT net. Under current law, that increases to 20 million in 2011, some with incomes as low as $50,000. Because of the bill that we have before us today, 15 million more people are about to pay AMT over the next 10 years. The problem, cost, $292 billion.

Reject this sham today. We will offer a tax cut here. A reasonable tax cut targeted to middle-income Americans is where we should be headed.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Georgia (Mr. LEWIS), a member of the Committee on Ways and Means.

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

Mr. Speaker, I rise today in support of the Democratic substitute. The Republican bill is not the way to go. It is going to take the country down the wrong road.

This whole thing is unbelievable. It is unreal. In my 15 years in Congress, I have never seen such a thing. We are now debating the first part of a $2 trillion tax bill, and we are doing it before we have a budget. $2 trillion is a lot of money, especially when it is based on an unreliable 10-year forecast. There are no assurances. There are no guarantees.

What if we are wrong? What if the surplus does not happen? The administration, the Republicans, somebody, somebody is not telling the whole story. They need to be honest with the American people, honest about the true cost of the bill, honest about what will happen if the surplus does not materialize, honest about what will happen to Social Security, to Medicare and other priorities. It is time to tell the truth, the whole truth, nothing but the truth.

The Republicans are playing with the numbers. It is deceptive. It is a sham. It is a shame. We should be paying down the debt, saving Social Security and Medicare, taking care of the basic human needs of all of our people.

The Republican bill is not right for America. It is not fair, and it is not just. I urge all of my colleagues to vote against it and vote for the Democrat substitute.

Mr. THOMAS. Mr. Speaker, it is my real pleasure to yield 2½ minutes to the gentleman from Louisiana (Mr. MCCRERY), a very valuable member of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Speaker, I want to talk about debt, because we have heard from a lot of folks on the other side of the aisle that they are concerned about debt. They are concerned that this tax cut is too big; and because it is too big, we will not be able to pay down the debt that is going to be a burden on our children and grandchildren.

Well, I am glad they are concerned about the debt. It is about time. But the fact is that we have been paying down debt. The best way to gauge the level of debt held by the public is to compute that debt as a percentage of our national income, our Gross Domestic Product.

The Congressional Budget Office baseline, which assumes no tax cut, some spending increases and everything else going to debt reduction, tells us the debt in 2006, just 5 years from now, will be 9.4 percent of our national income, the lowest level since 1917.

Using that same baseline, but assuming we pass the President's $1.6 trillion tax cut, the publicly held debt in 2006 will be about 14 percent of our national income, again, the lowest our debt will have been since 1917.

Now, let us say that we give the President his $1.6 trillion tax cut and we spend the rest of the surplus except for that that is attributable to Social Security and Medicare. Well, the publicly held debt in 2006 would be 15.1 percent of GDP, the lowest level since 1917.

Well, let us say we will use only the Social Security surplus to buy down the publicly held debt. In 2006, it would be 16.6 percent of GDP, except for 1 year, 1929, the lowest level since 1917.

But in his address to Congress just last week, President Bush said he would like for us to pay down only $2 trillion of debt over the next 10 years. Well, where would that leave us? It would leave the debt at 21.5 percent of GDP, and that would be the lowest level since 1930. And that is counting the President's tax cut plus increased spending for education, the military, health research, and Medicare.

We have been paying down the debt. Even with the tax cut and increased spending over the next 5 years, our debt will be lower than it has been since 1930. Since 1930, we have lived through the great depression, World War II, the Korean conflict, the Vietnam war, the boom times of the 1980s and the 1990s, and it will be the lowest since any of that occurred.

We can afford a tax cut and pay down the debt. Let us do it.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. ROEMER).

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

Mr. ROEMER. Mr. Speaker, about 2 weeks ago, our President stood right here and gave a very eloquent and moving address to the country, painting a canvas with a brush of statistics about two Americas, an American with surpluses and promise and hope, an America with too many deficits and failing schools.

So the question before this body today is: What do we do with those surpluses if they show up? Well Alan Greenspan has said urge caution on tax cuts, both on spending and on tax cuts. Let us make sure that we do not either spend our way back into deficits or tax our way back into deficits.

Secondly, this should be a fair process. According to the accounting firm of Deloitte & Touche, a millionaire with grown children gets a $47,000 tax break. A middle-class family with two children earning $55,000 gets $1,900. Let us work in a bipartisan way to get a real tax cut that we can afford that does not challenge our debt and paying down that debt and is fair to all Americans.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, I rise today with mixed feelings about the President's tax bill. Make no mistake, I am in favor of cutting taxes; and I support making our Federal tax code more fair. In fact, I have written legislation to reinstate sales tax deductibility. I support elimination of the marriage penalty and reform of estate taxes.

While it is important that we provide a tax cut, that tax cut must be passed within the context of a balanced budget. We must pay down the national debt. We must honor our commitment to Social Security and Medicare, and we must make important investments in education, health and defense. Those priorities must not be sacrificed in the name of a tax cut.

Under the President's plan, vital programs will have to be cut back, and let me give you a couple of examples: The Federal Emergency Management Agency and the Small Business Administration are right now in my district in Washington State helping people recover from a terrible, devastating earthquake. We must not cut programs to FEMA, to SBA and other critical investments. How many small businesses will not get support if we pass this excessively large tax cut. I support tax cuts, but the President's plan does not do the job the proper way. Support the Democratic alternative.

Mr. Speaker, I rise today with mixed feelings about the President's tax relief bill. Make no mistake—I am in favor of cutting taxes and I support making our federal tax code more fair.

I not only favor tax cuts and tax fairness, I have written legislation that will reinstate the sales tax deduction for citizens of states that do not have an income tax. I support relief for those penalized by the marriage tax. I support estate tax relief. I support tax cuts that will benefit each and every American. However, we in Congress have a duty to have an honest, thoughtful debate on the consequences of a tax cut as large as the one we are considering today, and that has not happened.

While it's important that we provide a tax cut, I feel strongly that such tax relief must be passed within the context of a balanced budget—we must be able to pay down the national debt, we must be able to honor and strengthen our commitment to Social Security and Medicare, and we must be able to make important investments in education, health, conservation, and defense. These priorities cannot be sacrificed.

I also believe it is unwise for the House to pass a large tax cut before we pass a budget. It just doesn't make sense to talk about spending trillions of dollars on a tax cut before we have established a budget that takes into account both spending and revenues. No small business could operate that way; no family could sustain that kind of spending—and we in Congress shouldn't do it either.

As I said before, I support eliminating the marriage tax. I support changing the estate tax system. I want to restore fairness to the tax code by restoring the sales tax deduction.

But the bill before us makes none of those changes. And worse, I am afraid that passage of this bill will cause serious hardships for residents of my home state.

Under the President's plan, the Commerce Department, the Transportation Department, the Corps of Engineers and the Small Business Administration will all have to be cut back—some drastically—to pay for this tax bill.

The Federal Emergency Management Agency (FEMA), which was sent into action just last week in my district following a devastating earthquake, is one of those agencies slated for a number of deep cuts. Let me tell you, we cannot afford to strip down agencies like FEMA, because if your home or business is wiped out in an earthquake, I don't care how big a tax cut you get, you're going to need agencies like FEMA and SBA to be there to help you rebuild your neighborhood and to rebuild your life.

How many small businesses won't get the SBA loan they need to stay in business? How many construction projects will the Corps of Engineers have to defer or abandon because they don't have adequate funding to move forward? How many roads and bridges will fall into disrepair because we could not fund transportation projects?

For these reasons, although I support fair and reasonable tax cuts that would stimulate the economy, I must oppose the tax bill before us today.

Mr. Speaker, when we make a rush to judgment, we can place vital programs at-risk. When we spend $1.6 trillion or more without a budget to show us the impact of that spending, we place our nation's future at risk.

Vote no on this bill today and let's bring up a tax relief bill that we can all stand behind.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. KUCINICH), who is the Chair of the Progressive Caucus in the House.

Mr. KUCINICH. Mr. Speaker, we can be for tax relief, but it makes sense to see the budget first. The government should not spend money that it does not have and should not give away money it might need. I know there are some people with great resources who do not need public education, Social Security, Medicare, or prescription drug benefit. Some do not need these programs because they can take care of themselves.

Mr. Speaker, why give away 43 percent of the tax cuts to the top 1 percent when we may need that money for education, Social Security and Medicare needed by most Americans. Basic American fairness requires that we should give the most to the many. Under our alternative, millions of waitresses, mechanics, nurses, home health aides, teachers and factory workers would get about $300. Families would get between $600 and $800.

Mr. Speaker, that proud eagle above our heads spreads its wings to protect the entire Nation. It is not some bird to be plucked and stuffed and eaten by a few.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from North Dakota (Mr. POMEROY), a new, but valuable member of the Committee on Ways and Means.

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

The Rangel substitute represents a better way to proceed on getting tax relief to the American people, in sharp contrast to the majority bill which we know is step one of a series of measures committing all of the general fund surplus based on an optimistic revenue forecast stretching out 10 years. The Rangel bill is responsible; it fits within a framework that commits nearly a trillion dollars of the projected surplus to tax relief, but also recognizes there are other budget priorities like paying down the debt.

The majority bill backs off of debt retirement. It poses the prospect that we might dissipate the surplus now and leave the national debt behind for our children to take care of. The Rangel substitute focuses tax relief on middle-income families, and as a result, does a better job of giving them relief than the majority bill. It also gets relief to the millions of Americans who pay payroll taxes but earn at levels so modest they do not have income tax liability. They get nothing under the majority bill; they get relief under the Rangel substitute.

Mr. Speaker, a final strength of the Rangel substitute is that unlike the majority bill, it fully protects the Social Security and Medicare trust funds. Folks think the money they pay in payroll taxes and Social Security and Medicare ought to be used exclusively for those purposes, but only the Rangel substitute makes that so.

It is time for tax relief, and the Rangel substitute is the right way to do it.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. SHAW), a very valuable member of the Committee on Ways and Means.

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

I have been sitting on the floor for the last few minutes, and I heard one Member say we cannot predict with absolute certainty what the economy is going to be, what revenue is going to be, what spending is going to be 10 years from now, and then from that come to a conclusion that the American people do not need a tax reduction.

If we are waiting for absolute certainty in our projections, the American people will never get anything back, but then what disturbs me most is a comment that was just made on the floor a few moments ago when one Member said the government should not give away money it may need. The government may not give away money it may need.

Mr. Speaker, this is the taxpayers' money. It is not the government's money. When the government has enough to operate and to pay down the debt and to act in a responsible way for the foreseeable future, it is our obligation to let the American taxpayers keep more of what they earn.

There are things that we do know with certainty. We do know that Federal taxes are at the highest level ever since peacetime. Americans work for more than 4 months just to pay their taxes. We know that with certainty. The typical American family pays more than 38 percent of its income in total taxes. We know that. On top of that, households are facing higher energy prices. My colleagues from the Northeast know that. The price of oil has doubled over the last 18 months. Manufacturing activity is at its lowest level since the 1990 recession. We know that. These are things we know and these are things that we have to operate on.

The Congress is not going away. We are going to be back year after year after year. The miracle of our democracy is that we are able to adjust to the times. We are able to adjust to current circumstances. We are able to adjust to our economy. Let us pass this tax bill. It is the taxpayers' money, it is not the government's money.

□ 1600

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, before we pass a series of tax cuts totaling over $2 trillion, we need to know what we can afford. The Republican plan is based on unreliable projections, no budget resolution, no administration budget.

Mr. Speaker, this is what a budget for the Federal Government looks like; yet what we have been given by the administration is this. Scarcely more than a long political pamphlet. In fact, it is skimpy compared to the budget of the State of Rhode Island. Mr. Speaker, perhaps the fuzziest of fuzzy math is to provide no numbers at all.

My colleagues, the President stood where the Speaker stands now and asked us to think of a struggling unmarried waitress with two kids. Yet most waitresses, raising two children, get nothing under the President's plan. Not even a one cent insult tip is left on the table. The Democratic substitute provides such waitresses with $539 and leaves $1.5 trillion more to pay off the national debt by 2008.

Let us stand up for Social Security, Medicare, and fiscal responsibility, and vote for the Democratic substitute.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Vermont (Mr. SANDERS).

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

Mr. Speaker, the Republican proposal is grossly unfair and grossly irresponsible. At a time when millions of middle-class families are struggling to keep their heads above water, the Republican proposal provides 43 percent of the tax breaks to the wealthiest 1 percent, the people who need it the least, and 12 percent of the benefits to the bottom 60 percent of the people who need it the most.

Equally important, by providing a huge $1.6 trillion tax break, there will not be money available in future years to help us in Social Security, Medicare, Medicaid, veterans needs, and education. Can we afford a tax cut? Yes. It should be smaller than the President's, and it should be geared to the middle class and not the wealthy. Support the Rangel substitute.

Mr. THOMAS. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. HULSHOF), a very valuable member of the Committee on Ways and Means.

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

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

Mr. Speaker, in a few moments, I expect my colleague from Missouri, the Democratic leader, will be coming to the well of the House and closing on the Democratic alternative. I find it noteworthy that over the last 4 years we have had 12 occasions to debate a substantive tax relief measure, and these are the CONGRESSIONAL RECORDS from those debates. I note that my colleague from Missouri, who is likely to join us in a few moments, has spoken in opposition on each and every occasion save one. My good friend from Missouri has never met a tax cut that he did not spike.

I go back to the Taxpayer Relief Act of 1997, and we were in the midst of deficits. As we were debating as a body whether to create an education savings account, cutting the capital gains tax rates, putting into place the Roth IRA, here are the statements from my good friend from Missouri. Let me say this, and I am quoting from the RECORD, ''I am a tax reformer. I believe we ought to get less deductions and exemptions and special treatment. I think we need to get lower rates for everybody.'' Amen, I say, Mr. Speaker. Vote for H.R. 3. This is across-the-board relief, where the greatest reductions are going to those who pay in the lower income tax brackets.

Let us fast-forward a year to 1998, as we were considering the Taxpayer Relief Act of 1998. On that occasion the gentleman from Missouri argued against the bill primarily because of his concern about raiding the Social Security Trust Fund. Again I go to the RECORD: ''I am from Missouri. We have a saying in Missouri. Show me. Show me the trust fund.'' Well, we took that comment to heart as well. I think that everyone in this Chamber recognizes that this Republican majority has locked away every penny of the Social Security and Medicare trust funds and payroll taxes. What we are talking about in this tax relief measure today is the overpayment of income tax surpluses.

If the Chair would permit me one final example. As we were debating a year ago the tax relief measure, again I think the gentleman from Missouri, with his usual rhetorical flourish, came before us and cried foul about the Republican plan for tax relief, talking about needing to pay down the debt and pointing out that a family of four earning $50,000 a year would only receive a refund of about $250. Once again, we have taken those constructive comments to heart. We are making unprecedented progress on paying down the national debt. And when the President's tax plan is fully phased in, that working family of four making $50,000 a year, that the gentleman from Missouri defended so vigorously, they will see their tax bill reduced by $1,600 annually.

I suppose through these congressional pages the arguments against tax relief are myriad and numerous. And I suppose my colleagues could conjure up any number of reasons to vote ''no.'' Here is a compelling reason to vote ''yes'': it is not the government's money. On behalf of hard-working American taxpayers, I join with our President in asking for a refund, urging my colleagues to vote ''no'' on the Democratic alternative and ''yes'' on H.R. 3.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota (Mr. LUTHER).

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

Mr. Speaker, Americans deserve to know the truth about the Federal budget, and they need to know that the surplus money, loosely being talked about, does not exist. In fact, what is occurring today are budget projections. That is what is being talked about.

As my colleagues can see from this chart, this shows the surplus projections from the nonpartisan Congressional Budget Office, that the current projection could easily be nearly $.5 trillion off in just 5 years. We have a tremendous opportunity here today. Let us not make the mistakes of the past, but rather let us use common sense and develop a national budget before we begin to allocate future projections for the next 10 years.

Let us change the way Washington operates today. Let us function like real families in the real world. Real families would not risk the future of this country with deficit financing like what was done in this country by this Congress just a few years ago.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. HOYER), a distinguished member of our delegation here.

Mr. HOYER. Mr. Speaker, welcome to the Great River Boat Gamble of 2001. Today our Republican friends are urging the American people to take a luxurious vacation into the tax cut casino. But let us remember, we have not even written our budget yet and do not have any idea whether or not we can afford it.

Everyone agrees that we ought to have a tax cut, and in 1997 I voted for that bill to which the gentleman referred. We need tax relief. It is clear from this fiscally irresponsible bill, however, that the GOP has not learned a thing from the mistakes of the past.

Twenty years ago, President Reagan assured America we could have it all, a huge tax cut, a major defense buildup, and a balanced Federal budget, which he guaranteed us in August of 1981 when he signed the tax cut. He said it would be balanced by October 1, 1983. We had about a $100 billion deficit that year alone.

George Bush, our current President's father, said that was voodoo economics. He was right. It is the taxpayers' money; and, my friends, the debt is also the taxpayers. Let us be responsible. Let us vote for the Democratic alternative. Let us make sense for America.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. BONIOR), our distinguished minority whip, under the very restrictive time that we have.

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

Mr. Speaker, many of us here have served through a number of administrations. We have seen how each President has had his own agenda. But they all understood one thing, and that is that they could not ask Congress to make decisions about taxes unless they had a budget. It is a matter of fiscal responsibility. Yet this White House has decided that that rule does not apply to them.

Democrats, as we have heard, want to cut taxes. But what is the White House response when we point out the President's scheme will cost over $2 trillion, or when we ask how they are going to pay for improving Social Security or education or Medicare, or when we ask how we are supposed to pay down the debt? Trust us, they say. They say trust us, the money is going to be there. Well, if I can paraphrase former President Reagan: it is good to trust, but it is better to verify.

It took years to pull ourselves out of the financial hole created by the last two Republican Presidents, and now this one is proposing that America jump right back into it. And for what, a tax cut that gives the richest 1 percent of Americans 43 percent of the breaks, while a waitress, who has maybe a couple of kids and is making $22,000 a year, gets nothing at all?

We can provide families with the tax cuts they have earned and still strengthen Social Security and modernize Medicare and provide for education and prescription drug care. That is what our substitute does. Our plan is backed by real numbers, not by empty promises. And unlike the President's scheme, it will not break the back, it will not burn up the surplus and plunge America deeper into debt. This country has been down that road before, Mr. Speaker. Why would we ever want to go back down that path?

I urge my colleagues to vote ''yes'' for the substitute by the gentleman from New York, and, if it fails, to vote ''no'' on final passage.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes and 10 seconds to the gentleman from Texas (Mr. DELAY), the majority whip.

Mr. DELAY. Mr. Speaker, I have to say, that the Democrat leadership has no credibility when it comes to fiscal responsibility. They are the ones that were in charge and who drove up the debt.

They point to Reaganomics as the reason for the debt going up, but what they do not point out is that because of the Reagan tax cuts revenues went up twice, two times as much. The problem was that the Democrat-controlled House drove spending up three times as much. It is spending, stupid. It is spending that creates the deficit. It is spending.

And now, Mr. Speaker, the Democrat substitute amendment is a paltry half measure that falls far short of the important tax relief that the American taxpayers deserve and should demand from this Congress. But there is more at stake here than the simple math of reducing the unfair tax burden on the American people, and that is that taxes are simply too high.

Clearly, whenever the Federal Government runs a surplus, taxes are, by definition, too high. But our opponents would have us believe that a budget surplus only proves that the Federal Government is not spending enough. And listening to the debate this afternoon, we have been warned in a hundred different ways that the sky is going to fall if we simply allow the taxpaying American public to keep more of what they earn.

Let us just sweep aside all those empty arguments, because this debate raises a fundamental question: Will we let the Federal Government spend first and then stick the taxpayers with the bill? They want to spend the tax surplus; we want to let America keep it. Will we let the American people determine how high their taxes should be and then require the Congress to live within its means? That is how it works for every American family. That is how America runs its small businesses, and that is how the Federal Government should keep its books. Only in Washington do we spend the taxpayers' hard-earned money first and ask questions later.

Our opponents argue that we cannot offer tax relief because the budget for the next fiscal year has not been completed. But we have a surplus this year, and we want to help American families this year. We can do it, we should do it, and we will do it by allowing every American taxpayer to keep more of what they earn.

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the gentleman from Maryland (Mr. HOYER) to correct the record.

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

Mr. Speaker, the majority whip has the same tired bogus argument. Let me remind my Republican friends that from 1981 to 1987 the Senate was a Republican United States Senate. Let me remind my friends, if they have forgotten, that Ronald Reagan was President of the United States. Let me remind my colleagues further that not one bill was vetoed by Ronald Reagan and had his veto overridden to spend more money. Not one.

So get rid of this bogus argument as to who upped the debt of this Nation.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from California (Mr. BECERRA), a valued member of the Committee on Ways and Means.

□ 1615

Mr. BECERRA. I thank the ranking member for yielding me this time.

Mr. Speaker, we need a plan to cut taxes that will be responsible, that will be fair and will invest in our future. We would not be allowed to buy a house anywhere in America if we could not prove that we could pay that mortgage on that home. Yet today Congress is telling America, we can buy a house, we do not have to tell you where the budget is, nor do we have to tell you how in the next 10 years we will get the money. We just have projections and we will assume we will have the money. Now, if that is considered responsible, then you will see how we get back to those deficits that we had for years and years and years.

We finally have a surplus. Let us stick with those surpluses that we have and not get back into deficit spending. Is it fair? One in three California families with children will not get anything out of this Bush tax plan. Does it invest in our future? Well, there will not be enough money to strengthen Social Security and Medicare. There will not be enough money to invest in education. There will not be enough money to promote economic growth in our neighborhood and certainly there will not be the money to pay down the national debt which will be now hoisted on our children in the future who will have to pay for our sins and for our work if we pass this bill.

Let us be fair, let us be responsible, and let us invest in our future. Let us vote for the Democratic substitute and bring down the Bush tax plan.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2½ minutes to the gentleman from Oklahoma (Mr. WATTS), the Conference chairman.

Mr. WATTS of Oklahoma. Mr. Speaker, I would encourage everyone to take off their Republican and Democrat caps here and just consider something. We tax the American people from the time they wake up until the time they go to bed.

When you get up in the morning and you go take a shower, you get taxed on the water. When you go and eat your breakfast, you get taxed on your food. When you go and put your clothes on, you get taxed on your clothes. When you get in your car and go to work and buy fuel, you get taxed on your fuel. When you go to work and punch the clock you get taxed on your income. When you come home in the evening, turn on the TV and you watch Fox News Network or Fox Sports Network or CNN or ESPN, you get taxed on your cable. And then you go and you fall to your knees at night, you pray to the true and living God, thank him for the day you have had, then you get off your knees, kiss your bride good night and you think that is free, but it is not. You get taxed. You have a marriage tax. Then if you say I am going to get out of all this and die, we still get you. We tax death. It is unfair.

The American people are overtaxed. What we are saying in this $1.6 trillion tax relief package, let us take six pennies that comes into Washington over the next 10 years and give it back to the taxpayers, give it back to the people that pay the bills in Washington and pay the bills at home. And then we are going to take 94 cents and put more money in education, build national defense, take care of Social Security, pay down the debt, which we have done over the last 3 years. When the Democrats were in control, I will remind my friends that for 35 years they paid not one dime on the national debt. They spent the Social Security surplus. We protected that.

What is so bad about giving people some of the money back to help them buy groceries, pay the utility bills, help buy the kids school clothes, help pay for the car insurance? What is bad about that? What is bad about eliminating all of the marriage tax, to say we should not penalize people simply for saying ‘‘I do.’’ That is wrong. We should not penalize small businesspeople and people who own farms and pay taxes on them every year and then when they die, the government gets 55 percent of the farm. Why would we be supportive of that? What is bad about allowing people who have kids to not write off $500 per child, but $1,000 per child? What is bad about that? I do not understand this.

There are two philosophies here in play. One says we want to keep the money in Washington and spend it on Washington programs to create power for ourselves. There is another philosophy that says we want to take six pennies of every dollar that comes into the system and give it back to the American people. Vote no on this substitute and yes on final passage.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Rhode Island (Mr. LANGEVIN).

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

Mr. LANGEVIN. Mr. Speaker, I rise today in strong opposition to H.R. 3 because it flies in the face of the disciplined approach to spending, commitment to paying down the national debt and responsible tax relief that I have always advocated.

In my home State of Rhode Island, the Republican plan will leave out an estimated 34,000 families and their 68,000 children because they do not have Federal income tax liability. A full 25 percent of Rhode Island's families with children would not see a cent under H.R. 3.

That is why I have cosponsored and will vote today for the Democratic substitute. I support a tax package that provides relief to everyone who pays Federal income or payroll taxes. This plan is fiscally responsible and offers immediate and fair relief for middle- and low-income families. What is more, the Rangel substitute will leave enough room for us to make substantial progress in paying down the national debt, a goal which should inform every aspect of our budget policy.

Therefore, I urge my colleagues to support the Democratic substitute and vote against the underlying bill.

Mr. Speaker, I rise today in strong opposition to H.R. 3, the Economic Growth and Tax Relief Act, because it flies in the face of the disciplined approach to spending, commitment to paying down the national debt, and responsible tax relief that I have advocated since I entered public service 15 years ago. Instead, as a co-sponsor of the Democratic substitute, I support a tax package that would give relief to those who need and deserve it the most.

As rosy as the budget surplus projections look now, it is important to remember that they are in fact only that: projections. We cannot assume that these projections guarantee a decade or more of windfall revenues, and such a rash conclusion could lead to our debt spiraling further out of control. A simple trigger mechanism would halt the implementation of tax cuts if the surplus does not materialize. This precaution would safeguard our budget against inaccurate projections, but H.R. 3 fails to include such commonsense protection.

I would also remind my colleagues that Congress is required to pass a budget resolution at the beginning of each year precisely because Members need to know what funding levels are feasible for a broad range of critical federal programs. Otherwise, Congress risks spending money the government does not have, which is exactly what will occur with the passage of H.R. 3.

Let us not forget that just recently we struggled with annual deficits of up to $290 billion, a national debt of $5.6 trillion, and interest-only payments on that debt of $300 billion annually. Put into perspective, those interest payments represented more than we were spending on Medicare, and almost as much as our entire national defense budget.

Retiring the national debt is a paramount concern that should inform every aspect of our budget policy. I want to be secure in the knowledge that our debt will continue to be reduced and our children and grandchildren will not have to shoulder the burden of our recklessness. In addition, paying down the debt will result in one of the best tax cuts we can provide to America's working families. Reduction and elimination of the debt will ensure low interest rates and a sound long-term economic future for the nation.

We all want to reward hard-working families by returning some of their tax dollars, but this cannot come at the expense of our nation's future fiscal well-being, nor should we adopt an approach that is so disproportionately skewed toward the wealthy. I have strong reservations about the size of the across-the-board tax cut included in H.R. 3 and the inadequate number of taxpayers who would benefit from it. Under this measure, an estimated 34,000 families with children, 68,000 children to be exact, in my home state of Rhode Island would not benefit from the proposed rate cut because they do not have federal income tax liability. In other words, 25 percent of Rhode Island families with children would not see a cent of the Republican tax cut!

While they would see no benefit from an income tax cut, these struggling families would still be required to pay the same payroll tax as wealthier Rhode Islanders, which is a significantly higher percentage of their income. For most families, the largest federal tax burden is their payroll tax, not the income tax. Furthermore, all families must pay state and local taxes—again, low-income families pay a considerably larger percentage of their income in such taxes than wealthier families. That is why H.R. 3 is not a tax cut for all but rather the few. And that is why I cannot support this bill in its current form.

Instead, I am cosponsoring the Democratic substitute with the Ranking Member of the Ways and Means Committee, because it is fiscally responsible and offers immediate and fair tax relief for middle- and lower-income families. This measure would create a new 12 percent tax bracket, give all Americans an across-the-board tax cut, and give those working families who pay only payroll and federal excise taxes a refund through expansion of the Earned Income Tax Credit. It also provides marriage tax penalty relief by doubling the standard deduction for married couples and leaves room in the budget for consideration of estate tax relief in the future. Most important of all, under our alternative, families with children who earn less than $65,000 will receive equal or larger tax breaks than under the Administration's proposal.

I ask my colleagues to consider all of our nation's needs. Without a doubt, taxpayers deserve relief. But they also deserve a strengthened Social Security system, a Medicare program that covers necessary prescription drugs, a military that is equipped to protect our nation, a quality health care system that is affordable and accessible to every family, and a world-class educational system that prepares our children for the 21st century. These needs are great and they must not be ignored. Because—at the end of the day—I refuse to look into the eyes of our elderly, our children, our soldiers and our working families and tell them that I traded their futures for those of the wealthy.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Florida (Ms. BROWN).

Ms. BROWN of Florida. Mr. Speaker, here we go again, another round of voodoo economics and another huge tax cut for the rich. I encourage my colleagues to consider the terrible situation in my home State of Florida, where massive tax breaks for the rich have come at the expense of much needed services for the poor.

Yesterday, Florida Governor Bush called for even more tax breaks for the rich while continuing to neglect some of the most pressing issues facing Florida residents. The Bush tax cuts are like the Reagan cuts that devastated our economy with huge debts, skyrocketing unemployment and high interest rates. We have been down that road before and it took us 20 years to crawl out of that mess.

I would like to remind my Republican colleagues that the American people did not support the Bush plan. We would not be in this mess if the coup had not taken place in Florida. There is no mandate for the Bush plan. He did not win the election. And the majority of the people did not vote for this irresponsible action of this Congress.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina (Mr. SPRATT), the ranking Democrat on the Committee on the Budget.

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

Mr. SPRATT. Mr. Speaker, in 1 minute this chart says it all. These are the reasons we cannot support this tax bill. It starts with the surplus, a blue sky surplus estimated at $5.6 trillion. We then back out what everybody agrees we should back out, the surplus in Social Security, the surplus in Medicare. That gives us an available surplus of $2.527 trillion. And what is the cost of this tax cut? When we add debt service, associated debt service, and when we also add the cost of extenders we know will be provided and the cost of fixing the AMT, it is $2.3 trillion. That leaves $207 billion to cover other priorities and Social Security. It leaves no room for error, no room for other priorities, no room for Social Security and Medicare.

That is why we are offering a much more moderate substitute that is balanced and will provide for all of these things, including tax reduction.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Texas (Mr. ARMEY), the majority leader.

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding me this time, and I want to thank the gentleman from California for his leadership as well.

Mr. Speaker, I have to say I chuckle at what I am hearing here today. Actually I am amazed. I am hearing all these reasons why we should not give people tax relief. Have we ever before heard so many reasons for not doing the right thing?

''It's too big.'' ''It's too soon.'' ''What's the rush?'' ''It's too risky.'' ''People don't want it.'' ''We can't afford it.'' ''You've got the cart before the horse.''

Beam me up, Mr. Speaker.

This bill, Mr. Speaker, is the least we can do.

The American people are paying the highest taxes in peacetime history. Families pay more in taxes than they do on food, clothing and shelter combined. We have had 15 years of tax rate increases and retroactive tax hikes. Americans now work 1 hour and 57 minutes out of each working day just to pay taxes to Washington. The American people are working hard. They produced these huge tax surpluses. They have earned some relief. They now deserve something, this year.

Mr. Speaker, this tax relief is the least we can do.

Mr. Speaker, the American people are nervous. They see the economy slowing, they see their neighbors losing their jobs, they see their 401(k)s and their mutual funds shrinking, while their energy bills double, triple and even, in California, quadruple. Their credit card debts are going up. They expect us to do something.

Mr. Speaker, this tax relief is the least we can do.

Over the next 10 years, taxpayers will be overcharged by a staggering $5.6 trillion. Even after paying down the payable debt, and funding all our priorities, Washington will still be awash in cash surpluses. If we do not get that money out of town, it will either be spent or it will be used to start buying into the private economy. Either way, the government will grow and personal freedom will suffer, unless we get our fiscal house in order now. We need to get that money out of Washington and in the pockets of the American people, and we need to do this as soon as possible.

And, Mr. Speaker, this tax relief is the least we can do.

Eight years ago, President Clinton raised taxes, retroactively. Two years ago, he vetoed $792 billion worth of tax reduction that would have stimulated this economy and would have helped to avoid the current malaise. He later vetoed marriage tax relief. He vetoed death tax relief. He even vetoed the repeal of the Spanish-American War telephone tax. And last year some in the House Democrat leadership actually opposed our bill to promote retirement savings, a bill that passed with over 400 votes. Obviously the Beltway liberal elites just do not want tax relief. They have delayed and obstructed long enough. The time for action, Mr. Speaker, is now.

And, Mr. Speaker, this tax relief is the least we can do.

But it is not all we should do. This is just the beginning. We are going to do a lot more. We are going to eliminate the unfair marriage penalty tax. We are going to eliminate the immoral death tax. We are going to promote retirement savings. We are going to help people afford health insurance. And as we fight for fairness, we should not be bound by some artificial number. We should do what is right for the American people. Because, Mr. Speaker, it is their money. They earned it. They produced it. It is theirs.

And this tax relief, Mr. Speaker, is the least we can do.

Mr. Speaker, some people here are saying, ''Enough already.'' Let me tell you, there is a whole lot more to come.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to the gentleman from Missouri (Mr. GEPHARDT), a voice of reason, the minority leader of the Democratic Party.

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

Mr. GEPHARDT. Mr. Speaker, I rise to ask Members to vote against the tax bill offered by the Committee on Ways and Means and to vote for the substitute offered by the gentleman from New York (Mr. RANGEL). I arrive at that position for a number of reasons.

First, I think that it is wrong to be taking up a tax bill without a budget. In fact, without even spending a moment deciding what the budget will say. By assigning 900 and some odd billion dollars to a tax cut that this bill encompasses, we are making decisions that will make it difficult, or different at least, to make other decisions that we might want to make in the budget, how much debt we are going to pay down, how much we are going to assign to defense or education or health care or all the other functions that are in the budget.

□ 1630

So the cart is in front of the horse, and we should be waiting for this tax bill until we have considered the budget.

A second reason that I urge Members to look at the Democratic alternative is because the forecasts that are the premise of the context for this tax cut bill so often are wrong. In fact, CBO recently said that they are always wrong. Now, sometimes they are better than we thought they were going to be; sometimes they are worse.

The other day the weather forecasters said we were going to have a big snowstorm in the Northeast. A lot of us listened to that forecast. People decided not to fly. Flights were cancelled. Airports were closed. People stayed home from work. People went and got shovels and bought water and flour and bread. Then it did not snow. When it did not snow, none of us were surprised because often weather forecasts are wrong.

We are taking an action today, if we vote for this bill, that really leaves us less alternatives in case the forecasts are wrong. Why would we want to do that?

The third argument I would make is that the thing we have to keep most on our mind is what action can we take that will best help the economy, that will make the economy go forward?

I had lunch the other day with a very wealthy individual, and he said why are you doing this big tax cut?

I used a lot of the arguments that my friends on the other side of the aisle make, and that I believe and we all believe, and that is we have a big surplus and we ought to give taxpayer money back to taxpayers. That is the right thing to do. That will help the economy.

He said, yes, a tax cut of a reasonable size will be helpful to people, but he said remember the most helpful thing to all of us is keeping the economy working. Then he said, think about this: 1 percent off interest rates would pick up for an average family of four about $1,500 a year savings in car payments and house payments. If we add that to a reasonable tax cut, he said, maybe $800 a year, we are going to wind up putting more money in those people's pockets than by the larger tax cut that would probably keep interest rates up.

We have to keep in our mind that the goal here is to keep the economy moving, to keep unemployment down, to keep growth up, and one of the best ways to do that is to keep interest rates down.

So I argue today, think about what this does to the economy and to ordinary families in this country who pay interest rates every month.

Another reason that I think we need to reconsider this tax cut and to go for the smaller alternative is because it allows us to take care of other alternatives in the budget.

The President has talked very dramatically about what he wants to do in education. Query: Will we have the funds to do what he wants to do, what we want to do, in education? Will we be able to take care of Medicare and Social Security?

Ken Conrad, the other day, made a very important statement. He said we could make a mistake on a tax cut in 1981 but we did not have $4 trillion in debt at the time and we did not have the baby boomers come into the Social Security fund 9 years from now. We all voted 2 weeks ago to put Medicare in a lockbox. The budget the President sent that encompasses the tax bill, part of which is on the floor today, invades the Medicare Trust Fund. The lockbox has already been picked if we vote for this kind of a tax bill.

Do we really want to do that? I do not think so.

Then there is the issue of fairness. If we are going to deliver tax relief, let us deliver it to the people who most need it. We have 12 million families in this country with 24 million children who will not get one red cent out of the Republican tax cut. They pay payroll taxes. They do not pay a lot of income taxes. Our tax bill, on the other hand, delivers real help to them.

Finally, let me simply say this: President Bush came just a few days ago to this Chamber. He came to Washington just a few weeks ago to be inaugurated, and he said he wants to be the uniter and not the divider. He said he wants to change the culture in this town; he wants to compromise; he wants to work with all parties and all people to put together compromise, bipartisan solutions to our problems. His rhetoric has been welcome. The American people want us to work together in the middle to get things done, but I must say with all due respect that this tax-cut bill, coming without a budget, is another my-way-or-the-highway approach to legislating in this Congress.

The President, my friends on the other side of the aisle, could easily sit down with the Democrats on the Committee on Ways and Means, and we could reach an honest compromise on taxes.

Everybody in this Chamber is for tax cuts. It is a question of how much they cost and to whom they go. Surely in the spirit of real compromise, we could come together and find an answer to this question that would get 400 votes on this floor today. We could do that. I believe that with all my heart.

So I say to my friends on the other side of the aisle, let us stop this approach to legislating. We are going to have a bipartisan retreat this weekend and we go in the spirit of trying to find bipartisan answers, but we cannot just be bipartisan in West Virginia. We have to be bipartisan in this building, and we have to work together and do the hard work of finding those compromises that we can both live with. We should have a tax bill on this floor today that gets over 400 votes. The American people would appreciate it, and I believe that it is what the American people told us they want us to do in the election of November. Vote against this bill. Vote for the Democratic alternative. Let us do better the next time.

Mr. THOMAS. Mr. Speaker, I yield the remainder of the time to the gentleman from Illinois (Mr. HASTERT), the leader of the House of Representatives, the Speaker of the House, who has decided with his leadership that there does not need to be another time.

Mr. HASTERT. Mr. Speaker, I rise today in support of the Economic Growth and Tax Relief Act of 2001. The name of this legislation is significant for two reasons. First, this bill promotes economic growth by returning money to the private sector, alias the American taxpayer.

Who among us can say that the economy does not need a little encouragement? Consumer confidence is down. Energy prices are up. Economic growth is stagnant. The economy needs a boost, and this tax relief will provide that boost.

It will give consumers more money to pay off credit card bills. It will give families more resources to pay off high energy bills, and it will give parents more money to pay for education expenses.

It will give the private sector more money so it can grow more.

Second, this tax bill gives taxpayers some relief also. Mr. Speaker, taxpayers need some relief. They need relief from the highest tax burden put on taxpayers since the end of the second world war.

Many of these tax incentives were put on taxpayers to help balance the budget. Well, the budget is balanced. In fact, we now have the largest tax surplus in our Nation's history. That means the American people are paying too much in taxes, giving too much of their money to the government and not enough money to their families. Now is the time to give taxpayers some relief.

I have heard criticism on this floor from some of our friends on the other side of the aisle and it is based on that we do not have the process right. Well, let me say, when we talk about process and we look at giving people a retroactive tax cut this year, I remember this year's budget, we passed it last year. We set aside 90 percent of that surplus, non-Social Security Medicare surplus, 90 percent of it, to pay down the debt. We took 10 percent of it to give people a tax break. Well, we passed tax relief out of this House and out of the Senate and we sent it down to the other end of Pennsylvania avenue, and President Clinton vetoed that.

We have $8 billion set aside in this year's budget to give people a retroactive tax break. We ought to do it. It is there. We owe it to the American people. It is the right thing to do.

I have heard that the argument is based on process and not on substance. Well, we need to look at substance. I know that many of my colleagues really want to be for tax relief, but for political reasons they are now opposed to it. Tax relief goes to the heart of what this country is all about. There are three things that can be done with a surplus. Some of it we need to spend. We are going to spend some money on education and defense and the needs of our people across this country. We are going to take some of that money, and as of September 30 of this year we will pay down $600 billion in public debt. We need to do that, but we need to take a fraction of that surplus and we need to give it back to the American people so that they have it in their pocket, so that they can make decisions how they are going to spend that money for their families and their future and education and the needs of their debt, their credit card debt.

I do not think we ought to let politics get in the way of taking care of the needs of the American people.

I remember in 1996 standing in this Chamber. In 1996, we were able to pass one of the first tax relief bills in a long time, almost over a decade. As we finished the business of the day and we went into special orders, I stood over there underneath the balcony and one of my colleagues who happened to be from Illinois on the other side of the aisle stood up and he was giving a very, very impassioned speech why we should not have tax relief for the American people; that we had a lot of responsibilities; we need to spend that money.

He made a statement and said, the American government cannot afford to give this money back to the American people. There was a fellow that stood right up there in that gallery and he came to the front of the gallery and said, ''What do you mean? It is our money.''

Well, Mr. Speaker, the guards came up and dragged that guy out and we never heard from him again; but I will say something, that that gentleman was right, it is their money. It is the money of the American taxpayers. They deserve some of it back. When we pay too much to Uncle Sam, he ought to give some back. Do not let politics get in the way of economic growth. Vote for this common sense tax bill. Vote for a growing economy and tax relief for the American people.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition of H.R. 3 which provides for only one amendment of this major piece of legislation. The Republican Leadership has simply pushed this legislation to the floor with irresponsible tax proposals that will exceed $2 trillion. I must oppose this legislation which disproportionately and overwhelmingly benefits the wealthiest Americans.

Mr. Speaker, these tax cuts would go to one percent of taxpayers with the highest incomes—a group whose incomes have soared in recent years and have risen much more rapidly than the incomes of the rest of the population—and would exceed the new resources proposed for all other national priorities combined.

The bill reduces federal revenues by $958.2 billion over 10 years, and represents the first installment of President Bush's proposed $1.62 trillion tax cut plan, accounting for 60 percent of the total cost of the president's proposal. If enacted, Mr. Speaker, it would effect the first reduction in federal income tax rates since 1981.

H.R. 3 reduces and restructures federal income tax rates by consolidating, over a period ending in 2006, the five current rates of 15 percent, 28 percent, 31 percent, 36 percent and 39.6 percent into four rates—10 percent, 15 percent, 25 percent and 33 percent. The net effect of these changes, however, would have a number of adverse consequences for Americans.

For example, a third to one-half of children in many states live in families that would not receive any tax reduction from the President's tax proposal, according to a new analysis from the Center on Budget and Policy Priorities. In 12 states plus the District of Columbia, at least 40 percent of children live in such families. The analysis uses Census Bureau data to estimate, on a state-by-state basis, the number of families' whose incomes are too low for them to owe federal income taxes. The large majority of these families, however, work and pay payroll taxes and other taxes unaffected by President Bush's proposal. H.R. 3 reduces only income taxes and taxes on large estates.

This legislation simply is inadequate because substantial numbers of children in every state would not benefit from the President's plan. Some states would have especially high numbers of unaffected children. These states include my state of Texas (2.3 million children unaffected), California (3.7 million), New York (1.9 million), and Florida (1.2 million). In each of another eight states—Arizona, Georgia, Illinois, Michigan, North Carolina, Ohio, Pennsylvania, and Tennessee—families with at least half a million children would gain nothing from H.R. 3, the proposed tax plan.

Nationwide, an estimated 12.2 million low—and moderate income families with children—31.5 percent of all families with children—would not receive any tax reduction from the Bush proposal. This funding is consistent with independent analyses conducted by the researchers from the Brookings Institution, the Urban Institute, and the Institute on Taxation and Economic Policy. The vast majority of the excluded families include workers.

The tax plan under consideration would squander all of the funds necessary for critical investments in the future. We cannot afford to forgo a surplus that needs to be used for education, prescription drugs, and ensuring the solvency of Social Security and Medicare.

For these reasons, I look forward to supporting the Democratic Substitute that provides immediate and fair tax relief for middle income families and is also fiscally responsible. A new 12 percent tax bracket would be created, thereby giving an across-the board rate cut for all Americans—but one which will overwhelmingly benefit middle income taxpayers.

The tax plan numbers contained in H.R. 3 just do not add up, and the surplus estimates that have been used are completely unreliable. Accordingly, I want to urge my colleagues to oppose H.R. 3 and support the Democratic Substitute that will be offered.

Mr. HONDA. Mr. Speaker, the Majority today is shortchanging middle and lower income families by giving $688 billion to the wealthiest 1 percent of Americans. Imagine if we gave $688 billion to the poorest individuals in our nation? Why does this budget seem any less extreme? Our budget surplus is money that belongs to the American people. Let us also remember that the deficits and damage that will be caused by this plan will belong to all of us as well.

Budgets are about choices. American families make these important choices everyday as they plan for the future. On behalf of the American people I urge my colleagues to think about our budget as families think about theirs—as if the lives of your children depended upon it. Imagine if you had not saved for your retirement, that you owed money on your credit cards and you could not afford health insurance and then you came into some extra money that could pay off most of these obligations. Would you spend the money on a new sports car or secure your family's future by living up to your obligations? Fiscal discipline and common sense tell us that we must take care of these important obligations to secure the future of this great nation—we have no greater obligation to the families of the United States of America. For their sake, I urge all of you not to buy the sports car by voting for the majority plan and instead meet your obligations by voting for the prudent and balanced alternative.

The SPEAKER pro tempore (Mr. LAHOOD). Pursuant to House Resolution 83, the previous question is ordered on the bill, as amended, and on the amendment in the nature of a substitute by the gentleman from New York (Mr. RANGEL).

The question is on the amendment in the nature of a substitute 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 Chair will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on any question incidental to questions on adopting the amendment.

The vote was taken by electronic device, and there were—yeas 155, nays 273, not voting 5, as follows:

[Roll No. 42]

YEAS—155

Abercrombie
Allen
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett
Becerra
Berkley
Berman
Bishop
Blagojevich
Blumenauer
Bonior
Boswell
Boucher
Boyd
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson (IN)
Carson (OK)
Clay
Clayton
Clement
Condit
Coyne
Cramer
Crowley
Cummings
Davis (CA)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Filner
Frank
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hilliard
Hinchey
Hinojosa
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Kennedy (RI)
Kildee
Kilpatrick
Kind (WI)
Kleczka
Kucinich
LaFalce
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Levin
Lewis (GA)
Lofgren
Lowey
Luther
Maloney (CT)
Maloney (NY)
Markey
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Menendez
Millender-McDonald
Miller, George
Mink
Moakley
Moran (VA)
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Payne
Pelosi
Pomeroy
Price (NC)
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanders
Sawyer
Scott
Sherman
Slaughter
Smith (WA)
Solis
Spratt
Stark
Strickland
Tierney
Turner
Udall (CO)
Udall (NM)
Velazquez
Watt (NC)

Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—273

Aderholt
Akin
Andrews
Armey
Bachus
Baker
Ballenger
Barr
Bartlett
Barton
Bass
Bentsen
Bereuter
Berry
Biggert
Bilirakis
Blunt
Boehlert
Boehner
Bonilla
Bono
Borski
Brady (PA)
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Clyburn
Coble
Collins
Combest
Conyers
Cooksey
Costello
Cox
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis (FL)
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doggett
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Fattah
Ferguson
Flake
Fletcher
Foley
Ford
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (TX)
Hansen
Harman
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill
Hilleary
Hobson
Hoeffel
Hoekstra
Holden
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Issa
Istook
Jackson (IL)
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lee
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Matheson
McCrery
McDermott
McHugh
McInnis
McKeon
Meeks (NY)
Mica
Miller (FL)
Miller, Gary
Mollohan
Moore
Moran (KS)
Morella
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter
Oxley
Pastor
Paul
Pence
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Roukema
Royce
Ryan (WI)
Ryun (KS)
Sanchez
Sandlin
Saxton
Scarborough
Schaffer
Schakowsky
Schiff
Schrock
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Simmons
Simpson
Sisisky
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Snyder
Souder
Spence
Stearns
Stenholm
Stump
Sununu
Sweeney
Tancredo
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Thune
Thurman
Tiahrt
Tiberi
Toomey
Towns
Traficant
Upton
Visclosky
Vitter
Walden
Walsh
Wamp
Waters
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—5

Ackerman
Lewis (CA)
Shows
Skelton
Stupak

□ 1707

Messrs. MILLER of Florida, SIMMONS, TIBERI, NUSSLE, SERRANO, MEEKS of New York, and CONYERS changed their vote from ''yea'' to ''nay.''

Ms. ROYBAL-ALLARD and Mr. ORTIZ changed their vote from ''nay'' to ''yea.''

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

The result of the vote was announced as above recorded.

MOTION TO RECONSIDER OFFERED BY MR. BERRY

Mr. BERRY. Mr. Speaker, I move to reconsider the vote whereby the amendment in the nature of a substitute was rejected.

MOTION TO TABLE OFFERED BY MR. THOMAS

Mr. THOMAS. Mr. Speaker, I move to lay the motion to reconsider on the table.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion to table offered by the gentleman from California (Mr. THOMAS).

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

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

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 228, nays 197, not voting 8, as follows:

[Roll No. 43]

YEAS—228

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

NAYS—197

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

NOT VOTING—8

Ackerman	Lewis (CA)	Skelton
Armey	Sessions	Stupak
Ballenger	Shows	

□ 1716

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). 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.

MOTION TO RECOMMIT OFFERED BY MR. STENHOLM

Mr. STENHOLM. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore (Mr. LAHOOD). Is the gentleman opposed to the bill?

Mr. STENHOLM. I most certainly am in its current form, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. STENHOLM moves to recommit the bill H.R. 3 to the Committee on Ways and Means with instructions not to report the same back to the House before April 15, 2001 (the date set forth in section 300 of the Congressional Budget Act of 1974 as the date that Congress completes action on the concurrent resolution on the budget) unless Congress has completed action on the concurrent resolution on the budget for fiscal year 2002 before that date.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. STENHOLM) is recognized for 5 minutes on his motion to recommit.

Mr. STENHOLM. Mr. Speaker, this motion to recommit is very straightforward. It simply requires that we do what the law requires us to do, what any family or small business has to do, put in place a budget before we make decisions that will affect our Nation's finances for the next decade and beyond.

This debate is not about whether we should cut taxes. Everyone in this body agrees that the American people deserve tax relief. The Blue Dogs have repeatedly called for the largest tax cut we can afford that fits within the context of a fiscally responsible long-term budget framework.

Within an honest and responsible budget, we can eliminate the marriage penalty, provide estate tax relief for small businesses, family farmers and ranchers, and provide tax relief for every family across the Nation.

I wanted to provide tax relief through cuts in income taxes, but I also want to provide for cuts in our taxes for our children and grandchildren by eliminating the debt burden we have placed on them and leaving them with Social Security and Medicare programs that are financially sound.

But the folks I represent at home told me that their top priority for the surplus is paying down our national debt and strengthening Social Security and Medicare. They understand that the best tax cut we can give them is lower interest rates on their credit cards, car loans and mortgages by paying down the debt.

Last week, the President came to this very Chamber and spoke to us about his plans for our Nation's budget. I found myself in substantial agreement with most of what he had to say. I support many of the goals he outlined in his speech, including debt reduction, strengthening Social Security and Medicare, and tax relief for all Americans. I particularly appreciated his call for cooperation and civility.

Those of us in the Blue Dog Coalition have expressed our desire to work with the President, and we have given him our pledge to be honest brokers in dealing with the issues before this Nation.

I deeply regret that this bill is being rushed to a vote under a process that contradicts the spirit of bipartisanship that the President spoke about so eloquently last week.

Many of us spent many years working extremely hard in and casting many tough votes to eliminate the deficit and put us in the position to pay down the debt. I for one do not wish to squander the opportunity and return to the era when deficit spending placed a tremendous drag on our economy and ran up 5 trillion 700 billion dollars of national debt that is still with us today.

The budget blueprint the President submitted last week is the first step of the budget process. Now, those of us who were elected to represent our constituents in Congress have a responsibility and an obligation to thoroughly examine the details of the President's budget and have a full debate on the overall priorities as part of the regular congressional budget process before we vote on any individual elements of the plan.

The President's plan is an important voice in this process, but it is not the only voice. There are a lot of questions about how the priorities the President identified in his budget will add up without borrowing from the Social Security and Medicare Trust funds.

Likewise, many questions have been raised about what his budget means for other priorities, such as debt reduction, protecting Social Security and Medicare and deal with the needs in the areas of defense, education, health care prescription drugs, agriculture, and energy policy.

Some of us are concerned about enacting a tax cut based on projected surpluses, especially since over 70 percent of the projected surpluses will not even materialize until 2007 and beyond.

USA Today reported that the President's budget would slow down the path of debt reduction by almost $600 billion over the next several years.

Our insistence that Congress act on a budget resolution before voting on tax or spending legislation is not an argument about process or arcane budget rules; rather, it is about acting responsibly to balance priorities important to our constituents. Before we enact a tax cut, the American people deserve to know what the tax cut means for other priorities that are important to them.

I was one of the Democrats who supported President Reagan in 1981 when Congress passed a large tax cut before agreeing on the spending cuts to pay for the tax cut. The result was $4 trillion in national debt increase and increased spending of $600 billion in the 1980s alone on interest.

We cannot afford to repeat the mistake of rushing to cut taxes before considering how they will fit within a fiscally responsible budget. I lived through that experience where we allowed ourselves to believe words that sounded too good to be true. It pains me to think that we have learned nothing from our mistakes.

No family would make a major financial decision such as buying a new home without first sitting down and working out a budget to figure out whether they will be able to afford the mortgage and still meet household expenses and leave flexibility to deal with family emergencies in the future. We owe it to our constituents to follow that common sense approach to the Nation's budget by agreeing on a budget.

Mr. Speaker, Americans have become cynical of government because they are tired of politicians telling them one thing and doing another. By putting a budget in place first, Congress can ensure that it maintains fiscal discipline.

The SPEAKER pro tempore. Is the gentleman from California (Mr. THOMAS) opposed to the motion to recommit?

Mr. THOMAS. I am, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) is recognized for 5 minutes in opposition to the motion to recommit.

Mr. THOMAS. Mr. Speaker, as is the tradition on major pieces of legislation, we had the minority leader close on H.R. 3, and we had the Speaker be the final speaker. I hope Members were listening to what both the minority leader and the Speaker had to say. One of the phrases that struck my ear from the minority leader was as far as taxes are concerned, it appears that it is going to be my way or the highway.

Mr. Speaker, one of the difficulties we have with that is that when you look at this motion to recommit, it really seems that the line ought to be as far as permanent rate reduction is concerned, no way.

Let us look at the motion to recommit. It says that we have to send it back to committee and wait until the budget for fiscal year 2002 is completed.

Now I know that my colleagues on the other side of the aisle had trouble with a 7-page bill. It is 7 pages. But actually you only had to get to page 2. You only had to get to page 2. Look at line 17 on page 2, what does it say. On page 2, line 17 as far as rate reductions, it says, ''In case of taxable years beginning after December 31, 2000.'' Let us see. If it is after December 31, 2000, that means 2001.

What you heard the Speaker of the House say in the well is that we are currently in fiscal year 2001. If you are concerned about paying down the debt, then God bless you if you voted for the budget in 2001, because by the end of this fiscal year we will have paid down an additional $650 billion on the debt.

If you are so worried about the Medicare lockbox and the Social Security lockbox, if you voted for the 2001 budget, you voted for the Medicare lockbox, and you voted for the Social Security lockbox. So guess what, if you want permanent rate reduction now, all you have to do is vote down this motion to recommit.

Vote H.R. 3. We have a budget in place. It is called this year's budget because if Members ever looked at the bill, it would have told them it starts now if they vote yes. Vote down the motion to recommit. Reduce taxes now, vote yes.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

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

RECORDED VOTE

Mr. STENHOLM. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage.

The vote was taken by electronic device, and there were—ayes 204, noes 221, not voting 8, as follows:

[Roll No. 44]

AYES—204

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

NOES—221

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

NOT VOTING—8

Ackerman
Ballenger
Bishop
Kaptur
Lewis (CA)
Shows
Skelton
Stupak

□ 1746

Mr. LATHAM changed his vote from "aye" to "no."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). 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 SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 230, nays 198, not voting 5, as follows:

[Roll No. 45]

YEAS—230

Aderholt
Akin
Armey
Bachus
Baker
Barr
Bartlett
Barton
Bass
Bereuter
Biggert
Bilirakis
Bishop
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Brown (SC)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Cannon
Cantor
Capito
Castle
Chabot
Chambliss
Clement
Coble
Collins
Combest
Condit
Cooksey
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal
DeLay
DeMint
Diaz-Balart
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ferguson
Flake
Fletcher
Foley
Fossella
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Gordon
Goss
Graham
Granger
Graves
Green (WI)
Greenwood
Grucci
Gutknecht
Hall (TX)
Hansen
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
Kerns
King (NY)
Kingston
Kirk
Knollenberg
Kolbe
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
McCrery
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Osborne
Ose
Otter
Oxley

Paul
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Regula
Rehberg
Reynolds
Riley
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Saxton
Scarborough
Schaffer
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Simmons
Simpson
Skeen
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Tancredo
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)

NAYS—198

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

NOT VOTING—5

Ackerman
Ballenger
Shows
Skelton
Stupak

□ 1754

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

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 on the subject of H.R. 3, the bill just passed.

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

There was no objection.

LEGISLATIVE PROGRAM

(Mr. HOYER asked and was given permission to address the House for 1 minute.)

Mr. HOYER. Mr. Speaker, I yield to the gentleman from Ohio (Mr. PORTMAN) for the purpose of apprising us of next week's schedule.

Mr. PORTMAN. I thank my friend from Maryland for yielding to me.

Mr. Speaker, I am pleased to announce that the House has now completed its legislative business for this week.

The House will next meet for legislative business on Tuesday, March 13, at 12:30 p.m. for morning hour and 2 p.m. for legislative business. The House will consider a number of measures under suspension of the rules, a list of which will be distributed to the Members' offices tomorrow, Friday. On Tuesday, no recorded votes are expected before 6 p.m.

On Wednesday, March 14, and Thursday, March 15, the House will consider at least the following measures:

H.R. 223, the Clear Creek County Land Disposal Act,

H.R. 880, the Washington County Land Acquisition Act, and

H.R. 725, the Made in America Information Act.

Mr. Speaker, again I thank the gentleman for yielding. Of course many of us will be together at the bipartisan retreat this weekend. I hope I will see the gentleman there.

Mr. HOYER. I thank the gentleman. We are all looking forward to that opportunity, or at least some few of us are looking forward to that opportunity, hopefully more than the last.

In any event, Mr. Speaker, if I can ask the gentleman from Ohio another question. Ergonomics came up this week. As he knows, we were somewhat concerned because that had not been on the calendar and we expressed that concern.

Does the gentleman know of any possible items like that that might come up next week that are not noticed at this point in time that may or may not be up?

Mr. PORTMAN. We would expect no such major or what some might consider controversial provisions. That, of course, was waiting for the Senate to act. Once the Senate acted, we acted. There may be, it is my understanding, some other legislative activity that committees are still working to see whether some other things might come to the floor next week, but we would expect nothing along those lines.

Mr. HOYER. I thank the gentleman. One additional question. As he knows, we have been talking for some period of time now about the creation of a select committee on election reform.

Does the gentleman have any idea whether we might have a proposal on the floor for an equally balanced committee being appointed for the purposes of considering election reform?

Mr. PORTMAN. I am not aware of any legislation that would be on the floor next week in that regard, although I suppose it is possible. I know that the Speaker and the minority leader are in discussions with regard to the select committee on election reform, but I do not know that there will be anything on the floor next week nor do I think anyone on our side knows at this point.

Mr. HOYER. I thank the gentleman for his response. I would simply say that clearly this is a critical issue which I do not think is a partisan issue. I think there is not a Member on the House floor of either side of the aisle or our two Independents who do not believe that citizens ought to be encouraged to vote, facilitated in casting their vote and to having the technology available that will make sure that they count their votes. We focused on Florida, but as we have learned, this problem exists in many jurisdictions. It is not a partisan problem, it is in some respects a technological problem and in some respects election officials are not trained as well as they ought to be, not through any fault of their own but just we have not had the mechanisms to do that, to reach out and to make sure that citizens have access to the polling places.

I know the Speaker is focused on it. I know the minority leader is focused on it. I hope that we could accomplish this in the short term so that we might effect reforms prior to the next election. That is our concern about timing.

I would be glad to yield to the gentleman for any comments he might want to make.

Mr. PORTMAN. Mr. Speaker, I wholeheartedly agree with what the gentleman said with regard to the need to take a look at our election systems. I know that the leadership on this side concurs with that. The hope is that we can soon move forward with a select commission in that regard.

Mr. HOYER. I thank the gentleman for his comments.