

Nethercutt	Rohrabacher	Sweeney
Ney	Ros-Lehtinen	Tancredo
Northup	Roukema	Tauzin
Norwood	Royce	Taylor (NC)
Nussle	Ryan (WI)	Terry
Osborne	Ryun (KS)	Thomas
Ose	Saxton	Thornberry
Otter	Schaffer	Thune
Oxley	Schrock	Tiahrt
Paul	Sensenbrenner	Tiberi
Pence	Sessions	Toomey
Peterson (PA)	Shadegg	Upton
Petri	Shaw	Vitter
Pickering	Shays	Walden
Pitts	Sherwood	Walsh
Platts	Shimkus	Wamp
Pombo	Shuster	Watkins (OK)
Portman	Simmons	Watts (OK)
Pryce (OH)	Simpson	Weldon (FL)
Putnam	Skeen	Weldon (PA)
Quinn	Smith (MI)	Weller
Radanovich	Smith (NJ)	Wicker
Ramstad	Smith (TX)	Wilson (NM)
Regula	Souder	Wilson (SC)
Rehberg	Stearns	Wolf
Reynolds	Stump	Young (AK)
Riley	Sullivan	Young (FL)
Rogers (MI)	Sununu	

NOES—205

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

NOT VOTING—11

Brown (OH)	Hall (OH)	Rogers (KY)
Clement	Hastings (FL)	Trafigant
Duncan	Jones (OH)	Whitfield
Frelinghuysen	Kaptur	

□ 1258

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. FRELINGHUYSEN. Mr. Speaker, I was inadvertently detained and was not recorded for rollcall vote 102 on April 18. Had it been recorded, I would have voted "aye".

PARLIAMENTARY INQUIRY

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

The SPEAKER pro tempore. The gentleman will state it.

Mr. McDERMOTT. Mr. Speaker, the Committee on Ways and Means, the Subcommittee on Human Resources, is meeting at this time rewriting the welfare bill, the TANF bill. Is there any rule under which it is possible for us to suspend here on the floor so that we can go back to the committee and work on that? Members of the Committee on Ways and Means are presently supposed to be in two places at once. I am asking whether there is provision under the rules.

The SPEAKER pro tempore. The Chair would advise the gentleman that there is no House prohibition on committees meeting while the House is considering H.R. 586. Therefore, the committees are able to meet.

PERMISSION FOR MEMBER TO REVISE AND EXTEND REMARKS ON H.R. 586, FAIRNESS FOR FOSTER CARE FAMILIES ACT OF 2001

Mr. McDERMOTT. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on the bill which is before us.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

PARLIAMENTARY INQUIRY

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

The SPEAKER pro tempore. The gentleman will state it.

Mr. THOMAS. How can the gentleman from Washington revise and extend his remarks on the bill before us when the bill has not been laid before us?

The SPEAKER pro tempore. By unanimous consent, a Member is allowed to revise and extend his remarks on a bill that is yet to be considered.

Mr. THOMAS. As long as it is yet to be considered. The gentleman said "the bill before us."

The SPEAKER pro tempore. The gentleman's unanimous consent request is perfectly in order.

Mr. THOMAS. I would like to place in front of the House the bill that the gentleman just placed his information on the RECORD. I did that for the purpose of making sure that notwithstanding the Speaker's response, guided by the Parliamentarian, this individual from California believes the bill has to be in front of us if you are going to place unanimous consent remarks on the bill that is in front of us.

FAIRNESS FOR FOSTER CARE FAMILIES ACT OF 2001

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 390, I call up from the Speaker's table the bill (H.R. 586) to amend the Internal Revenue Code of 1986 to provide that the exclusion from gross income for foster care payments shall also apply to payments by qualified placement agencies, and for other purposes, with a Senate amendment thereto, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The text of the Senate amendment is as follows:

Senate amendment:

Page 3, after line 19, insert:

SEC. 3. ACCELERATION OF EFFECTIVE DATE FOR EXPANSION OF ADOPTION TAX CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

Subsection (g) of section 202 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended to read as follows:

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

MOTION OFFERED BY MR. THOMAS

Mr. THOMAS. Mr. Speaker, I offer a motion.

The SPEAKER pro tempore. The Clerk will designate the motion.

The text of the motion is as follows:

Mr. THOMAS moves that the House concur in the Senate amendment with an amendment, as follows:

In lieu of the matter proposed to be inserted by the Senate, strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the "Tax Relief Guarantee Act of 2002".

(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) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

TITLE I—TAX REDUCTIONS MADE PERMANENT

Sec. 101. Tax reductions made permanent.

Sec. 102. Protection of social security and medicare.

TITLE II—TAXPAYER PROTECTION AND IRS ACCOUNTABILITY

Sec. 201. Short title.

Subtitle A—Penalties and Interest

Sec. 211. Failure to pay estimated tax penalty converted to interest charge on accumulated unpaid balance.

Sec. 212. Exclusion from gross income for interest on overpayments of income tax by individuals.

- Sec. 213. Abatement of interest.
- Sec. 214. Deposits made to suspend running of interest on potential underpayments.
- Sec. 215. Expansion of interest netting for individuals.
- Sec. 216. Waiver of certain penalties for first-time unintentional minor errors.
- Sec. 217. Frivolous tax submissions.
- Sec. 218. Clarification of application of Federal tax deposit penalty.

Subtitle B—Fairness of Collection Procedures

- Sec. 221. Partial payment of tax liability in installment agreements.
- Sec. 222. Extension of time for return of property.
- Sec. 223. Individuals held harmless on wrongful levy, etc. on individual retirement plan.
- Sec. 224. Seven-day threshold on tolling of statute of limitations during tax review.
- Sec. 225. Study of liens and levies.

Subtitle C—Efficiency of Tax Administration

- Sec. 231. Revisions relating to termination of employment of Internal Revenue Service employees for misconduct.
- Sec. 232. Confirmation of authority of Tax Court to apply doctrine of equitable recoupment.
- Sec. 233. Jurisdiction of Tax Court over collection due process cases.
- Sec. 234. Office of Chief Counsel review of offers in compromise.
- Sec. 235. 15-day delay in due date for electronically filed individual income tax returns.

Subtitle D—Confidentiality and Disclosure

- Sec. 241. Collection activities with respect to joint return disclosable to either spouse based on oral request.
- Sec. 242. Taxpayer representatives not subject to examination on sole basis of representation of taxpayers.
- Sec. 243. Disclosure in judicial or administrative tax proceedings of return and return information of persons who are not party to such proceedings.
- Sec. 244. Prohibition of disclosure of taxpayer identification information with respect to disclosure of accepted offers-in-compromise.
- Sec. 245. Compliance by contractors with confidentiality safeguards.
- Sec. 246. Higher standards for requests for and consents to disclosure.
- Sec. 247. Notice to taxpayer concerning administrative determination of browsing; annual report.
- Sec. 248. Expanded disclosure in emergency circumstances.
- Sec. 249. Disclosure of taxpayer identity for tax refund purposes.

Subtitle E—Miscellaneous

- Sec. 251. Clarification of definition of church tax inquiry.
- Sec. 252. Expansion of declaratory judgment remedy to tax-exempt organizations.
- Sec. 253. Employee misconduct report to include summary of complaints by category.
- Sec. 254. Annual report on awards of costs and certain fees in administrative and court proceedings.
- Sec. 255. Annual report on abatement of penalties.
- Sec. 256. Better means of communicating with taxpayers.

- Sec. 257. Explanation of statute of limitations and consequences of failure to file.
- Sec. 258. Amendment to Treasury auction reforms.
- Sec. 259. Enrolled agents.
- Sec. 260. Financial management service fees.
- Sec. 261. Capital gain treatment under section 631(b) to apply to outright sales by land owner.
- Sec. 262. Acceleration of effective date for expansion of adoption tax credit and adoption assistance programs.

Subtitle F—Low-Income Taxpayer Clinics

- Sec. 271. Low-income taxpayer clinics.

TITLE I—TAX REDUCTIONS MADE PERMANENT

SEC. 101. TAX REDUCTIONS MADE PERMANENT.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 is hereby repealed.

SEC. 102. PROTECTION OF SOCIAL SECURITY AND MEDICARE.

The amounts transferred to any trust fund under the Social Security Act shall be determined as if the Economic Growth and Tax Relief Reconciliation Act of 2001 had not been enacted.

TITLE II—TAXPAYER PROTECTION AND IRS ACCOUNTABILITY

SEC. 201. SHORT TITLE.

This title may be cited as the “Taxpayer Protection and IRS Accountability Act of 2002”.

Subtitle A—Penalties and Interest

SEC. 211. FAILURE TO PAY ESTIMATED TAX PENALTY CONVERTED TO INTEREST CHARGE ON ACCUMULATED UNPAID BALANCE.

(a) **PENALTY MOVED TO INTEREST CHAPTER OF CODE.**—The Internal Revenue Code of 1986 is amended by redesignating section 6654 as section 6641 and by moving section 6641 (as so redesignated) from part I of subchapter A of chapter 68 to the end of subchapter E of chapter 67 (as added by subsection (e)(1) of this section).

(b) **PENALTY CONVERTED TO INTEREST CHARGE.**—The heading and subsections (a) and (b) of section 6641 (as so redesignated) are amended to read as follows:

“SEC. 6641. INTEREST ON FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

“(a) **IN GENERAL.**—Interest shall be paid on any underpayment of estimated tax by an individual for a taxable year for each day of such underpayment. The amount of such interest for any day shall be the product of the underpayment rate established under subsection (b)(2) multiplied by the amount of the underpayment.

“(b) **AMOUNT OF UNDERPAYMENT; INTEREST RATE.**—For purposes of subsection (a)—

“(1) **AMOUNT.**—The amount of the underpayment on any day shall be the excess of—

“(A) the sum of the required installments for the taxable year the due dates for which are on or before such day, over

“(B) the sum of the amounts (if any) of estimated tax payments made on or before such day on such required installments.

“(2) **DETERMINATION OF INTEREST RATE.**—

“(A) **IN GENERAL.**—The underpayment rate with respect to any day in an installment underpayment period shall be the underpayment rate established under section 6621 for the first day of the calendar quarter in which such installment underpayment period begins.

“(B) **INSTALLMENT UNDERPAYMENT PERIOD.**—For purposes of subparagraph (A), the term ‘installment underpayment period’ means the period beginning on the day after the due date for a required installment and

ending on the due date for the subsequent required installment (or in the case of the 4th required installment, the 15th day of the 4th month following the close of a taxable year).

“(C) **DAILY RATE.**—The rate determined under subparagraph (A) shall be applied on a daily basis and shall be based on the assumption of 365 days in a calendar year.

“(3) **TERMINATION OF ESTIMATED TAX INTEREST.**—No day after the end of the installment underpayment period for the 4th required installment specified in paragraph (2)(B) for a taxable year shall be treated as a day of underpayment with respect to such taxable year.”.

(c) **INCREASE IN SAFE HARBOR WHERE TAX IS SMALL.**—

(1) **IN GENERAL.**—Clause (i) of section 6641(d)(1)(B) (as so redesignated) is amended to read as follows:

“(i) the lesser of—

“(I) 90 percent of the tax shown on the return for the taxable year (or, if no return is filed, 90 percent of the tax for such year), or

“(II) the tax shown on the return for the taxable year (or, if no return is filed, the tax for such year) reduced (but not below zero) by \$2,000, or”.

(2) **CONFORMING AMENDMENT.**—Subsection (e) of section 6641 (as so redesignated) is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(d) **CONFORMING AMENDMENTS.**—

(1) Paragraphs (1) and (2) of subsection (e) (as redesignated by subsection (c)(2)) and subsection (h) of section 6641 (as so designated) are each amended by striking “addition to tax” each place it occurs and inserting “interest”.

(2) Section 167(g)(5)(D) is amended by striking “6654” and inserting “6641”.

(3) Section 460(b)(1) is amended by striking “6654” and inserting “6641”.

(4) Section 3510(b) is amended—

(A) by striking “section 6654” in paragraph (1) and inserting “section 6641”;

(B) by amending paragraph (2)(B) to read as follows:

“(B) no interest would be required to be paid (but for this section) under 6641 for such taxable year by reason of the \$2,000 amount specified in section 6641(d)(1)(B)(i)(II).”.

(C) by striking “section 6654(d)(2)” in paragraph (3) and inserting “section 6641(d)(2)”; and

(D) by striking paragraph (4).

(5) Section 6201(b)(1) is amended by striking “6654” and inserting “6641”.

(6) Section 6601(h) is amended by striking “6654” and inserting “6641”.

(7) Section 6621(b)(2)(B) is amended by striking “addition to tax under section 6654” and inserting “interest required to be paid under section 6641”.

(8) Section 6622(b) is amended—

(A) by striking “PENALTY FOR” in the heading; and

(B) by striking “addition to tax under section 6654 or 6655” and inserting “interest required to be paid under section 6641 or addition to tax under section 6655”.

(9) Section 6658(a) is amended—

(A) by striking “6654, or 6655” and inserting “or 6655, and no interest shall be required to be paid under section 6641,”; and

(B) by inserting “or paying interest” after “the tax” in paragraph (2)(B)(ii).

(10) Section 6665(b) is amended—

(A) in the matter preceding paragraph (1) by striking “, 6654,”; and

(B) in paragraph (2) by striking “6654 or”.

(11) Section 7203 is amended by striking “section 6654 or 6655” and inserting “section 6655 or interest required to be paid under section 6641”.

(e) **CLERICAL AMENDMENTS.**—

(1) Chapter 67 is amended by inserting after subchapter D the following:

“Subchapter E—Interest on Failure by Individual to Pay Estimated Income Tax

“Sec. 6641. Interest on failure by individual to pay estimated income tax.”.

(2) The table of subchapters for chapter 67 is amended by adding at the end the following new items:

“Subchapter D. Notice requirements.

“Subchapter E. Interest on failure by individual to pay estimated income tax.”.

(3) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6654.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to installment payments for taxable years beginning after December 31, 2002.

SEC. 212. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting after section 139 the following new section:

“SEC. 139A. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

“(a) IN GENERAL.—In the case of an individual, gross income shall not include interest paid under section 6611 on any overpayment of tax imposed by this subtitle.

“(b) EXCEPTION.—Subsection (a) shall not apply in the case of a failure to claim items resulting in the overpayment on the original return if the Secretary determines that the principal purpose of such failure is to take advantage of subsection (a).

“(c) SPECIAL RULE FOR DETERMINING MODIFIED ADJUSTED GROSS INCOME.—For purposes of this title, interest not included in gross income under subsection (a) shall not be treated as interest which is exempt from tax for purposes of sections 32(i)(2)(B) and 6012(d) or any computation in which interest exempt from tax under this title is added to adjusted gross income.”.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 139 the following new item:

“Sec. 139A. Exclusion from gross income for interest on overpayments of income tax by individuals.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received in calendar years beginning after the date of the enactment of this Act.

SEC. 213. ABATEMENT OF INTEREST.

(a) ABATEMENT OF INTEREST WITH RESPECT TO ERRONEOUS REFUND CHECK WITHOUT REGARD TO SIZE OF REFUND.—Paragraph (2) of section 6404(e) is amended by striking “unless—” and all that follows and inserting “unless the taxpayer (or a related party) has in any way caused such erroneous refund.”.

(b) ABATEMENT OF INTEREST TO EXTENT INTEREST IS ATTRIBUTABLE TO TAXPAYER RELIANCE ON WRITTEN STATEMENTS OF THE IRS.—Subsection (f) of section 6404 is amended—

(1) in the subsection heading, by striking “PENALTY OR ADDITION” and inserting “INTEREST, PENALTY, OR ADDITION”; and

(2) in paragraph (1) and in subparagraph (B) of paragraph (2), by striking “penalty or addition” and inserting “interest, penalty, or addition”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to interest accruing on or after the date of the enactment of this Act.

SEC. 214. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS.

(a) IN GENERAL.—Subchapter A of chapter 67 (relating to interest on underpayments) is amended by adding at the end the following new section:

“SEC. 6603. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS, ETC.

“(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN AS PAYMENT OF TAX.—A taxpayer may make a cash deposit with the Secretary which may be used by the Secretary to pay any tax imposed under subtitle A or B or chapter 41, 42, 43, or 44 which has not been assessed at the time of the deposit. Such a deposit shall be made in such manner as the Secretary shall prescribe.

“(b) NO INTEREST IMPOSED.—To the extent that such deposit is used by the Secretary to pay tax, for purposes of section 6601 (relating to interest on underpayments), the tax shall be treated as paid when the deposit is made.

“(c) RETURN OF DEPOSIT.—Except in a case where the Secretary determines that collection of tax is in jeopardy, the Secretary shall return to the taxpayer any amount of the deposit (to the extent not used for a payment of tax) which the taxpayer requests in writing.

“(d) PAYMENT OF INTEREST.—

“(1) IN GENERAL.—For purposes of section 6611 (relating to interest on overpayments), a deposit which is returned to a taxpayer shall be treated as a payment of tax for any period to the extent (and only to the extent) attributable to a disputable tax for such period. Under regulations prescribed by the Secretary, rules similar to the rules of section 6611(b)(2) shall apply.

“(2) DISPUTABLE TAX.—

“(A) IN GENERAL.—For purposes of this section, the term ‘disputable tax’ means the amount of tax specified at the time of the deposit as the taxpayer’s reasonable estimate of the maximum amount of any tax attributable to disputable items.

“(B) SAFE HARBOR BASED ON 30-DAY LETTER.—In the case of a taxpayer who has been issued a 30-day letter, the maximum amount of tax under subparagraph (A) shall not be less than the amount of the proposed deficiency specified in such letter.

“(3) OTHER DEFINITIONS.—For purposes of paragraph (2)—

“(A) DISPUTABLE ITEM.—The term ‘disputable item’ means any item of income, gain, loss, deduction, or credit if the taxpayer—

“(i) has a reasonable basis for its treatment of such item, and

“(ii) reasonably believes that the Secretary also has a reasonable basis for disallowing the taxpayer’s treatment of such item.

“(B) 30-DAY LETTER.—The term ‘30-day letter’ means the first letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals.

“(4) RATE OF INTEREST.—The rate of interest allowable under this subsection shall be the Federal short-term rate determined under section 6621(b), compounded daily.

“(e) USE OF DEPOSITS.—

“(1) PAYMENT OF TAX.—Except as otherwise provided by the taxpayer, deposits shall be treated as used for the payment of tax in the order deposited.

“(B) RETURNS OF DEPOSITS.—Deposits shall be treated as returned to the taxpayer on a last-in, first-out basis.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 67 is amended by adding at the end the following new item:

“Sec. 6603. Deposits made to suspend running of interest on potential underpayments, etc.”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to deposits made after the date of the enactment of this Act.

(2) COORDINATION WITH DEPOSITS MADE UNDER REVENUE PROCEDURE 84-58.—In the case of an amount held by the Secretary of the Treasury or his delegate on the date of the enactment of this Act as a deposit in the nature of a cash bond deposit pursuant to Revenue Procedure 84-58, the date that the taxpayer identifies such amount as a deposit made pursuant to section 6603 of the Internal Revenue Code (as added by this Act) shall be treated as the date such amount is deposited for purposes of such section 6603.

SEC. 215. EXPANSION OF INTEREST NETTING FOR INDIVIDUALS.

(a) IN GENERAL.—Subsection (d) of section 6621 (relating to elimination of interest on overlapping periods of tax overpayments and underpayments) is amended by adding at the end the following: “Solely for purposes of the preceding sentence, section 6611(e) shall not apply in the case of an individual.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accrued after December 31, 2002.

SEC. 216. WAIVER OF CERTAIN PENALTIES FOR FIRST-TIME UNINTENTIONAL MINOR ERRORS.

(a) IN GENERAL.—Section 6651 (relating to failure to file tax return or to pay tax) is amended by adding at the end the following new subsection:

“(i) TREATMENT OF FIRST-TIME UNINTENTIONAL MINOR ERRORS.—

“(1) IN GENERAL.—In the case of a return of tax imposed by subtitle A filed by an individual, the Secretary may waive an addition to tax under subsection (a) if—

“(A) the individual has a history of compliance with the requirements of this title,

“(B) it is shown that the failure is due to an unintentional minor error,

“(C) the penalty would be grossly disproportionate to the action or expense that would have been needed to avoid the error, and imposing the penalty would be against equity and good conscience,

“(D) waiving the penalty would promote compliance with the requirements of this title and effective tax administration, and

“(E) the taxpayer took all reasonable steps to remedy the error promptly after discovering it.

“(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

“(A) the Secretary has waived any addition to tax under this subsection with respect to any prior failure by such individual,

“(B) the failure is a mathematical or clerical error (as defined in section 6213(g)(2)), or

“(C) the failure is the lack of a required signature.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2003.

SEC. 217. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

“SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

“(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of \$5,000 if—

“(1) such person files what purports to be a return of a tax imposed by this title but which—

“(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

“(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

“(2) the conduct referred to in paragraph (1)—

“(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(B) reflects a desire to delay or impede the administration of Federal tax laws.

“(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

“(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of \$5,000.

“(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

“(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term ‘specified frivolous submission’ means a specified submission if any portion of such submission—

“(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(ii) reflects a desire to delay or impede the administration of Federal tax laws.

“(B) SPECIFIED SUBMISSION.—The term ‘specified submission’ means—

“(i) a request for a hearing under—

“(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

“(II) section 6330 (relating to notice and opportunity for hearing before levy), and

“(ii) an application under—

“(I) section 7811 (relating to taxpayer assistance orders),

“(II) section 6159 (relating to agreements for payment of tax liability in installments), or

“(III) section 7122 (relating to compromises).

“(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission promptly after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

“(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

“(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

“(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.”.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

“(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking “(A)” and inserting “(A)(i)”;

(B) by striking “(B)” and inserting “(ii)”;

(C) by striking the period at the end of the first sentence and inserting “; or”; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

“(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).”.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”, and

(2) in subsection (c), by striking “and (e)” and inserting “(e), and (g)”.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

“(e) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

“Sec. 6702. Frivolous tax submissions.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 218. CLARIFICATION OF APPLICATION OF FEDERAL TAX DEPOSIT PENALTY.

Nothing in section 6656 of the Internal Revenue Code of 1986 shall be construed to permit the percentage specified in subsection (b)(1)(A)(iii) thereof to apply other than in a case where the failure is for more than 15 days.

Subtitle B—Fairness of Collection Procedures

SEC. 221. PARTIAL PAYMENT OF TAX LIABILITY IN INSTALLMENT AGREEMENTS.

(a) IN GENERAL.—

(1) Section 6159(a) (relating to authorization of agreements) is amended—

(A) by striking “satisfy liability for payment of” and inserting “make payment on”, and

(B) by inserting “full or partial” after “facilitate”.

(2) Section 6159(c) (relating to Secretary required to enter into installment agreements in certain cases) is amended in the matter preceding paragraph (1) by inserting “full” before “payment”.

(b) REQUIREMENT TO REVIEW PARTIAL PAYMENT AGREEMENTS EVERY TWO YEARS.—Section 6159 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and inserting after subsection (c) the following new subsection:

“(d) SECRETARY REQUIRED TO REVIEW INSTALLMENT AGREEMENTS FOR PARTIAL COLLECTION EVERY TWO YEARS.—In the case of an agreement entered into by the Secretary under subsection (a) for partial collection of a tax liability, the Secretary shall review the agreement at least once every 2 years.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date of the enactment of this Act.

SEC. 222. EXTENSION OF TIME FOR RETURN OF PROPERTY.

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 (relating to return of property) is amended by striking “9 months” and inserting “2 years”.

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 (relating to suits by persons other than taxpayers) is amended—

(1) in paragraph (1) by striking “9 months” and inserting “2 years”, and

(2) in paragraph (2) by striking “9-month” and inserting “2-year”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to—

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

SEC. 223. INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC. ON INDIVIDUAL RETIREMENT PLAN.

(a) IN GENERAL.—Section 6343 (relating to authority to release levy and return property) is amended by adding at the end the following new subsection:

“(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC. ON INDIVIDUAL RETIREMENT PLAN.—

“(1) IN GENERAL.—If the Secretary determines that an individual retirement plan has been levied upon in a case to which subsection (b) or (d)(2)(A) applies, an amount equal to the sum of—

“(A) the amount of money returned by the Secretary on account of such levy, and

“(B) interest paid under subsection (c) on such amount of money, may be deposited into an individual retirement plan (other than an endowment contract) to which a rollover from the plan levied upon is permitted.

“(2) TREATMENT AS ROLLOVER.—The distribution on account of the levy and any deposit under paragraph (1) with respect to such distribution shall be treated for purposes of this title as if such distribution and deposit were part of a rollover described in section 408(d)(3)(A)(i); except that—

“(A) interest paid under subsection (c) shall be treated as part of such distribution and as not includible in gross income,

“(B) the 60-day requirement in such section shall be treated as met if the deposit is made not later than the 60th day after the day on which the individual receives an amount under paragraph (1) from the Secretary, and

“(C) such deposit shall not be taken into account under section 408(d)(3)(B).

“(3) REFUND, ETC., OF INCOME TAX ON LEVY.—If any amount is includible in gross income for a taxable year by reason of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year.

“(4) INTEREST.—Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement plan.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 after December 31, 2002.

SEC. 224. SEVEN-DAY THRESHOLD ON TOLLING OF STATUTE OF LIMITATIONS DURING TAX REVIEW.

(a) IN GENERAL.—Section 7811(d)(1) (relating to suspension of running of period of limitation) is amended by inserting after “application,” the following: “but only if the date of such decision is at least 7 days after the date of the taxpayer’s application”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to applications filed after the date of the enactment of this Act.

SEC. 225. STUDY OF LIENS AND LEVIES.

The Secretary of the Treasury, or the Secretary’s delegate, shall conduct a study of the practices of the Internal Revenue Service concerning liens and levies. The study shall examine—

(1) the declining use of liens and levies by the Internal Revenue Service, and

(2) the practicality of recording liens and levying against property in cases in which the cost of such actions exceeds the amount to be realized from such property.

Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit such study to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

Subtitle C—Efficiency of Tax Administration

SEC. 231. REVISIONS RELATING TO TERMINATION OF EMPLOYMENT OF INTERNAL REVENUE SERVICE EMPLOYEES FOR MISCONDUCT.

(a) IN GENERAL.—Subchapter A of chapter 80 (relating to application of internal revenue laws) is amended by inserting after section 7804 the following new section:

“SEC. 7804A. DISCIPLINARY ACTIONS FOR MISCONDUCT.

“(a) DISCIPLINARY ACTIONS.—

“(1) IN GENERAL.—Subject to subsection (c), the Commissioner shall take an action in accordance with the guidelines established under paragraph (2) against any employee of the Internal Revenue Service if there is a final administrative or judicial determination that such employee committed any act or omission described under subsection (b) in the performance of the employee’s official duties or where a nexus to the employee’s position exists.

“(2) GUIDELINES.—The Commissioner shall issue guidelines for determining the appropriate level of discipline, up to and including termination of employment, for committing any act or omission described under subsection (b).

“(b) ACTS OR OMISSIONS.—The acts or omissions described under this subsection are—

“(1) willful failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer’s home, personal belongings, or business assets;

“(2) willfully providing a false statement under oath with respect to a material matter involving a taxpayer or taxpayer representative;

“(3) with respect to a taxpayer or taxpayer representative, the willful violation of—

“(A) any right under the Constitution of the United States;

“(B) any civil right established under—

“(i) title VI or VII of the Civil Rights Act of 1964;

“(ii) title IX of the Education Amendments of 1972;

“(iii) the Age Discrimination in Employment Act of 1967;

“(iv) the Age Discrimination Act of 1975;

“(v) section 501 or 504 of the Rehabilitation Act of 1973; or

“(vi) title I of the Americans with Disabilities Act of 1990; or

“(C) the Internal Revenue Service policy on unauthorized inspection of returns or return information;

“(4) willfully falsifying or destroying documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative;

“(5) assault or battery on a taxpayer or taxpayer representative, but only if there is a criminal conviction, or a final adverse judgment by a court in a civil case, with respect to the assault or battery;

“(6) willful violations of this title, Department of the Treasury regulations, or policies of the Internal Revenue Service (including the Internal Revenue Manual) for the purpose of retaliating against, or harassing, a taxpayer or taxpayer representative;

“(7) willful misuse of the provisions of section 6103 for the purpose of concealing information from a congressional inquiry;

“(8) willful failure to file any return of tax required under this title on or before the date prescribed therefor (including any extensions) when a tax is due and owing, unless such failure is due to reasonable cause and not due to willful neglect;

“(9) willful understatement of Federal tax liability, unless such understatement is due to reasonable cause and not due to willful neglect; and

“(10) threatening to audit a taxpayer, or to take other action under this title, for the purpose of extracting personal gain or benefit.

“(c) DETERMINATIONS OF COMMISSIONER.—

“(1) IN GENERAL.—The Commissioner may take a personnel action other than a disciplinary action provided for in the guidelines under subsection (a)(2) for an act or omission described under subsection (b).

“(2) DISCRETION.—The exercise of authority under paragraph (1) shall be at the sole discretion of the Commissioner and may not be delegated to any other officer. The Commissioner, in his sole discretion, may establish a procedure to determine if an individual should be referred to the Commissioner for a determination by the Commissioner under paragraph (1).

“(3) NO APPEAL.—Notwithstanding any other provision of law, any determination of the Commissioner under this subsection may not be reviewed in any administrative or judicial proceeding. A finding that an act or omission described under subsection (b) occurred may be reviewed.

“(d) DEFINITION.—For the purposes of the provisions described in clauses (i), (ii), and (iv) of subsection (b)(3)(B), references to a program or activity regarding Federal financial assistance or an education program or activity receiving Federal financial assistance shall include any program or activity conducted by the Internal Revenue Service for a taxpayer.

“(e) ANNUAL REPORT.—The Commissioner shall submit to Congress annually a report on disciplinary actions under this section.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 80 is amended by inserting after the item relating to section 7804 the following new item:

“Sec. 7804A. Disciplinary actions for misconduct.”.

(c) REPEAL OF SUPERSEDED SECTION.—Section 1203 of the Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206; 112 Stat. 720) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 232. CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.

(a) CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE

RECOUPMENT.—Subsection (b) of section 6214 (relating to jurisdiction over other years and quarters) is amended by adding at the end the following new sentence: “Notwithstanding the preceding sentence, the Tax Court may apply the doctrine of equitable recoupment to the same extent that it is available in civil tax cases before the district courts of the United States and the United States Court of Federal Claims.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any action or proceeding in the Tax Court with respect to which a decision has not become final (as determined under section 7481 of the Internal Revenue Code of 1986) as of the date of the enactment of this Act.

SEC. 233. JURISDICTION OF TAX COURT OVER COLLECTION DUE PROCESS CASES.

(a) IN GENERAL.—Section 6330(d)(1) (relating to judicial review of determination) is amended to read as follows:

“(1) JUDICIAL REVIEW OF DETERMINATION.—The person may, within 30 days of a determination under this section, appeal such determination to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to judicial appeals filed after the date of the enactment of this Act.

SEC. 234. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS IN COMPROMISE.

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking “Whenever a compromise” and all that follows through “his delegate” and inserting “If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel’s delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion”.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

SEC. 235. 15-DAY DELAY IN DUE DATE FOR ELECTRONICALLY FILED INDIVIDUAL INCOME TAX RETURNS.

(a) IN GENERAL.—Section 6072 (relating to time for filing income tax returns) is amended by adding at the end the following new subsection:

“(f) ELECTRONICALLY FILED RETURNS OF INDIVIDUALS.—

“(1) IN GENERAL.—Returns of an individual under section 6012 or 6013 (other than an individual to whom subsection (c) applies) which are filed electronically—

“(A) in the case of returns filed on the basis of a calendar year, shall be filed on or before the 30th day of April following the close of the calendar year, and

“(B) in the case of returns filed on the basis of a fiscal year, shall be filed on or before the last day of the 4th month following the close of the fiscal year.

“(2) ELECTRONIC FILING.—Paragraph (1) shall not apply to any return unless—

“(A) such return is accepted by the Secretary, and

“(B) the balance due (if any) shown on such return is paid electronically in a manner prescribed by the Secretary.

“(3) SPECIAL RULES.—

“(A) ESTIMATED TAX.—If—

“(i) paragraph (1) applies to an individual for any taxable year, and

“(ii) there is an overpayment of tax shown on the return for such year which the individual allows against the individual’s obligation under section 6641,

then, with respect to the amount so allowed, any reference in section 6641 to the April 15 following such taxable year shall be treated as a reference to April 30.

“(B) REFERENCES TO DUE DATE.—Paragraph (1) shall apply solely for purposes of determining the due date for the individual’s obligation to file and pay tax and, except as otherwise provided by the Secretary, shall be treated as an extension of the due date for any other purpose under this title.”.

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

Subtitle D—Confidentiality and Disclosure

SEC. 241. COLLECTION ACTIVITIES WITH RESPECT TO JOINT RETURN DISCLOSEABLE TO EITHER SPOUSE BASED ON ORAL REQUEST.

(a) IN GENERAL.—Paragraph (8) of section 6103(e) (relating to disclosure of collection activities with respect to joint return) is amended by striking “in writing” the first place it appears.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests made after the date of the enactment of this Act.

SEC. 242. TAXPAYER REPRESENTATIVES NOT SUBJECT TO EXAMINATION ON SOLE BASIS OF REPRESENTATION OF TAXPAYERS.

(a) IN GENERAL.—Subsection (h) of section 6103 (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by adding at the end the following new paragraph:

“(7) TAXPAYER REPRESENTATIVES.—Notwithstanding paragraph (1), the return of the representative of a taxpayer whose return is being examined by an officer or employee of the Department of the Treasury shall not be open to inspection by such officer or employee on the sole basis of the representative’s relationship to the taxpayer unless a supervisor of such officer or employee has approved the inspection of the return of such representative on a basis other than by reason of such relationship.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 243. DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS WHO ARE NOT PARTY TO SUCH PROCEEDINGS.

(a) IN GENERAL.—Paragraph (4) of section 6103(h) (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by adding at the end the following new subparagraph:

“(B) DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS NOT PARTY TO SUCH PROCEEDINGS.—

“(i) NOTICE.—Return or return information of any person who is not a party to a judicial or administrative proceeding described in this paragraph shall not be disclosed under clause (ii) or (iii) of subparagraph (A) until after the Secretary makes a reasonable effort to give notice to such person and an opportunity for such person to request the deletion of matter from such return or return information, including any of the items referred to in paragraphs (1) through (7) of section 6110(c). Such notice shall include a statement of the issue or issues the resolution of which is the reason such return or return information is sought. In the case of S corporations, partnerships, estates, and trusts, such notice shall be made at the entity level.

“(ii) DISCLOSURE LIMITED TO PERTINENT PORTION.—The only portion of a return or return information described in clause (i)

which may be disclosed under subparagraph (A) is that portion of such return or return information that directly relates to the resolution of an issue in such proceeding.

“(iii) EXCEPTIONS.—Clause (i) shall not apply—

“(I) to any civil action under section 7407, 7408, or 7409,

“(II) to any ex parte proceeding for obtaining a search warrant, order for entry on premises or safe deposit boxes, or similar ex parte proceeding,

“(III) to disclosure of third party return information by indictment or criminal information, or

“(IV) if the Attorney General or the Attorney General’s delegate determines that the application of such clause would seriously impair a criminal tax investigation or proceeding.”.

(b) CONFORMING AMENDMENTS.—Paragraph (4) of section 6103(h) is amended by—

(1) by striking “PROCEEDINGS.—A return” and inserting “PROCEEDINGS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a return”;

(2) by redesignating subparagraphs (A), (B), (C), and (D) as clauses (i), (ii), (iii), and (iv), respectively; and

(3) in the matter following clause (iv) (as so redesignated), by striking “subparagraph (A), (B), or (C)” and inserting “clause (i), (ii), or (iii)” and by moving such matter 2 ems to the right.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to proceedings commenced after the date of the enactment of this Act.

SEC. 244. PROHIBITION OF DISCLOSURE OF TAXPAYER IDENTIFICATION INFORMATION WITH RESPECT TO DISCLOSURE OF ACCEPTED OFFERS-IN-COMPROMISE.

(a) IN GENERAL.—Paragraph (1) of section 6103(k) (relating to disclosure of certain returns and return information for tax administrative purposes) is amended by inserting “(other than the taxpayer’s address and TIN)” after “Return information”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disclosures made after the date of the enactment of this Act.

SEC. 245. COMPLIANCE BY CONTRACTORS WITH CONFIDENTIALITY SAFEGUARDS.

(a) IN GENERAL.—Section 6103(p) (relating to State law requirements) is amended by adding at the end the following new paragraph:

“(9) DISCLOSURE TO CONTRACTORS.—Notwithstanding any other provision of this section, no return or return information shall be disclosed by any officer or employee of any Federal agency or State to any contractor of such agency or State unless such agency or State—

“(A) has requirements in effect which require each contractor of such agency or State which would have access to returns or return information to provide safeguards (within the meaning of paragraph (4)) to protect the confidentiality of such returns or return information,

“(B) agrees to conduct an annual, on-site review (mid-point review in the case of contracts of less than 1 year in duration) of each contractor to determine compliance with such requirements,

“(C) submits the findings of the most recent review conducted under subparagraph (B) to the Secretary as part of the report required by paragraph (4)(E), and

“(D) certifies to the Secretary for the most recent annual period that all contractors are in compliance with all such requirements.

The certification required by subparagraph (D) shall include the name and address of each contractor, a description of the con-

tract of the contractor with the Federal agency or State, and the duration of such contract.”.

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 6103(p)(8) is amended by inserting “or paragraph (9)” after “subparagraph (A)”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to disclosures made after December 31, 2002.

(2) CERTIFICATIONS.—The first certification under section 6103(p)(9)(D) of the Internal Revenue Code of 1986, as added by subsection (a), shall be made with respect to calendar year 2003.

SEC. 246. HIGHER STANDARDS FOR REQUESTS FOR AND CONSENTS TO DISCLOSURE.

(a) IN GENERAL.—Subsection (c) of section 6103 (relating to disclosure of returns and return information to designee of taxpayer) is amended by adding at the end the following new paragraphs:

“(2) REQUIREMENTS FOR VALID REQUESTS AND CONSENTS.—A request for or consent to disclosure under paragraph (1) shall only be valid for purposes of this section or sections 7213, 7213A, or 7431 if—

“(A) at the time of execution, such request or consent designates a recipient of such disclosure and is dated, and

“(B) at the time such request or consent is submitted to the Secretary, the submitter of such request or consent certifies, under penalty of perjury, that such request or consent complied with subparagraph (A).

“(3) RESTRICTIONS ON PERSONS OBTAINING INFORMATION.—Any person shall, as a condition for receiving return or return information under paragraph (1)—

“(A) ensure that such return and return information is kept confidential,

“(B) use such return and return information only for the purpose for which it was requested, and

“(C) not disclose such return and return information except to accomplish the purpose for which it was requested, unless a separate consent from the taxpayer is obtained.

“(4) REQUIREMENTS FOR FORM PRESCRIBED BY SECRETARY.—For purposes of this subsection, the Secretary shall prescribe a form for requests and consents which shall—

“(A) contain a warning, prominently displayed, informing the taxpayer that the form should not be signed unless it is completed,

“(B) state that if the taxpayer believes there is an attempt to coerce him to sign an incomplete or blank form, the taxpayer should report the matter to the Treasury Inspector General for Tax Administration, and

“(C) contain the address and telephone number of the Treasury Inspector General for Tax Administration.”.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to the Congress on compliance with the designation and certification requirements applicable to requests for or consent to disclosure of returns and return information under section 6103(c) of the Internal Revenue Code of 1986, as amended by subsection (a). Such report shall—

(1) evaluate (on the basis of random sampling) whether—

(A) the amendment made by subsection (a) is achieving the purposes of this section;

(B) requesters and submitters for such disclosure are continuing to evade the purposes of this section and, if so, how; and

(C) the sanctions for violations of such requirements are adequate; and

(2) include such recommendations that the Treasury Inspector General for Tax Administration considers necessary or appropriate to better achieve the purposes of this section.

(c) CONFORMING AMENDMENT.—Section 6103(c) is amended by striking “TAXPAYER.—The Secretary” and inserting “TAXPAYER.—“(1) IN GENERAL.—The Secretary”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to requests and consents made after 3 months after the date of the enactment of this Act.

SEC. 247. NOTICE TO TAXPAYER CONCERNING ADMINISTRATIVE DETERMINATION OF BROWSING; ANNUAL REPORT.

(a) NOTICE TO TAXPAYER.—Subsection (e) of section 7431 (relating to notification of unlawful inspection and disclosure) is amended by adding at the end the following: “The Secretary shall also notify such taxpayer if the Treasury Inspector General for Tax Administration determines that such taxpayer’s return or return information was inspected or disclosed in violation of any of the provisions specified in paragraph (1), (2), or (3).”.

(b) REPORTS.—Subsection (p) of section 6103 (relating to procedure and recordkeeping), as amended by section 245, is further amended by adding at the end the following new paragraph:

“(10) REPORT ON UNAUTHORIZED DISCLOSURE AND INSPECTION.—As part of the report required by paragraph (3)(C) for each calendar year, the Secretary shall furnish information regarding the unauthorized disclosure and inspection of returns and return information, including the number, status, and results of—

“(A) administrative investigations,

“(B) civil lawsuits brought under section 7431 (including the amounts for which such lawsuits were settled and the amounts of damages awarded), and

“(C) criminal prosecutions.”.

(c) EFFECTIVE DATE.—

(1) NOTICE.—The amendment made by subsection (a) shall apply to determinations made after the date of the enactment of this Act.

(2) REPORTS.—The amendment made by subsection (b) shall apply to calendar years ending after the date of the enactment of this Act.

SEC. 248. EXPANDED DISCLOSURE IN EMERGENCY CIRCUMSTANCES.

(a) IN GENERAL.—Section 6103(i)(3)(B) (relating to danger of death or physical injury) is amended by striking “or State” and inserting “, State, or local”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 249. DISCLOSURE OF TAXPAYER IDENTITY FOR TAX REFUND PURPOSES.

(a) IN GENERAL.—Paragraph (1) of section 6103(m) (relating to disclosure of taxpayer identity information) is amended by striking “and other media” and by inserting “, other media, and through any other means of mass communication,”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Subtitle E—Miscellaneous

SEC. 251. CLARIFICATION OF DEFINITION OF CHURCH TAX INQUIRY.

Subsection (i) of section 7611 (relating to section not to apply to criminal investigations, etc.) is amended by striking “or” at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting “, or”, and by inserting after paragraph (5) the following:

“(6) information provided by the Secretary related to the standards for exemption from tax under this title and the requirements under this title relating to unrelated business taxable income.”.

SEC. 252. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after “509(a)” the following: “or as a private operating foundation (as defined in section 4942(j)(3))”; and

(2) by amending subparagraph (C) to read as follows:

“(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in section 501(c) (other than paragraph (3)) which is exempt from tax under section 501(a), or”.

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking “United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia” and inserting the following: “United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

SEC. 253. EMPLOYEE MISCONDUCT REPORT TO INCLUDE SUMMARY OF COMPLAINTS BY CATEGORY.

(a) IN GENERAL.—Clause (ii) of section 7803(d)(2)(A) is amended by inserting before the semicolon at the end the following: “, including a summary (by category) of the 10 most common complaints made and the number of such common complaints”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to reporting periods ending after the date of the enactment of this Act.

SEC. 254. ANNUAL REPORT ON AWARDS OF COSTS AND CERTAIN FEES IN ADMINISTRATIVE AND COURT PROCEEDINGS.

Not later than 3 months after the close of each Federal fiscal year after fiscal year 2001, the Treasury Inspector General for Tax Administration shall submit a report to Congress which specifies for such year—

(1) the number of payments made by the United States pursuant to section 7430 of the Internal Revenue Code of 1986 (relating to awarding of costs and certain fees);

(2) the amount of each such payment;

(3) an analysis of any administrative issue giving rise to such payments; and

(4) changes (if any) which will be implemented as a result of such analysis and other changes (if any) recommended by the Treasury Inspector General for Tax Administration as a result of such analysis.

SEC. 255. ANNUAL REPORT ON ABATEMENT OF PENALTIES.

Not later than 6 months after the close of each Federal fiscal year after fiscal year 2001, the Treasury Inspector General for Tax Administration shall submit a report to Congress on abatements of penalties under the Internal Revenue Code of 1986 during such year, including information on the reasons and criteria for such abatements.

SEC. 256. BETTER MEANS OF COMMUNICATING WITH TAXPAYERS.

Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to Congress evaluating whether technological advances, such as e-mail and facsimile transmission, permit the use of alternative means for the Internal

Revenue Service to communicate with taxpayers.

SEC. 257. EXPLANATION OF STATUTE OF LIMITATIONS AND CONSEQUENCES OF FAILURE TO FILE.

The Secretary of the Treasury or the Secretary’s delegate shall, as soon as practicable but not later than 180 days after the date of the enactment of this Act, revise the statement required by section 6227 of the Omnibus Taxpayer Bill of Rights (Internal Revenue Service Publication No. 1), and any instructions booklet accompanying a general income tax return form for taxable years beginning after 2001 (including forms 1040, 1040A, 1040EZ, and any similar or successor forms relating thereto), to provide for an explanation of—

(1) the limitations imposed by section 6511 of the Internal Revenue Code of 1986 on credits and refunds; and

(2) the consequences under such section 6511 of the failure to file a return of tax.

SEC. 258. AMENDMENT TO TREASURY AUCTION REFORMS.

(a) IN GENERAL.—Clause (i) of section 202(c)(4)(B) of the Government Securities Act Amendments of 1993 (31 U.S.C. 3121 note) is amended by inserting before the semicolon “(or, if earlier, at the time the Secretary releases the minutes of the meeting in accordance with paragraph (2)).”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to meetings held after the date of the enactment of this Act.

SEC. 259. ENROLLED AGENTS.

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

“SEC. 7527. ENROLLED AGENTS.

“(a) IN GENERAL.—The Secretary may prescribe such regulations as may be necessary to regulate the conduct of enrolled agents in regards to their practice before the Internal Revenue Service.

“(b) USE OF CREDENTIALS.—Any enrolled agents properly licensed to practice as required under rules promulgated under section (a) herein shall be allowed to use the credentials or designation as ‘enrolled agent’, ‘EA’, or ‘E.A.’.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by adding at the end the following new item:

“Sec. 7525. Enrolled agents.”.

(c) PRIOR REGULATIONS.—Nothing in the amendments made by this section shall be construed to have any effect on part 10 of title 31, Code of Federal Regulations, or any other Federal rule or regulation issued before the date of the enactment of this Act.

SEC. 260. FINANCIAL MANAGEMENT SERVICE FEES.

Notwithstanding any other provision of law, the Financial Management Service may charge the Internal Revenue Service, and the Internal Revenue Service may pay the Financial Management Service, a fee sufficient to cover the full cost of implementing a continuous levy program under subsection (h) of section 6331 of the Internal Revenue Code of 1986. Any such fee shall be based on actual levies made and shall be collected by the Financial Management Service by the retention of a portion of amounts collected by levy pursuant to that subsection. Amounts received by the Financial Management Service as fees under that subsection shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code, and shall be collected and accounted for in accordance with the provisions of that section. The amount credited against the taxpayer’s liability on account of the continuous levy shall be the

amount levied, without reduction for the amount paid to the Financial Management Service as a fee.

SEC. 261. CAPITAL GAIN TREATMENT UNDER SECTION 631(b) TO APPLY TO OUTRIGHT SALES BY LAND OWNER.

(a) IN GENERAL.—The first sentence of section 631(b) (relating to disposal of timber with a retained economic interest) is amended by striking “retains an economic interest in such timber” and inserting “either retains an economic interest in such timber or makes an outright sale of such timber”.

(b) CONFORMING AMENDMENT.—The third sentence of section 631(b) is amended by striking “The date of disposal” and inserting “In the case of disposal of timber with a retained economic interest, the date of disposal”.

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

SEC. 262. ACCELERATION OF EFFECTIVE DATE FOR EXPANSION OF ADOPTION TAX CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Subsection (g) of section 202 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended to read as follows:

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

(b) TECHNICAL CORRECTIONS.—Paragraph (3) of section 411(c) of the Job Creation and Worker Assistance Act of 2002 is amended to read as follows:

“(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2001.”.

Subtitle F—Low-Income Taxpayer Clinics

SEC. 271. LOW-INCOME TAXPAYER CLINICS.

(a) LIMITATION ON AMOUNT OF GRANTS.—Paragraph (1) of section 7526(c) (relating to special rules and limitations) is amended by striking “\$6,000,000 per year” and inserting “\$9,000,000 for 2002, \$12,000,000 for 2003, and \$15,000,000 for each year thereafter”.

(b) LIMITATION ON USE OF CLINICS FOR TAX RETURN PREPARATION.—Subparagraph (A) of section 7526(b)(1) is amended by adding at the end the following flush language:

“The term does not include a clinic that provides routine tax return preparation. The preceding sentence shall not apply to return preparation in connection with a controversy with the Internal Revenue Service.”.

(c) PROMOTION OF CLINICS.—Section 7526(c) is amended by adding at the end the following new paragraph:

“(7) PROMOTION OF CLINICS.—The Secretary is authorized to promote the benefits of and encourage the use of low-income taxpayer clinics through the use of mass communications, referrals, and other means.”.

Amend the title so as to read: “A bill to amend the Internal Revenue Code of 1986 to make permanent the tax reductions enacted by the Economic Growth and Tax Relief Reconciliation Act of 2001 and to protect taxpayers and ensure accountability of the Internal Revenue Service.”

The SPEAKER pro tempore. Pursuant to House Resolution 390, the gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

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

□ 1300

Mr. THOMAS. Mr. Speaker, I yield such time as he may consume to the gentleman from Louisiana (Mr. McCRERY).

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

Mr. McCRERY. Mr. Speaker, I rise in support of the motion and of making permanent the tax cuts enacted last year.

To me, the key consideration is ensuring the level of federal revenue is sufficient to meet the needs of the government without imposing an unsupportable burden on the governed.

Over the last 40 years, federal government revenues have averaged about 18.2 percent of our gross domestic product. Some might argue that this was too low to meet pressing needs. Others believe it is so high as to stifle economic growth. But the fact is that while revenues fluctuated somewhat, they were usually within 1 percent of that 40-year average. That has changed in the last 4 years, as federal revenues as a share of GDP rose to exceed 20 percent.

In January, the Congressional Budget Office confirmed that even with the passage of the 2001 tax cuts, federal revenues will continue to be close to 20 percent of GDP in every year of the 10-year budget window.

That is contrary to claims that the phased-in nature of the tax cut will starve Washington of revenue in the second half of this decade. The truth is that between 2006 and 2011, federal revenues as a share of GDP will actually increase.

In fact, only three times between the end of World War II and 2001, a span of more than five decades, did federal revenues consume a larger share of our national income than they will in 2011. And those years were 1998, 1999, and 2000.

The real question is whether, over the long-term, allowing the tax cuts to sunset will increase federal revenues to an unsupportable level.

A recent analysis by the General Accounting Office found that if the tax cuts are made permanent and discretionary spending grows as fast as the economy, federal revenues as a share of GDP will remain just under 19 percent for the next 50 years, still higher than historical levels. If the sunset is allowed to occur, the GAO concluded revenues will rise to 20.5 percent of national income every year through the end of their 75-year forecast period.

Looking back 70 years—a period which includes the Great Depression, the New Deal, World War II, the Korean War, the Great Society, the Vietnam War, and the oil embargo of the 1970s—federal revenues have never exceeded 20.5 percent of GDP for 2 consecutive years.

Mr. Speaker, I remain concerned about the drag on our economy which results from having taxpayers send almost one in every five dollars of our national income to Washington. We should certainly not allow the 2001 tax cuts to sunset, thereby further driving up the federal government's take from the national income to historically high and potentially unsupportable levels.

Mr. Speaker, I urge passage of this measure.

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

Mr. Speaker, we are going to engage in a debate about whether or not the tax bill that was enacted into law last year does not end 10 years from now,

but, rather, is open-ended. We are going to hear a series of statements which, frankly, will become very baffling to many people in this debate trying to follow what it is that Members of Congress are saying. I will try to provide a firm set of measuring tools as we get into this debate.

Number one, no matter how many times it is going to be said that we are invading, raiding, doing anything with the Social Security trust fund, that statement is not true.

We will hear a number of dollar amounts thrown around. I guess \$700 billion is a lot of money. I cannot comprehend it from a personal revenue point of view. \$1 trillion is a lot of money. The economy is currently producing at about \$10 trillion a year. It is very, very difficult for most people, and I would say, frankly, for this Member and most Members of Congress, to really put those dollar amounts in some kind of context, so let me give you a little bit of a measurement as you listen to this debate and as dollar amounts are thrown around and the dire consequences given of actually letting the American people permanently keep a little bit more of their own money.

If you would take a look at what this economy is going to produce over the next 10 years by the best estimates and call that \$1,000, what we are talking about doing here on a permanent basis is about \$2.30. Or, to put it in a yearly basis, if every year of that 10-year \$1,000 economy is \$100, we are talking about this year's discussion being 23 cents.

Now, you are going to hear that it will reduce the Republic to rubble, deny every senior their Social Security check, deny Medicare, cause diaper rash and every other problem under the sun if, on the economy being \$100, we decide to utilize 23 cents to allow people to make decisions on their own, which, frankly from a philosophical point of view is a good guideline between Democrats and Republicans, because we believe the best guarantee to have a surplus 10 years from now is to give people their own money, to allow them to make decisions, to invest, to grow, to be entrepreneurial, and we will have a bigger pie in which more revenue comes in.

Listen carefully to the Democrat plan. They will say, “We think it is a good idea to have a tax cut if and when we think it is a good idea to have a tax cut.” I think you will find those 10 years will come and go, and their belief is hanging on to it here in Washington guarantees a better economy. In other words, they do not trust you.

We believe you should have more of your own money back. They were willing to do it because they were forced to do it on a temporary basis, and in no way do they want to make it permanent. That is what this debate is all about.

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

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

Mr. Speaker, we have a lot of smart people in this world that cannot even determine what the economy is going to look like next week, so it is really extraordinary that we have someone that can give us a forecast of what it looks like in the next 20 years.

Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. MATSUI), an outstanding member of the Committee on Ways and Means.

Mr. MATSUI. Mr. Speaker, I thank the ranking member of the Committee on Ways and Means for yielding me time.

Mr. Speaker, this bill will not give anybody a diaper rash. It has nothing to do with diaper rashes and things of that nature. What we saw was that in January of 2001, we were projecting a \$5.6 trillion surplus. That surplus is almost all gone now because we passed a tax cut of \$1.3 trillion last year, and now we are going to pass a \$4 trillion tax cut over the next 20 years. \$5.5 trillion in tax cuts.

What is interesting about this tax cut, it will not give baby rashes, but those people whose tax returns show an average of \$500,000 a year, let me repeat that, \$500,000 a year, will get 60 percent of that \$5.5 trillion surplus. To put it another way, if your tax return shows over \$1 million a year, you are going to get 40 percent of this \$5.5 trillion tax cut.

This is payroll tax money. The people on the elevators, running the elevators, waitresses in restaurants, this is their money that they think is going into the Social Security trust account, and instead it is going to go to pay for tax cuts for those earning \$1 million a year or \$500,000 a year.

I have to say that in addition to that, this is going to put a massive drain on the Social Security trust fund. It will not give baby rashes, but it is going to do major damage to senior citizens throughout the United States. \$5.5 trillion.

Forty million new Americans are going to go on the Social Security system in the next 20 years while this tax cut is going through, and we are going to see, if this tax cut goes through, \$5.5 trillion, a 30 percent reduction, a 30 percent reduction in the average American Social Security benefits.

That is what this is really all about. It is an issue, frankly, of values, what this country stands for. We want to make sure that we have clean air, we want to make sure we have education for our children, we want to make sure that we give our senior citizens the life they are entitled to in their retirement age.

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

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

Mr. RANGEL. Mr. Speaker, I would like to ask some questions of the gentleman, because he has made some pretty bold statements out here.

Did not the Republican leadership promise that they would not invade the Social Security trust fund? Did they not put this in a lock box? What is the gentleman's response to that?

Mr. MATSUI. Mr. Speaker, reclaiming my time, I would say to the gentleman from New York that over the last 4 years, we had seven votes that the Republican leadership put to the floor of the House saying we were not going to invade the Social Security trust accounts.

Mr. RANGEL. If the gentleman will yield further, what did they do?

Mr. MATSUI. Mr. Speaker, they have raided the Social Security trust account. They are going to take \$5.5 trillion out if this tax cut goes through, and it is going to have a 30 percent reduction in benefits for the average Social Security recipient.

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

Mr. Speaker, I repeat my statement: There will be no trust fund monies spent from Social Security.

To underscore that, it is my pleasure to yield 2 minutes to the gentleman from Florida (Mr. SHAW), the chairman of the Subcommittee on Social Security.

Prior to that, I ask unanimous consent to yield the balance of my time to the gentleman from Missouri (Mr. HULSHOF), and that he be allowed to control said time.

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

There was no objection.

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

Mr. SHAW. Mr. Speaker, I have a prepared statement that I will make part of the RECORD, and therefore I want to direct my statements to really the incredible statement that I just heard on the floor by the ranking member on the Subcommittee on Social Security and the ranking member of the Committee on Ways and Means.

Mr. Speaker, I would say to my friends, no one is raiding the Social Security trust fund. By law you cannot. The only thing in the trust fund is Treasury Bills. Is anybody saying we are taking Treasury Bills out of the Social Security trust fund? Of course not.

Let us get a basic knowledge here of honesty and really look into how this system works. The FICA taxes that are paid, which, incidentally, are not being cut, so I do not know where that argument came from, that came really out of left field, goes into the Social Security trust fund. It goes out by way of payment of benefits. What is not used is a surplus, which then goes into the general fund and is replaced with Treasury Bills inside the trust fund.

Now, how in the world do you raid the Social Security trust fund? By law you cannot. You cannot and never

have. When the Democrats were spending all of the surplus and deficit spending, they did not go into the trust fund, because you cannot. You cannot go into the trust fund.

I also heard the incredible statement made just a few moments ago that this is going to lower benefits by 30 percent. Do you know where that figure comes from? If this Congress does nothing, nothing, to reform the Social Security system in this country by forward funding it. That is what the Democrats are talking about. They are not going to have enough money beginning after somewhere in about 25 or 30 years, and they will be faced with a situation, the country will be faced with a situation, of not being able to maintain the amount of benefits that we have.

My colleagues on the other side of the aisle continue to mislead American workers and seniors. They claim the Social Security trust funds are being raided to pay for needed tax relief—in spite of the facts.

Such myths are intended only to scare seniors, use Social Security as a political jackhammer, and divert attention from the fact that the Democratic leadership has no plan for strengthening Social Security. They are not acting responsibly.

Everybody here knows the Social Security trust funds have no dollars to "raid." Social Security works the way it always has: surplus payroll taxes are credited to the trust funds as interest bearing Treasury bills—that's the law. It is legally impossible to use those Treasury IOUs for anything else other than paying benefits or administering the Social Security program.

In the name of Social Security, Democrats opposed to making the tax cuts permanent are for tax hikes. Yet, saddling hard-working taxpayers with higher taxes does nothing to stop the enormous cash-flow deficits Social Security faces due to the aging of our nation. If nothing is done, Americans will soon face the additional tax burden of supporting Social Security. While doing nothing appears to be the Democrat solution, it certainly isn't ours.

Moreover, the numbers just don't add up. The cost of Social Security's annual cash-flow deficits will continue to grow, well beyond over-inflated cost estimates of extending tax relief.

And everyone knows adding more government IOUs to the trust fund doesn't do a single thing for Social Security. Because at the end of the day, the Treasury still needs to find the cash to pay those debts.

Making the tax cuts permanent will help the economy grow by hundreds of billions of dollars in the near future, making debt reduction easier, sustaining productivity growth and improving our ability to address the needs of the retiring baby-boom. Letting the tax cuts expire, on the other hand, will cause tax hikes on taxpayers, dampen economic growth, and erode retirement security. For example, a 35 year old would set aside over \$160,000 less in their IRA at age 65 if the tax cut is not made permanent.

Rather than talking about how to pass the buck onto future generations, let's have a full and honest debate about how to keep the pledge both Republicans and Democrats made last December. In a vote of 415-5 we pledged to save Social Security without cutting

benefits, without raising taxes, or ignoring the special needs of women and minorities.

This debate should start with the Democrats' offering their plan to save Social Security. Are they for massive, growing, and never-ending general revenue transfers that still leave an unsustainable program? Are they for Uncle Sam sitting in the corporate boardrooms of America by allowing government investing of the trust funds or making millions of workers pay more payroll taxes without giving them credit toward their benefits, as called for by Mr. DEFAZIO—who has my sincere respect for committing his plan to legislation. Where are his Democrat colleagues?

America's seniors, workers, and their families are counting on us to provide leadership to strengthen Social Security. If we neglect this duty, if we play political games using Social Security as a pawn, it is our kids and grandkids that will pay the price of our shortsightedness.

Mr. RANGEL. Mr. Speaker, so our side will be able to respond to that question, I yield 2½ minutes to the gentleman from South Carolina (Mr. SPRATT), the ranking member on the Committee on the Budget, who has provided an outstanding service to the Congress and the country.

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

Mr. SPRATT. Mr. Speaker, the critical vote came first. It was the vote to bypass the budget and do away with the rules that have served us well for the last 10 years. They moved the budget out of deep deficit into big surpluses. Now, with those rules out of the way, this tax bill can work its will, which is just what the gentleman said, it is to raid Social Security.

If you do not believe me, look at the President's own budget. The President's budget calls for \$675 billion in tax cuts on top of the \$1.3 trillion passed last June. Among other things, it calls for this repeal of the sunset provision. As a result, look at the President's own budget. It wipes out what it is left of any surplus, it spends the entire Medicare surplus, consumes it completely, and spends two-thirds of the Social Security surplus, by the President's own accounting.

Last month, when our Republican colleagues in the House brought out their budget resolution, it provided for none of those tax cuts. Not any of them. It did not make any mention of repeal of the so-called sunset in last year's tax bill. Why was that? Because they knew if they factored into their budget these tax cuts, it would drive the bottom line through the floor. It would put the budget in deficit for as far as the eye could see. They would be spending virtually all of Social Security, the Social Security surplus, and all of the Medicare surplus.

Now, one month later, they bring up a tax cut that they could not accommodate in their budget resolution, did not want to put in the context of a budget resolution, because that would have shown what it did to Social Security, what it did to Medicare. They

bring it up ad hoc, all by itself, a blatant violation of the budget process rules.

Consider this: Last year, the Secretary of the Treasury told us that we would not need to raise the ceiling on the amount of national debt we can incur for at least 8 years. That was his testimony. Yesterday the Secretary of the Treasury sent us his third letter saying that the ceiling on the national debt needs to be raised, and raised now, by \$750 billion. Why is that? Because we are spending the Social Security trust account, we are spending the Medicare trust account, and not using them to pay down the debt of the United States.

So what is the response of our Republican leaders in the House? It is not to raise the debt ceiling. Their response is to reduce taxes by another \$500 billion between now and 2012, \$4 trillion between 2012 and 2022. This will wipe out what is left of Social Security and all of the surplus that builds up between now and 2012.

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

Mr. Speaker, I would just say in response to the gentleman that the only budget this House has considered this year does, in fact, include room to make these tax cuts permanent. In fact, the most recent numbers from our official scorekeepers, the Congressional Budget Office, as well as the Joint Tax Committee, tell us this extension would take from the Treasury \$374 billion over 10 years. At the same time, we would accumulate surpluses of \$2.3 trillion.

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

Mr. HOUGHTON. Mr. Speaker, this is a bill that never should have happened. If it had not been for quirks in the Senate language, this all would have been put to bed when we settled the tax reduction issue last year.

Now, look, this bill is not perfect. I have questions about the amount of money, I have questions about the timing, I have questions about the estate tax. But basically it is moving us in the right direction.

I ask the question, what is wrong with reducing taxes? When I was in business, many times we made money, and sometimes we did not make money. But every so often you would say to your employees, gentlemen, ladies, you have hung with us a long time. We have not given you an increase. Many times we have had to have layoffs.

□ 1315

But we are going to give you back some of that money which now we are generating. I think that is a good idea, and that is what this thing is all about. I strongly support this bill.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. LEWIS), my distinguished friend and member of the committee.

Mr. LEWIS of Georgia. Mr. Speaker, I thank the gentleman for yielding me this time.

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

Mr. LEWIS of Georgia. I yield to the gentleman from South Carolina.

Mr. SPRATT. Mr. Speaker, I simply want to point out that the budget resolution brought to the floor by the House Republicans last month provided only \$77 billion in tax cuts over the next 5 years. The President is calling for \$675 billion in tax cuts over the next 10 years, and the repeal of this repealer will take at least \$400 to \$500 billion. Their budget resolution did not provide for this tax cut.

Mr. LEWIS of Georgia. Mr. Speaker, I rise in strong opposition to H.R. 586. This tax cut bill is not the way to go. It does not provide real relief for all Americans. It is just plain, downright irresponsible.

I ask my Republican colleagues to reconsider their priorities.

Mr. Speaker, if we make the Republican tax cut permanent, we risk stealing, taking, really raiding the Social Security trust fund by more than \$4 trillion. We risk gambling the future of the Medicare trust fund. We jeopardize funding for education and a prescription drug benefit for our seniors.

This tax cut bill breaks the promise that we made to the American people to use their tax dollars wisely. A huge windfall for the wealthy, pocket change for working Americans. We should be taking care of the basic needs of all of our people, not rushing to pass a tax cut bill that puts us deeper and deeper in debt.

Today we have a choice, a choice between a permanent tax cut bill that benefits a few, or Social Security and Medicare security that benefit all Americans. I urge my colleagues to make the right choice, the moral choice, the good choice. Vote against this bill.

Mr. HULSHOF. Mr. Speaker, what is irresponsible is forcing upon the American families and American businesses a tax increase if Congress does nothing.

Mr. Speaker, I am happy to yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON).

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

Mr. SAM JOHNSON of Texas. Mr. Speaker, it is morally irresponsible not to pass this. Mr. Speaker, I want to thank the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means, for bringing this bill to the floor. We have to make the tax cuts we enacted last year permanent. Hard-working Americans and the Texans who live in my congressional district were downright angry when they heard that their taxes would increase in 10 years. They think we have lost our minds in Washington. Mr. Speaker, I think they are right.

Just think about it for a moment. We decided to repeal the worst parts of the

marriage penalty. We all hope and expect marriages to last. Why would anyone object to the marriage penalty relief becoming permanent? If they do, they must be in a fight with their spouse.

Why would anyone object to \$1,000 child tax credit being permanent? How can somebody be against giving parents the extra money they need to raise their children? If my colleagues are against it, I guess they just do not like children.

On another issue, this Congress took important steps to help Americans save for their own retirement by increasing the amount people can contribute to an IRA to \$5,000. How can anyone argue against this? If my colleagues do, it means my colleagues are addicted to government spending and against personal savings. The only reason for arguing against these important changes is if my colleagues love big government and do not like people making their own choices and keeping their own money.

Mr. Speaker, we need to pass this for the good of America.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. HOYER), a leader in this Congress.

Mr. HOYER. Mr. Speaker, the gentleman from Texas said they must have been out of their minds. Of course it was his side of the aisle that included this provision. Remember that, I say to the gentleman, and tell them that.

Mr. Speaker, we are here today for one reason and one reason only: to indulge the GOP in its pavlovian policy prescription for every occasion: tax cuts. The GOP sold its tax cuts last year by telling the American people they were overcharged. Democrats fought for and are still for affordable tax relief. But we knew the projected surplus might never materialize, and we were right.

Mr. Speaker, \$5.6 trillion the President said we had; he came down to us now and says we have \$6 trillion. The President's own budget says the tax cut was the single biggest factor in erasing our surplus. So is the GOP here to say they made a mistake, to say, let us stop the raid on Social Security and Medicare? Of course not.

With deficits projected every year for the next 10 years and an unchecked raid on Social Security and Medicare, the GOP proposes a bill that would deplete an estimated \$7 trillion from the Social Security and Medicare trust funds.

I asked Secretary O'Neill that yesterday, whether \$4 trillion to \$7 trillion was the accurate figure, and he said he thought it probably was. Just as the baby boomers become of age, to take Social Security, we are doing this to them.

Mr. Speaker, I urge my colleagues to reject this demagogic, reckless, irresponsible piece of legislation.

Mr. HULSHOF. Mr. Speaker, it is my privilege to yield 2 minutes to the gen-

tlewoman from Washington (Ms. DUNN), a Member who has, more than any other Member, fought to eliminate the Federal death tax.

Ms. DUNN. Mr. Speaker, I stand in strong support of the Tax Relief Guarantee Act, and I do so on behalf of families and small businesses all over this great country of ours.

Last year we passed a landmark tax relief bill that reduced income taxes for all Americans, the first across-the-board rate cut since the second world war. Now it is time to finish the job.

We have to strip away the sunset provision or else taxpayers will face a decade of uncertainty. Many economists, including Federal Reserve Chairman Alan Greenspan, have declared that it is very important for Congress to act clearly and unequivocally in this area, because taxpayers need certainty.

Consider the perverse case of the death tax. As the law now stands, the death tax will be repealed on December 31, 2009; and it will return on January 1, 2011, at pre-2001 rates, 55 percent, on estates over \$675,000. We are in essence telling people that they have one calendar year to die, or else their heirs will pay that punishing 55 percent tax rate. Without permanence, no small business owner or family farmer can assume the death tax is gone forever. They have to continue to spend money on expensive life insurance policies and costly estate plans.

A study of women-owned businesses recently found that small businesswomen spend, on average, \$1,000 a month paying to provide for the death tax. This is money that they could use to hire workers or to buy new equipment or to provide health care for their employees. It is important, Mr. Speaker, to understand that the lack of permanence has real consequences. It is also important to acknowledge that if we do not support permanence, then we are implicitly supporting a tax increase on January 1, 2011.

We have an opportunity to correct a mistake, a legacy of the other body. I think, Mr. Speaker, we ought to seize this moment, fulfill the promise we made, and the President made, to Americans last spring. Let us make these tax cuts permanent.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from Wisconsin (Mr. KLECZKA), a member of the Committee on Ways and Means.

REQUEST FOR MOTION TO ADJOURN

Mr. KLECZKA. Mr. Speaker, I move that the House, upon conclusion of today's business, adjourn until noon, January 1, 2011.

The SPEAKER pro tempore (Mr. SIMPSON). That motion is not in order at this time.

Mr. KLECZKA. Well, Mr. Speaker, if it was in order, it would give some rationale to the bill before the House.

The tax bill, as passed by my colleagues to my left, provided for the sunset. And the gentlewoman from Washington State just stood up and said, my friends, here is what happens.

If you die in 2011, you are going to pay an inheritance tax. And if you die in 2009, you will not. Well, whoever drafted such a nutty bill?

It was they who did so, and it was they who passed it. And it was signed by the President in June of last year. So now a few months later to come back and say, my God, the sky is falling, we are hearing from people who know they are going to die in 2011, and they want it changed now. And I have not heard from any constituent who knows they are going to die in 2011.

But I say to my colleagues that we have some other things to talk about before we restore the permanency to this tax cut. Why are we doing it? I think I know why.

In November there is going to be a congressional election, and right now, the poll numbers are showing them guys think they are in trouble. And if, in fact, the Democrats take back the House, which I think we will, that bill might not come up. And the new chairman of the committee, the gentleman from New York (Mr. RANGEL), might see to it that it does not come up right away, because he and I and many other Democrats are concerned about providing for a drug benefit for the Medicare program. That is going to cost some money. We are told by the Secretary of the Treasury that by June of this year, we have to increase the national debt for all Americans to \$6.5 trillion. How can we do that if we make permanent a tax cut which is questionable to begin with?

But remember the debate last year. We were awash in a surplus. We were just swimming in greenbacks here in Congress, so they had a tax bill that gave the bulk of it back; and this year's budget is back in a deficit. Let us take care of the needs of the people; let us get out of deficit before we do something foolhardy, and if I get that call from a constituent who is going to die in 2011, I want to know how he or she knows that.

Mr. HULSHOF. Mr. Speaker, I yield 3 seconds to the gentleman from California (Mr. THOMAS), the chairman of the Committee on Ways and Means.

Mr. THOMAS. Mr. Speaker, just so we stay on this planet in terms of our rhetoric, six times between March and May, this House passed tax reduction bills. Every one of them was permanent, including on April 4, H.R. 8, which repealed the death or estate tax. That was permanent. It was the United States Senate, and please stop me when I have violated any rule in talking about the other body, that produced this document which was the only time the House voted not to make the tax cuts permanent, and that was a bill generated through a conference. This House voted to make it permanent, and we are trying to do it again.

Mr. KLECZKA. Mr. Speaker, will the gentleman yield? The fact is he voted for the conference committee report.

Mr. HULSHOF. Regular order, Mr. Speaker.

Would the Chair be kind enough to advise each side as to how much time remains.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. HULSHOF) has 18 minutes remaining; the gentleman from New York (Mr. RANGEL) has 18½ minutes remaining.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume just to respond to my distinguished chairman, since it appears as though the dog has eaten his homework.

This bill was signed into law by a Republican President after passing a Republican House of Representatives and passing a Republican Senate that had had a compromise that excluded all Democrats.

□ 1330

Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Florida (Mrs. THURMAN), an outstanding Member of Congress and of the committee.

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

Mr. Speaker, I just think this is the wrong bill at the wrong time for hard-working taxpayers who work hard to make ends meet today and retire comfortably tomorrow.

Working Americans get little from this bill. They already have received 70 percent of the tax cut that Congress passed last year: the 10 percent rate, increased child care credit, education incentives, and higher pension contribution limits.

So what does this bill do for middle America? First, it will bring even more working Americans under the alternative minimum tax. By 2012, 39 million taxpayers, about one in three, will face AMT liability. This bill gives a promise with one hand and takes away the promised tax cut with the other.

This bill increases the deficit by \$374 billion over the next 10 years. Every dollar of that added deficit comes from the Social Security trust funds. That is \$374 billion that cannot be used to reduce the national debt and interest on that debt.

If interest payments were not so large, we would have a chance to deal with our other priorities: Social Security, a Medicare prescription drug program, education, or our veterans' programs.

Speaking of veterans, the cost of this bill will be more than three times as large as the VA budget. Think about it: Every Member has heard from local veterans who know, as we all know, that the VA budget needs to be increased, especially for health care. We all have heard of veterans who cannot get appointments because VA hospitals and clinics do not have the resources.

Most of us have supported an increase in the VA budget in recent years. Yet, today we debate giving away future VA increases, and then some.

In addition, this bill will reduce revenue by \$4 trillion in the period after

2012. People born in 1946 will be 66 years old that year, retired and using Medicare. Will Medicare be there for them? It may not if we continue to provide unnecessary tax cuts and eat up the trust funds.

Mr. Speaker, this is the wrong bill at the wrong time, and it is wrong for us to leave this increased debt for our children and grandchildren.

Mr. HULSHOF. Mr. Speaker, it is my honor to yield 2 minutes to the gentleman from Illinois (Mr. WELLER), a valued member of the Committee on Ways and Means who has fought to eliminate the marriage penalty.

Mr. WELLER. Mr. Speaker, I thank the gentleman from Missouri for his leadership, and he and the gentleman from Wisconsin (Mr. RYAN) for their leadership on this permanency legislation, and my chairman for making this a priority, as well.

Often a question in debate on this floor is who is helped and who is hurt by the legislation that is on the floor. If Members vote no on making the Bush tax cut permanent, we will label it the Bush tax cut, 100 million Americans benefit from the Bush tax cut. So if Members vote no, they are voting to raise taxes on 100 million Americans.

I would note that there are 3.9 million Americans who do not pay taxes because of the Bush tax cut, 3 million Americans with children do not pay taxes because of the Bush tax cut. If Members vote no and the Bush tax cut expires, those 3.9 million low-income taxpayers will once again have to pay taxes. They are the ones who are hurt.

Let us take a moment to talk about the marriage tax penalty. Under the Bush tax cut, we eliminated the marriage tax penalty. There are 43 million Americans who paid on average about \$1,700 more prior to the Bush tax cut just because they were married. They combined their incomes, filed jointly, and they were pushed into a higher tax bracket; 43 million couples, \$1,700. We eliminated that with the Bush tax cut.

It is always important, I think, to put a human face on who also benefits when we eliminate the marriage tax penalty. Let me introduce a family from Joliet, Illinois, Jose and Magdalene Castillo, their son Eduardo, and their daughter, Carolina. They suffered the marriage tax penalty prior to the Bush tax cut, but because of the commitment of the Republican majority in the House, we eliminated the marriage tax penalty for two hard-working laborers from Joliet, Illinois, who paid on average about \$1,125 more because of the marriage tax penalty. The Bush tax cut eliminated the marriage tax penalty.

So the question is, today, are we going to vote to reimpose the marriage tax penalty on Jose and Magdalene Castillo, or are we going to protect them? That is what is always interesting.

My Democratic friends will argue passionately for permanent spending increases, they will argue passionately

for permanent tax increases, but they always oppose making a tax cut permanent.

Let us vote yes. Let us do the right thing. Let us help people like Jose and Magdalene Castillo of Joliet, Illinois.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY), a member of the Committee on Ways and Means.

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding time to me.

We look back to that brief period of time when Republicans and Democrats alike came to this floor to pledge that they would protect Social Security revenues and pledge to protect that lockbox, and actually compete with one another in terms of who could best protect those Social Security dollars.

How differently things are right now. The majority never came to this floor and said, all bets are off. We are going to grab the Social Security cash to fund the government because we are going to cut the rest of the revenues of this country, but that is exactly what is at stake. They are shortchanging the Social Security revenues that we will need to fund the Social Security program by passing this measure. In doing that, they are leaving a much bigger burden for our children.

None of the families I represent are preparing for their retirement costs by just doing no planning at all, spending freely, and relying entirely on the children, their children, to carry the day. Why should we then, as a country, steer our national budget in a way that blows the revenues now and relies upon our children to make up the difference?

There will never be a retirement switch demographically quite like the baby-boomers moving into retirement. The first will turn 65 in the year 2011. What in the world can we be thinking about to propose devastating the Federal budget at the very time the boomers are fully drawing Social Security, fully drawing Medicare?

The only thing that can explain this is this is the baby-boomers' last great self-indulgent act: Blow the revenue now, leave the kids to pick up the slack. That is not how our families function and that is not, as a nation, how we should function.

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

Mr. Speaker, I would say to the gentleman that I am confident that there are family farmers and small businesses in North Dakota that are trying to plan to pass those businesses on to their next generation, and yet cannot because of the sunset, which we are trying to repeal.

Mr. Speaker, especially on the pension issue, no one has been a better champion on our side of the aisle than the gentleman from Ohio.

Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN).

Mr. PORTMAN. Mr. Speaker, I thank my colleague for yielding time to me, and I want to congratulate the gentleman from Wisconsin (Mr. RYAN) and

the gentleman from Missouri (Mr. HULSHOF) for bringing this bill to the floor. All we are doing is reaffirming what this House did last spring.

I suppose it is going to be tough for some of my colleagues on the other side of the aisle who did not join some of their colleagues, because it was a bipartisan vote last spring, to change their vote and now support tax relief. But they ought to think about it, for a couple of reasons.

First, what do we know since last spring? We know these tax cuts were extremely important in keeping us out of a deep recession, and now helping this economy to grow. Economists right, left, and center, including the chairman of the Federal Reserve, have said that: low inflation, low interest rates, lower taxes.

So if they are interested in getting us back into a surplus position so we can take care of the needs of our seniors through Social Security and Medicare, I would think they would want to think again about maybe supporting this tax relief.

Second, even though we have passed a good bill out of the House, the Senate put this 10-year limit on it. That does not make any sense. Why would we want to have tax relief only last for 10 years? We cannot plan. The whole idea with taxes is to be able to plan. Otherwise, we have a huge cost to the economy, to people, to businesses. Not being able to plan means incredibly increased costs and incredible new complexity.

Think about it. If somebody is trying to plan what they are going to do, their accountants and planners are going to say, well, in the ninth year this thing ends and in the tenth year it starts up again, so we really cannot give you any advice about planning, so you have to plan for both. That is a terrible inefficiency in the economy.

I would hope my colleagues would think about that. I will just give one example.

The gentleman from Missouri (Mr. HULSHOF) mentioned the retirement security provisions. They were very popular on a bipartisan basis because they make a lot of sense. They simplify the plans so the small businesses can get into them. They let people take the plan from job to job. They let people save more for their retirement. This year, people can save 50 percent more for their IRA, in their 401(k). If you are over 50, you can save even more.

This is great stuff. Do we want this to expire in 9 years? This does not make any sense. Let us not pull out the rug from the American people. Let us support this permanence.

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

Sir, this stupid 10-year limitation was passed by the Republican Senate, came back here, and was passed by the House, the Republicans, and went to our President and he signed it. So I would tell the gentleman to be careful what he calls stupid when he voted for it.

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

Mr. DOGGETT. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, Many people have said that 9/11 changed everything for this country. It certainly did for President Bush and his budget. He is now urging this Congress to increase the size of Federal spending by 22 percent for this coming year, over what it was in 1999.

This is the largest increase in Federal spending over that period of time than any comparable time since another Texan named Lyndon Johnson was President. Somehow 9/11 has changed nothing in what is always the predominant theme of the House Republican leadership and their agenda: convincing voters that they can have something for nothing. They are out to convince folks that every year they can pay less and less. Even if we have new, essential security requirements and other government needs, they will just continue to "borrow and spend"—their traditional policy.

The Republicans that were once known as the "party of fiscal responsibility" are now known as the "party of shifting responsibility", letting tomorrow's children pay for today's needs.

It was not long ago that the Republicans were bringing the debt clock out here to the House floor to show us the impact of the national debt. It kept going up. It reminded me of that old ad about a watch: "It takes a licking and it keeps on ticking." Well, it is ticking now as a result of the licking that it is taking with this economy and with the increased spending being proposed.

If there was a problem with the "guns-and-butter" budget of the sixties, imagine the extent of the problem we are going to have with what is essentially a "guns-and-caviar" approach: unlimited defense spending and tax cuts for the caviar set. At the very time this takes effect, many Americans who are baby boomers are going to be retiring. They will need their Social Security. They will need their Medicare. They will have other needs of an aging population even as we have fewer workers to finance those needs. Yet, they propose more debt instead of more responsibility.

Reject the fiscal folly: reject this "gimmick for the gullible."

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

I would remind the gentleman from Texas, Mr. Speaker, that Social Security and Medicare are funded with payroll taxes, not income taxes.

Mr. Speaker, it is my privilege to yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), another valued member of the Committee on Ways and Means.

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

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Missouri for yielding time to me.

I listened with great interest to my friend, the gentleman from Texas (Mr. DOGGETT). Mr. Speaker, it is something to see a change in political parties. It is something when we stop and realize that the standardbearer of the once proud Democratic Party said the only thing we have to fear is fear itself, and now, sadly, from the modern Democratic Party, the only thing they have to offer is fear itself.

Courage and commitment should be bipartisan, or really should be non-partisan. Indeed, if we take a look at history over the last 40 years, it was first a Democratic President, John F. Kennedy, who said we should reduce marginal tax rates because a rising tide lifts all the boats. Ronald Reagan followed with a similar philosophy in 1980, as did George W. Bush last year.

And guess what? Revenues to the government long-term actually increased because people have more of their money to save, spend, and invest.

My friends on the left have been here really captive to a debate of process. What we should talk about, Mr. Speaker, is a debate based on principles and priorities involving real people.

This is the real consequence if Members vote no today on permanency for tax cuts: A single mother, hear me, not the caviar crew, not the Cadillac set, a single mother will end up paying an additional \$963 of her hard-earned money in higher taxes if they say no to making the tax cut permanent.

Now, I know we have been talking about millions and trillions and billions, but a thousand dollars is important in the family budget. Do Members really, Mr. Speaker, want to see taxes raised on working Americans? And yet, that is the net effect if Members do not join with us in a bipartisan, nay, in a nonpartisan fashion, and vote to enact permanent tax cuts. Vote yes.

□ 1345

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

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) very much for yielding me the time.

The previous speaker from Ohio said we are asked to reconfirm what we had done last spring. That is astounding in light of the fact that we are also asked since 9-11 to spend \$4 billion more on defense, \$38 billion more on homeland security, and protect tax cuts. For him to say that we are only doing what we did last spring, as though nothing happened on 9-11, just do what we did last spring, is astounding.

Here we are on the heels of the annual tax filing season to once again to say to the American people we appreciate your contributions for military defense, for homeland security, for health care for elderly and the poor and our veterans, and to also argue on behalf of fiscal discipline. Last year, Congress learned quickly these cuts in

tax would lead to big deficits. Trillions of dollars in surplus overnight vanished, and the American taxpayer wondered what happened to that money.

The Republican amendment today is fraudulent and everybody knows it. They are playing a game of three card monty. When they are in charge, they will always draw the tax cut card, but when the average middle-income taxpayer is involved, they will find simply they are going to pay the bill. No matter how many times they play, middle-income taxpayers will get stuck with alternative minimum tax, and this bill does nothing about it.

The Bush administration indicated that because of the alternative minimum tax we will see a massive increase in the number of affected families reaching 39 million by 2012, a full one-third of taxpayers with a liability. At the beginning of this week, Mr. Speaker, Republican leaders and the Treasury Department held press conferences to talk about how badly the current Tax Code needs to be simplified; and by the end of this week, we are voting to eliminate any possibility of getting it done, and we are being pushed into further debt.

We heard speeches years ago against fiscal discipline. One leader in the Republican Party said we are having a fiscal Armageddon. Another one said what a disaster. We had 8 years of unparalleled economic prosperity before this Administration. Vote against this fraudulent measure and for fiscal integrity.

Mr. HULSHOF. Mr. Speaker, may I inquire as to the time remaining on each side.

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from Missouri (Mr. HULSHOF) has 11¾ minutes remaining, and the gentleman from New York (Mr. RANGEL) has 9¼ minutes remaining.

Mr. HULSHOF. Mr. Speaker, it is my honor to yield 2 minutes to the gentleman from Texas (Mr. DELAY), the majority whip.

Mr. DELAY. Mr. Speaker, I thank the gentleman from Missouri for yielding me the time.

Mr. Speaker, I think it says it all when the gentleman from Texas previous to me said that tax cuts are a spending program. Only Democrats would think that tax cuts, leaving money in people's pocket, is a spending program.

Well, Mr. Speaker, a vote against this bill is a decision to bury the middle class beneath a wave of new taxes at the end of the decade; and if the Democrats vote no today, they are inflicting a rash of higher taxes on the American family.

They will slice the child care tax credit in half. It falls from \$1,000 down to \$500 without permanent tax relief.

They will revive the discriminatory marriage penalty that punishes families with a greater burden.

They will resuscitate the hated death tax that has been stalking American

farmers and small businesswomen all these years.

They will weaken the retirement security of millions of Americans by slashing the level of contributions to 401(k) plans by more than a third, and they are dropping IRA contributions from \$5,000 down to a paltry \$2,000.

Democrats who vote "no" are really saying yes to the largest single-day tax increase in American history. That is the wrong message for American families. It heaps uncertainty on farmers and small businesses, and it sows doubt and uncertainty about our commitment to fiscal discipline and the prospects for limited government. That is the wrong path.

We need to reject this tax hike by making the President's tax cuts permanent; and if we do, average Americans will reap a number of powerful economic benefits. Married couples will send \$1,700 less to the IRS. Families with kids will pay \$1,500 less in taxes. Single moms will keep more than \$700, and our senior citizens will see almost \$1,000 in additional savings in their tax.

All of these steps are positive in their own right; but taken altogether, they will send a powerful economic signal that will encourage growth and job creation and, yes, provide more revenues to the government. So in this way, we will prove to the American people that we believe they should keep more of the hard-earned money that they earned.

That is the right message for America. It is what the President wants and I ask our Members to vote "yes."

Mr. RANGEL. Mr. Speaker, I yield myself 1½ minutes to then yield to the gentleman from Texas (Mr. DELAY), the majority leader, to ask a couple of questions here since he was in charge of this bill and did not make it permanent before. I would like to yield time to him. No one else is responding. I would like to yield 30 seconds to him.

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

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

Mr. DELAY. Mr. Speaker, I will take the 30 seconds, and I appreciate the 30 seconds; but I am not the leader. I am the whip.

Mr. RANGEL. Mr. Speaker, the gentleman is the leader. He is the leader. Now, did not the Republican-controlled other body put in this 10-year limitation?

Mr. DELAY. Mr. Speaker, only in response to the Byrd rule. That is the rule. If the gentleman is going to yield, let me answer the question.

Mr. RANGEL. The answer is yes.

Mr. DELAY. Mr. Speaker, no. Would the gentleman yield so I can answer?

Mr. RANGEL. Then the answer is no. Is it yes or no, did they do it?

The SPEAKER pro tempore. The gentleman from New York controls time.

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

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

Mr. DELAY. Mr. Speaker, we opposed that because it was a response to a silly rule over in the Senate called the Byrd rule that does not allow us to make taxes permanent, yes.

Mr. RANGEL. Mr. Speaker, now did not this silly rule that the silly Republicans have on the other side—

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The gentleman will suspend momentarily. Members are reminded not to characterize members of the Senate or Senate rules.

Mr. RANGEL. Mr. Speaker, would the gentleman withdraw calling the Republicans silly on the other side of the aisle because it is against the House rules?

Having said that, whatever it was that came over, did not the Republicans have a conference that excluded Democrats where you accepted it?

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

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

Mr. DELAY. Mr. Speaker, absolutely not. We did not exclude anybody from any of the process; and the gentleman may characterize it as that, but we passed a good tax cut for the American people the best way we could with the Democrat opposition that we faced.

Mr. RANGEL. The answers are terrific. Did you not vote for a bill that included this silly amendment?

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

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

Mr. DELAY. Mr. Speaker, I voted for the bill because it was the only way we could get tax cuts for American families with the Democrat opposition that we faced.

Mr. RANGEL. Mr. Speaker, did not the President of the United States sign the bill with this silly amendment that came from the Republican-controlled Senate?

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

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

Mr. DELAY. Mr. Speaker, certainly the President signed the only tax cut we could get for the American family in the face of the Democrat opposition that we faced.

Mr. RANGEL. Mr. Speaker, so I would just like to know where all this silliness came from and where it emanated and where it finally concluded. I thank the gentleman for his responses.

Mr. Speaker, I yield ½ minute to the gentleman from California (Mr. BECERRA), a member of the committee.

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

Let me make sure we have this straight. The bill that we have before us is to correct something that our friends on the Republican side did a year ago when we passed the tax bill that cost about \$1.3 trillion, but when we cost it out a lot more than that because they did not want to show the

American people how much it really would cost. Now we are seeing.

In the decade from 2012 forward for those 10 years, it is about another \$4 trillion. What does that translate to, because \$4 trillion is something none of us will ever see. Come 2010, my colleagues can expect that the top 1 percent of Americans, the richest Americans, will get about an average of \$53,000 in a tax cut; and 60 percent of Americans will average about \$347 in 2010 from that tax cut.

What does that mean? Well, somehow we have to pay for it. How do we pay for it? We take every single cent out of the Medicare trust fund. We take every single cent out of the Social Security trust fund, and all that surplus money, and we spend it to pay for this tax cut.

How do we do that? We did it back in the 80s. We did it with this. It made very good use of this card. It was one of those we cannot pay now, but we will pay later. And who pays? I have got three daughters. They will be paying this credit card. Who else pays? If someone has some kids, that is who will be paying.

Why are we doing this? We should be the stewards of the people's money. We are in the people's House, and it is our responsibility to be responsible stewards of the people's money which they put into Social Security, which they put into Medicare. And what are we doing? At a time when we know we are already in deficit, we are going to go further into it.

This is not the thing to do. Do what any American house would do, and that is, be responsible with their money, plan for the future for their kids and retirement. Let us not pass this bill.

Mr. HULSHOF. Mr. Speaker, it is my privilege to yield 2 minutes to the gentleman from Texas (Mr. ARMEY), the majority leader of the House.

Mr. ARMEY. Mr. Speaker, I thank the gentleman from Missouri for yielding me the time.

Mr. Speaker, it is such a privilege and such a pleasure to be here today. The President of the United States is George W. Bush, achieved his reduction in taxes for the American working man and woman earlier in his Presidency than any President that I can ever remember. It was a good thing what we were able to accomplish with the President, and to do it so early was particularly rewarding.

There was a hitch in the process when we tried to bring that bill through because of an arcane rule of the Senate, the other body, requiring a vote of 60 Senators for permanent tax reduction; and because we could not acquire 60 votes for permanent tax reduction, we were forced to accept a 10-year sunset on the Tax Code.

Today, we are here to address that and to renew our commitment to the American people. So for those young couples that got married and are enjoying the fact that they are not receiving today prejudice in the Tax Code for their act of marriage, we are here to

say you do not want to have to sunset your marriage or suffer perverse tax penalties in 10 years. We want to make it permanent in your life, till death do you part. Permanent surcease from prejudice in the Tax Code.

For those people that worked hard all their life and said I want to struggle and build and create something and when my days on this Earth are over leave it to my children that I love so much, we want to say for the rest of your life, not just for the next 10 years. You do not have to time your death in accordance with the rules of the other body, and so on down the line.

So we are asking all our colleagues, do the same rational thing. Vote for permanent tax relief, a Tax Code that prevails on the American people today that it be permanent.

In addition to that, we are doing a good thing for those families that reach out and adopt children. We are giving them a special consideration in the Tax Code and a special dispensation, some relief from the burden of taxation as they bring those precious babies into their homes and make a home for them. A good thing to do.

Finally Mr. Speaker, pursuant to a study that I asked for from GAO just the last week revealed 2 million American taxpayers, half of whom had the benefit of professional tax preparation, and were still so intimidated by the rules of the Tax Code and the enforcement procedures of the IRS that they did not take fully all of their tax deductions, to the tune of \$1 million in tax overpayment. We are in this bill again addressing the question of our rights to due process, fair decent treatment under the Tax Code.

Three good things we do with this bill. I thank the committee. It is not often that we can come to the floor of the House and with one vote do three good things for the American people. I hope all my colleagues, especially those on the other side of the aisle who so often miss these opportunities, will today avail themselves of the opportunity, do the right thing, three good things for one vote.

You will never get a bargain like that often in our life. Take the opportunity today. You will feel better for it.

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

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

Mr. TAYLOR of Mississippi. Mr. Speaker, I include for the RECORD this statement of the public debt that shows that our Nation's debt has increased by \$232,291,656,313.85 since the passage of this measure 12 months ago. Our Nation now has a record \$6 trillion debt for which we squander \$1 billion a day on interest.

SIMPLE TRUTHS ABOUT THE BUDGET AND THE DEBT

UPDATED THROUGH MARCH, 2002 MONTHLY STATEMENT OF THE PUBLIC DEBT AND FEBRUARY, 2002 MONTHLY TREASURY STATEMENT

The Federal debt is still growing. At the close of business on March 31, 2002, the total public debt was \$6,006,031,606,265.38, or \$6.006 trillion. The public debt increased by \$232 billion in the twelve months since March 31, 2002.

Of the \$6 trillion debt, \$2.55 trillion is owed to various federal trust funds. These funds were collected and earmarked for specific purposes, but all their surpluses have been borrowed and spent in exchange for government securities.

There is no surplus except in trust funds. Through five months of Fiscal Year 2002, federal trust funds accumulated a total of \$82.2 billion in surpluses, while non-trust fund accounts ran a deficit of \$156.6 billion. For Fiscal Year 2001, which ended in September, trust funds had \$224 billion in surpluses. Outside the trust funds, the federal government ran a deficit of \$97 billion.

The trust fund surpluses are obligated for future benefits. Most of the surplus funds are collected for Social Security, Medicare, military retirement, federal employee retirement, and unemployment benefits to save and invest to pay future obligations.

We spend a billion dollars per day on interest. In the first five months of Fiscal Year 2002, the Treasury spent \$150.4 billion on interests in 151 days. Over the same period, military spending totaled \$129.9 billion, \$20.5 billion less than interest costs. Medicare spending totaled \$101.4 billion, \$49 billion less than interest costs.

In Fiscal Year 2001, the Treasury spent \$359.5 billion on interest on the debt, an average of almost one billion dollars per day. In the same twelve months, military spending totaled \$291 billion, \$68.5 billion less than gross interest. Medicare spending totaled \$241.4 billion, \$118 billion less than gross interest.

DEBT INCREASE IN PAST 12 MONTHS

Total Public Debt Outstanding March 31, 2002; \$6,006,031,606,265.38. Total Public Debt Outstanding March 31, 2001: \$5,773,739,949,951.53. Increase in Public Debt Outstanding in 12 months: \$232,291,656,313.85.

DEBT OWED TO TRUST FUNDS

Total Owed to All Government Accounts	\$2.546 trillion
Total Owed to Social Security Trust Funds	\$1.24 trillion
Old-Age and Survivors Insurance	\$1.097 trillion
Disability Insurance	\$144.7 billion
Total Owed to Medicare Trust Funds	\$257.0 billion
Hospital Insurance (Part A)	\$214.2 billion
Supplementary Medical Insurance (Part B)	\$42.8 billion
Military Retirement	\$156.0 billion
Civil Service Retirement and Disability	\$529.8 billion
Unemployment Trust Fund	\$75.9 billion

Source: Monthly Statement of the Public Debt, March 2002.

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the gentleman from Washington (Mr. INSLEE).

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

□ 1400

Mr. INSLEE. Mr. Speaker, the Arthur Andersen accountants are really confused today. For the last several weeks, they have been listening to the Republican Party trooping in front of the television cameras and calling them irresponsible, reckless and fiscally negligent. The Republican leadership then comes to the floor today and

proposes a bill that will blow a trillion dollar hole in Social Security below the water line, ensure deficits for decades; and they call the Arthur Andersen accountants irresponsible?

Mr. Speaker, the Republican leadership is on a course to do to Social Security and Medicare and fiscal responsibility what Ken Lay and Arthur Andersen did with Enron. We ought to reject it.

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

Mr. Speaker, in brief response, I would remind the gentleman, as I know the gentleman was not here during part of the debate, that the 10-year cost for the tax cut that is being considered is \$374 billion, and the most recent Congressional Budget Office numbers project a \$2.3 trillion surplus over that period of time.

Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, I am humored somewhat by the debate today. There seems to be a lot of hand wringing and shock and outrage over the deficit. It reminds me of a cross between the pit bull and a collie: It rips a person's arm off, and then it runs for help.

What we have heard from the other side, 40 years of managing this process, of running up untold debt, placing it on the back of taxpayers, watching Social Security become insolvent, and all of a sudden we hear all of this outrage. When we have debates on appropriations, I do not hear the same kind of a conservative approach from the other side of the aisle in holding down spending.

April 15 just passed. I am hopeful that everybody on both sides of the aisle concluded their tax return. If Members are so outraged with the tax cut, they could have easily used the old numbers from the old charts. When we handed out the \$500 or \$600 checks to individuals, \$300 checks, I did not see this rush of Members from the other side of the aisle coming to hand their checks back to the Treasury.

The American hard-working taxpayers, police officers, teachers, nurses, doctors, lawyers, janitors, have benefited from this tax policy that we have initiated. Americans are getting to spend more money on their kids. People are talking about buying a new washer-dryer, or get to go on vacation. The appetite for spending in this process is unbelievable. If they hold up numbers of debt, let us talk about how it originated. Let us talk about the spending. Let us bring that into the debate. We cannot talk about doing it as the American family would do, because if we used that analogy, the neighbors would be being robbed by us because we would have encouraged them to take something that is not theirs, use it for someone else, and call it fairness.

This bill on the floor today gives every American a chance to project over their time how they will deal with their finances. It is certain, it is important, and it is fair.

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

Mr. SANDERS. Mr. Speaker, I rise in opposition to this bill. We should not be borrowing trillions from Social Security to give huge tax breaks to the wealthiest 1 percent, and then have inadequate funding for education, prescription drugs, and veterans' needs.

Mr. Speaker, it may make sense to some people to borrow trillions of dollars from Social Security in order to give tax breaks to millionaires. It may make sense to some to raise the \$6 trillion dollar National debt for our kids and grand kids, and increase the deficit—and then have inadequate funding for education, veterans' needs, prescription drugs, environmental protection, and other important social needs.

It does not make sense to me and poll after poll shows that it does not make sense to the American people.

Let's be honest. This bill has nothing to do with good social policy. It has everything to do with rewarding the rich folks who have contributed hundreds of millions to the Republican Party. Thirty eight percent of the benefits in this proposal would go to the richest one percent—people who have a minimum income of \$375,000 a year.

Tax breaks for millionaires, inadequate funding for veterans, the elderly, the kids. That's what this bill is about. It is an outrage. Let's vote "no."

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana (Mr. JEFFERSON).

Mr. JEFFERSON. Mr. Speaker, making this \$1.35 trillion tax cut permanent is bad policy, bad for the economy, bad for the American people, and it is bad timing. This bill is not about tax cuts, it is priorities. Not Democratic or Republican priorities, but the priorities of the American people. Members favor tax cuts. The American taxpayers favor tax cuts, but our job in Congress is to enact sensible and affordable tax cuts. We should repeal the AMT because it is a stealth tax increase on millions of unsuspecting Americans. Many of us believe we should enact business tax cuts like depreciation reform to stimulate the economy.

Mr. Speaker, in good conscience, how can we support legislation that robs Congress of the resources today that we all know are needed to keep our promises to the American people.

Just last year, a \$5 trillion surplus made everything seem possible. But even with then, with that rosy scenario, Congress knew it could not see clear to afford permanent tax cuts. That is why it sunset them in the first place. What has changed in a year? Everything, and none of it argues for making tax cuts permanent.

Mr. Speaker, if we pass these tax cuts, we are making a big mistake. It is plain wrong for our economy and for the American people. It is terrible timing. Oppose this legislation.

Mr. HULSHOF. Mr. Speaker, I yield 2½ minutes to the gentleman from Wis-

consin (Mr. RYAN), and I am reminded that in America, pessimists are seldom prophets, and the gentleman is an optimist, and a cosponsor of this bill.

Mr. RYAN of Wisconsin. Mr. Speaker, I would like to thank the gentleman for his leadership on this issue. The reason we introduced this bill, to reverse this arcane Senate rule that caused this problem, was to give the American taxpayer certainty so they know how to plan for the future, and to strike a blow for fairness and justice.

This issue, contrary to what we are hearing from the Democrats, is not an attempt to get another tax cut. We are not raising taxes, we are not cutting taxes, we are trying to keep taxes steady. If we do not pass this repeal of the sunset, we are raising taxes. Specifically, a family of 4 earning \$36,268 will have their taxes raised in 2011 by \$2,035; a family of 4 earning \$46,756 will have their taxes go up in 1 year by \$3,856; a family of 4 earning almost \$85,000 will see a tax bill on January 1, 2011, of \$8,000.

Mr. Speaker, I do not think Members realize the magnitude of the moment that is coming if we do not repeal this sunset. What will happen from New Year's Eve to New Year's Day, December 31, 2010, to January 1, 2011, will be this: The IRA contribution limit from New Year's Eve to New Year's Day will go from \$5,000 down to \$2,000; on New Year's Eve to New Year's Day that year, the education IRA will go from \$2,000 down to \$500; on New Year's Eve to New Year's Day in that year, the 401(k) limit plans will be cut from a \$15,000 cap to \$10,500. Every 401(k) plan in America will have to be cut by a third on that day in 2011.

Mr. Speaker, the death tax on December 31, 2010, will be zero percent; the next day it will be 55 percent beginning on estates over \$675,000.

Income taxes: Small businesses right now pay a higher income tax rate than the largest corporations of America. Their taxes will be 35 percent on New Year's Eve; the next day, 39.6 percent, larger than the taxes paid by IBM or Chrysler or any large operation.

The child tax credit will go from \$1,000 down to \$500, and the marriage tax penalty will come back to haunt us. That is what awaits us on New Year's Day, January 1, 2011, if we do not repeal this arcane Senate rule sunset. This is a major tax increase if we do not act today.

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, it was nonsense last June when President Bush and the Republicans argued that we could have a \$1.5 trillion tax cuts and not raid Social Security and Medicare and Medicaid. It is nonsense on stilts after September 11, after the deficits, after all that has happened, that they now want to permanently extend those tax breaks for the wealthiest 2 percent because they are now going to

permanently raid Medicare, permanently raid Social Security, permanently raid Medicaid, which provides nursing home care for every person in America with Alzheimer's. This is a shameful day in the history of this country when such a vote can be taken.

Mr. HULSHOF. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma (Mr. WATTS).

Mr. WATTS of Oklahoma. Mr. Speaker, I think we have to understand when proceeding in this debate, there is a difference in philosophies that is driving this debate. One, the Democrats believe in creating more taxes; Republicans believe in creating more taxpayers.

When we give Americans more money to spend, to put food on the table, to help pay the car insurance, that is good for jobs. It is good for the economy, and it is good for creating more taxpayers. Let us look at the bottom line and forget all of the goop that we have heard over the last 2 hours.

The bottom line is that the Democrat leaders' plan for married couples is to raise taxes by reinstating the marriage tax penalty in 2001. The President's bipartisan plan that got 28 Democratic votes in the House will give couples \$1,700 more per year to spend on themselves and their kids. The bottom line for families with kids, raise taxes by the Democrats, repealing the President's child tax credit in 2011. The bipartisan plan that the President proposed that we passed, cuts taxes by \$1,500 for families every year.

The Democrats' plan for singles, the leadership's plan says in 1993 they raised taxes on Social Security. The President's bipartisan plan, we give seniors \$920 more to spend for themselves.

The bottom line on education IRA, Democrat leaders' plan, raise taxes by reinstating tax on contributions to education IRA over \$500. The President's bipartisan plan, that got 28 votes of Democrats in the House, it eliminates taxes on contributions up to \$2,000. That is a good thing for people saving for their children's education.

The bottom line on child care, the Democrat leaders' plan raises taxes by \$770 for single moms in 2011. The President's plan, the bipartisan plan that got 28 Democrat votes, cuts taxes by \$770 for single moms.

The bottom line for low income families, the Democrat leaders' plan raises taxes for 3.9 million low-income families. The President's bipartisan plan eliminates 3.9 million people. Give Americans a fiscal break. Vote for the President's plan to eliminate higher taxes on the American people.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. PELOSI), the minority whip.

Ms. PELOSI. Mr. Speaker, I rise in opposition to the Republican raid on Social Security that is being made on the floor of the House today. If we support Social Security as we know it today, which are benefits for America's

retiring citizens, Members must vote no on this plan to make these tax breaks permanent.

Earlier today our body had the opportunity to vote for a resolution put forth by the gentleman from Illinois (Mr. PHELPS). It said that these tax cuts could go forward and be made permanent if the Congressional Budget Office certified that no Social Security funds will be used to cover them. Every Republican voted against that. Every Democrat voted for it. One has to wonder where all of the Republican deficit hawks have gone. It seems that they have become an endangered species.

I think it is very, very important to note that the only way to reconcile what the Republicans are doing is that they want the surplus to be reduced, and they want to change Social Security. They want to exact the huge cuts in benefits that President Bush's commission calls for that. That is the only way it would add up. I urge my colleagues to vote no.

□ 1415

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the gentleman from New York (Mr. CROWLEY).

Mr. CROWLEY. Mr. Speaker, bananaramma, Rubik's Cube, leg warmers, "Miami Vice," and a tax cut for the rich.

The Republican Party wants to go back to the future to 1981 and President Reagan's voodoo economics. And who is directing this remake? The House Republicans and this administration.

In just 1 year, this tax cut we have seen has virtually raided all of the Social Security and Medicare trust funds to provide for huge tax cuts to wealthy oilmen and other millionaires throughout this country. At the same time we have seen that Congress can no longer protect Social Security and the Medicare trust funds from bankruptcy because we need to pay for this Republican tax scheme somehow.

I ask the American people to stay home and not buy a ticket to this show. It is a flop and it is a sham.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. MENENDEZ), an outstanding leader of our party.

Mr. MENENDEZ. Mr. Speaker, I thank the gentleman for yielding time.

The Bush tax cut is really a tax increase on seniors and on lower- and middle-income Americans because, for the wealthiest 1 percent to get a huge tax cut today, working Americans and retirees are going to end up paying back the debt tomorrow. It is like the Republicans giving a huge credit line increase to the wealthiest 1 percent who then rack up astronomical credit card bills, with working families and cash-strapped retirees being stuck paying the tab at a later date. That is not smart. That is not fair. That is not fiscally responsible.

We Democrats want a tax cut, but we want a tax cut that benefits working

families and that does not bust the budget or raid Social Security to pay for it. The fact is after 8 years of fiscal responsibility and economic growth under a Democratic administration, it took Republicans less than 1 year to bring us back into long-term deficit spending. Making that reality permanent is not a good idea.

Let us defeat this tax on retirees and working families and defeat this unwise raid of Social Security.

Mr. RANGEL. Mr. Speaker, I yield the balance of my time to close this argument on behalf of the minority and the American people to the gentleman from Missouri (Mr. GEPHARDT), our minority leader.

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

Mr. GEPHARDT. Mr. Speaker, I urge Members to vote for the motion to recommit and, if that fails, against this legislation.

Last year, the Republicans passed their economic plan. Due to their plan, we lost \$4 trillion in surplus in about 15 months. We lost the opportunity for long-term economic growth. We lost the chance to promote opportunity in people's lives. And, most importantly, we lost the chance to pay down the debt and be ready to stabilize and take care of Social Security for the baby boomers.

But, worst of all, the plan was dishonest. When you presented the plan, you could have gone ahead and not had a sunset in the plan and made the tax cut go out into the future, which is what you are trying to do today. I believe you did that because you wanted to mislead the American people and the Congress on what was actually happening.

You had another chance when you presented your budget a few weeks ago to say that the tax cut should not have a sunset, that it should go out into the future. Once again, you did not do it. You did not do it because we are already back into the Social Security trust funds spending those dollars for current revenue needs. We are already back into the Social Security trust fund spending those dollars for current needs.

We passed in this House five times a lockbox that said we would never spend the Social Security funds. Majority Whip DELAY vowed the people's hard-earned money would be saved so they can enjoy their well-deserved retirement. Majority Leader ARMEY vowed that the House is not going to go back to raiding Social Security and Medicare. In 2001, Chairman NUSSLE vowed that this Congress will protect 100 percent of the trust funds. Period. No speculation. No supposition. No projections.

I think that everybody here probably voted at least once for the lockbox. Well, if you vote for this bill today, you are throwing the lockbox on the ground, breaking it open and taking all the money out of it finally.

This is the definitive vote in this Congress on whether you want the economic plan to be permanent or whether you want to save Social Security, stabilize Social Security and ensure that it will always be there for every citizen.

In truth, the bill that we ought to have in front of us today is not this bill. The bill we ought to have in front of us is how to make certain that Social Security will not be privatized, that it will not be raided, that it will always be there for everybody in the future. The Republicans have a plan of privatization. We think it leads to cuts in benefits and raising the retirement age. You do not want to bring it up this year because you do not want it to be an issue in the election. But mark my words, it is going to be an issue in the election, and the issue is, who is for Social Security and who is against it? Who is for saving Social Security and who is for reducing it? Who is for making it stable and who is for tearing it apart? The lockbox is broken open. This is the definitive vote of this Congress, not on taxes. That has been decided. The issue is, what is going to happen to Social Security?

I urge Members to vote "no" against this bill. Vote for the motion to recommit. Save Social Security and Medicare.

PARLIAMENTARY INQUIRIES

Mr. THOMAS. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman will state it.

Mr. THOMAS. Was the minority leader's statement accurate? Is there a vote on the motion to recommit?

The SPEAKER pro tempore. A motion to recommit is not in order.

Mr. THOMAS. There will be no motion to recommit. The minority leader's statement was inaccurate.

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

The SPEAKER pro tempore. The gentleman will state it.

Mr. RANGEL. Is it true that the Republicans crafted a rule that denied us the motion to recommit?

The SPEAKER pro tempore. Pursuant to the rule, the previous question is ordered to final adoption of the motion without intervening motion. There is no opportunity under the rule for a member to offer a motion to recommit.

Mr. RANGEL. I thank the Chair.

Mr. HULSHOF. Mr. Speaker, to conclude the debate on our side, it is my honor and privilege to yield the balance of my time to the gentleman from Illinois (Mr. HASTERT), the Speaker of the House.

Mr. HASTERT. Mr. Speaker, we hear a lot of rhetoric at times like this when we talk about taxes, when we talk about Social Security, when we talk about our future. But we need to also talk about promises and commitments that we make to people. The fact is, every dollar in a trust fund of Social Security is tied in that trust

fund. And every promise we make not to cut benefits and not to raise taxes on Social Security is a commitment that we have made. It is there. It is there for a long time.

The real issue that we are talking about today is a commitment that this House made to cut taxes of American working people and to keep a strong economy and trying to make commitments so this economy will work.

I have heard a lot of rhetoric. Some try to bring class warfare into this whole issue. That is not the right thing to do, in my opinion. But let us set the record straight. On September 30 of this year, less than 6 months ago, we paid down \$450 billion in public debt. This Congress said, "We are going to do it." This Congress did exactly that.

We also said that we think American working people ought to have a fair tax break. We said that if you are a married couple, it is not common sense, it is not fair to be taxed \$1,400 more if you are married than if you are single. Are we going to say, we are going to do that now, now you see it, now you don't? Nine years from now that is going to disappear and you are going to be taxed more just because you are married rather than being single?

We also made a commitment that if you are raising a family, if you have four children, you are going to get a \$1,000 tax credit instead of a \$500 tax credit. That is important. You are buying shoes and paying tuition, putting gas in the car to get kids back and forth to school and to practice and those types of things. That is important to an American family, an American family that punches a clock every day, an American family that brings a paycheck home every other week. Are we going to say that 9 years from now we are going to raid, we are going to do away with, we are going to take that \$4,000 deduction, that tax credit that that family gets? Is that fair? Does that make common sense? No.

We know that we have this limit because we have to deal with the other body. It is their rules, and they did not have 60 votes to change it. So we live with that. But we do not have to live with it forever. We do not have to tie the American people down to a now-you-see-it-and-now-you-don't promise.

What about the family that spent their whole life building a small business, not taking vacations so that you put a little extra money and capital into that business so you can build it up, and you want to pass it on to your kids and your grandkids? If you do it and that thing slides down, if you do it 9 years from now, you can pass that on to the next generation; but if it is 10 years from now, you will not be able to do it. The Federal Government will come in and confiscate 52 percent of that business.

Mr. Speaker, we are talking about common sense. If this tax break that we passed is good for the American people, it is good for families, it is good for small business, it is good for Amer-

ican farmers. If it is good today and good tomorrow and next year, it ought to be good 10 years from now. It is a promise. It is a commitment we made to the American people. We need to live up to that commitment. We will do that. Pass this legislation this afternoon.

Mr. KIND. Mr. Speaker, last year we passed a budget that boasted a ten-year unified surplus totaling \$5.6 trillion. The leadership claimed that an expensive tax cut plan and other costly initiatives were eminently affordable and would leave enough of the budget surplus to eliminate most or all of the national debt. Thus Congress passed a tax cut costing \$1.3 trillion. Unfortunately, since then, most of that surplus has disappeared, due to the war on terrorism, homeland security, the economic downturn in the economy, and most significantly, the large tax cut. The Congressional Budget Office (CBO) recently projected that the budget surplus decreased this year by \$4 trillion.

Now, the leadership wants to make the \$1.3 trillion tax cut, due to expire in 2010, permanent. This extension will cost over \$4 trillion and will severely undermine the Social Security and Medicare trust funds just as 77 million baby boomers begin to retire. In fact, it will spend the entire Medicare surplus and 93 percent of the Social Security surplus in the next five years. Given the current forecasts, it appears that permanent tax cuts mean permanent deficits.

Furthermore, the House passed legislation five times vowing that every single dollar of the Social Security and Medicare trust fund would be saved. And be put into a "lockbox". Now they are going back on their word, and spending the very money that people who are working now are counting on for their retirement security. Rather than shoring up Social Security and Medicare, the leadership intends to pay for this tax cut extension with the payroll taxes, which will raise interest rates and return us to deficit spending for the next ten years.

After decades of deficit spending, it is our responsibility to reduce the debt future generations will inherit. We must give them the capability and flexibility to meet whatever problems or needs they face. I cannot, in good faith, support legislation that will put our country further into deficit spending, with a tax cut that will benefit only the wealthiest one percent of taxpayers.

Tax relief, however, is a bipartisan issue. My colleagues on both sides of the aisle recognize the need for tax relief, but making the \$1.3 trillion tax cut permanent is not the result of bipartisanship. The tax cut passed last year has already derailed the opportunity we had to reduce our large national debt and prepare for our future obligations to our aging population and children's futures. Making the tax cut permanent will only further exasperate our nation's poor fiscal health.

Mr. Speaker, now is not the time for the House Leadership to pursue its own individual agenda to score political points in an election year. This is purely a symbolic vote timed as millions of Americans filed their income tax returns.

Mr. Speaker, I urge my colleagues to oppose this fiscally irresponsible tax cut. We must shore up Social Security and Medicare and reduce the national debt before passing

such an expensive tax cut that we cannot afford. I did not come to Congress to saddles my two boys with a debt burden they did not create.

Mr. ETHERIDGE. Mr. Speaker, I rise in strong opposition to H.R. 586, the so-called Tax Relief Guarantee Act.

Mr. Speaker, I have supported responsible, common sense tax relief for hardworking Americans in the past, and I will continue to do so. Unfortunately, this irresponsible legislation mortgages the fiscal future of America.

The House Republican Leadership is proposing to make permanent the parts of the 2001 tax cuts that most benefit the wealthiest Americans while leaving behind millions of middle-income families and putting the future of Social Security in jeopardy. The cost of the first two years of this legislation is nearly \$400 billion and the cost in the second ten years—when the baby boomers will be retiring and relying on their Social Security benefits—will exceed \$4 trillion. If the tax cut is made permanent, every single penny of the cost over the coming decade will come out of the Social Security and Medicare trust funds.

Mr. Speaker, the unfortunate reality of our situation is that we have witnessed—in just one year—the most dramatic fiscal reversal in the history of our nation. The projected surpluses are gone. Following eight straight years of fiscal responsibility, the Republican Leadership has decided to throw fiscal discipline out the window. Making the tax permanent will take our nation further down the road of fiscal denial.

Mr. Speaker, making the tax cut permanent will hurt my home state of North Carolina. In North Carolina, we are already facing a \$1 billion budget shortfall this year. If North Carolina adopts changes to make its tax law consistent with changes made by the Bush tax cut, it would cost the state \$258 million next year. That money will have to be replaced by higher taxes or reduced services. Mr. Speaker, states all across the nation are facing the same budget crunch. It is clear that we can ill-afford to make the tax cut permanent when all of our home states are hurting so badly.

Mr. Speaker, today's debate reminds me of a statement by my friend Gene Sperling, the former economic advisor to the President. Mr. Sperling said that the American Government these days reminds him of a family with 14-year old triplets who are all heading to Ivy League schools. The family will be fine for five or six years, but maybe in trouble down the road. But instead of saving their money for the future and paying down their debt, this family decides to buy a yacht and take a trip around the world. Making this tax cut permanent does the exact same thing with our nation's fiscal future. Mr. Speaker, let's not be the family that buys the yacht. Let's be the family that saves wisely to ensure our continued fiscal health. I urge my colleagues to join me in opposing H.R. 586.

Mr. BEREUTER. Mr. Speaker, as stated on the record many times, this Member continues his strong opposition to the total elimination of the estate tax on the super-rich. The reasons for this opposition to this terrible idea have been publicly explained on numerous occasions, including statements in the CONGRESSIONAL RECORD.

This Member has every expectation that this legislation in total is going nowhere in the other body. Furthermore, this Member has

every reasonable assurance, in this unpredictable place, that there will be a straight up-and-down vote specifically on the elimination of the inheritance tax. At that time, this Member will most assuredly vote "no" and do everything in his power to defeat the total repeal of the inheritance tax for the wealthiest Americans.

However, this Member is strongly in favor of substantially raising the estate tax exemption level and reducing the rate of taxation on all levels of taxable estates and introduced legislation, H.R. 42, to this effect. This Member believes that the only way to ensure that his Nebraska and all American small business, farm and ranch families benefit from estate tax reform is to dramatically and immediately increase the Federal inheritance tax exemption level, such as provided in H.R. 42.

This Member's bill (H.R. 42) would provide immediate, essential Federal estate tax relief by immediately increasing the Federal estate tax exclusion to \$10 million effective upon enactment. (With some estate planning, a married couple could double the value of this exclusion to \$20 million. As a comparison, under the current law for year 2001, the estate tax exclusion is only \$675,000.) In addition, H.R. 42 would adjust this \$10 million exclusion for inflation thereafter. The legislation would decrease the highest Federal estate tax rate from 55% to 39.6% effective upon enactment, as 39.6% is currently the highest Federal income tax rate. Under the bill, the value of an estate over \$10 million would be taxed at the 39.6% rate. Under current law, the 55% estate tax bracket begins for estates over \$3 million. Finally, H.R. 42 would continue to apply the stepped-up capital gains basis to the estate, which is provided in current law. In fact, this Member would be willing to raise the estate tax exclusion level to \$15 million.

Since this Member believes that H.R. 42 or similar legislation is the only way to provide true estate tax reduction for our nation's small business, farm and ranch families, this Member must use this opportunity to reiterate the following reasons for his opposition to the total elimination of the Federal estate tax. First, to totally eliminate the estate tax on billionaires and mega-millionaires would be very much contrary to the national interest. Second, the elimination of the estate tax also would have a very negative impact upon the continuance of very large charitable contributions for colleges and universities and other worthy institutions in our country. Finally, and fortunately, this Member believes it will never be eliminated in the year 2010.

At this point it should be noted that under the previously enacted estate tax legislation (e.g., the Economic Growth and Tax Relief Reconciliation Act), beginning in 2011, the "stepped-up basis" is eliminated (with two exceptions) such that the value of inherited assets would be "carried-over" from the deceased. Therefore, the Economic Growth and Tax Relief Reconciliation Act could result in unfortunate tax consequences for some heirs as the heirs would have to pay capital gains taxes on any increase in the value of the property from the time the asset was acquired by the deceased until it was sold by the heirs—resulting in a higher capital gain and larger tax liability for the heirs than under the current "stepped-up" basis law. Unfortunately, the bill before us today (H.R. 586) apparently would also make the stepped-up basis elimination permanent resulting in a continuation of the

problems just noted by this Member—higher capital gains and larger tax liability for heirs.

In closing, Mr. Speaker, while this Member is strongly supportive of provisions in this bill making most of the earlier tax cuts permanent, he cannot in good conscience support the total elimination of the inheritance tax.

Mr. CRENSHAW. Mr. Speaker, last year this Congress passed the Economic Growth and Tax Relief Reconciliation Act of 2001, which reduced tax rates on individuals, married couples and estates. When the House considered this legislation, it was our intent to permanently enact these cuts. In an effort to circumvent a Senate procedural roadblock, the House compromised with "the other body" and our conferees settled on the legislation with an expiration after 10 years. It is now time to revisit the intent of the peoples' House and make this relief permanent.

Unless these cuts are made permanent, the American people will face the largest single tax increase in history when the cuts expire on January 1, 2011. On that date, the Marriage penalty will return—penalizing millions of married couples who file their taxes jointly. The child tax credit will be cut in half. The Death Tax will be reinstated—undermining estate planning for family owned farms and small businesses. Estates that would have no tax liability on December 31, 2010 could experience a 55 percent tax liability on January 1, 2011. Furthermore without a permanent fix, Americans will experience a major shift in their ability to save for retirement. Contribution limits for IRA's will drop from \$5,000 to \$2,000. Contributions to 401k plans will be cut by one-third from \$15,000 to \$10,000 annually. Parents saving for college will only be able to set aside 40 percent of what they could save the day before in their children's education savings accounts.

Congress needs to finish the job we started of promoting long-term economic growth by making these cuts permanent. Without it, economic growth, job creation and individual taxpayers' ability to save will be thwarted.

I am proud to have supported legislation that is allowing Florida's First Coast families to keep more of their hard earned money. For many families, the advance payments that were sent out last year as part of the relief package arrived just in time to pay for school clothes and school supplies. Family expenses like these are not one-time-expenses however, Mr. Speaker. We need to look down the road to make sure that the family with a child currently in elementary school is not hit with an increased tax burden just as they are getting ready to pay that first tuition bill. Mr. Speaker, we need to let those planning their retirement know that they will be able to contribute to their retirement accounts at current or higher levels in the future without the fear of more of their income being diverted to pay for an increase in income tax rates instead of supporting them in their golden years.

We should never underestimate the good that can be accomplished when families are able to keep more of their money and make spending decisions based on their needs. Let's do what is right for the American economy and America's families and make the tax relief contained in the Economic Growth and Tax Relief Reconciliation Act of 2001 permanent.

Mr. STARK. Mr. Speaker, I rise in strong opposition to H.R. 586, an irresponsible bill to extend the Bush tax cuts beyond 2010. At a

time when Social Security is threatened, our seniors can't buy drugs, our children attend crumbling schools, and our environment is under attack, the Republicans can think of nothing better to do than extend their enormous tax cuts into perpetuity. This is a disgrace. And it's a sad day for America.

The bush tax cut that passed last year has already thrown our economic stability into disarray. Prior to enactment of the tax cut, our Nation enjoyed a record \$5.6 trillion surplus. With that money, we could have saved Social Security, provided a prescription drug benefit for our seniors, strengthened our children's education, and protected the environment. Now, \$4 trillion of that surplus is gone, and the rest is fading fast.

Who in their right mind would vote for this bill? The people in my district certainly wouldn't, and neither would most American families. If a family knows that one spouse is going to be laid off and that they will soon lose a substantial portion of their income, they don't go buy a Ferrari on credit! As we watch our Nation's resources disappear because of the current tax cut, why do the Republicans want to throw the rest away?

My greatest concern today is for the people who will needlessly suffer because of the carelessness and recklessness of this sorry bill. Our Nation made a promise to its citizens that we would not abandon them as they grew older. Making these tax cuts permanent would eliminate the money needed in 2010 and beyond to ensure that we keep this promise to our seniors—through the Social Security and Medicare programs—and fulfill our bipartisan promise to enact a Medicare prescription drug benefit.

The simple, unmistakable fact is that Republicans don't care about Social Security or Medicare. They never have and they never will. They care about their corporate contributors. And they care about the wealthy. The rest of America, however, gets nothing but the cold shoulder.

If the fact that this bill endangers our seniors wasn't bad enough, look at what it does to our children. The President and his Republican allies supported passage of the "No Child Left Behind Act" education bill last year. But this year, they have failed to provide funding to actually make those education reforms possible. As usual, the Republicans want to appear like they care about the important issues of working families, but they have no interest in actually funding them. This budget cuts last year's education bill by \$90 million and calls for termination of forty educational programs. This forces my constituents to ask a very logical question: why can Republicans find enough money for tax cuts, but can't find enough money for our kids?

Again, the budget surplus has shrunk by \$4 trillion in one year. Extending the tax cuts will cost \$400 billion over just two years, in 2011 and 2012. Analysts estimate that the 10 years after that, the tax cuts will cost more than \$4 trillion! The Center on Budget and Policy Priorities estimates that the size of the tax cut is more than twice as large as the Social Security financing gap. To make matters worse, these reckless tax cuts will go into effect when the baby boom generation starts to retire, Medicare faces a funding shortfall, and prescription drug prices undoubtedly will be higher than ever.

I urge my colleagues to stop and think about what an additional tax cut today will

mean for our families—especially our seniors and children.

Republicans cut taxes for sport, but this is no game. This bill affects the lives of every American, the very people who have elected us to look out for them and to represent their interests here. Today's bill does nothing to help America. I urge a No vote.

Ms. DELAURO. Mr. Speaker, when Congress considered the president's tax proposal last spring, we had budget surpluses as far as the eye could see. Back then the Republicans argued that we could have it all, that the surpluses were so large we could strengthen Social Security and Medicare, make necessary investments in education and health and still have enough left over to pass their tax cut, half of which benefited the wealthiest one-percent of Americans.

Well, to put it simply: they were wrong. Since that time, the economy has slowed to a halt, layoffs have soared and \$4 trillion of the surpluses have evaporated, the quickest turnaround in our history. The president's own numbers show that the tax cut is the main culprit, accounting for almost half of the disappearance of the surplus. And the Republican budget is already draining the Social Security Trust Fund.

So what is the Republicans' solution? They propose to make the tax cut permanent which will cost \$4 trillion in the decade after 2012. That is \$4 trillion gone at precisely the same time we will need the funds to shore up Social Security and preserve Medicare. At a time when we have serious budgetary challenges before us, we should be meeting the priorities of the American people, not giving away the farm. Making the tax cut permanent for the wealthiest 1 percent alone will total an amount one-and-a-half times the entire Department of Education budget. We should be investing in our kids, not giving away their future.

Mr. Speaker, it is not fair, it not responsible and it is terrible policy. I urge my colleagues to reject this bill and leave this money in the Social Security Trust Fund where it belongs.

Mr. CRANE. Mr. Speaker, I rise in strong support of H.R. 586, the Tax Relief Guarantee Act of 2002. While I support the bill in its entirety, I am particularly enthusiastic as regards to the chairman's amendment to this legislation.

Last year we passed historic tax reform legislation. I am proud to have supported it in the House and I am very pleased that, on June 7, 2001 President Bush signed the largest tax reduction in 20 years into law. The measure reduced the "marriage penalty," starting in 2005; it doubled the child tax credit by 2010; it repealed the death tax in 2010 after cutting the top rate from 55 percent to 45 percent; and it increased annual contribution limits on individual retirement accounts (IRAs) and other retirement accounts. The measure also temporarily increased the income limits exempting taxpayers from the alternative minimum tax. This provision is in effect for 2001 through 2003.

The President's tax relief plan was eminently fair. It cut taxes for every taxpayer. No one was targeted in and no one was targeted out. It provided enormous tax relief to lower-income taxpayers and will take millions off the tax rolls altogether. It left the tax system even more progressive than previous law. Unfortunately, as enacted, all of the measure's provisions will be repealed on December 31, 2010.

That's right, Mr. Speaker, January 1, 2011, the tax code will revert back to the provisions that were in effect before President Bush's tax relief legislation was signed into law. For example, beginning January 1, 2011, taxpayers in the lowest bracket (currently 10 percent) will see their tax burden increase by 50 percent when the lowest bracket reverts back to 15 percent. When that happens, we will have the single largest tax increase in the history of our country. This could result in one of the largest tax increases in American history, one that could also destabilize long-term economic growth. A family of four with an income of \$47,000 in 2002 would face a tax hike of \$1,928 in 2011—a 100 percent tax increase! Mr. Speaker, that is unacceptable.

So we are left in a situation whereby the marriage penalty tax, the death tax, and higher marginal rates will all rear their ugly heads come 2011 unless we take action to eliminate them permanently. In the words of Speaker HASTERT, "How can a family make plans to pass on the family farm or small business if there is no death tax on Dec. 31, 2010, and there is a death tax on Jan. 1, 2011?" How indeed, Mr. Speaker?

This legislation also includes a package of taxpayer rights provisions, which I support. The bill also moves up—from 2003 to 2002—the effective date of the special needs adoption tax credit provided in last year's legislation.

Mr. Speaker, this bill is not perfect. There is even more that we can do to ease the burdens placed on American taxpayers. For example, I believe we must eliminate the individual alternative minimum tax. This tax was never sound policy, but it is rapidly becoming an onerous and grossly inappropriate levy. Unfortunately, this legislation does extend exemptions to this individual alternative minimum tax that will expire in 2003. I would also like to see additional disincentives to charitable giving removed, such as is provided for in my bill to remove charitable contributions from those itemized deductions that are subject to an income cap.

Mr. Speaker, I will continue to fight for these and other tax reductions. In the meantime, I would like to commend Chairman THOMAS and the Rules Committee for crafting such a fine amendment. I urge my colleagues to vote in favor of the amendment, and in favor on final passage.

Mr. EVANS. Mr. Speaker, making last year's tax cut permanent endangers our ability to fund many of our shared priorities and is fiscally irresponsible.

I joined many of my fellow colleagues in opposing last year's tax cut because we knew it would cause a budget deficit and fleece Social Security. And we were right. Now we are being asked to make these extravagant tax cuts permanent. Many of my colleagues whom used to preach fiscal responsibility in this house, now blindly vote to bankrupt our government further and burden our children with a mountain of debt. These tax cuts were the wrong remedy for an ailing economy and now making them part of our fiscal sustenance is just bad medicine. We all know these tax cuts grossly benefit the rich. We had an opportunity to pass a Democratic alternative which would have greatly increased the tax relief for working families. Instead we chose to steal from our senior citizens by robbing from Social Security and dumping off more debt on our children. And today the Republican leadership

asks us to continue on this reckless fiscal path.

When I was first elected, I told my constituents I would fight for our common interests and priorities. I promised our seniors that I would protect Social Security and support a prescription drug benefit. I promised our veterans there would be money for their health care. I promised our soldiers and sailors a well deserved pay raise. And I promised our young people that I would expand their educational opportunities and not rack up more debt. I am still fighting for them, and making these tax cuts permanent makes it even harder to meet these priorities. While, the Republican Congress is running the government's budget on a credit card spending plan, I am explaining to my constituents why their government cannot pay the bills.

Mr. Speaker, I urge my colleagues to vote down making permanent these fiscally irresponsible tax cuts. Let us consider our children, our working families, and our senior citizens before increasing the national debt, raiding Social Security, and cutting the taxes of the very wealthy.

Mr. GILMAN. Mr. Speaker, I rise today in strong support of H.R. 586, the Tax Relief Guarantee Act of 2002. I urge my colleagues to support this important measure.

H.R. 586 was an important measure that made significant changes to the penalty and interest sections of the Internal Revenue Code and strengthened taxpayer protections against unfair IRS collection practices and procedures. The full House passed it by voice vote in May 2001, and was subsequently approved by the Senate.

When the other body attached an amendment to H.R. 586 to advance the effective date of the adoption credit provision by one year, it necessitated additional approval from the House. The Rules Committee then approved further amending the bill to make the tax cut provisions passed by Congress last year permanent.

In the landmark tax relief legislation passed last year, the various provisions were set to be phased in over the following 10 years. However, all of these various tax reduction provisions, including the repeal of the death tax, marriage penalty relief, the lowering of marginal rates, and the creation of the new 10 percent tax bracket, are set to sunset after 2010.

This legislation will repeal those sunset provisions, outlined in Title IX of H.R. 1836, making the important tax relief passed last year permanent. By doing this, H.R. 586 will demonstrate to the American people that Congress was serious about enacting tax cuts, and that last year's action was not a mere short-term phenomenon. The American people deserve to know that the tax relief they enjoyed last year, especially the extra money from the \$600 rebates, will be around for years to come, and will not arbitrarily disappear after 2010. This bill will accomplish this objective, and is deserving of our support.

Mr. SANDLIN. Mr. Speaker, it is time to honor the commitment we made to American families when we passed the tax cuts last year. It is time to help family farmers and family business owners plan for their retirement. It is time to pass legislation that makes those tax cuts permanent.

Since my election to Congress in 1996, I have consistently supported efforts to elimi-

nate the federal estate tax. Over the years, as I have visited with folks all over my district in northeast Texas, I have heard horror stories from families who were forced to sell all or part of their family business or farm just to pay the estate taxes—which reduced their inheritances by over 55 percent. I found that only about 30 percent of family businesses make it beyond one generation, and only 13 percent make it to the third generation. That simply isn't what America is about.

Farmers, especially, struggle every day to just get by. Farmers were left out in the cold during the economic boon of the late 1990's and suffered as others were acquiring riches. Eliminating the estate tax is one way to help farmers pass along their limited savings to their children, and their children's children. Not only does this punitive tax cause financial problems for families, some of whom are forced to sell property that has been in the family for generations or businesses built over a lifetime, but local economies are also hurt when jobs are lost and businesses close. Clearly, the social and economic costs of the estate tax far outweigh the revenue it provides for the federal government.

Last year, I supported efforts to eliminate the federal estate tax, voting for legislation that phased-out the estate tax over 10 years. Unfortunately, the final version of the tax bill would not fully eliminate the estate tax until 2010 and then would re-establish the estate tax in 2011. The tax cut needs to be made permanent now so that American families can make long-term plans when planning for retirement and planning to pass their assets on to their children.

The tax cut legislation also contained many other important provisions that together have helped mitigate the recession by pumping nearly \$40 billion into the economy. Among the other important provisions are the phase-out of the marriage tax penalty—which removed the disincentive to marriage contained in the U.S. tax code. Making the tax cuts permanent means that American couples can count on their taxes being lower—rather than facing a big increase in their taxes in 2011.

Like many of my colleagues, I am concerned about Social Security and making sure that it continues to provide our nation's seniors with income security. When I first voted for the tax cuts in 2001, I was assured that there was plenty of money to pay for the tax cuts without tapping into either the Social Security or Medicare trust funds. Since that time, the economic conditions in our country have changed. However, it appears that by 2011 and 2012, even under revised estimates, there should still be plenty of money to pay for extending the tax cuts.

I would have preferred that my Republican colleagues would have allowed a vote on an important amendment to this legislation that would have made the tax cuts permanent while ensuring that the Social Security and Medicare trust funds were protected. As I mentioned last year, when I supported the original tax cut legislation, I would have preferred that the tax cuts include a trigger allowing delay of the tax cuts in times of national emergencies.

This legislation also contains some important provisions, commonly referred to as the Taxpayers' Bill of Rights. These provisions make a number of changes to Internal Revenue Service (IRS) practices and procedures

including debt collection practices, penalties for overdue taxes, privacy of taxpayer information and IRS employee conduct. These are common sense provisions that will make the IRS work better for American taxpayers while balancing enforcement with customer service.

I believe that this legislation is both important and good policy. Today's vote simply changes tax law beginning in 2011. It does nothing to change taxes today. I urge my colleagues to support making the tax cuts permanent and to honor the commitment we made last year to America's families.

Mr. UDALL of Colorado. Mr. Speaker, I cannot support this proposition. I think everyone in the chamber knows what is going on today. We all know why the Republican leadership has brought this bill forward. They are more interested in trying to score some political points than in trying to work in a bipartisan way to address the budget and the economy. I do not think that the supporters of this proposal expect it to become law this year. So, it might be said that there is no reason not to vote for it. But that would not be the responsible thing to do. A vote for this would be a vote for the underlying tax legislation in the form that it passed the House last year. I voted against that bill because it was based on economic projections that were very doubtful then—and that now have been shown to have been wildly over-optimistic.

When that bill was passed, the economic weather seemed bright—we did not yet know that we already were in recession—and the sponsors of the bill claimed that we could rely on that to continue not just for a matter of months but for a full decade. Now, considering the dramatic change in economic conditions and the need for increased resources to fight terrorism and for homeland defense, it would seem reasonable to review the legislation to see if it needs adjusting. But instead, the supporters of the legislation are calling on us to say that nothing has changed and that we should permanently lock into place all of its provisions.

I am not opposed to cutting taxes. I have supported—and still support—a substantial reduction in income taxes and the elimination of the "marriage penalty." I have supported—and still support—increasing the child credit and making it refundable so that it will benefit more lower-income families. And I have supported—and still support—reforming, but not repealing, the estate tax. But the affordability of last year's tax bill depended on uncertain projections of continuing budget surpluses that now may inspire nostalgia but are otherwise meaningless. As I said last year, the tax bill was a riverboat gamble. It put at risk our economic stability, the future of Medicare and Social Security, and our ability to make needed investments in health and education. For me, the stakes were too high and the odds were too long, and I had to vote against it.

Those same considerations still apply. I agree with the Concord Coalition that we should not "compound the problem by making the entire package permanent," and so I cannot vote for this proposal.

Mr. ENGLISH. Mr. Speaker, we have the unique opportunity before us to help American families. In my district, the average working family of four makes about \$36,000 a year. Failing to make these tax cuts permanent, effectively is a vote for significantly increasing the taxes of working Americans.

By making the tax cuts passed by the House almost a year ago permanent, Americans will not face a \$2,000 increase in their taxes in 2011. If these tax cuts were allowed to sunset, we would again be taxing those saving for higher education—putting it out of reach for many middle-class Americans. It has always struck me as odd that the federal government taxes balances in prepaid tuition programs which in my mind defeats the whole purpose of these valuable programs. Failing to enact this legislation would reinstate taxes on this valuable tool used by middle-class Americans to pay for their children's higher education. And make no mistake—this is a tax on middle class Americans. In Pennsylvania, families with an annual income of less than \$35,000 purchased 62 percent of the prepaid tuition contracts sold in 1996. Refusing to make this tax cut permanent will also cost families up to \$20,000 a year as the contributions to education savings accounts shrink from \$2,000 to \$500 in 2011.

But beyond that college graduates—many of whom have substantial debt—would be restricted on claiming a tax deduction for their borrowing. They would again be limited to 60 months for deducting their student loan interest, but the expiration of this tax provision goes one step further. The income limits would regress to the 2001 limit meaning the \$100,000 caps for single taxpayers would drop to \$40,000 while \$150,000 for joint returns would drop to \$60,000. \$40,000 in 2002 barely pays for most college educations. I can only imagine what this equates to in 2011 dollars.

College is no longer simply for the wealthy. More and more parents and children realize college is a prerequisite for attaining their dreams. Make no mistake, the debt loads are prohibitive. Congress recognized this and took the appropriate steps to help these students achieve their goals. By not providing permanency to these tax cuts, Congress would deal a severe blow to those who recognize that an education is an investment in the future. We should not further punish struggling families and college grads by reinstating taxes, which are the tools they depend on to make college more affordable.

Mr. JEFF MILLER of Florida. Mr. Speaker, we are considering this legislation today because this is the right course for America and the right course for our economic future.

Mr. Speaker, my colleagues across the aisle will continue to use scare tactics to say that by voting for this bill you are voting to strip seniors of their Social Security. We all know that this is simply not true. The fact of the matter is that there will be no reduction in Social Security or Medicare benefits as a result of the tax cut. Those are promises made and promises that will be honored. We owe it to our seniors to be honest about how Social Security works, similar to a bank, who takes in a depositor's money, credits the amount to the depositor's account, and then loans it out. In effect, what they are saying is that we are taking Treasury bills out of the trust fund to hand out as tax cuts. This is a ridiculous assertion. Social Security reform is a worthy discussion, but it is one for another day.

At the same time, many will argue that we are burdening our children with huge debt by voting for this measure. I could not disagree more strongly. We constantly hear from our "tax and spend" friends that our tax cuts need to be at a level "that we can afford." That is

precisely the problem. Our government has become too large and is asking too much of the American people, to the point where it depresses economic growth. We must realize that our federal budget has gotten out of control and that Washington does not always know how best to spend the taxpayers' money.

Since the passage of last year's tax bill I have heard from many constituents that have benefited from the measure. The simple fact is that the federal government has long overcharged the American public, and now is the time to permanently change this disturbing trend. We cannot, and we should not, forgo this opportunity.

Mr. Speaker, my constituents sent me here to work for less taxes, less government and more personal freedom. For the sake of all hard-working Americans, let's make these tax cuts permanent. I rise in support of this important legislation.

Mr. BLUMENAUER. Mr. Speaker, one of the most disturbing trends for governance in America is the tendency to have short-term political expediency regarding budget, tax, and fiscal affairs trump responsible long-term policy. State and federal statutes and initiatives have been passed, which allow politicians and the public to feel good in the short term, give the illusion of solving problems, but setting up in the long term a fiscal train wreck.

We have seen in state after state where tax cuts in the 1990s were joined by formulas for education and corrections that basically put the services in a form of autopilot. Money went automatically to certain forms of education expenditure while corrections systems were mandated to incarcerate more people for longer periods of time. These "focus group" driven policy initiatives, many ratified by voters without a careful analysis of the consequences, effectively painted states and the federal government into a corner. Everybody appears or at least acts like they are powerless. In the short term, given a conflicting set of legislative and voter approved initiatives, a good argument can be made that they are. While policies and politics are sorted out, basic services suffer and public frustration grows.

On the federal level, we are in the midst of unraveling solid progress of the last decade to reign in federal spending and to impose some degree of fiscal discipline. While I didn't agree with all of the initiatives, and in fact voted against some as a Member of Congress, we were headed along a path that gave us choices to either restore draconian cuts or make other adjustments to help meet legitimate needs of our citizens.

One year ago, the projected 10-year budget surplus was \$5.6 trillion and elimination of the public debt was projected by 2010. Now, with record increases in Defense spending and the impacts of last year's recession well analyzed, the Republican leadership is attempting to make permanent tax cuts that will destroy any semblance of fiscal sanity. To fund a tax cut that delivers 44 percent of the benefits to the wealthiest 1 percent, the Republican budget invades the Social Security Trust Fund for a total of \$1.5 trillion over the next ten years and \$4.0 trillion in the following decade. The absurdity of the Republican leadership's fiscal policy would have a devastating effect on the federal government's ability to fulfill its commitments, such as Social Security and Medicare,

and respond to unexpected events, like war and recession, for decades to come.

The raid on Social Security and Medicare surpluses is not the only problem. The education of our children, the traffic congestion in our cities, and concerns about our drinking water and air quality are a few of the greatest challenges facing our communities. To put the size of the Republican leadership's tax cut and domestic priorities in perspective, when fully effective the tax cut will be—four times the budget for the entire Department of Education—more than three times as large as the Department of Transportation; and—twenty-four times the size of the Environmental Protection Agency.

This week's series of votes marks a culmination of the worst instincts of the political process on the federal level and the abrogation of our federal responsibilities. A year ago I voted against a tax cut that was based on faulty logic at a time when our economy was softening and when we had not kept commitments we said had priority. Our Medicare system is sadly out of date with modern medical realities and faces three serious threats: (1) It doesn't meet the needs of seniors today who rely on ever increasing amounts of expensive drug therapy; (2) It artificially reduces costs by squeezing providers with a reimbursement rate for doctors and hospitals that are dramatically below the actual cost of service; (3) The long term stability of the Medicare program is jeopardized, while costs of this jerry-rigged system are going to explode at precisely the time there will be more pressures for Social Security funding.

The consensus of people I meet in Oregon and around the country is that these policies are irresponsible. We ought to allow the majority in the House and Senate—both Republicans and Democrats—to work together to solve these problems. We ought not to have empty partisan maneuvering that is a calculated to further erode political trust and public confidence. This charade has only destructive results. It will further inflame partisan tensions, polarize people, and make it harder to do what responsible members of Congress and most of the public know needs to happen—put our fiscal house in order.

Were it to actually be enacted into law it would further tighten our fiscal straightjacket, making it harder to fulfill responsibilities and promises, while creating artificial crises that will haunt us for years to come. This isn't just shameless political posturing before an election. It is evidence of a political process that is rapidly losing its capacity to respond in a thoughtful, dignified, and public-spirited fashion.

Mr. DINGELL. Mr. Speaker, yet again I stand here perplexed by the actions of my Republican colleagues. Will they never cease to amaze me? Perhaps one day I will realize that there are no lengths my colleagues on the other side of the aisle won't go to in order to help their fat cat buddies.

I would note that the wealthiest one percent of the population will receive half of the benefits from this extension. The wealthiest one percent! I ask you, Mr. Speaker, do the wealthiest one percent of our population need our help? I think not.

Based on the most recent CBO estimates, permanently extending last year's ridiculous tax cuts will increase the deficit by another \$374 billion through 2012.

Mr. Speaker, just over a year ago, I stood in this very spot and urged my colleagues to vote against the Republicans' ill conceived tax scheme. Here we are, one year later and already back in deficit spending. Because of these absurd tax cuts and the Republican budget, we are taking \$1.5 trillion out of the Social Security Trust Fund over the next 10 years.

Mr. Speaker, the most simple laws of math dictate that we cannot carry out our priorities, Democratic or Republican, with this scheme. It is critical that we pass a Medicare prescription drug benefit and address the dramatically rising cost of Social Security as the baby boomers retire. Where will we get the money? How will we pay for homeland security and the President's war on terrorism? How does the President intend to fund his star wars program or increase the defense budget? How will the landmark education reform the President has advocated be carried out without any funding?

Making this tax cut permanent will raise the 10 year cost of last year's tax bill to \$2 trillion. Can we afford it? The answer, Mr. Speaker, is no.

George Santayana, whose writings and wisdom I have found to serve those in politics, said: Those who cannot remember the past are condemned to repeat it. It is clear, Mr. Speaker, that my Republican colleagues have a very short memory.

Not only do I strongly urge my colleagues to reject this bill, I would also ask that they join me in cosponsoring a bill introduced by my good friend from Massachusetts, Representative FRANK. His bill, H.R. 2935, would repeal the reduction in the top income tax rate. This would add about \$100 billion to federal revenue over the next 10 years. All of this money would go into the Social Security and Medicare Trust Funds, where it is needed.

Mr. PASTOR. Mr. Speaker, I rise today to oppose this legislation to extend last year's tax cut beyond 2010. Passage of this bill will only serve to further erode the Social Security Trust Fund and leave those who will be retiring in the next decade wondering if promises made will be kept.

Almost a year ago, we passed an unfair tax cut which gave the top one percent of income earners almost 40 percent of the tax benefits. It was not right then, it is not right now, and it will not be right in 2011, when this legislation takes effect.

The world changed on September 11. We are now fighting a war on terrorism which I strongly support. We now must provide additional funds for homeland security. I support this also.

But within the last ten months, since the \$1.35 trillion tax cut was passed, we have gone from a projected surplus of \$5.6 trillion to deficit spending. Forty percent of the disappearing surplus, the greatest chunk, is attributed to the tax cut. I supported a tax cut, but not this one which did nothing, in my view, to stimulate the economy. It only served to make the wealthier among us better off. In my view, it would be unwise to make it permanent.

Instead, I believe it would be more prudent to address the issues that many of my constituency are talking to me about every weekend when I am home in Arizona. Seniors are worried about where they will find the money to pay for their prescription drugs. Parents are trying to find the best schools for their chil-

dren; schools that are not overcrowded, and that are not in disrepair, and that have the most modern equipment and qualified teachers. Young adults are searching for ways to afford college and they need Pell Grants and other means of financial support. While it appears the economy is on its way to recovering, unemployment continues to rise and people want to know that there are training opportunities out there if they don't have a job or if they should lose the one they do have. With the tremendous growth in Arizona, people are worried about affordable housing.

These are the issues that are important to most Americans.

Mr. Speaker, we all support tax cuts. We all believe that Americans should keep more of their hard earned money. But we also know that there are many needs out there in our country.

I regret that I will not be able to support this extension of last year's tax cut. Nor will I be able to support any further tax cuts that are being considered. New tax cuts or the extension of this tax cut means we will continue to raid Social Security and further neglect the people who are not among the top income earners in this country.

I urge my colleagues to reject this unfair, unwise, and unjust legislation.

Mr. COYNE. Mr. Speaker, I rise in opposition to this misguided legislation.

Last year the House, against my opposition, passed a massive tax cut. That legislation will reduce federal revenues by more than a trillion dollars. If the additional interest costs of this tax cut are added in, the total change in the federal government's financial standing comes close to two trillion dollars. I should add that many of the provisions in last year's tax cut bill were phased in gradually, so that the total annual impact of the bill would not be felt for nearly a decade. The provisions in the legislation enacted last year would expire after ten years—but if we make those provisions permanent, as the bill currently under consideration would do, recent estimates indicate that in the decade after 2012, they will reduce federal resources by four trillion dollars.

As I said last year during House consideration, of the tax cut bill, "the revenue loss to the federal government will explode after the year 2001—just when millions of Baby Boomers retire, the cost of Social Security and Medicare will explode." Given the current challenges that face Social Security and Medicare, it seemed to me then—and it seems to me now—that we ought to spend the coming decade preparing for the anticipated increased future demands that will be placed on Social Security and Medicare by paying down some of our \$5 trillion national debt. Instead, Republicans in Congress cut taxes dramatically and produced budget deficits for the foreseeable future.

It is a shame that we squandered the opportunity last year to invest in our nation's future. It is a disgrace that today our Republican colleagues propose to dig the hole deeper. I urge my colleagues to do the sensible thing and pursue a conservative, fiscally responsible federal budget policy.

I will oppose this misguided legislation, and I urge my colleagues to do the same.

Mr. McDERMOTT. Mr. Speaker, here comes the train again. Last month, my Republican colleagues passed a fiscally irresponsible budget that called for spending hundreds of

billions of dollars from the Social Security Trust Fund on tax cuts for the wealthy.

Mr. Speaker, we gambled with tax cuts last year, we gambled again last month, and here we are today, rolling the dice one more time.

In 1999, 2000, and 2001, Republicans in this chamber voted seven times to fully protect the Social Security Trust Fund. George W. Bush echoed the theme on the campaign trail and during the Presidential debates—he wanted to put those reserves in a "lock-box" to prevent it from being used to pay for tax cuts or additional spending. Even the beloved Speaker of the House stated, "We are going to wall off the Social Security Trust Funds . . . We are not going to dip into that at all." Remember when you said that, Mr. Speaker?

Now it appears that the government will raid the Social Security surplus for as far as the eye can see. And extending the tax cuts permanently would only worsen the deteriorating fiscal outlook.

Mr. Speaker, this bill amounts to an intergenerational mugging. Our children will pay for the debt we incur today. The 75-year cost of making the tax cuts permanent would be more than twice as great as the entire shortfall projected in the Social Security Trust Fund.

Furthermore, this bill, and you won't hear the Republicans mention this during the debate, will also cost the U.S. Treasury \$4 trillion during the decade after 2012—just when the Baby Boomers are retiring in earnest and both the Social Security and Medicare systems are coming under mounting financial strain. If the congressional Republicans continue to sacrifice the safety of Social Security and Medicare, for the sake of tax cuts for the wealthy, America will be a country where the rich stay healthy and the sick stay poor. If we simply look at the budget forecast, it is clear that permanent tax cuts mean permanent deficits.

Mr. Speaker, these tax cuts are so heavily skewed to benefit the wealthy that the richest one-percent of taxpayers would receive tax breaks that equal one and one half times the entire budget of the Department of Education. If we completely repeal the estate tax, in particular, we'll be essentially creating intergenerational gated communities. Our capitalist friend, Adam Smith, said, "A power to dispose of estates for ever is manifestly absurd. The earth and the fullness of it belongs to every generation, and the preceding one can have no right to bind it up from posterity."

Mr. Speaker, this chamber sometimes seems like the House of Lords, because it attempts to do everything in its power to protect the pseudo-aristocracy. Mr. Speaker, we need this bill about as much as we need a runaway train. I urge my colleagues to oppose this campaign sop, disguised in the form of H.R. 586.

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

Pursuant to House Resolution 390, the previous question is ordered.

The question is on the motion 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.

RECORDED VOTE

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

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 229, noes 198, not voting 8, as follows:

[Roll No. 103]

AYES—229

Aderholt	Goodlatte	Pence
Akin	Gordon	Peterson (PA)
Armedy	Goss	Petri
Bachus	Graham	Pickering
Baker	Granger	Pitts
Ballenger	Graves	Platts
Barcia	Green (WI)	Pombo
Barr	Greenwood	Portman
Bartlett	Grucci	Pryce (OH)
Barton	Gutknecht	Putnam
Bass	Hall (TX)	Quinn
Bereuter	Hansen	Radanovich
Biggart	Hart	Ramstad
Bilirakis	Hastert	Regula
Blunt	Hastings (WA)	Rehberg
Boehlert	Hayes	Reynolds
Boehner	Hayworth	Riley
Bonilla	Hefley	Roemer
Bono	Herger	Rogers (MI)
Boozman	Hilleary	Rohrabacher
Brady (TX)	Hobson	Ros-Lehtinen
Brown (SC)	Hoekstra	Royce
Bryant	Horn	Ryan (WI)
Burr	Hostettler	Ryun (KS)
Burton	Houghton	Sandlin
Buyer	Hulshof	Saxton
Callahan	Hunter	Schaffer
Calvert	Hyde	Schrock
Camp	Isakson	Sensenbrenner
Cannon	Issa	Sessions
Cantor	Istook	Shadegg
Capito	Jenkins	Shaw
Castle	Johnson (CT)	Shays
Chabot	Johnson (IL)	Sherwood
Chambliss	Johnson, Sam	Shimkus
Coble	Jones (NC)	Shuster
Collins	Keller	Simmons
Combest	Kelly	Simpson
Condit	Kennedy (MN)	Skeen
Cooksey	Kerns	Smith (MI)
Cox	King (NY)	Smith (NJ)
Cramer	Kingston	Smith (TX)
Crane	Kirk	Souder
Crenshaw	Knollenberg	Stearns
Cubin	Kolbe	Stump
Culberson	LaHood	Sullivan
Cunningham	Latham	Sununu
Davis, Jo Ann	LaTourette	Sweeney
Davis, Tom	Leach	Tancred
Deal	Lewis (CA)	Tauzin
DeLay	Lewis (KY)	Taylor (NC)
DeMint	Linder	Terry
Diaz-Balart	LoBiondo	Thomas
Doolittle	Lucas (KY)	Thornberry
Dreier	Lucas (OK)	Thune
Duncan	Manzullo	Tiahrt
Dunn	McCrery	Tiberi
Ehlers	McHugh	Toomey
Ehrlich	McInnis	Upton
Emerson	McIntyre	Vitter
English	McKeon	Walden
Everett	Mica	Walsh
Ferguson	Miller, Dan	Wamp
Flake	Miller, Gary	Watkins (OK)
Fletcher	Miller, Jeff	Watts (OK)
Foley	Moran (KS)	Weldon (FL)
Forbes	Myrick	Weldon (PA)
Fossella	Nethercutt	Weller
Frelinghuysen	Ney	Whitfield
Gallegly	Northup	Wicker
Ganske	Norwood	Wilson (NM)
Gekas	Nussle	Wilson (SC)
Gibbons	Osborne	Wolf
Gilchrest	Ose	Young (AK)
Gillmor	Otter	Young (FL)
Gilman	Oxley	
Goode	Paul	

NOES—198

Abercrombie	Berry	Capuano
Ackerman	Bishop	Cardin
Allen	Blagojevich	Carson (IN)
Andrews	Blumenauer	Carson (OK)
Baca	Bonior	Clay
Baird	Borski	Clayton
Baldacci	Boswell	Clyburn
Baldwin	Boucher	Conyers
Barrett	Boyd	Costello
Becerra	Brady (PA)	Coyne
Bentsen	Brown (FL)	Crowley
Berkley	Brown (OH)	Cummings
Berman	Capps	Davis (CA)

Davis (FL)	LaFalce	Pomeroy
Davis (IL)	Lampson	Price (NC)
DeFazio	Langevin	Rahall
DeGette	Lantos	Rangel
DeLauro	Larsen (WA)	Reyes
Deutsch	Larson (CT)	Rivers
Dicks	Lee	Rodriguez
Dingell	Levin	Ross
Doggett	Lewis (GA)	Rothman
Dooley	Lipinski	Roybal-Allard
Doyle	Lofgren	Rush
Edwards	Lowey	Sabo
Engel	Luther	Sanchez
Eshoo	Lynch	Sanders
Etheridge	Maloney (CT)	Sawyer
Evans	Maloney (NY)	Schakowsky
Farr	Markey	Schiff
Fattah	Mascara	Scott
Finer	Matheson	Serrano
Ford	Matsui	Sherman
Frank	McCarthy (MO)	Shows
Frost	McCarthy (NY)	Skelton
Gephardt	McCollum	Slaughter
Gonzalez	McDermott	Smith (WA)
Green (TX)	McGovern	Snyder
Gutierrez	McKinney	Solis
Hall (OH)	McNulty	Spratt
Harman	Meehan	Stark
Hill	Meek (FL)	Stenholm
Hilliard	Meeks (NY)	Strickland
Hinchee	Menendez	Stupak
Hinojosa	Millender	Tanner
Hoeffel	McDonald	Tauscher
Holden	Miller, George	Taylor (MS)
Holt	Mink	Thompson (CA)
Honda	Mollohan	Thompson (MS)
Hoolley	Moore	Thurman
Hoyer	Moran (VA)	Tierney
Inslie	Morella	Towns
Israel	Murtha	Turner
Jackson (IL)	Nadler	Udall (CO)
Jackson-Lee	Napolitano	Udall (NM)
(TX)	Neal	Velazquez
Jefferson	Obey	Visclosky
John	Olver	Waters
Johnson, E. B.	Ortiz	Watson (CA)
Kanjorski	Owens	Watt (NC)
Kaptur	Pallone	Waxman
Kennedy (RI)	Pascarella	Weiner
Kildee	Pastor	Wexler
Kilpatrick	Payne	Woolsey
Kind (WI)	Pelosi	Wu
Kleczka	Peterson (MN)	Wynn
Kucinich	Phelps	

NOT VOTING—8

Clement	Jones (OH)	Roukema
Delahunt	Oberstar	Trafficant
Hastings (FL)	Rogers (KY)	

□ 1450

Ms. WOOLSEY, Mr. ACKERMAN, and Mr. OWENS changed their vote from “aye” to “no.”

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated against:

Mr. OBERSTAR. Mr. Speaker, this afternoon I greatly enjoyed the opportunity to visit with high school students from Becker, Minnesota who are participating in the Close-Up program. As a result of our visit, I was unable to record my vote during the consideration of the misguided tax legislation that will undermine Social Security.

Had I been present, I would have voted “no” on rollcall 103, for I strongly opposed last year's irresponsible tax bill, and I certainly do not support making these tax law changes permanent. If enacted, this fiscally reckless plan would spend \$400 billion on tax cuts for the wealthy, every penny of which comes directly out of Social Security.

LEGISLATIVE PROGRAM

(Ms. PELOSI asked and was given permission to address the House for 1 minute.)

Ms. PELOSI. Mr. Speaker, I rise for the purpose of inquiring about the schedule of next week.

Mr. ARMEY. Mr. Speaker, will the gentlewoman yield?

Ms. PELOSI. I yield to the gentleman from Texas.

Mr. ARMEY. Mr. Speaker, I am pleased to announce that the House has completed recorded votes for the week.

The House will next meet for legislative business on Tuesday, April 23 at 12:30 p.m., that is for morning hour, and at 2 o'clock p.m. for legislative business. On Tuesday I will schedule a number of measures under suspension of the rules, a list of which will be distributed to Members' offices tomorrow. The House will also take any recorded votes on motions to instruct conferees offered later today. On Tuesday, recorded votes will be postponed until 6:30 p.m.

For Wednesday and Thursday, I have scheduled H.R. 3763, the Corporate and Auditing Accountability, Responsibility, and Transparency Act of 2002, reported out of the Committee on Financial Services on Tuesday, and H.R. 3231, the Immigration Reform and Accountability Act of 2002, reported out of the Committee on the Judiciary last week.

Mr. Speaker, I thank the gentlewoman for yielding.

Ms. PELOSI. Mr. Speaker, reclaiming my time, I thank the gentleman for informing us of the days for the INS restructuring bill and the Committee on Financial Services accounting bill.

While I have the floor, Mr. Speaker, may I say to the distinguished majority leader, I wish to register a point of deep concern to our side of the aisle. There seems to be a recurring pattern this year where there are no substitutes or alternatives allowed on major, major bills. Today, the procedure did not even permit a motion to recommit to protect Social Security. Despite repeated promises to always guarantee the motion to Democrats, today it was denied on one of the most important votes in this Congress. I want to register objection and disapproval to this and ask the leader if he wishes to comment.

Mr. ARMEY. Again, Mr. Speaker, I thank the gentlewoman for her inquiry. I do appreciate the concerns expressed by the gentlewoman. The parliamentary rules between our two respective bodies on an exchange between the two bodies do not allow for motions to recommit on legislation action taken today. The action we took today, of course, was to advance the work that was sent to us by the other body with respect to adoption of the tax credit, a very important objective of all of the body, and we were able to in this way manage all three things.

But I want to appreciate again the gentlewoman's concerns, her expression, and say that it is indeed something that we pay most concern and credibility to.

Ms. PELOSI. Mr. Speaker, there were those among us who would have tried