One can only imagine the extremes to which a family will go to keep fatally ill family members alive in 2009. Nobody wants to predict or argue for anyone to die in any particular year, and that is exactly the perverse nature of the code that we have created now. Unless one dies in the year 2010, they have a big problem. And for heaven's sake, do not wait to die until the year 2011. Now what kind of tax policy is that, where we say if one dies in the year 2010 they get full benefits of repeal but if they hang on to life and die a year later they are right back to where they were a year ago with a 60-percent tax rate and an exemption that does not cover most of the family farmers and businesses that we are talking about? That is horrible moral policy. It is horrible economic policy. It cannot be the policy of the U.S. Government and yet that is exactly what our repeal last year resulted in, the reinstitution of the tax in the year 2010. It is an outrage that our Tax Code would incorporate such arbitrary and immoral incentives.

Of course that is not what we intended when we repealed the tax. It is not what we intended when a bipartisan majority voted on that repeal and passed it. We really wanted it to be forever, but again it was the rules of the Senate that limited us to a 10-year program. So the best solution would be to finish the job and permanently repeal the death tax effective January 1, 2002. By making the tax repeal permanent in 2010, Congress can keep the promise it made last year. I think this is the only moral way we can respond to this very immoral tax.

I will have more to say when we actually debate the amendment, but I close by asking my colleagues to allow us to present this amendment and have an up-or-down vote on it without playing parliamentary games. It is possible that somebody could second degree this amendment. We could play the game by second degreeing it. We could second degree somebody else's amendment with this amendment. We can do all of those things, but I think the American people would like for us not to be playing games.

When I go home, that is what I hear all the time: Why do you guys go back to Washington and play all of these, as they say, partisan games?

The repeal of the death tax and the passage of the tax bill was a successful bipartisan effort. So I think it is important the majority of us who approved that tax package, including the death tax provisions, be given an opportunity to vote up-or-down on this amendment, which finishes the job we started, and enable us to vote to repeal the death tax permanently. If we cannot get that kind of a vote, then all we are doing is hiding from the American people our views with respect to this issue and allow a lot of people to say, oh, sure, yes, I voted for repealing the death tax knowing full well that it was not an effective appeal because it only existed for 1 year.

One better not wait to die the following year if they want to get the advantage of what we did. That is a perverse policy. So I urge my colleagues to allow this vote, up or down, on the death tax amendment. We will be bringing it up this afternoon.

I am looking forward to a spirited debate on it. At the conclusion of that debate, we need to stand up for what is right and true and vote yes or no. If my colleagues do not want to make it permanent, then stand up and say so and let everybody know exactly where they stand.

I think the majority of us are going to want to finish the job we started, make this tax cut permanent, allow the people who otherwise would have to spend $12 billion a year or more on estate planning to put that money into more productive enterprises, to create jobs and help us get out of the economic doldrums our country is in today.

It is good policy for the economy but, more importantly, it is good policy for small businesses, farms, and the American people.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Is there a time limit on morning business?

The PRESIDING OFFICER. Up to 10 minutes.

Mr. GRASSLEY. I ask unanimous consent to have 15 minutes.

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

BENEFITS OF THE 2001 TAX RELIEF BILL

Mr. GRASSLEY. Mr. President, I refer to an article on page 6 of the Washington Post this morning where there is a quote from colleagues in this body and in the other body about the President's budget. I refer to this comment from the ranking Democrat on the House Budget Committee, Congressman SPRATT:

> When it comes to waging a war on terrorism, the President has our total support, but national security and homeland security need not come at the expense of Social Security.

Philosophically, that is a good argument. It is an accurate argument for us to be using, but the inference is that with the President's new budget there is some sort of a new game in town, that because we do not have a general fund surplus, because we have to spend more money because of the war on terrorism, as well as the domestic aspect of the war on terrorism, we are going to take Social Security money to finance that because there is otherwise a debt. The implication is this is some new policy.

The point I make is that this kind of talk is misleading because seniors become frightened that they might not receive their Social Security payments. Conservatives may feel as if there is not any fiscal discipline in Washington. Compared to the last 4 years, we have paid down on the national debt in the last 4 years on a relative basis. But conservatives might be concerned that there is no concern about fiscal discipline when it comes to Social Security. But, in fact, there is no new policy in town.

The point I make is since Social Security was started in 1936, except for about 18 months in the years 1982 and 1983, it has had a positive cashflow, more money coming in from the Social Security payroll tax than has been paid out in benefits. As we anticipate that for the future, that will be true for another 14 years, or so.

So for people who read this statement by Congressman SPRATT—and I quote: When it comes to waging war on terrorism, the President has our total support, but national security and homeland security need not come at the expense of Social Security—I say it is not coming at the expense of Social Security. Nothing has changed on Social Security since 1936. We have a positive cashflow today. We have had a positive cashflow every year except for 18 months in 1982 and 1983, and we will have a positive cashflow in Social Security for at least another 13 or 14 years. National security and homeland security are not coming at the expense of Social Security, I say to the distinguished Congressman in the other body.

Since we still have a positive cashflow in the year 2002, and we had a positive cashflow starting when the tax was first implemented, except for those 2 years, what happens with Social Security money? The disposition of Social Security money is the same today, last year, and years we have been running a surplus in the unified budget, and for a long time back. The surplus is invested in Treasury bonds because those are considered the safest investment for retirees. They draw interest. The interest accrues to the benefit of Social Security. That positive cashflow invested in Treasury bonds, plus the interest that is accrued, is going to be used to pay Social Security benefits when there is a negative cashflow in some future year. That is the way Social Security was set up. That is the way it has been operated since it was implemented in 1936. That is the way I believe it will be for a long time into the future.

National security and homeland security is not coming at the expense of Social Security. Let me give a parallel analysis. I will use the highway trust fund. In my State, it is the road use tax fund. At the Federal level it is the highway trust fund. All of the gas tax money goes into the highway trust fund. It is paid out of that highway trust fund for transportation, mostly for highways. It is not used for anything else. There are times, though, that the Federal Government decided they did not want to spend all the highway trust fund money. It was invested in Treasury bonds, as well. And it was not used to buy bombs and guns and pay military pay. Over a period of years a lot of money accumulated.

In the last highway bill, Congress decided we ought to spend down that money that accumulated in the highway trust fund, and we spent it down. Not entirely, but we are spending it down. Consequently, if you can take that money that accumulated in the highway trust fund, that was not spent on roads on a current basis, but later was and is being spent for highways, it is exactly the same for Social Security. Moneys accumulate, with interest accruing to the trust fund, to be spent when it is needed, in the same way that the gas money, when it was not spent on highways, accumulated and later Congress decided we ought to spend more money on highways and we spent more money on highways.

It is one of the facts of trust fund accounting. The problem comes when we put Social Security in the context of a unified budget that it somehow gets lost in the public's mind. I assure the public that the implication of the statement by the ranking Democrat on the House Budget Committee, Congressman SPRATT, that the President's war on terrorism, the American people's war on terrorism could somehow be paid for by Social Security. In fact, it is not being financed by Social Security money.

TAX RELIEF

Mr. GRASSLEY. Mr. President, I will comment also on the tax relief bill signed by the President of the United States on June 7, the tax bill that Senator BAUCUS and I wrote in a bipartisan way, to get passed last year. I will concentrate on the stimulative impact on the tax bill of last year because now, being in a recession and being on another stimulus package, I don't think we ought to lose sight of the fact that the tax bill of last year is having some economic good at a time most needed, in a time of recession.

It does contain a significant number of tax reduction and tax relief provisions that will go into effect and should help build consumer confidence. Part of the economy may be uncertain, but the tax outlook is clear: Under the law we passed, Federal income taxes have declined and will continue to decline over the next 10 years. Taxpayers can take that knowledge to the bank, regardless of Senator KENNEDY's suggestion that we not allow the remaining provisions of the tax bill to go into effect.

Obviously, I don't think Congress should stop here. Our huge economy needs a shot in the arm. The tax bill of last year will help to provide that shot in the arm. It contains a generous amount of relief for individual taxpayers. Some of the measure's tax cuts went into effect last year and many other provisions became effective January 1 of this year. Those are the provisions I will address.

There is a new 10-percent rate bracket. The act created a new 10-percent regular income tax bracket for a part of taxable income that had otherwise been taxed at a higher rate of 15 percent. The 10-percent bracket applies to the first $6,000 of taxable income for single individuals; $10,000 of taxable income for heads of household; and $12,000 for married couples filing jointly. This is effective beginning after December 31, 2000. That money is out there to stimulate the economy right now, but it will continue this year and next year and into the future.

We had a reduction in other individual tax rates, the regular income tax rates phased down over 6 years. So effective July 1 of last year through 2003, the 28-percent rate is cut to 27 percent. We hope in this economic stimulus package to speed that one rate up, it be reduced to 25 percent right now to help middle-income taxpayers and to stimulate the economy at the same time. However, as written in last year's tax bill, the 31-percent rate is cut to 30 percent right now. The 36-percent rate is cut to 35 percent right now. The 39.6-percent rate is cut to 38.6 percent.

Eventually, all these separate rates, after this phase-in period is done, will become 25 percent, 28 percent, 33 percent, and 35 percent, respectively.

An increase and expansion of the child tax credit is surely going to help families, particularly middle-income families, particularly those in the $30,000-a-year income tax range, with their family needs, putting more money in their pockets. It is going to be a stimulus to the economy. The child credit was expanded to $600 per child, immediately through the year 2004; it goes up to $700 through the year 2008; $800 through the year 2009; and finally, $1,000 in 2010. But, more important, the child credit was made refundable to the extent of 10 percent of the taxpayer's earned income in excess of $10,000 for the years 2001 through 2004, and this is increased to 15 percent after the year 2005.

I emphasize that because of all the people who say the Tax Relief Act of last year was for the wealthy. A refundable credit is helping people of the lower income tax bracket very much. For example, in the year 2001, a single mother with two children, making $15,000, received a credit of $500. This single mother likely now will receive a bigger tax refund check when she files her 2001 tax return by April 15. This expansion of the child credit will ensure that millions of low-income families, not rich people, will now receive the benefit of this child credit. For those people who spend so much of their income, maybe all of it in some cases, they are going to have more money to spend, and that is going to stimulate the economy.

Then we have the extension and expansion of the adoption tax credit, not so much as a stimulus to the economy but because stable families are very important to our society. Moving children out of foster care into a home where they can actually have a mom and dad is very important social policy. So we move the tax credit from $5,000 to $10,000. Today, in the case of the special needs child, that tax credit is $6,000. This provision significantly eases the financial burden of adoption and encourages adoption. This is in effect for taxable income starting this year.

We have a tax credit, then, for employers who provide child care for their employees. In my State of Iowa, 72 percent of the households have both spouses working, the highest percentage of any State in the Nation. For those families who have children, the need for dependable child care is very important. Getting that from the employer is even better for those families. So this new tax credit provides an incentive for employer-provided on-site daycare facilities. This is effective for taxable years beginning right now.

We have marriage penalty relief, and it relates to the earned-income tax credit. That earned-income tax credit, which is available only to low-income families, phases out for married couples. We increased that phaseout by $1,000 immediately and ultimately increase it to $3,000. So those families who would otherwise have that earned-income tax credit phased out, not having the money, not being able to stimulate the economy, now are going to have up to another $1,000 immediately available. Again, being low-income families, that ought to help stimulate the economy starting right now for the year we are in.

Mr. President, I see the Senator from Vermont. Is it possible for me to have another 5 minutes?

Mr. LEAHY. Of course.

Mr. GRASSLEY. I ask unanimous consent if I may have 5 more minutes.

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

Mr. LEAHY. If I might then be recognized after the Senator?

Mr. GRASSLEY. I add that to my unanimous consent request.

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

Mr. GRASSLEY. I thank the Chair.

So, obviously, this is going to help stimulate the economy because this $1,000 is going to go to low-income families who do not have very much discretionary income and can use it to improve their lot. But at the same time it will stimulate the economy—whether it is spent or whether they save it.

We have improvements in the education savings accounts, or what we might call education individual retirement accounts, individual education IRAs. The annual limit on contributions to the education savings account increases from $500 to $2,000. The definition of qualified education expenses that may be paid tax free from the education savings account is expanded to include elementary and secondary school expenses. The phaseout ranges—for married taxpayers filing joint returns, it is increased to become twice