

enhancement; \$54 million for urban reserve and rescue teams; \$147 million for cybersecurity improvements to protect our economy; food and water security, \$165 million; border security, \$78 million; dam and reservoir security, \$108 million; the Customs Service, to increase inspections, \$39 million.

And homeland security is not the only issue, when the President makes the decision to do the "emergency" designation. If he decides not to make the emergency designation, he will be blocking funding for the following activities: Election reform, \$400 million; combating AIDS, tuberculosis, and malaria overseas, \$200 million; flood prevention and mitigation in response to recent flooding, \$50 million; Department of Defense, over \$1 billion for the National Guard and Reserve for chemical demilitarization and for classified projects; for foreign assistance, including embassy security and aid to Israel and disaster assistance to Palestinians, \$437 million.

For assistance to New York City—I see that one of the distinguished New York Senators has just been presiding. Let me remind her that in this "emergency" designation package, the assistance to New York City in response to the attacks of September 11, including funds to monitor the long-term health consequences of the World Trade Center attacks on the health of police, fire, and other first responders, and for recovery costs for the Securities and Exchange Commission office that was in the World Trade Center, there is \$99 million.

Hello, Governor of New York! Get in touch with the administration. Urge the President to sign his name to the package that should be designated "emergency". It should be designated emergency by the President so that the moneys will be released for New York. Firefighting suppression funding, \$50 million; emergency highway repair funding, including funds to repair the I-40 bridge that was recently destroyed in Oklahoma.

Hello, Oklahoma! Get in touch with the White House about this. Ninety-eight million dollars!

Hello Oklahoma, are you listening?

I ask for an additional 30 seconds.

The PRESIDING OFFICER (Ms. LANDRIEU). Without objection, it is so ordered.

Mr. BYRD. Assistance to victims of the Sierra Grande fires, \$61 million; veterans medical care—Hi there, veterans, get in touch with the White House. Tell the President to sign his name on that emergency designation package because it includes \$275 million for veterans medical.

Madam President, I thank all Senators for listening. I will have more to say, the Lord willing, in due time.

(Applause in the Visitors' Galleries.)

The PRESIDING OFFICER. Expressions of approval are not permitted by the galleries.

Under the previous order, the time from 11:10 to 11:45 shall be under the

control of the Republican leader or his designee. The Senator from Iowa.

Mr. GRASSLEY. Madam President, it is my understanding staff arranged for me to have 20 minutes of that 45 minutes.

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

ONE-YEAR ANNIVERSARY OF BIPARTISAN TAX RELIEF

Mr. GRASSLEY. Madam President I rise today to discuss the one year anniversary of the bipartisan tax relief package. On June 7, 2001, President Bush signed the legislation. On Friday, June 7 of this year, the President marked the first anniversary of that event in Des Moines, Iowa. I was pleased to join the President for that anniversary celebration.

One year ago this week, the Treasury Department started sending out rebate checks to every American taxpayer. I ask unanimous consent to have printed in the RECORD an announcement from the Treasury Department dated July 26, 2001.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Office of Public Affairs]

TREASURY TO MAIL OUT 8.1 MILLION CHECKS
ON FRIDAY
(July 26, 2001)

Tomorrow the Treasury Department will send out 8.1 million advance payment checks to taxpayers for more than \$3.4 billion in tax relief. These checks will be sent to taxpayers whose last two digits of their Social Security numbers are 10–19.

Week Two (July 27) Social Security Numbers
10–19

Number of Checks 8.1 million
Amount of Relief \$3.4 billion

Week One (July 20) Social Security Numbers
00–09

Number of Checks 7.9 million
Amount of Relief \$3.3 billion

The Treasury Department will announce every week the number of checks that are being mailed out for that week, and the amount of tax relief that is being sent to taxpayers. Checks will be mailed over a ten-week period, according to the last two digits of the taxpayers Social Security number. Notices from the Internal Revenue Service that tells taxpayers the amount of their check and when they should expect it have been mailed. Single taxpayers will get a check up to \$300, head of household up to \$500 and married couples filing jointly will get up to \$600.

Because the Social Security number determines when checks are mailed, taxpayers may receive their checks at different times than their neighbors or other family members. On a joint return, the first number listed will set the mailout time.

If the last two digits of your Social Security number are	You should receive your check the week of
00–09	July 23.
10–19	July 30.
20–29	August 6.
30–39	August 13.
40–49	August 20.
50–59	August 27.
60–69	September 3.
70–79	September 10.
80–89	September 17.
90–99	September 24.

Mr. GRASSLEY. Those checks represented the first broad-based tax relief

in nearly a generation. Generally, single taxpayers got a \$300 check and married couples got a \$600 check.

What I would like to do today is first put the tax cut in historical context. Second, I would like to set the record straight in terms of the progressivity of the tax relief and its budget effects. Finally, I would like to illustrate what the tax relief legislation means in terms of typical families across America.

I am going to use a series of charts as I move through the discussion.

Let's start with historical context. In the last 20 years, there have been several pieces of major tax legislation. When I use the term major, I am referring to net tax hikes or net tax cuts in the neighborhood of \$100 billion or more.

In the last generation, frankly, the American taxpayer has come out on the short end of the deal. By and large, the tax-and-spend Washington crowd prevailed. There have been four major tax increase bills. There have been three major tax cut bills, with one of those, the 1997 tax relief package, barely breaking into the major category.

Let's take a look at the tax increase bills first. There were No. 1, "TEFRA" in 1982, No. 2, "DEFRA" in 1984, No. 3, "OBRA" in 1990, and, as then Finance Chairman Pat Moynihan said, No. 4, the "world record tax increase" of President Clinton's 1993 tax package. Senator Moynihan's description was verified by a Joint Committee on Taxation estimate. It showed the 1993 tax increase raised taxes by over \$1 trillion.

In the same generation, taxpayers have received net tax cuts three times. The three events occurred in 1981, in 1997, and last year. In 1981, the Reagan tax cuts brought down the top rate of 70 percent to 50 percent. In 1997, modest bipartisan tax relief, had, as its centerpiece, the \$500 per child tax credit. Of course, last year, all taxpayers received a tax relief.

When you look over the last generation, the bipartisan tax relief of last year, in effect, helped tip the balance back a little bit toward the American taxpayer. I say a little bit, because, by any reckoning, even when fully in effect, last year's bill still leaves the balance toward higher taxes and more government. More on that in a minute.

For another point of historical context, take a look back at the fundamental tax reform of 1986. You will recall that effort was a grand compromise between liberals, led by Congressman Rostenkowski, and conservatives, led by President Reagan. We came up with a revenue neutral package by broadening the tax base by shutting down tax shelters. The revenue raised was used to create two rates—15 percent and 28 percent. In addition, millions of low income families ceased paying income tax.

During the tax reform debate, today's House Democratic Leader, Congressman GEPHARDT, pursued a tax reform plan with former Senator Bradley. The Bradley-Gephardt plan contained three rates of tax. The three rates were 35 percent, 25 percent, and 15 percent. Former Senator Mitchell, who would become the Democratic Leader and a great champion of the liberal wing of the Democratic Caucus, supported a top rate of 35 percent as well. Indeed, the House, at that time controlled by Democrats, passed a tax reform bill with a top rate of 35 percent.

So, at the watershed event of 1986, the leaders of the Democratic Caucuses, said individual income tax rates should not exceed 35 percent. As everyone knows, 35 percent is the top rate when the bipartisan tax relief package is in full effect in 2006. I guess I find it a bit ironic that today the Democratic Leadership says individual tax rates must be above 35 percent.

It makes you wonder why today's Democratic Leadership, in historical context, is so fixated on higher taxes. Why is Congressman GEPHARDT, the House Democratic Leader, insisting on tax rates at higher levels than his 1986 era plan? Why is Senator DASCHLE, today's leader of the Democratic Caucus, insisting on tax rates at higher levels than his predecessor, Senator Mitchell?

Isn't 35 percent of a person's income enough of a contribution for their share of the burden of the Federal Government?

That is where the Democratic Leaders were during tax reform. That is where the bipartisan tax relief plan leaves us when fully in effect in 2006. Unfortunately, that's not where the Democratic Leaders are today.

The question of why 35 percent isn't enough leads in the second part of my discussion. What I would like to do is set the record straight on the progressivity and budget effects of the bipartisan tax relief plan.

It seems to me that the Democratic leadership has moved its tax reform target away from tax relief for a very simple reason. The reason is to provide resources to grow the Federal Government by increasing spending.

It is part of a larger of agenda of moving a society, America the engine of capitalism, to look more like European socialism. It means more Government and less individual responsibility. It means less reward for work and more money from the pockets of working people for the Federal Government. It means opportunity defined less by a dynamic market and more by political criteria.

Now, a lot of inaccurate information has been spread about the bipartisan tax relief package. At the head of this

campaign, is the Democratic Leadership. Perhaps unwittingly, perhaps by design, much of the media has worked hand in glove with this partisan campaign.

The misinformation comes forward in three bogus assertions. The first incorrect assertion is that the bipartisan tax relief was a partisan Republican product. The second is that the bipartisan tax relief package is the source of our current budget problems. The third incorrect assertion is that the tax relief favored the wealthy over low and middle income taxpayers.

I would like to turn to the first incorrect assertion. Often we hear the phrase Republican tax cut or partisan tax cut. In fact, the tax cut was bipartisan. Twelve Democratic Senators voted for the conference report. Senator JEFFORDS also voted for the conference report. That is over one-fourth of the Democratic Caucus.

The tax relief legislation was bipartisan by design. In a Senate divided down the middle, the tax relief had to be bipartisan to pass. There was no other way.

Democratic members of the Finance Committee played a key role in crafting the bill. Led by our current Chairman, MAX BAUCUS, they insisted on a bill that reflected their priorities. Senators BREAU, TORRICELLI, LINCOLN, all contributed to the formation of this bill. Republican moderates like Senator SNOWE also played a key role. Without these Senator's input and support, we would not have the tax relief in place.

Anyone who characterizes the tax relief as partisan is flat out wrong.

I would like to move on the second incorrect assertion. How many times have we heard on this floor or seen written in the media the charge that the bipartisan tax relief caused the current and projected deficits. If I have a dollar for every time I've heard or read this point, I could put the budget in balance.

Cold hard numbers tell a different story. Cold hard numbers from the Congressional Budget Office, the Office of Management and Budget, and private sector sources reveal the truth.

Here is what the numbers say. You can check it out on the CBO website.

According to CBO's January baseline, for the current fiscal year, the tax cut represents barely 14% of the total change in the budget since last year. For instance, for the same period, increased appropriations outranked the tax cut by \$6 billion. So, spending above baseline, together with lower projected revenues, accounted for 89 percent of the change in the budget picture. Let me repeat that. Bipartisan

tax relief was a minimal, 11 percent factor, in the change in the surplus.

Over the long-term, the tax cut accounts for 45 percent of the change in the budget picture. Stated another way, the 10 year surplus declined from \$5.6 trillion to \$1.6 trillion. Of that \$4.0 trillion change, the tax cut represented about \$1.7 trillion of the decline. That is less than one-half of the change. Let me repeat that for our friends in the Democratic Leadership and their allies in the media. The tax relief package accounts for less than 45 percent of the decline in the surplus.

The second incorrect assertion, that the tax cut ate the surplus, is incorrect, according to CBO.

I would like to turn to the third incorrect assertion about the bipartisan tax relief package. That assertion is that the tax relief package was a tax cut only for the wealthiest Americans.

How many times have we heard the statistic that 40 percent of the benefits of the tax cut went to the top 1 percent of taxpayers?

Where did the statistic come from? Did it come from the non-partisan Joint committee on Taxation? The answer is no. The statistic cited by the media and the Democratic Leadership came from the liberal think tank known as the Center on Budget Policy and Priorities. How do they get their numbers? Here's an example. Let us talk about how they distribute the benefits of the death tax. The liberal think tank assumes that the person benefitting from death tax relief is the dead person. Imagine that. Only in Washington, D.C. do they assume you can take the benefit of tax relief with you to the grave.

It takes these kinds of distortions in methodology to get the conclusion the liberal think tank wants. That's why our friends in the Democratic Leadership rely on the Center for Budget Policy and Priorities. Unfortunately, some in the media accept these statistics at face value.

Once again, facts can be ugly things for harsh critics of the bipartisan tax relief package. According to the Joint Committee on Taxation, Congress' official non-partisan scorekeeper, the tax code is more progressive with the tax relief package. Let me repeat that fact. Joint Tax, not a liberal or conservative think tank, says the bipartisan tax relief package made the Tax Code more progressive.

I ask unanimous consent to place in the RECORD a distribution analysis, prepared by Joint Tax.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DISTRIBUTIONAL EFFECTS OF THE CONFERENCE AGREEMENT FOR H.R. 1836¹

Income category ²	Change in Federal taxes ³		Federal taxes ³ under present law		Federal taxes ³ under proposal		Effective tax rate ⁴	
	Millions	Percent	Billions	Percent	Billions	Percent	Present law (percent)	Proposal (percent)
CALENDAR YEAR 2001								
Less than \$10,000	— \$75	— 1.0	\$7	0.4	\$7	0.4	8.7	8.6
10,000 to 20,000	— 2,989	— 11.5	26	1.5	23	1.4	7.5	6.7
20,000 to 30,000	— 5,790	— 9.4	62	3.5	56	3.3	13.4	12.2
30,000 to 40,000	— 5,674	— 6.4	89	5.1	83	4.9	16.1	15.1
40,000 to 50,000	— 5,490	— 5.4	102	5.9	97	5.7	17.4	16.4
50,000 to 75,000	— 11,546	— 4.5	256	14.6	244	14.4	19.1	18.3
75,000 to 100,000	— 8,488	— 3.5	244	13.9	235	13.9	21.7	21.0
100,000 to 200,000	— 10,488	— 2.6	408	23.3	397	23.5	24.2	23.6
200,000 and over	— 6,997	— 1.3	555	31.7	548	32.4	27.8	27.4
Total, All Taxpayers	— 57,536	— 3.3	1,748	100.0	1,690	100.0	21.4	20.7
CALENDAR YEAR 2002								
Less than \$10,000	— 75	— 1.0	7	0.4	7	0.4	9.2	9.1
10,000 to 20,000	— 3,596	— 13.3	27	1.5	23	1.3	7.6	6.6
20,000 to 30,000	— 7,124	— 11.3	63	3.4	56	3.2	13.5	12.0
30,000 to 40,000	— 6,849	— 7.6	91	4.9	84	4.8	16.1	14.8
40,000 to 50,000	— 6,198	— 5.8	106	5.8	100	5.7	17.5	16.5
50,000 to 75,000	— 13,251	— 5.0	267	14.5	254	14.4	19.0	18.0
75,000 to 100,000	— 10,227	— 4.0	255	13.9	245	13.9	21.7	20.8
100,000 to 200,000	— 14,416	— 3.3	442	24.1	427	24.3	24.2	23.4
200,000 and over	— 16,557	— 2.9	578	31.5	562	32.0	27.9	27.1
Total, All Taxpayers	— 78,294	— 4.3	1,836	100.0	1,758	100.0	21.5	20.6
CALENDAR YEAR 2003								
Less than \$10,000	— 83	— 1.1	8	0.4	8	0.4	9.7	9.6
10,000 to 20,000	— 3,516	— 12.9	27	1.4	24	1.3	7.6	6.6
20,000 to 30,000	— 7,135	— 11.0	65	3.3	58	3.1	13.6	12.1
30,000 to 40,000	— 6,946	— 7.5	93	4.8	86	4.6	16.0	14.8
40,000 to 50,000	— 6,155	— 5.7	108	5.6	101	5.5	17.4	16.4
50,000 to 75,000	— 13,554	— 4.9	279	14.4	266	14.3	18.9	18.0
75,000 to 100,000	— 10,553	— 4.0	265	13.7	255	13.8	21.7	20.8
100,000 to 200,000	— 15,487	— 3.2	479	24.8	464	25.1	24.2	23.4
200,000 and over	— 17,453	— 2.9	609	31.5	591	31.9	28.1	27.3
Total, All Taxpayers	— 80,882	— 4.2	1,933	100.0	1,852	100.0	21.5	20.6
CALENDAR YEAR 2004								
Less than \$10,000	— 69	— 0.9	8	0.4	8	0.4	10.0	9.9
10,000 to 20,000	— 3,429	— 12.6	27	1.3	24	1.2	7.6	6.6
20,000 to 30,000	— 7,121	— 10.8	66	3.3	59	3.1	13.6	12.2
30,000 to 40,000	— 6,964	— 7.3	96	4.7	89	4.6	16.0	14.8
40,000 to 50,000	— 6,320	— 5.8	110	5.4	103	5.3	17.4	16.4
50,000 to 75,000	— 15,049	— 5.2	288	14.2	273	14.2	18.7	17.8
75,000 to 100,000	— 12,913	— 4.6	279	13.8	266	13.8	21.5	20.5
100,000 to 200,000	— 22,095	— 4.3	512	25.2	490	25.3	24.1	23.0
200,000 and over	— 21,671	— 3.4	642	31.6	620	32.1	28.2	27.3
Total, All Taxpayers	— 95,630	— 4.7	2,028	100.0	1,932	100.0	21.6	20.6
CALENDAR YEAR 2005								
Less than \$10,000	— 76	— 1.0	8	0.4	8	0.4	10.1	10.0
10,000 to 20,000	— 3,867	— 14.0	28	1.3	24	1.2	7.6	6.5
20,000 to 30,000	— 7,937	— 11.6	68	3.2	60	3.0	13.7	12.1
30,000 to 40,000	— 7,720	— 7.9	98	4.6	90	4.4	16.0	14.7
40,000 to 50,000	— 6,945	— 6.2	112	5.3	105	5.2	17.2	16.2
50,000 to 75,000	— 16,630	— 5.5	303	14.2	286	14.1	18.7	17.6
75,000 to 100,000	— 14,709	— 5.1	287	13.5	273	13.5	21.4	20.3
100,000 to 200,000	— 24,654	— 4.5	547	25.7	522	25.8	24.0	22.9
200,000 and over	— 21,182	— 3.1	678	31.9	657	32.4	28.3	27.4
Total, All Taxpayers	— 103,720	— 4.9	2,129	100.0	2,025	100.0	21.6	20.6
CALENDAR YEAR 2006								
Less than \$10,000	— 76	— 0.9	8	0.4	8	0.4	10.4	10.3
10,000 to 20,000	— 3,789	— 13.6	28	1.2	24	1.1	7.6	6.6
20,000 to 30,000	— 7,853	— 11.4	69	3.1	61	2.9	13.7	12.2
30,000 to 40,000	— 7,839	— 7.9	99	4.4	91	4.4	16.0	14.7
40,000 to 50,000	— 7,570	— 6.5	116	5.2	108	5.2	17.2	16.0
50,000 to 75,000	— 18,755	— 6.0	313	14.0	294	14.0	18.6	17.5
75,000 to 100,000	— 17,212	— 5.8	297	13.3	280	13.3	21.3	20.0
100,000 to 200,000	— 30,208	— 5.1	588	26.3	558	26.6	23.9	22.7
200,000 and over	— 44,177	— 6.1	719	32.1	675	32.1	28.3	26.6
Total, All Taxpayers	— 137,476	— 6.1	2,238	100.0	2,100	100.0	21.7	20.3

¹ Includes provisions affecting the child credit, individual marginal rates, a 10% bracket, limitation of itemized deductions, the personal exemption phaseout, the standard deduction, 15% bracket and EIC for married couples, deductible IRAs, and the AMT.

² The income concept used to place tax returns into income categories is adjusted gross income (AGI) plus: [1] tax-exempt interest, [2] employer contributions for health plans and life insurance, [3] employer share of FICA tax, [4] worker's compensation, [5] nontaxable Social Security benefits, [6] insurance value of Medicare benefits, [7] alternative minimum tax preference items, and [8] excluded income of U.S. citizens living abroad. Categories are measured at 2001 levels.

³ Federal taxes are equal to individual income tax (including the outlay portion of the EIC), employment tax (attributed to employees), and excise taxes (attributed to consumers). Corporate income tax and estate and gift taxes are not included due to uncertainty concerning the incidence of these taxes. Individuals who are dependents of other taxpayers and taxpayers with negative income are excluded from the analysis. Does not include indirect effects.

⁴ The effective tax rate is equal to Federal taxes described in footnote (3) divided by: income described in footnote (2) plus additional income attributable to the proposal.

Source: Joint Committee on Taxation. Detail may not add to total due to rounding.

TAX CODE BECAME MORE PROGRESSIVE—1979–2000 (In percent)				TAX CODE BECAME MORE PROGRESSIVE—1979–2000— Continued (In percent)				BIPARTISAN TAX RELIEF MADE TAX CODE MORE PROGRESSIVE—2001 (In percent)			
Income category	1979	2000	Change	Income category	1979	2000	Change	Income category	2006 w/o tax cut	2006 w/ tax cut	Change
\$0–\$10,000	0.6	0.4	— 0.2					\$0–\$10,000	0.4	0.4	0.0
\$10,000–\$20,000	2.3	1.5	— 0.8					\$10,000–\$20,000	1.2	1.1	— 0.1
\$20,000–\$30,000	5.4	3.6	— 1.8	\$150,000–\$200,000	5.1	6.9	— 1.8	\$20,000–\$30,000	3.1	2.9	— 0.2
\$30,000–\$40,000	7.8	5.1	— 2.7	\$200,000–Over	16.7	32.0	— 15.3	\$30,000–\$40,000	4.4	4.4	0.0
\$40,000–\$50,000	10.2	6.4	— 3.8					\$40,000–\$50,000	5.2	5.2	0.0
\$50,000–\$75,000	24.6	16.8	— 7.8	Total	100	100					
\$75,000–\$100,000	14.8	13.0	— 1.8								
\$100,000–\$150,000	12.5	14.4	— 1.9								

Source: CBO, October 2001, Table H–1b.

BIPARTISAN TAX RELIEF MADE TAX CODE MORE
PROGRESSIVE—2001—Continued

(In percent)

Income category	2006 w/o tax cut	2006 w/ tax cut	Change
\$50,000–\$75,000	14.0	14.0	0.0
\$75,000–\$100,000	13.3	13.3	0.0
\$100,000–\$200,000	26.3	26.6	0.3
\$200,000–Over	32.1	32.1	0.0
Total	100	100

Source: JCT, May 2001, JCX 52–01.

Mr. GRASSLEY. Madam President, some might ask how does Joint Tax conclude that the bipartisan tax relief made the tax code more progressive.

The answer is that the bipartisan tax relief returns to taxpayers, on a progressive basis, a small portion of the record level of Federal taxes.

Take a look at this chart. It shows that the largest tax cut went to taxpayers in the lower and middle income brackets. For instance, taxpayers with incomes between \$10,000 and \$20,000, will see their taxes reduced by almost 14 percent when the tax cut is fully in effect. Taxpayers with over \$200,000 will see their taxes reduced by barely 6 percent.

The Democratic Leadership and many in the media, will focus, not on the burden taxpayers bear, but on the benefits of the tax cut. In other words, they will try to ignore the progressive nature of our current system and use isolated examples. For instance, they will say that a taxpayer at \$50,000 of income gets more of a tax cut than a taxpayer at \$10,000 of income. In fact, a taxpayer at \$50,000 of income, pays considerably more tax than a taxpayer at \$10,000 of income. Comparing two different taxpayers' tax relief benefits without looking at the burden is comparing apples to oranges.

Let us compare apples to apples. That is, the burden born by groups of taxpayers before and after the tax relief bill.

What I showed you before was the change in the tax burden for different categories of taxpayers. This chart allows you to see how progressive the current system is and how the tax relief bill made the tax system even more progressive. Keep in mind that this table includes all taxes. That's income taxes, payroll taxes, excise taxes, and corporate income taxes.

Let us compare the same two groups I talked about before. Taxpayers with incomes between \$10,000 and \$20,000 bore 1.2 percent of the Federal tax burden before the tax relief bill and 1.1 percent after the tax relief bill. Taxpayers with over \$200,000 maintained their burden, 32.1 percent, before and after the tax relief bill.

You can see the bipartisan tax relief bill lightened everyone's Federal tax burden but did it in a progressive way.

What the tax relief bill aimed to do was send back to the American people a portion of the record-high levels of taxation. But the bipartisan tax relief bill sent the money back in a progressive manner.

Let us take a look at where we were early last year. You'll see the Federal Government was taking in record-high levels of individual income taxes. For instance in 2000, Federal taxes were taking 20.5% of GDP and individual income taxes were taking 10.2 percent of GDP.

According to CBO, those upward record-high level trends were going to continue throughout this decade. In fact, even when fully in effect, the bipartisan tax relief bill leaves both Federal and individual income taxes at near record levels.

Chairman Greenspan gave us a green light to provide broad-based tax relief because he foresaw a long-term economic problem. The record level of taxation, if left on track, would have been a drag on economic growth.

As a matter of fact, there is substantial agreement that the tax cut came at just the right time. The rebate checks and other relief arrived just as the recession started to hit home. According to the Department of Commerce, the tax relief boosted personal incomes by the highest amount in almost 10 years.

You can now see that those three widespread incorrect assertions about the bipartisan tax relief package have been countered. One, the tax relief package was bipartisan; not partisan as its critics claim. Two, the tax relief package did not cause either the short-term or long-term budget problems we face. Three, the tax relief package provides broad-based relief in a progressive fashion.

I would like to turn to the final part of my discussion. This is the most important part because it describes what the tax relief package means to typical taxpayers.

We took as a starting point President Bush's efforts to provide income tax relief to all Americans. This legislation includes the four main elements of President Bush's goals of providing tax relief to working families.

These goals are to: No. 1, provide tax relief for working families through reducing marginal rates; No. 2, reduce the marriage penalty; No. 3, expand the child tax credit; and No. 4, eliminate death taxes. Let's look at each one.

First, this legislation reduced marginal rates at all levels and creates the new 10 percent level proposed by the President. We also began to address the hidden marginal rate increases such as PEPS and PEASE that complicate the Code.

The 10 percent bracket means a tax cut for every American taxpayer. It was the source for the rebate checks that every taxpayer received last year. That's \$600 for every family and \$300 for every single person.

America is a society of opportunity. Over 60 percent of all families will at one time or another be in the top fifth of income in this country. A man will make more at 55, after 30 years of hard work, than he did at 25. A family should not face a crushing marginal

rate tax burden when they finally get a good paycheck for a few years as a reward for years of hard work.

For those that have worked hard over the years, there is some marginal tax rate relief. Here, I am referring to small business. Small business generates 80 percent of the new jobs in this country. Small business owners receive 80 percent of the benefits of the marginal rate reductions. When fully phased in, the marginal rate paid by a successful small business will be the same as that paid by General Motors. I don't know how Senators can argue that 35 percent is an appropriate top rate for General Motors, but too low for Joe's Garage.

While I am on the topic of marginal rate relief one political development continues to surprise me. Those on the other side most opposed to the marginal rate relief come from the higher income states, the so-called high-tax or "blue states" that tend to be on each coast and around the Western Great Lakes. Taxpayers in those states, in particular, bear the brunt of higher marginal rates.

It continues to surprise me that Senators from those high-tax paying states attempt to obstruct tax relief that is most meaningful to their constituents.

Federal taxes squeeze harder in those states where incomes are higher and the cost of living is higher. To this day, I do not understand the virgourous opposition these members have to relieving the high tax burden their constituents face. Instead, members from these states tend to focus on those who don't pay income tax. Maybe members from the other side of the aisle and who are from these states seem oblivious to this disproportionately heavy tax burden. Or maybe they think Federal taxes should be higher. Maybe it's liberal guilt. I cannot figure it out. One has to wonder what the folks in those states who work hard and pay high taxes would think if they took a look at these charts. One has to wonder what they'd think about higher taxes those on the other side seem to yearn for.

The first part of the package provides progressive income tax relief to every American that pays income tax. Let's move on to the second part.

The second part provides income tax relief for married families—for families where both spouses work and where only one spouse works. In addition, thanks to the advocacy of Senator JEFFORDS, we expanded the Earned Income Credit for married families with children. Further, there was wide bipartisan agreement to simplify the Earned Income Credit which will mean that hundreds of thousands of more children will receive the EIC benefits.

This package contains the first marriage penalty relief in 33 years. Let me repeat that. For the first time in 33 years, we're delivering marriage penalty relief.

Third, the President's desire to expand the child credit to \$1000 was met

in the bipartisan tax relief package. And in response to the concerns of Senators SNOWE, LINCOLN, BREAUX, and JEFFORDS the child credit was expanded to help millions of children whose working parents do not pay income tax.

Let's take a look at an example. For a single mother with two children at \$16,000 of income, this tax relief package means \$600 more in her pocket for this year. That's an increase of almost 4 percent in this single mother's budget. I'm sure she can use the money.

The fourth part of the package dealt with the death tax. The death tax is reduced and finally eliminated—as called for by President Bush. We were successful in this effort due to the work of many Senators but I would particularly note the efforts of Senators KYL, PHIL GRAMM, and LINCOLN.

Thus, this legislation contained the four main elements of President Bush's efforts to provide tax relief for working families—marginal rate reduction, relief for married families, the expansion of the child credit and the reduction and ultimate elimination of the death tax.

I would remind my colleagues again that the hallmark of this legislation is that relief for low income families comes first. The marginal rate drop to 10 percent was immediate, the child credit expansion to low income families was immediate, the expansion of EIC was immediate.

The greater progressivity of the tax relief legislation is certainly due in no small part to the work of Senator BAUCUS.

Everyone knows Senator BAUCUS and other Democrats who crafted this package took a lot of heat from the lib-

eral core of the Democratic Caucus. His objective, like mine, was a bipartisan tax relief package. It seems that while many are happy to talk about bipartisanship they can't stand to see bipartisanship practiced.

In addition to President Bush's proposals to provide tax relief to working families, the tax relief package included legislation that had been considered by the Finance Committee previously.

I believe that not all good ideas come from just one end of Pennsylvania Avenue. Thus, we included the Grassley/Baucus pension reform legislation which probably would not have made it in the bill without the longtime support of Senators HATCH and JEFFORDS.

That package means \$50 billion in tax benefits for enhanced retirement security. That figure will be compounded many times over in retirement assets. A lot of folks like to play political football with retirement security issues. The bipartisan tax relief package actually moved the ball forward on retirement security.

Let's take a look at an example. Under the tax relief legislation, workers will be able to raise their IRA contributions to \$5,000 annually. Workers will also be able to put away up to \$15,000 annually in their 401(k) accounts.

In addition, the legislation contained over \$30 billion in tax benefits targeted for education. Elements of this package included language to expand the prepaid tuition programs to help families pay for college—long advocated by Senators COLLINS, MCCONNELL, and SESSIONS. In addition, the package provided a college tuition deduction thanks to Senators TORRICELLI, SNOWE,

and JEFFORDS, private activity bonds for school construction in response to Senator GRAHAM's concerns, as well as an expansion of the education savings accounts—in honor of Senator Coverdell—thanks to the work of Senator TORRICELLI and Senator LOTT.

Let's take a look at an example. Under this legislation, a young couple can contribute \$2,000 per year per child to an education IRA. The account enjoys inside buildup tax-free and is available to pay tuition and other college costs.

None of us should forget the great winners of this legislation—the American taxpayer. We provided the American taxpayer the greatest amount of tax relief in a generation. And they deserve it.

With the bipartisan tax relief legislation in place, all taxpaying Americans have a little bit more of their money in their pockets. Struggling families will have more money to make ends meet; parents and students will be able to more easily afford the costs of a college education; a successful business woman will be able to expand her business and hire more people; a father finally getting a good paycheck after years of work will be able to better provide for his aging mother; and, a farmer can pass on the family farm without his children having to sell half the land to pay estate taxes.

As an illustration of the breadth of this relief, I ask unanimous consent to have printed in the RECORD a State-by-State analysis of the per taxpayer benefits, prepared by the Tax Foundation.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BUSH 2001 TAX REDUCTION BY STATE FY 2001–2002

	Total (Dollars in millions)	Per capita	Per household
Alabama	\$1,151	\$257	\$663
Alaska	233	363	939
Arizona	1,689	320	826
Arkansas	603	224	578
California	15,539	451	1,165
Colorado	2,044	463	1,196
Connecticut	2,558	750	1,938
Delaware	309	388	1,003
Florida	6,532	400	1,032
Georgia	2,928	350	903
Hawaii	336	272	703
Idaho	330	247	638
Illinois	5,789	465	1,201
Indiana	2,003	327	845
Iowa	852	291	752
Kansas	899	333	859
Kentucky	1,033	254	656
Louisiana	1,112	249	642
Maine	337	263	678
Maryland	2,354	438	1,130
Massachusetts	3,611	567	1,465
Michigan	3,860	388	1,001
Minnesota	2,045	411	1,063
Mississippi	584	204	527
Missouri	1,785	317	818
Montana	209	228	589
Nebraska	547	318	823
Nevada	913	436	1,127
New Hampshire	615	488	1,261
New Jersey	4,953	585	1,511
New Mexico	420	227	586
New York	9,392	496	1,283
North Carolina	2,534	310	800
North Dakota	159	248	641
Ohio	3,788	333	860
Oklahoma	819	236	611
Oregon	1,123	322	833
Pennsylvania	4,566	372	960
Rhode Island	363	344	890
South Carolina	1,081	267	689
South Dakota	228	299	772
Tennessee	1,820	316	816

BUSH 2001 TAX REDUCTION BY STATE FY 2001–2002—Continued

	Total (Dollars in millions)	Per capita	Per household
Texas	7,719	362	936
Utah	595	260	673
Vermont	197	320	828
Virginia	3,069	426	1,102
Washington	3,169	527	1,362
West Virginia	363	201	518
Wisconsin	1,888	349	902
Wyoming	207	411	1,061
District of Columbia	317	559	1,445
Total	111,571	392	1,013

Notes. Includes provisions that only affect individual income tax liabilities.
Source. Tax Foundation.

Mr. GRASSLEY. Madam President, this chart illustrates the benefits of the income tax rate reductions State by State. As you can see, all taxpaying families in all States benefit. The examples are endless of the great benefits that we realize when we give tax relief to working families.

While I am pleased about the first anniversary, I won't be satisfied until we make these bipartisan measures permanent.

Let's tell every taxpayer they can count on the 10 percent bracket 10 years from now. Let's tell the small business owner that, after 10 years of hard work, they won't face a tax rate of 39.6 percent. Let's tell the single mother with two children that her taxes won't rise by \$1,200. Let's tell the newlyweds that 10 years from now they don't have to face a marriage penalty. Let's tell family farmers they won't face the death tax 10 years from now. Let's tell workers saving for retirement that they can put away \$5,000 in their IRA 10 years from now. Let's tell a young couple that 10 years from now they will continue to be able to save \$2,000 each year per child for college savings.

I would like to sum up. In historical context, the tax relief package provides a modest refund to all taxpayers at a level previously supported by the Democratic leadership. Over time, the Democratic leadership's notion of what the top rate of tax should be has moved up.

Three assertions about the tax relief package, repeated almost daily by its critics, are incorrect. I will correct them once again. The tax relief package is bipartisan. The tax relief package did not cause our current or long-term budget problems. The tax relief package is progressive.

Finally, and most importantly, the tax relief package provides important resources for families, small businesses, retirement security, and education. These resources are valuable and should be available to the American people on a permanent basis.

The PRESIDING OFFICER. The Senator has used his 20 minutes.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

ORDER OF PROCEDURE

Mr. BREAUX. Madam President, a parliamentary inquiry with regard to

the time situation: Is it allocated to morning business or where am I?

The PRESIDING OFFICER. Under the previous order, the time until 11:45 is controlled by the Republican leadership.

Mr. BREAUX. Madam President, I ask then if the acting Republican leader will yield me some time.

Mr. GRASSLEY. I yield the floor.

The PRESIDING OFFICER. The Senator from Maine.

Mr. GRASSLEY. How much time is the Senator going to use?

Ms. SNOWE. Madam President, I will use 15 minutes, but I am happy to defer to the Senator from Louisiana to precede me if I may and ask unanimous consent, of course, to do so, and then I will take my 15 minutes.

The PRESIDING OFFICER. There are only 12 minutes remaining under the previous order.

Ms. SNOWE. May I ask unanimous consent to extend that by 3 minutes to 15 minutes and 5 minutes.

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

Mr. BREAUX. Parliamentary inquiry: If I understand that, it is extended by 5 minutes, that will be until 10 to noon. Let me have 5 minutes now.

Ms. SNOWE. I am glad to yield 5 minutes.

The PRESIDING OFFICER. The Senator from Louisiana.

MEDICARE

Mr. BREAUX. Madam President, today is a very important day because it is the 37th anniversary of the passing of the Medicare legislation providing universal coverage of health care for all seniors. Everybody got it. No matter what your income was, there was no gap. Those with low income got Medicare, hospital, and doctor coverage. If you were of moderate income, you got it. If you were upper income, you got it. It was a concept 37 years ago that Medicare should be a universal health care plan for all seniors.

Today, we are at some point going to be debating a fundamental change in Medicare by saying that only a portion of seniors are going to get real prescription drug coverage—not all seniors, but we are going to means test it. According to the piece of paper provided by the supporters of that approach, individuals below 200 percent of

poverty—which is \$13,300 for an individual—are going to have a Cadillac-type of coverage plan. But if you make \$13,301, tough luck. You are going to have to pay 95 percent of your drug coverage if you are not below 200 percent of poverty until you reach a figure of about \$3,300 worth of out-of-pocket drug expenses, and then the Government will make up 90 percent.

It is really interesting to see whom are we talking about covering. It is also important to think about whom we are not covering under this scaled-down version.

The average number of people in the United States below 200 percent of poverty is 30 percent. That means 70 percent of the American elderly would not qualify by being under 200 percent of poverty. These are working people who have paid taxes when they were working, who are retired, and now, because they don't qualify as being 200 percent under poverty, all of a sudden we are going to leave them out of a Medicare Program that was supposed to provide universal health coverage for all Americans. This is a fundamental break with what Medicare was all about, which was a universal plan for all seniors, not just for seniors making under 200 percent of poverty.

Seventy percent of America's elderly would not qualify for the 200 percent poverty standard. That is not what we signed into law 37 years ago and celebrate today, the advent of a Medicare Program that was universal coverage for all citizens.

I understand why we are attempting to do that. That is because we are trying to spend less money. The tripartisan plan said we could spend \$370 billion and reform Medicare by giving seniors new options and also provide a universal prescription drug plan that covered all seniors, not just those under 200 percent of poverty.

If I were a senior who had an income of \$13,301, according to their chart, I would be very unhappy with what the Senate is considering now. Seventy percent of America's seniors would not qualify under 200 percent of poverty. We can do better than that. We can do far better than that. We can do more for less, if we do it correctly and we do it in the proper fashion.

We had a plan under the tripartisan plan that was a comprehensive plan. It was a \$24-a-month premium for seniors who have to meet a \$250 deductible, and