

1664, the Armed Forces Tax Fairness Act of 2003. It has been long overdue that we provide real relief to the men and women who serve in our armed forces. Many of the members of the military are minorities, and this bill will help many in my own 18th Congressional District in Houston. More than 200,000 troops are now being employed to the Persian Gulf. In Houston, many soldiers have been called upon to serve on the front lines.

This bill includes tax benefits for the families of astronauts who die in the line of duty, including those of the space shuttle *Columbia*. It provides National Guard and reservists with a tax deduction of up to \$1,500 for transportation, meals and lodging to attend required meetings. This bill also makes tax-free the full \$6,000 death gratuity paid to survivors of members of the armed forces killed in the line of duty. The measure also exempts from taxable income amounts received under the Department of Defense's Homeowners Assistance Program, which provides payments to certain employees and members of the armed forces to offset the adverse effects on housing values resulting from military base realignment or closure.

The bill also provides National Guard and reserve members as "above-the-line" tax deduction, that is, taken directly from gross income before any itemized or standard deductions for overnight transportation, meals and lodging expenses for member who travel more than 100 miles from home to attend National Guard and Reserve meetings. Under this bill, a member could deduct up to \$1,500 in connection with their service.

I am pleased that this bill waives income tax liability for the year of death and the year prior to death for astronauts who die in the line of duty.

Under current law, the time for filing tax returns, paying taxes and other Internal Revenue Service requirements is generally suspended for anyone serving in a combat zone during the period of combatant activities. This bill applies the suspension of tax-filing rules to person deployed outside the United States away from their permanent duty station while participating in an operation designated by the Defense secretary as a "contingency operation" or that becomes a contingency operation. This is defined as a military operation designated by the Defense secretary as one in which members of the armed forces are, or may become, involved in military actions, operations or hostilities against an enemy of the United States. This provision will help our armed forces serving in Iraq.

This legislation provides tax relief to the members of our military. Our soldiers are on frontlines, and now as the war with Iraq continues, we are calling upon these men and women to make even greater sacrifices. This bill represents a compromise between the House and Senate versions in order to avoid a conference. I support this legislation to provide immediate tax relief to the members of our armed forces and our veterans.

Studies have shown pay rates in the military consistently lag behind comparable jobs in the private sector. I believe that this legislation would help military families as they struggle like so many to pay basic expenses.

The provisions in this legislation would provide tax breaks on home sales, travel expenses, and death benefits. We have ample tax benefits for corporations, it is time to help

our officers and enlisted soldiers in the armed forces.

Now more than ever, it's important to support America's top-notch armed forces. I've always believed that in order for Americans to enjoy the freedom that characterizes our country, and for Texans to be able to fully enjoy the natural beauty and resources of our state, it is crucial for the citizens of the nation and our state to feel safe.

To achieve this goal, it's vital that we keep America's armed forces strong. Throughout the years, I've fought for funding to constantly improve the quality of defense-related activities in my state of Texas.

The importance of national defense is increasing every day, and I will continue to support our armed forces—they are the young men and women on the front lines who are called to sacrifice for this great nation and to preserve our Constitutional protections and liberties.

I urge my colleagues to support this bill. Thank you.

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

The SPEAKER pro tempore (Mr. BASS). The question is on the motion offered by the gentleman from California (Mr. THOMAS) that the House suspend the rules and pass the bill, H.R. 1664.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

#### EXPRESSING SENSE OF CONGRESS REGARDING REFORM OF INTERNAL REVENUE CODE

Mr. THOMAS. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 141) expressing the sense of the Congress that the Internal Revenue Code of 1986 should be fundamentally reformed to be fairer, simpler, and less costly and to encourage economic growth, individual liberty, and investment in American jobs.

The Clerk read as follows:

H. CON. RES. 141

Whereas the Internal Revenue Code of 1986 is overly complex, and imposes significant burdens on individuals, businesses, and the economy;

Whereas the complexity of the Internal Revenue Code of 1986 makes the Code extremely difficult and costly to administer and to comply with;

Whereas recent reports estimate that 1 in 4 Americans are out of compliance with the Code and that the Internal Revenue Service provides the wrong answer nearly half the time through its telephone information program;

Whereas in 2001 the Internal Revenue Service spent \$8,900,000,000 to administer the current system while American taxpayers spent an estimated \$135,000,000,000 and 3,000,000,000 hours, more than a full day for each return, to comply;

Whereas the Code imposes multiple layers of taxation and hides the true cost of taxes in the price of goods and service;

Whereas the Code penalizes investment, discourages the flow of capital into our do-

mestic economy, drives businesses to consider moving investment and jobs to foreign locations, and disadvantages domestically produced goods and services in international markets;

Whereas the Code disincentivizes work, savings, and investment by individuals and families;

Whereas the Code is riddled with decades of loopholes, special interest exemptions, and contradictions which make the Code confusing, costly, and unfair;

Whereas the Department of the Treasury estimates that approximately \$70,000,000,000 in taxable income remains untaxed in offshore accounts;

Whereas on April 13, 2000, the House of Representatives passed, by a vote of 229 yeas and 187 nays, House Resolution 4199, calling for replacement of the Internal Revenue Code not later than December 31, 2004; and

Whereas the most recent Economic Report of the President states that "the current tax system also causes households and businesses to rearrange their affairs in a number of ways that make poor use of economic resources, leading to substantial economic waste and, ultimately, reducing real incomes": Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring)*, That the Congress—

(1) encourages and supports a national debate on fundamental reform of the Internal Revenue Code of 1986;

(2) agrees with the most recent Economic Report of the President which identifies reducing complexity, improving economic incentives, and achieving fairness, as key objectives of fundamentally reforming such Code; and

(3) as part of this national debate, will begin a series of hearings to examine the case for, and the possible options for, fundamental reform of such Code.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. THOMAS) and the gentleman from Washington (Mr. MCDERMOTT) each will control 20 minutes.

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

Mr. THOMAS. Mr. Speaker, I yield my time to the gentleman from Georgia (Mr. KINGSTON), sponsor of the concurrent resolution, and ask unanimous consent that the gentleman from Georgia control the balance of the time.

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

There was no objection.

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

I rise today as millions of Americans are spending billions of dollars and countless hours trying to comply with the monster we call the IRS code. We all know it is that time of year when we should have done what we promised last year, that we would even do it in mid-January; but somehow all the stuff that we need did not come in the mail, the dividend accounts and all the data that we need, and we know we are supposed to put it together, but we just do not do it. So we postpone it. And now here we are almost on April 15, that dreaded day on the American calendar that we all have to pay our income tax, and we just cannot stand it.

So all over the country right now people who would rather be doing other

things are trying to figure out how much do I owe my favorite Uncle Sam. And they are sitting around trying to fill out these forms, and they cannot do it, and so many times they have to go to an accountant or a lawyer to get opinions, and it is even said often when one goes to two or three different accountants or lawyers and give them their tax information, usually they will come up with a different number which one needs to pay. So that is confusion even on the experts' part.

But in 2001 the American taxpayer spent over \$135 billion just trying to comply. I want Members of Congress to think for a minute what would we do if we had another \$135 billion in the budget that we could use for education or for Medicare, for health care, for the war effort, for rebuilding Iraq or Afghanistan or so many other things. The irony is it is certainly not our money. It is the taxpayers' money, and we would not even be entitled to that money. It would be \$135 billion in the economy that consumers would control; but, instead, it is, in fact, a hidden tax because if I have to spend \$200 or \$300 on an accountant figuring out what I owe Uncle Sam, then that \$200 or \$300 is a mandatory payment of taxes.

We spend over 3 billion hours filling out form. That is 1 full day for every single tax return. I was giving a speech the other week to a leadership Georgia group about volunteerism and was proud to report that there are something like 94 million Americans who volunteer 4 hours a week, and it is worth millions and millions of dollars and billions of dollars to the economy if we figure it at \$14 an hour. But the reality is these 3 billion hours do not help children. They do not help drop-outs. They do not help confused pregnant teenagers. They do not help senior citizens and all the other groups who could use some volunteer labor. It just goes to Uncle Sam. The IRS itself spent \$10 billion just trying to enforce this very complicated system.

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

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

This is, as I said, the second act in the Republican tax follies. This is the one that is the longest-playing act in this town. They have been talking about tax simplification since they took over. Since 1997 to today, they have added 293 Tax Code provisions that required 515 rule changes, that everybody has to understand they have added 2 hours to filling out their tax form every year. By 2010 there are going to be 35 million people who are going to have to figure their tax twice because of the alternative minimum tax. So these are the people who say we want tax simplification, and they come out here every year and add more complexity to this whole business.

I read this resolution. It says one out of four taxpayers are not in compliance

with the tax laws. The facts are that wage earners, the ordinary citizens of this country, 98 percent of their income is reported and 85 percent are in complete compliance with the law. The former IRS Commissioner, Mr. Rossotti, said in his departure speech, the most serious noncompliance areas are promoters of tax schemes of all varieties, the misuse of devices such as trusts and offshore accounts to hide or improperly reduce income.

The average guy working in an automobile plant is not setting up a trust, does not have any money invested offshore. He is not using abusive corporate tax structures. He is not under-reporting, as high-income people do, and the accumulation of failure to file and pay a large amount of employment taxes, these are the people who are not in compliance with the law. The average taxpayer has been waiting for that taxpayers' bill of rights they have been promising them. And of course the Republicans fell to fight among themselves upon that issue; so they could not even bring that out here. They have been promising it for weeks and weeks and weeks, and it ought to come out. April 15 is almost here. But, no, they are going to bring this foolishness out here.

This reminds me of that story of the Methodist minister who was sick and they had a board of deacons meeting come together and they had a long discussion about what they should do about the minister's illness. Finally, by a vote of four to three with 25 abstentions, they voted to write a letter to the minister urging him to get well. This is a get-well letter to the tax structure from the people who make it complicated.

Why do you not stop putting this nonsense out here? We have had Speaker and Committee on Ways and Means chairman after Speaker and Committee on Ways and Means chairman talk about the fact that we are going to have a simpler tax structure. I remember Mr. Armey, we are going to pull it up by the roots. You have never put a single bill out here. Eight years of talking and sending these letters urging the tax structure to get well. Come on, guys. Let us stop this nonsense.

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

□ 1830

Mr. KINGSTON. Mr. Speaker, in the spirit of what my friend from Washington had requested, I yield such time as he may consume to the gentleman from Georgia (Mr. LINDER), to explain a solution to the problems of the onerous Tax Code.

Mr. LINDER. Mr. Speaker, there is simply no doubt that what we are talking about is follies, but the follies are a 45,000-page Tax Code. The Internal Revenue Code has made criminals of us all, and it is time for it to go away.

There is a bill replacing the current code, H.R. 25, that would abolish the

entire IRS and all the Internal Revenue Code and replace it with a simple, straightforward retail sales tax.

We have spent \$22 million in the last 7 years with economic and market research, and a study out of Harvard says, Dale Jorgenson, who was at the time the head of the Economics Department at Harvard, concluded that, on average, 22 percent of what you pay for at retail is embedded costs to the current code, which is to say you pay every company that has touched that product, their payroll taxes, their income taxes and their accountants and attorneys to avoid the taxes.

It has been estimated that in 2001 Americans spent \$250 billion just complying with the code, and that was only the estimate of the man-hours it would take to fill out the paperwork. That did not include the tens or maybe hundreds of billions of dollars that corporate America spent just calculating the tax implications of a business decision. And in 2001, after spending a couple of hundred billion dollars complying with the code, corporate America sent in to the government \$187 billion. This is not an efficient system for gathering revenues.

We need to start with a truth: There is not a mechanism for a business to pay a bill other than through price. The only way to pay the light bill, the labor bill and the tax bill is through price, and your customers pay it; and the only taxpayers in the world are consumers, who actually consume the product and all the embedded costs therein.

So if we have a price system that has a tax component that is 22 percent of the price system, we ought to fix it. If you abolish the code and replace it with an embedded 23 percent, your cost of living goes up 1 percent, but you get to keep your whole check. Nothing is taken out for payroll taxes or income taxes, and every American becomes a volunteer taxpayer, paying taxes when they choose, as much as they choose, by how they choose to spend.

We also have a provision in the bill that would rebate to every household, rich or poor, we are not going to know how rich they are, we are not going to have that number; it would rebate to every household a check at the beginning of every month sufficient to rebate the entire tax consequences of spending up to the poverty line. For a household of one, that is \$9,500 a year. For a household of six, it is about \$30,000 a year, which is to say, a household of six could spend \$30,000 with no tax costs at all.

If you get the tax component out of the price system, you increase the purchasing power of everyone at or below the poverty line by 22 percent.

What will happen to our economy? We have studies that say the exports go up 26 percent in the first year. We have studies that say capital spending goes up 78 percent in the first year. We know a study taken from 1945 to 1995 shows that real take-home wages increases in exact correspondence with

increases in capital spending, because it makes them more productive and they get to take home the money.

When Bill Archer was here and chairing the Committee on Ways and Means, he had cited many times a study done by Princeton Econometrics of 500 European and Japanese international firms, and the question was asked to their leadership, what would you do in your long-term planning if America eliminated all taxes on capital and labor and taxed only personal consumption? Eighty percent said they would build their next plant in the United States. Twenty percent said they would relocate to the United States.

We have been bickering about companies relocating their mailboxes overseas to save taxes. Some years ago we complained about rich people moving to Ireland and giving up their citizenship. Those people would be flocking to our shores. We would have a problem finding workers for all the manufacturing jobs.

It is time for us to take a hard look at what we have created. The tax we have today is the flat tax on incomes, 90 years later. It started out at a single rate on the upper 2 percent, and look what it has become.

We ought not worry about punishing people who are successful. They are going to spend more money and they are going to pay their share. The single biggest reason people escape the Tax Code is bankruptcies, and quite frankly, they can still bankrupt. But if they buy a loaf of bread, they are going to pay for their share of government.

We do not know how large the underground economy is. We simply do not know. But if you want to see it, go to your regional banker any Friday afternoon at 4 o'clock and watch the contractor come out and pay off his subs in cash, and every banker in America will come out and shake his head and agree with that.

This simplified, voluntary tax system would raise the same revenues as the current system, but more important than anything else, it would make every taxpayer a voluntary taxpayer, and it would give every American in a free society the privilege of anonymity. No one should know as much about us as we know about the American citizens. No one should know that.

So this is not pie in the sky. There is a proposal that would replace the current system. It has been looked at by economists all over the country. It has been looked at by people in the last administration favorably and in the current administration favorably, and we just need to take the huge step to make it happen.

To those who are concerned about who pays, the rich or poor, let me say that the bill that is going to come due on the young working generation is the payroll tax. It is going to eat up working America, and this fixes that. It removes the payroll tax and collects the money out of the sales tax. It saves So-

cial Security in 13 years by doubling the revenues to those categories by just doubling the size of the economy.

Last, let me say to my liberal friends, this is a tax on accumulated wealth. You ought to love this. Because if you paid taxes on the money you earned and you paid taxes on the capital gains when you sold the business and you paid taxes on the interest you earned, we are going to tax you one more time when you spend it.

Last, to those who have accumulated wealth, it is simply this: You are already paying this. It is just hidden. You are already paying this tax. Let us make it honest. Let us have a tax system that is fair, that is understandable, that is voluntary, that is neutral between industries, neutral between businesses and neutral at the border. The fair tax does it, and this is a great opportunity to talk about it.

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

Mr. Speaker, before I yield to my colleague from Massachusetts, I would point out that the gentleman from Georgia has introduced a bill called the Fair Tax Act. We submitted it to the Joint Committee on Taxation, that is a joint House and Senate committee, everybody agrees that it is balanced, Democrats and Republicans and all that sort of thing, and they came up with the fact that this flat tax that we are talking about here, the rate would have to be at 59.5 percent.

That means if you buy a Coke, suddenly the Coke is \$1.60. If you buy a hamburger and it is \$2, you are going to have to pay \$3.20 for that hamburger. This goes onto health care, this goes onto pharmaceuticals, it goes onto everything, not just things you just choose; that is, everything you buy, you have to pay 60 percent taxes.

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

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

Mr. LINDER. Mr. Speaker, would the gentleman admit that the Joint Tax Committee made presumptions and assumptions that the bill would not pass as written, and so they changed it to the way they thought it would pass and changed the numbers entirely?

Mr. MCDERMOTT. Mr. Speaker, reclaiming my time, no, I would not admit that at all. This is the letter they put out, and they are standing by this.

Mr. LINDER. They also presumed the bill would not pass as written.

Mr. MCDERMOTT. Mr. Speaker, reclaiming my time, I know, you fired the lady that wrote this. You got rid of her. So I know that that is probably why you got rid of her.

Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts (Mr. NEAL).

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

Mr. Speaker, I do not know if this is more this evening about amnesia or

cranking out a press release for April 15. When you listen to these folks, they talk about changing the Tax Code. They have now been in charge since 1994. We are no closer to changing the Tax Code today than we were in 1994. But we were told we were going to pull the Tax Code up by its roots, we were going to drive a stake into the heart of the Tax Code, we were all going to a long funeral procession for the Tax Code.

Well, this resolution today is like their commitment to term limits: You hope that the public is not watching, and you change your position on the issue.

We have an opportunity to do something real about the Tax Code, and we could do it tomorrow, and everybody on the other side knows it, because I share their late-stated interest in closing tax loopholes.

I filed a bill last year that would close the most egregious tax loophole that confronts the American people, and that is for those U.S. corporations who claim their headquarters are really in Bermuda so they can avoid paying U.S. income taxes.

Well, my bill has languished for a whole year despite the fact we have had 186 signatures last year on a discharge petition, 125 bipartisan signatures this year on the bill, and they do not seem to think that there is any speed with which they can act.

Let me give a few names tonight. Here are some of the corporate expatriates who are taking advantage of the Bermuda loophole: Tyco, they avoid paying \$400 million a year in U.S. taxes; Ingersoll-Rand, \$40 million a year in U.S. taxes, and by the way, walk outside and see the machinery that says Ingersoll-Rand on it, where they win contracts with the Federal Government while our troops are overseas in Iraq, and they will not pay their fair share of income taxes while they win these contracts; Cooper Industries, \$55 million a year in U.S. taxes they avoid. How about Weatherford, \$40 million a year in U.S. taxes?

The Joint Tax Committee scored my proposal. We save \$4 billion over 10 years if they would enact an opportunity to close the Bermuda tax loophole.

We hear the majority tonight that is concerned about a code that is riddled with decades of loopholes, but we cannot close this one?

We are going to vote tomorrow on an energy bill which cleverly includes a protection for a loophole. I mentioned earlier there are many who exploit this \$4 billion loophole, but in fact, tomorrow, in that energy bill, they are going to grandfather a whole element that is left, and they think they are doing it in the disguise of tax reform.

The Treasury Department estimates that \$70 billion a year in taxable income remains untaxed in offshore accounts. Sound familiar? Of course, this is what I and 125 Members of this body think we should be addressing. But instead we get a meaningless resolution

and a bill to cement the loophole into law on the same day. Oddly enough, one of those expatriates, by the way, and listen to this one, listen to this one, they currently hold a \$50 million contract with the IRS to help the IRS collect taxes from the rest of us.

Mr. Speaker, the American taxpayer deserves better. There is no reason on Earth why that Bermuda tax bill is not on this floor in front of the American people for an up-or-down vote.

I would suggest this to you tonight: If they put that bill on the floor, there will be a rampage to get to the well to vote for this measure, and there will be at least 300 votes in this House if the Republican leadership would let the bill come up.

Close the Bermuda tax loophole.

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

Mr. Speaker, I just want to say, if we could get rid of the current Tax Code, we could get all those companies back.

Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. DELAY), the distinguished majority leader.

Mr. DELAY. Mr. Speaker, I might say to the gentleman from Massachusetts, that he is making our case for us. The reason that all these companies are leaving our shores is because the Internal Revenue Code is unfair, it is incomprehensible, it is broken, and it needs to be fixed.

□ 1845

Since 1955, the text of the Internal Revenue Code has increased 472 percent to nearly 1 million words. The Code costs almost \$9 billion for the IRS to administer, and it costs Americans more than 5 billion hours and \$244 billion just to comply with it.

For some perspective, let us consider those numbers amount to 2.7 million people or five full congressional districts working full-time just to fill out the paperwork for the IRS. It taxes income when it is earned, spent, invested, and even after death when it is left to loved ones. All of these factors slow down our economy, wasting the valuable time of the American people.

In short, our Tax Code is a giant, ugly mess that only a jumble of lawyers, politicians, bureaucrats, and committees could love.

We need a tax system that is fair and supportive of American workers and one that does not penalize people for working hard and saving for their family's future.

We have taken important steps with the tax bills we have passed over the past 2 years, or over the past 8 years. We can take another this year by passing the President's proposal, including an end to the unfair double taxation of dividends.

This commonsense move would simplify the law and bring us closer to reforming the Tax Code once and for all, and I look forward to working with my colleagues to finish the job.

I just want to thank the gentleman from Georgia for introducing this reso-

lution, and I urge my colleagues to support it.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentlewoman from Cleveland, Ohio (Mrs. JONES).

Mrs. JONES of Ohio. Mr. Speaker, I would like to thank the gentleman for yielding me this time, and I thank him for the opportunity to be heard on this issue.

Mr. Speaker, today in our hearing before the Committee on Ways and Means, one of the speakers said, Well, what are you talking about? The Congress is the board of directors. If the Congress wanted to change the law, the Congress could do so. In fact, he said, we could change the health care issues; we could change the Medicare programs. So I am asking the question, Why, if we are the board of directors, are we "expressing the sense of Congress" instead of doing the job of Congress and making a change?

Mr. Speaker, I am clear that my constituents would say to me, keep the "sense," meaning S-E-N-S-E, and give me a prescription drug benefit for senior citizens. Keep the "sense" and fund No Child Left Behind. Keep the "sense" and improve our economy. Keep the "sense" and maybe all the money that we are talking about that is collected by the IRS could, in fact, pay for the war in Iraq, pay for the fact that there are seniors out there who need a prescription drug benefit, pay for the fact that their children, the best investment we can make in this country that will pay for generations and generations and generations, we ought to do that.

I want to respond just on one thing. I have been a vocal advocate for not allowing the dividend tax cut, and the reason I have been an advocate is because the dividend tax cut will have a significant impact on low-income housing. And while we are talking about low-income housing, keep the "sense" and build enough housing so people can, in fact, have a safe place to live in a decent neighborhood with their families.

Mr. KINGSTON. Mr. Speaker, it is my proud opportunity to introduce the gentleman from Indiana (Mr. CHOCOLA), and I yield 2 minutes to him. He is one of our distinguished freshman Members.

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

Mr. Speaker, I came to Congress from the business world; and I would like to share briefly a real life experience, a real life story on the implications of our Tax Code. The smartest person I ever met in my business career was a man named Gerry Shivers. Gerry Shivers is an accountant. He works for a big accounting firm in New York, and every time our business ever even thought about entering into a transaction of any kind, we would have to call Gerry Shivers up on the phone and ask him, how do we comply with the more than 17,000 pages in our Internal

Revenue Code. Every time we called him, it cost us thousands and thousands of dollars. Instead of paying those thousands of dollars to Gerry Shivers, we could have been investing in new equipment, we could have been investing in research and development, we could have been investing in our markets, and we could have been creating jobs.

So, Mr. Speaker, it is time that we give Gerry Shivers a new job. It is time that this very intelligent man has a more productive life in our economy. It is time to simplify the Tax Code that no one truly can understand and comprehend, and it is time to put the billions and billions of dollars we spend every year on these costs to building our economy and creating jobs.

Mr. MCDERMOTT. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, I was just down here because the next bill is one I am managing dealing with Cyprus and international relations; but in a former life, I headed the second largest tax agency in the country, and that is why I thank the gentleman from Washington for yielding me this time this evening.

This resolution calls for a fundamental review of our tax system; but no speaker has mentioned the most unfair, egregious, and unproductive tax of all, and that is the debt tax. Tomorrow, we will bring to this floor a budget resolution which will put us on target and may even be honest enough to express this in exact numbers, to tell us that we are on target for an \$11 trillion Federal debt. Imagine the effect that has on our economy. Imagine the effect that has on interest rates and on what our children will be paying one way or another. Surely we should close the Bermuda loophole.

But what concerned me most was when the majority leader himself came down here and addressed the issue of those U.S. corporations that want to contract and do business with our Federal Government while renting a hotel room in the Cayman Islands and claiming to live there. He came here to justify and protect and court and woo those tax trader corporations back to the United States with a plan; and that plan, as the gentleman, I believe from Washington, pointed out is to tell working people that when they buy a \$1 can of cola, they should pay an extra 60 cents so that the corporations do not have to pay anything so that they can come back from the Cayman Islands. I welcome in depth congressional hearings on such proposals.

Mr. KINGSTON. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BURGESS).

Mr. BURGESS. Mr. Speaker, I thank the gentleman from Georgia for yielding me this time.

Mr. Speaker, Albert Einstein once said, "The hardest thing in the world to understand is the income tax." If we look at today's Tax Code, it is easy to

see his genius. The cost of the current income tax system in both time and dollars is just too high.

Consider this: each year Americans spend 6.1 billion hours preparing their tax forms, and businesses spend 800 million hours complying with the Tax Code. In 2001 alone, Americans lost \$183 billion in opportunity costs which were calculated at \$30 an hour. Those are costs that people spend working on taxes instead of working on money-producing activities for themselves.

Two-thirds of Americans think the income tax system is too complex. We need a simpler system for all Americans to understand. Taxpayer phone calls to the IRS help line doubled during the 1990s from 56 million to 111 million, even though the number of taxpayers only grew by 12 percent.

The Federal tax rules are over 45,000 pages in length, which is double the number of pages since the 1970s, including the full Tax Code, the IRS rules and regulations, and tax court rulings. The average taxpayer spends over \$1,800 per household in compliance costs. In other words, that taxpayer must work 6 days per year just to pay for the cost of preparing his or her taxes for that year.

Valuable resources are being lost to taxes, resources that could be used for productive, job-creating economic behavior, or for spending time with our families. As my colleagues can see, the costs imposed by our tax system are just too high.

Today I rise in support of H. Con. Res. 141 and strongly urge my colleagues to join in a national debate about the problems of our current tax system and the need for fundamental reform.

Mr. McDERMOTT. Mr. Speaker, I yield myself such time as I may consume just to finish up.

We have a tax structure, and we are all going to vote for this foolishness; and I would suggest to the Clerk of the House that you not throw these resolutions away, because you can just bring them out again next year. We will be back here at the same old place with the same old tired rhetoric. They will not have done anything more about this issue than they have this year. So I think we could at least save a little money by not reprinting this kind of nonsense.

We passed a tax bill last spring; and I do not remember the exact figure, but something like 75 percent of the benefit went to people who make more than \$100,000 in this country. Now, if that is a fair tax structure, I will be darned. I mean, I have to relearn the meaning of fairness. The whole idea of a tax structure is to pay on one's ability to pay.

Ideas like the gentleman from Georgia (Mr. LINDER), who comes out here with a sales tax, the idea being that we will put a sales tax on everybody and that will be fair. Of course, ordinary people have to buy food and clothes and medicine and gasoline and a whole

bunch of things; they do not have any choice whatsoever. So they have to pay the tax. Rich people, well, of course, they have to buy food and gas and medical care and whatnot; but all of the rest of the money they earn, they do not pay any taxes under that kind of a structure. That is not fair. Everybody knows it. That is why we can never bring that thing out here seriously and debate it on the floor. You would get eaten alive in the press when the American people figured out what you are talking about.

I know what my colleagues are doing today; they are really laying the groundwork for their press releases. We will all leave in a couple of days and you all have to have your April 15 press release: "I voted to change the unfair tax structure. I was working in Washington all last week trying to change the unfair tax structure that is burdening my constituents" and other silliness that will be in the papers.

This is not going to do anything, everybody knows it will not do anything, and it is not going to make anybody do anything. We are just sending another letter to the minister telling him to get well.

I see the gentleman from Wisconsin (Mr. RYAN) is here. He has a great chart that is too small for anybody to read, but we are going to put it up anyway; and we will go through with this so we can get out of here. So I want the gentleman to have his press releases. Are the gentleman's press releases related to that?

Mr. RYAN of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. McDERMOTT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Speaker, I will explain the chart so the gentleman from Washington can understand it. Even if he cannot see it, I will explain it all to him.

Mr. McDERMOTT. Mr. Speaker, I thank the gentleman. I appreciate that. Explain it to my mother who is watching this, will you? Because she really wants to understand how this fair tax structure, when she is living on Social Security, why she has to pay a 60 percent sales tax, because I have no idea. For all of the people living on Social Security, if the gentleman from Georgia (Mr. LINDER) succeeded, they would get a 60 percent flat tax on everything they bought. It is so nonsensical, I do not know how my colleagues can stand out here with a straight face and offer it up here.

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

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Mr. KINGSTON. Mr. Speaker, I yield 3½ minutes to the gentleman from Wisconsin (Mr. RYAN) so he can explain these charts.

Mr. RYAN of Wisconsin. Mr. Speaker, I thank the gentleman for yielding time to me. Mr. Speaker, these are not sales tax charts, by the way, I say to the gentleman from Washington. Let

me explain what these charts do in a second.

We are here to talk about tax reform. We are here to talk about, can we have a better way of raising revenue for the government without doing so much harm and damage to our economy, to the daily lives of individuals and to the businesses and job creation in this economy.

There is an issue that is also important, not only to mention the fact that our Tax Code consumes so many hours of preparation, wastes so many trees, and the fact that it is just so large; but it also inhibits our competitiveness globally. Where we work on the Committee on Ways and Means, we are experiencing this on a day-to-day basis.

But the point that I want to make here today, the reason we need to reform our Tax Code is not just to make it easier for people to keep more of the money they earn, but to make it simpler, to make our Tax Code less punitive.

Let us take it for a fact, the Tax Code punishes all the qualities that make America great. It penalizes us if we get married, it penalizes us if we want to have kids, it penalizes us if we have a small business, it penalizes us if we save, it penalizes us if we invest, it penalizes us the more we work and the more successful we become. These are things we should not be penalizing in this country; we should be rewarding those things in America.

Where it really is arrogant is in the fact that we are losing jobs to foreign trade every day in this country. When we look at our Tax Code, and this is what this chart goes to, if we look at the effective top central and local corporate rate, meaning how much do we tax businesses in this country, if we look at the entire industrialized world from Ireland on up to Japan and every other industrialized nation in the world, the United States has tax rates on business income that are higher than any other industrialized country in the world except for Japan. Japan is in their second decade of recession.

If we take a look at just the tax rates on capital, and what I mean when I say "capital", that is investment, that is plant and equipment, that is expansion of businesses, that is capital. When we take a look at the tax rates on capital such as the tax rates on dividends, that tax rate is the second highest in the world except for Japan, again, a country that is in its second decade of recession.

So when we sit here and tax capital, when we sit here and tax our businesses at not 20 percent, not 15 percent, but at an effective tax rate of over 35 percent in America, we are taxing jobs overseas.

More importantly, what is also harmful with our Tax Code is, unlike our industrial competitors, we tax our income on a worldwide basis. Not only do we have the second highest tax rates in the world, we tax all worldwide income made by U.S. companies at that higher

rate. If you are an American company making money in Ireland, a country with a corporate tax rate of 17 percent, you are going to end up paying that U.S. tax rate of 35 percent, whereas it will be much less for France or England.

Mr. Speaker, we are losing jobs because we tax our companies and businesses more than anybody else does. We tax them overseas. What happens? Foreign companies are taking over U.S. companies, pushing income and jobs overseas.

We need to lower our tax rates, we need to fix our Tax Code and make it more efficient so we can keep jobs here at home.

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

The SPEAKER pro tempore (Mr. BASS). The gentleman from Washington (Mr. MCDERMOTT) is recognized for 3½ minutes.

Mr. MCDERMOTT. Mr. Speaker, I appreciate the erudite lecture on the tax structure of the gentleman from Wisconsin (Mr. RYAN). I know he sits on the Committee on Ways and Means, and he knows we have not had a single hearing on any kind of tax reform bill the whole time he has been on the committee.

It is good to come out here and send these letters to the Congress. I do not know who this Congress is. When we send the sense of the Congress, where do these go? Do these go to the leadership or somewhere, or up in the air, or over to the Senate?

Mr. RYAN of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. MCDERMOTT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Speaker, I would tell the gentleman, we have had hearings in the Committee on Ways and Means. We have had hearings in the Subcommittee on Select Revenue Measures on tax reform ideas.

Mr. MCDERMOTT. I would ask the gentleman, Mr. Speaker, when are they going to bring something to the full committee? I do not sit on that subcommittee.

Mr. RYAN of Wisconsin. Well, in the subcommittee we had a lot of hearings.

Mr. MCDERMOTT. Mr. Speaker, I take back my time. I appreciate the gentleman's point.

The last tax we had last year, the one they have been running their elections on, the Urban Institute says that if your income is between \$30,000 and \$40,000, that is the average income in this country, the tax cut was \$339. Households with over \$1 million get an average tax cut of \$90,000. Sixty-eight percent of households in this country get a tax cut of less than \$500.

If you are a typical elderly family with an income between \$20,000 and \$30,000, you get 89 bucks. That is an unfair tax structure. They made it worse. If they have their way with this \$700 billion nonsense that they are trying to push in this session, they will make it even worse, because they will saddle

our kids with debt and give all the money to people on the top.

Now, I agree, this is a great thing. I wish we could get somebody, when we send this sense of the Congress, it would actually get to somebody who could actually do something, maybe the Speaker's office, maybe the majority leader's office. Mr. Arney used to talk about it, but he never brought a bill here. Maybe the new majority leader would bring us out something we could vote on. It would be real nice to have a debate on an actual piece of legislation, so we could understand what it was really going to do.

Mr. Speaker, I urge all my Members to vote for this, because we all want a more fair tax structure.

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

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

Mr. Speaker, I want to say to my friend, the gentleman from Washington (Mr. MCDERMOTT), whose mother is watching him tonight, that she knows her own son. However, the IRS would define "child" five different ways under the current code. I know she is with us and appreciates the gentleman's "yes" vote.

This bill supports this hearing, this bill supports that debate. It is my hope that we can get those of us who may or may not be on the right committee to introduce our bills.

I am hoping that the Democrat Party will introduce a bill. To my knowledge, and I have been up here 10 years, I have never seen the Democrat Party introduce tax simplification. We have gotten a lot of criticism. I would like to see some of their solutions. Maybe we can do some bipartisan things together.

The criticism about the length of this debate is valid, but we have spent a lot of time preserving Social Security and Medicare and reforming education. These things do, unfortunately, take decades to accomplish. Welfare reform, which we passed in 1996, actually was debated for 30 years before we actually got reform on it.

I do not want this to be 30 years, Mr. Speaker. I am hoping that Members of Congress can use this resolution as a vehicle to encourage debate within this body, within this town, within the other body, within the executive branch, to bring the tax simplification debate forward.

I ask Members to put their ideas on the table, whatever it is, Democrat Party, Republican Party, Independents, flat tax, sales tax, simplifying the current code. Let us do something, because what we have right now is not working.

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

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Georgia (Mr. KINGSTON) that the House suspend the rules and agree to the concurrent resolution, House Concurrent Resolution 141.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

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

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON S. 151, PROSECUTORIAL REMEDIES AND TOOLS AGAINST THE EXPLOITATION OF CHILDREN TODAY ACT OF 2003

Mrs. MYRICK (during consideration of H. Con. Res. 141), from the Committee on Rules, submitted a privileged report (Rept. No. 108-68) on the resolution (H. Res. 188) waiving points of order against the conference report to accompany the Senate bill (S. 151) to amend title 18, United States Code, with respect to the sexual exploitation of children, which was referred to the House Calendar and ordered to be printed.

EXPRESSING SUPPORT FOR RENewed EFFORT TO FIND PEACEFUL, JUST, AND LASTING SETTLEMENT TO CYPRUS PROBLEM

Mr. BEREUTER. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 165) expressing support for a renewed effort to find a peaceful, just, and lasting settlement to the Cyprus problem, as amended.

The Clerk read as follows:

H. RES. 165

Whereas the United States believed there existed a historic opportunity to bring a peaceful, just, and lasting settlement to the Cyprus problem, which would have benefited all Greek and Turkish Cypriots, as well as the wider region;

Whereas a resolution of the Cyprus problem remains consistent with American values of promoting stability, freedom, and democracy in the world;

Whereas a resolution of the Cyprus problem is in the strategic interests of the United States, given the important location of Cyprus at the crossroads of Europe, Africa, and Asia;

Whereas the United States strongly supports the efforts of the United Nations Secretary General, and his Special Advisor through his good offices mission, to achieve a comprehensive settlement with respect to Cyprus in full consideration with relevant United Nations Security Council resolutions and international treaties;

Whereas a just and lasting resolution of the Cyprus problem, in full consideration of United Nations Security Council resolutions and international treaties, will safeguard the security and fundamental rights of all Greek and Turkish Cypriots;

Whereas the United Nations Secretary General, Kofi Annan, on November 11, 2002, submitted a proposal for the comprehensive settlement of the Cyprus problem, referred to as the "Basis for an Agreement on a Comprehensive Settlement of the Cyprus problem", which he revised on December 10, 2002, and again on February 26, 2003;