

Product Account (“NIPA”) data published by the Bureau of Economic Analysis, U.S. Department of Commerce. In the MEG model, and to the extent possible in the commercial models, Joint Committee staff use the forecast for Federal and State and local government expenditures and receipts forecast by the Congressional Budget Office (The Budget and Economic Outlook: Fiscal Years 2004–2013, January 2003) instead of the NIPA series for these fiscal variables. For purposes of

modeling changes in average and marginal tax rates in the macroeconomic models, the Joint Committee staff use microsimulation models that are based on tax return data provided by the Statistics of Income Division of the Internal Revenue Service (“SOI”).

The Joint Committee staff uses these microsimulation models to determine average tax rates and average marginal tax rates for the different sources of income in each model, and to calculate the changes in these

rates due to the proposal. The tax calculator calculates the change in liability due to the proposal for each record. These changes are aggregated for use in the macroeconomic models according to the different levels of disaggregation in each model. In the aggregations, averages are weighted by the income for each group. The percent change in average and marginal rates due to this proposal are:

TABLE 6.—PERCENT CHANGE IN TAX RATES DUE TO PROPOSAL

Year	Average tax rate on wages	Average marginal tax rate on			
		Wages	Interest	Dividends	Capital gains
2003	-11	-9	-11	-51	-24
2004	-10	-6	-8	-49	-23
2005	-9	-3	-6	-52	-24
2006	0	0	0	-48	-23
2007	-1	0	0	-48	-23
2008	0	0	0	-50	-22
2009	-1	0	0	-47	-22
2010	-1	0	0	-48	-22
2011	-1	0	0	-52	-22
2012	-1	0	0	-50	-21
2013	0	0	0	0	0

To obtain information about the effects of proposals affecting business tax liability, the Joint Committee staff uses a corporate tax microsimulation model that is similar in structure to the individual tax model. This data source for the corporate model is a sample of approximately 140,000 corporate tax returns provided by SOI.

Depending on the requirements of the policy simulation, the corporate model can be run either on a full cross section of sampled tax returns, (i.e., one full year, or on a panel of returns constructed from any combination of tax years in the 1987 through 1998 period). This panel feature is particularly useful in tracking net operating losses and credits that can be either carried back or carried forward to other tax years.

Finally, Joint Committee microsimulation tax calculators are also used to help assess the effect of a tax proposal on the cost of capital because some firms are operating at or near a net operating loss (“NOL”) position, not all of the 50 percent of equipment expenses can be deducted by each firm each year. A key component of the cost of capital is the net present value of depreciation deductions. An increase in the value of the depreciation deduction lowers the cost of capital. The calculated percent increases in the net present value of the depreciation deduction due to this proposal are shown below (the change is different for each of the first three years because of the temporary nature of the bonus depreciation provisions in present law and in the proposal):

TABLE 7.—EFFECTS ON NET PRESENT VALUE OF DEPRECIATION DEDUCTION

Year	Percent change from present law
2003	8.3
2004	9.1
2005	15.4
2006	.005

5. CONCLUSION

The Joint Committee staff model simulations indicate that H.R. 2 would likely stimulate the economy immediately after enactment by creating temporary incentives to increase work effort, business investment, and consumption. This stimulus is reduced over time because the consumption, labor, and investment incentives are temporary, and because the positive business investment incentives arising from the tax policy are eventually likely to be outweighed by the reduction in national savings due to increasing Federal government deficits.

The SPEAKER pro tempore (Mr. GINGREY). Under a previous order of the House, the gentleman from Indiana (Mr. BURTON) is recognized for 5 minutes.

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

(Mr. FILNER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

SUPPORTING JOBS AND GROWTH ACT OF 2003

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. HENSARLING) is recognized for 5 minutes.

Mr. HENSARLING. Mr. Speaker, I rise today in strong support of H.R. 2, the Jobs and Growth Act of 2003. Now that we have won the battle for Baghdad and liberated the people of Iraq from despotism, it is time to win the battle for jobs and liberate the American family from economic uncertainty.

American families need more job opportunities and they need them now. The Democrats’ plan for the American family is the same that it has been for 50 years, tax and spend, tax and spend, in other words, to take a larger slice of the family income pie. Our plan, the Republican plan, is to grow the size of that family income pie by growing the economy. Democrats have a plan to create more government. Republicans have a plan to create more jobs. The Republican plan will create 1.2 million new jobs by the end of 2004. The Democrat plan grows the government and erases tax relief, increasing taxes by \$128 billion, dramatically threatening our economic recovery.

Mr. Speaker, Americans want more jobs, not more government. When eco-

nomical growth occurs, businesses generate greater profits, more people go to work, they get better jobs, and they get better wages. But to encourage individuals and families to risk their time, to risk their savings on that new software idea, a transmission repair shop or any other enterprise, they need tax relief. Our plan provides it.

Mr. Speaker, we have historical evidence that tax relief works. Each time our Nation has significantly reduced income tax rates, economic growth has followed. After President Reagan lowered tax rates in the 1980s, real economic growth averaged 3.2 percent per year and Federal revenues actually increased by 20 percent.

When President Kennedy reduced marginal rates in the 1960s, we experienced several years of 5 percent economic growth.

The same is true of tax relief during the 1920s, where economic growth averaged 4.3 percent. The Democrats criticize the Jobs and Growth Act because they claim tax relief causes deficits. But as I just explained, history shows us that tax relief and business incentives can grow our economy and create jobs. That is the way to fight deficits. And while the Democrats protest job-creating tax relief on the one hand, they want to bust the budget by increasing Federal Government spending by over \$1 trillion on the other.

The tax relief proposed in the Republican Jobs and Growth Plan amounts to just 2 percent of the budget. In other words, 98 percent of the deficit problem is on the spending side, the Democrat side. No Democrat in Congress should be able to look the American people in the eye, claim to care about deficits, yet propose to spend billions and billions more on Federal programs.

The Democrat plan guts the family budget. It is wrong. It is unfair, and does nothing to create jobs. Democrats claim to love jobs. They just seem to hate those who create them.

Now, Mr. Speaker, before becoming a Member of Congress, I was a small businessman for 10 years. And small

business is the job engine of America, creating two out of three new jobs in our Nation. While consumer spending has grown over the last 2 years, total business investment has declined for 8 consecutive quarters. We must reverse this trend.

Mr. Speaker, we cannot have capitalism without capital. Small business needs greater access to capital. Under the Republican jobs and growth package, 23 million small businesses in America would face a simpler, fairer Tax Code. They will benefit from a reduction in marginal income tax rates; they will face lower capital gains and dividend taxes; they can increase the amount of plant and equipment they can expense, all of which will allow them to grow their businesses and hire new workers.

Mr. Speaker, H.R. 2 will indeed create new jobs and jump-start the economy. I urge all of my colleagues to support the Jobs and Growth Act and do the right thing for our economy and do the right thing for our American families.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from the District of Columbia (Ms. NORTON) is recognized for 5 minutes.

(Ms. NORTON addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

#### HONORING HILL T.O.P.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. WICKER) is recognized for 5 minutes.

Mr. WICKER. Mr. Speaker, I rise today to commend a group of remarkable volunteers in my district call Hill T.O.P., which stands for Tupelo Outreach Project.

Conceived by the head of the local FBI field office in Tupelo, Mississippi, Hill T.O.P.'s mission is to meet the physical, spiritual, emotional, and social needs of the people of Tupelo and Lee counties.

Since its formation in 1995, Hill T.O.P. has quickly grown into one of the preeminent youth outreach ministries in the region. Just a few weeks ago, the annual event had teenage workers and adult supervisors at 57 different sites, helping needy families with yard work, clean up, painting, and minor home repairs.

With the idea that "mission work begins at home," the organization started by FBI agent Mark Denham, truly embodies the finest principles of the Golden Rule and the biblical admonition to love thy neighbor as thyself.

Once a year, Hill T.O.P. seeks to provide what may seem simple services to dozens of elderly and less fortunate families in and around Lee County, such as painting a fence or raking a yard. To the recipients, these services would otherwise be financially or physically impossible.

This ministry is a wonderful example of the kind of commitment to community service that, I am proud to say, is evidenced throughout my home State of Mississippi. The work performed by Hill T.O.P. participants, youth and adults, demonstrates the strong volunteer spirit and Judeo-Christian values which lead so many Mississippians and Americans to become involved in activities to help friends and neighbors in need.

The organization's simple focus over the past 9 years has been on team work and serving God. This is probably one of the main reasons Hill T.O.P. continues to attract more enthusiastic volunteers each year. When Hill T.O.P. was started in 1995, Mr. Speaker, volunteers numbered 75 youths, and the group helped eight local families. This year's events included 347 volunteers working on 57 different projects. The volunteers came from different religious denominations, social backgrounds, and races, with more than 35 church youth groups being involved.

Everything Hill T.O.P. contributes to the community is the result of a massive outpouring of generosity and a volunteer spirit which is quite alive and well in our society. Professionals give of their time. Donations come from the wealthy and not-so-wealthy alike. Civic clubs and other organizations provide food, and the list goes on.

Mr. Speaker, this is an editorial about Hill T.O.P., which appeared in the April 25, 2003, edition of the Northeast Mississippi Daily Journal.

The editorial calls the efforts "an amazing pooling of the local volunteerism, inter-church cooperation, and efficient organization."

Mr. Speaker, the editorial reads as follows:

[From the Northeast Mississippi Daily Journal, Apr. 26, 2003]

#### AT THE HILL T.O.P.—AMAZING VOLUNTEER DAYS ACCOMPLISH GREAT THINGS

The unusual number of home repair projects visible to passersby today and Sunday in Tupelo and Lee County grows from the work of more than 400 volunteers involved in Hill T.O.P.—Tupelo Outreach Project.

The annual weekend of building, painting, cleaning, repairing, roofing and other chores places kids and adult supervisors at 57 sites. The work for people physically or financially unable to do it themselves can be as simple as raking yards and as complex as rebuilding porches or installing handicap access ramps.

The project started in one congregation. Now, it involves dozens who share a common understanding that service to others is at the heart of Christian discipleship.

Everything about the weekend is provided without cost to the people given help. Tools and materials used in the weekend are mostly donated, and they are stored in a warehouse funded by the Carpenter Foundation, a major funding source for many philanthropic enterprises in the greater Tupelo area. Many of the adult volunteers bring to the weekend a lifetime of professional skills in engineering, home-building, landscaping, administration, the arts, education, and the health sciences. All their labor and knowledge is freely given.

Behind the scenes, volunteers from many congregations pool their time and talent to

provide food for most meals and snacks for each shift of workers. Outback Steakhouse continues its amazing record of corporate generosity with donation of the Saturday night meals.

Ecumenical worship services sustain the inspiration for the weekend.

The event also has strong support from many civic clubs, Tupelo's banking community, and individuals who make donations. All in all, it is an amazing pooling of local volunteerism, inter-church cooperation, and efficient organization.

Volunteers range from kids in their second decades to seniors in their ninth decade.

Mark Denham is the volunteer director, and Bill Dickson is his chief assistant. The two accomplish in one Hill T.O.P. weekend what some would consider the feat of a lifetime.

Mr. Speaker, I congratulate my friend, FBI agent Mark Denham, for his vision and leadership, and I commend the citizen volunteers of Hill T.O.P. for truly making a difference in the lives of their neighbors.

#### TAX CUT HURTS MIDDLE-INCOME AMERICANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Maine (Mr. ALLEN) is recognized for 5 minutes.

Mr. ALLEN. Mr. Speaker, I rise tonight to discuss the proposed Republican tax cut that will be on the floor tomorrow, and I speak tonight because I know that the majority will not give us the kind of time to debate the issue tonight that the subject deserves.

I want to begin by just saying for anyone in the country trying to follow this debate, it is bound to be confusing and the question would have to arise, What is going on? I hate to say it, but I am afraid there is a good deal of deception in the arguments that are being made to promote this particular tax cut. For example, when the President spoke on April 15, he said that American workers and American businesses need every bit of their tax relief now. He said, a significant part of the benefit from his tax cut package would come within the first 2 years of the plan. He wanted to give Americans, he said, immediate tax relief.

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When we look at the facts, only 6 percent of the tax cuts in the President's package would occur in the current fiscal year which ends September 30. Only 21 percent of the tax cuts would occur by the end of fiscal year 2004.

The White House has also released a fact sheet which says that under the President's proposal to speed up tax relief 92 million American taxpayers would receive, key words, on average a tax cut of \$1,083 in 2003. Once again, the averages do not speak the truth. Eighty percent of the American taxpayers would get less than the average of \$1,000. Forty-nine percent of the American taxpayers would receive a tax cut of less than \$100.

So what is really going on here? It is very clear. If we look at what the Republican majority does and not what