

Virginia reasoned that it could avoid integrating its schools by not having any schools at all. As a result, Prince Edward County closed its schools for several years, Norfolk, Front Royal and Charlottesville also closed some of their schools.

We overcame "massive resistance" and, today, Prince Edward County has one of the most integrated public school systems anywhere. Yet, five decades after Brown, a recent study by the Harvard Civil Rights Project revealed that many students in this country still attend schools and classes that are virtually segregated. So, while we have desegregated public schools, we have not achieved the integration that Dr. Martin Luther King, Jr., envisioned when he dreamed of the day "little black boys and girls will be able to join hands with little white boys and white girls and walk together as sisters and brothers". In fact, the Harvard study data indicates that 70 percent of African American children attend schools that are predominately African American, about the same level as in 1968 when Dr. King died.

So, the struggle for equal educational opportunity continues. The promise of equal educational opportunity envisioned by the Brown decision remains unfulfilled. For example, equal educational opportunity does not occur when one jurisdiction spends substantially more per student than an adjacent jurisdiction because of the relative differences in wealth between the two. Unequal funding resources also results in unequal educational opportunity when you consider studies that show that one half of low income students who are qualified to attend college do not attend because they can't afford to. Another example of the educational inequality is the current debate over publicly financed school vouchers which will provide educational opportunities to a privileged handful, but deprive public schools of desperately needed resources. Also in this vein is the inappropriate use of "high stakes" tests, many of which are culturally biased and, therefore, diminish opportunities for some students based on their ethnicity.

A final important equal opportunity issue in education is the current attack on civil rights in the Head Start program. A slim majority of the members of the U.S. House of Representatives recently voted to weaken the 40-year ban on discrimination in hiring in the Head Start program.

Obviously, we have work to do to complete the promise of the Brown decision and Dr. King's dream for our nation. The upcoming celebration of the 50th anniversary of the decision offers us an opportunity to rededicate ourselves to achieving these lofty ideals.

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

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to the order of the House of Wednesday, May 12, 2004, the concurrent resolution is considered as having been read for amendment and the previous question is ordered.

The question is on the concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. SENSENBRENNER. 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, further proceedings on this motion are postponed.

PERMANENT EXTENSION OF 10-PERCENT INDIVIDUAL INCOME TAX RATE BRACKET

Mr. RYAN of Wisconsin. Mr. Speaker, pursuant to House Resolution 637, I call up the bill (H.R. 4275) to amend the Internal Revenue Code of 1986 to permanently extend the 10-percent individual income tax rate bracket, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 637, the bill is considered as having been read for amendment.

The text of H.R. 4275 is as follows:

H.R. 4275

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXTENSION OF 10-PERCENT INDIVIDUAL INCOME TAX RATE BRACKET.

(a) IN GENERAL.—Clause (i) of section 1(i)(1)(B) of the Internal Revenue Code of 1986 (relating to the initial bracket amount) is amended to read as follows:

"(i) \$14,000 in the case of subsection (a)."

(b) INFLATION ADJUSTMENT BEGINNING IN 2004.—Section 1(i)(1)(C) of such Code (relating to inflation adjustment) is amended to read as follows:

"(C) INFLATION ADJUSTMENT.—In prescribing the tables under subsection (f) which apply with respect to taxable years beginning in calendar years after 2003—

"(i) the cost-of-living adjustment used in making adjustments to the initial bracket amount shall be determined under subsection (f)(3) by substituting '2002' for '1992' in subparagraph (B) thereof, and

"(ii) such adjustment shall not apply to the amount referred to in subparagraph (B)(iii).

If any amount after adjustment under the preceding sentence is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

SEC. 2. REPEAL OF SUNSET.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to—

(1) paragraph (1) of section 1(i) of the Internal Revenue Code of 1986, and

(2) the amendments made by paragraphs (1) and (7) of section 101(c) of such Act.

The SPEAKER pro tempore. After 1 hour of debate on the bill, it shall be in order to consider the amendment printed in House Report 108-483, if offered by the gentleman from New York (Mr. RANGEL), or his designee, which shall be considered read and shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent.

The gentleman from Wisconsin (Mr. RYAN) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House can make the 10-percent bracket permanent for working Americans by passing this legislation, H.R. 4275. The 10-percent bracket was created in the Economic Growth and Tax Relief Reconciliation Act of 2001. It has provided substantial tax relief for low-income workers by taxing the first \$14,000 of married couples and \$7,000 for singles at a 10-percent rate instead of a 15-percent rate. This tax relief was accelerated last year in last year's Jobs and Growth Tax Relief Reconciliation Act. H.R. 4275 would make this tax relief permanent.

If Congress fails to act to pass this legislation, Americans will see their taxes increase starting next year. Without action, the size of the 10-percent bracket will automatically shrink next year, so that more income will be taxed at a higher rate. In fact, the 10-percent bracket will vanish altogether after the year 2010 unless we act today to make it permanent.

□ 1100

If H.R. 4275 is not enacted, 73 million tax filers will see a tax increase starting next year. The effect will be particularly acute after 2010 when 123 million tax filers will see an average annual tax increase of \$500.

It is worth noting that more than 20 million of these returns are low-income taxpayers and families who have all of their income taxed at this lower 10 percent rate. The public deserves a solid, dependable Tax Code that provides incentives and lets working people keep their money for their own needs. The 10 percent bracket provides such an incentive, one we can and should make permanent by passing this legislation.

Mr. Speaker, it is important that people know what taxes they are going to face in the future. By having all of these uncertainties in the Tax Code, not knowing whether you are going to be in the 10 percent bracket next year, the 15 tax percent bracket next year, it makes it difficult to budget for the future.

We are talking about the taxpayers who can least afford to have a big tax increase going from 10 percent to 15 percent on their incomes next year, let alone not having the knowledge of knowing whether or not this is going to happen. It is very important, Mr. Speaker, that families know what lies ahead, that businesses know what lies ahead, and let us all remember that two-thirds of businesses in America file their taxes as if they were individuals, not as corporations, but as pass-through entities where they file on the individual rate. Making sure that small businesses, which produce 70 percent of the jobs we have in this country and low-income taxpayers know what lies ahead in the Tax Code is very important to make sure that we sustain the economic recovery we are now engaged in.

Mr. Speaker, largely because of the tax cuts that this bill enacted, largely

because of the full implementation of the tax rate reductions that occurred just this last July, our economy has taken off. Just since last August, this economy, by the most conservative estimate, has produced 1.1 million jobs. In fact, since January 1 of this year, this economy, by this most conservative payroll estimate, has produced 881,000 jobs. This is no longer a jobless recovery; this is a recovery that is producing good jobs.

Even the manufacturing sector, which is so near and dear to my heart because it is such a big issue in Wisconsin, is producing jobs. The reason we are producing jobs in this economy is because people get to keep more of their own money to spend as they see fit. Businesses are reinvesting, rehiring people. The economy is working, and we cannot snuff out this economic recovery by yanking out the tax relief that was so instrumental in getting us onto the path of growth that we are on today. That is why I urge passage of this bill.

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

Mr. BECERRA. Mr. Speaker, I ask unanimous consent to claim the time of the gentleman from New York (Mr. RANGEL), the ranking member of the Committee on Ways and Means, for the managing of the time on this side of the aisle.

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

There was no objection.

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

Mr. Speaker, we have before us another proposal which in this case I think every single Member of Congress would like to step up to the plate and say we need to do something like this. We have a tax system where oftentimes folks who work very hard, those who are striving and obtaining middle-class status, sometimes find they are paying more taxes than people earning 10, 20, 100 times what they are. That seems very unfair, and it is very unfair.

When we have a tax proposal which actually reduces taxes by starting at the bottom, by taking the lowest tax rate and giving a tax break there, you guarantee giving a tax cut to everyone, not just those who are very wealthy, but those who are middle income and those who are of modest income. If you start at the bottom tax bracket, everyone will fall into that bracket, whether rich or poor.

So when we look at this particular proposal we have before us, H.R. 4275, from the onset we want to say, let us do something like this because it helps all of America. And so we should be able to say let us do this because it helps all of America. The difficulty is while we should do something like this, this bill, H.R. 4275, does not help all of America.

What is worse is if I can tell Members that those who are not helped are those in the middle of America, Members

would be most surprised. Members would think perhaps it does not help everyone because we avoid giving the very wealthy, who got tremendous tax relief from previous tax bills that the President proposed, it would be unfair to pile on top of the more than \$130,000 in tax cuts they have received in the last couple of years even additional sums; but that is not the case.

The folks who are losing here, and there are millions who would lose, are folks who make between \$50,000 and \$100,000. In other words, the one-fifth of America that most of us consider middle class is the group of Americans that are going to suffer, millions of them. Within the next 5 or so years, some 33 millions of those households that earn between \$55,000 and \$100,000 are the households that are not going to get to benefit from this particular tax cut proposal. As unfair as that sounds, that is the reality.

There are ways to cure it, and on this side of the aisle there will be a substitute proposal presented which ensures that every single taxpaying family, including those between \$50,000 and \$100,000 would qualify for the tax reduction in this particular proposal. It is a simple amendment, it just needs to be paid for; and we have come up with a way to pay for it which is not just fair but fiscally responsible.

Mr. Speaker, we have a proposal here that on its face can be sold to the American public, but in reality and in its implementation, not only is it unfair because it leaves out a good portion of middle America, at the same time it does nothing to cure what is going to haunt the rest of America for many, many years, and that is this growing deficit that we have in our Federal budget.

This year we are being told we will have a budget deficit exceeding perhaps \$400 billion. That is more than \$1,000 for every man, woman, and child in this country. Think of it as a birth tax. Any child born today automatically is born with that family owing the Federal Government as a result of President Bush's budget for this year over \$1,000 to the Federal Government, just on bearing that child.

This proposal, which will cost billions of dollars, and as I said, it has no legitimate purpose behind it to help reduce the taxes for all Americans, if we do the right thing, is not bad because you are reducing taxes on one end, but if you are just raising them somewhere else, you are not getting much of a benefit. We will have an opportunity to get into this later.

I applaud the gentleman from Wisconsin (Mr. RYAN) for his efforts to try to move this forward. I would hope at the end of the day we realize we have not just an opportunity to reduce taxes for all Americans, but we have a way to do it so that the implementation really will reach all Americans, not just some; and we will do it in a fiscally responsible way by paying for the costs of this, rather than add to the

costs of the national debt and the growing Federal deficit that we have today.

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

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just mention very briefly, the gentleman who just spoke is from California, and the taxpayers just in the State of California who are now only paying that 10 percent bracket, there are 2,605,960 taxpayers in the State of California alone who would experience a huge tax increase relative to their tax burden next year if this legislation is not passed. In fact, there are over 12 million taxpayers in California alone that would experience higher taxes next year if this does not pass.

So each of us represents people who are struggling to make ends meet who are at the bottom rung of the economic ladder who are staying just afloat and paying taxes at that 10 percent bracket who are making \$16,000 or less as a couple. Those are the people that we want to help, and we want them to get on the upper trajectory of prosperity. The last thing we want to do is hit them with a big tax increase. If we fail to pass this bill, that is exactly what will happen.

Mr. BECERRA. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I do not disagree with some of what the gentleman just said, but the gentleman has to read the whole book to understand, not just look at certain chapters in the book. What the gentleman from Wisconsin (Mr. RYAN) has excluded from his reading of the book is that we have something approaching 13 million households in America today, today, that by the time they file their taxes for next year will not qualify for the benefits in this proposal. That is 13 million, and that is because of the AMT, the alternative minimum tax.

Remember back in the 1970s, early 1980s when we heard stories of the multibillion dollar corporations, the multimillionaires who at the end of the day when they filed their taxes would pay zero in taxes where the average American was having to give Uncle Sam some money?

Well, there was a law passed to make sure that everyone, not just middle class, but even the super rich and megawealthy corporations paid some taxes. That was the alternative minimum tax legislation. But we have seen incomes creep up some, we have seen inflation creep up some; and as a result, the alternative minimum tax has seen more people creep up into its brackets and now qualify to have to pay taxes under the alternative minimum tax.

There are 13 million households who next year when paying their taxes will not benefit from this proposal because they will fall under the AMT. And by 2010, in 5½ years, we will have 33 million households that will have crept up

into the AMT world. Therefore, while they may get a tax break under this proposal at first, when they have to switch over to do their calculation for their taxes under the AMT, they will get nothing. This bill does nothing to cure that. The Democratic substitute does.

We do not think it is fair to sell this as a tax cut for everyone when, indeed, middle-class America is the one that is losing out the most, and all at the expense of growing the size of the national debt. Let us be fiscally responsible and let us be fair. We have a way to do that. We would hope our colleagues on the other side of the aisle would join in that effort.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, on May 5, 2004, the House voted 333-89 to extend the exemption amounts for the AMT, to index them for inflation; and I think the gentleman from California (Mr. BECERRA) voted for the AMT relief bill. We passed the bill, making sure that we can go study the problem and figure out how to comprehensively fix it.

Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. SESSIONS), a member of the Committee on Rules.

Mr. SESSIONS. Mr. Speaker, I thank the gentleman for not only ensuring the success of this bill but also properly arguing the merits of the 10-Percent Tax Bracket Permanent Extension bill, H.R. 4275. Today we are on the floor to talk about part of what is a vision that our President has and the Republican Party has for taxpayers in this country. Before the year 2000, from 1986 to 2000, there was a 15 percent tax bracket, the lowest tax bracket for Americans in this country.

President Bush challenged this Congress to do something better, to do better for the middle class in this country and those wage earners in the bottom tax brackets. I believe we responded in kind with the tax cuts that we provided this President that he asked this Congress to do. I think we did the right thing.

The fact of the matter is that under our own rules and regulations of getting bills done, including working with the other body, we could not make this permanent.

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We are here today to say to the American public, to say to taxpayers, we need to make this permanent. This is about making the 10 percent tax bracket permanent so that we do not have a tax increase to the 15 percent. The people who will gain and benefit most from this wonderful action will be those people who are brand new, starting up in their lives, perhaps, men and women who have a big dream. Perhaps they have just come to this country. Perhaps they are young people who are starting their families. We need to make sure that we do not overtax them.

That is why the gentleman from Wisconsin is on the floor today. That is

why the gentleman from Wisconsin, representing the Committee on Ways and Means and their great chairman, the gentleman from California, are on the floor today, to say we think this message that our President, George W. Bush began, that this Congress has agreed with, that the American people needs, that the Republican Party is here asking for again, is important. It is important that we have permanent extension, that we say we are not going to fight this battle again, that those taxpayers deserve a low tax rate. They need to pay in their fair share, and we believe that fair share should be 10 percent.

I believe in what we are doing. I would ask for all my colleagues to support H.R. 4275.

Mr. BECERRA. Mr. Speaker, I yield myself 1 minute to respond to something my friend from Wisconsin mentioned, that last week we passed legislation from this House that would take care of the Alternative Minimum Tax problem. Again, that is one chapter in another book. What he does not mention is the other chapters in the book say that that was relief for 1 year. So all those millions of Americans, the 13 million Americans of the 100 million Americans who are Tax filers would for 1 year, if that legislation takes effect, be saved. But in 2006, 2007, 2008, it jumps right back up.

What the gentleman does not say is that the reason we are in this fix to begin with is because the other side of the aisle, as is proposed in these bills, is not willing to put forth a permanent reduction right away because of the cost. So we are coming back every year doing this piecemeal because it seems to cost less, and the American public does not realize what the ultimate cost of this is. But you can only fool the American public so long.

Let us do things right, be fiscally responsible, and do it fairly. We do not mind doing it. Let us just be fiscally responsible and fair about it instead of cloaking this behind some device and some statement.

Mr. Speaker, I yield 5½ minutes to the gentleman from Washington (Mr. McDERMOTT), a member of the committee.

Mr. McDERMOTT. Mr. Speaker, let us be honest about what is going on out here today. It is Thursday. We are going home. They have got a fund-raiser tonight. The Republicans wanted to hang around for that. We have got to have something to put in the Saturday news that will kind of blot out what is happening in Iraq. So let us get this tax bill out here. We load up the cannon and we will get the rubber-stamp Congress in here and they will go bam-bam, and whatever the President says. You know, I think if the President said, I want the Republicans to come and stand on their head in the aisles, they would be down here in droves. This Congress is not thinking.

Mr. Speaker, I submit for printing in the CONGRESSIONAL RECORD an article

entitled "All Quiet on the House Side" from the Washington Post of May 11. That article goes on to lay out what this Congress has not done. Thirty-five of our people were killed in Iraq last week. Many more were injured. People have seen these pictures of abuse. They have been looking at it all. And what did the House do? Well, we named some post offices. That seemed pretty important. Last week, the Nation learned that the Federal debt reached an all-time high of \$7.13 trillion. What did we do? Well, we said they could use the Capitol grounds to have the soapbox derby. That was a very important way we responded to that. Yesterday the Bush Department of Commerce announced that our trade deficit and the amount of money that this Nation borrows from foreigners to pay for our imports, from the Chinese to the Saudis, hit an all-time high. We are in the debt of the Chinese and the Saudis. Just do not ever forget that, because that is what we are doing. You are paying your taxes so we can pay interest on debt that we borrowed from the Saudis and the Chinese.

If you read some of the books around town, the President is probably going to call the Prince of Saudi Arabia and ask him to produce some more oil so we can lower the price. That is, if you believe Bob Woodward's book. Secondly, the majority leader has dismissed the idea of any kind of investigation. And, third, despite the record-high budget and trade deficit, they come out here asking for more tax cuts that will disproportionately help the wealthy.

When this passes today, there will be 225 Republicans or 300 Republicans, or whatever, I do not know how many, they will all be out here going home with their press release under their arm saying, I helped you. What they do not tell people is what this means in terms of long-term debt. They are going to say, well, but this is for the middle class. The amount of money that goes to the middle class is less than goes to the people on the top of the pyramid. This is not a tax cut for the middle class. It is really a tax cut for the people on the top, and there was no way to exclude the middle class so they had to get a few of the drippings off the edge of the table.

My colleagues remember that story about Lazarus the beggar who was sitting on the floor, waiting for some crumbs to fall off the table. That is the middle class of this country according to this President. He ought to read that story about Lazarus. There is a real message there that I think gets lost in this whole process.

In today's clips, you will also find a quote from our chairman, excuse me, our ranking member for the moment, who said, "We don't want our grandkids to pay higher taxes tomorrow to pay for our tax cuts today. So all we are saying is don't take credit for extending the tax cuts on the one

hand while you're breaking your promise to balance the budget for your children."

Nobody looking at what is going on in the world today could possibly say you know where you are going. You made these tax cuts in the first place when you were going downhill 100 miles an hour and you said, oh, if we cut the taxes, it will be all better. The proof is going to be in the pudding on election day. The fact is that on election day, you are going to find out whether all your hot air that you have blown into the economy really turns out to be real or not.

In February, you created 21,000 jobs. We have got to remember that it takes 250,000 jobs every month to keep up with the increase in population in this country. If you do not create 250,000 jobs, you are not even keeping up with the problem. They created 21,000 jobs. All government jobs, by the way. Not a single private sector. Then they came to March. This was their big winner, 308,000 jobs. Well, that is about keeping up. Then the next month they came up with 280-something thousand and, my goodness, they kept up one more month. But they have done nothing about the 2.25 million jobs that they lost over the last 3 years. They have also produced the highest long-term unemployment rate since the Second World War and they want to make another tax cut today.

There is an old country saying that some of the people probably know about: When you find yourself in a hole, the first thing is, stop digging. The Republicans believe that the faster you dig, the better you are going to get out of the hole. We had to dig you out in 1993 under Mr. Clinton. We dug you out and you just went back to get your shovel and start digging a hole again. Please stop digging.

Mr. Speaker, I include the following article from the Washington Post:

[From the Washington Post, May 11, 2004]

ALL QUIET ON THE HOUSE SIDE

DEMOCRATS SAY GOP IS EVADING DEBATE

(By Charles Babington)

The week of April 26 was eventful and troubling for the nation, yet curiously brief and serene for the House of Representatives. Thirty-five U.S. servicemen were killed in Iraq. CBS aired shocking photos of Americans abusing prisoners near Baghdad. The federal debt reached an all-time high, more than \$7.13 trillion.

In the House, meanwhile, members returned to Washington on Tuesday of that week for three quick, unanimous votes at nightfall. They renamed a post office in Rhode Island, honored the founder of the Lions Clubs, and supported "the goals and ideals of Financial Literacy Month."

The next day, Wednesday, was a bit busier. After naming a Miami courthouse for a dead judge, House members debated how to extend the popular repeal of the tax code's "marriage penalty." The only real issue was whether to pass the Democratic or Republican version. The GOP plan prevailed, 323 to 95.

After two days and one night of desultory activity—roughly their average workweek this year—House members packed up and

rushed home to their districts. Despite the burgeoning scandal over U.S. treatment of Iraqi prisoners and persistent concerns about the economy and the deficit, the House has been keeping bankers' hours.

The House's lean schedule is no accident. GOP leaders who set the agenda and floor schedule say they achieved most of their top priorities last year—including enactment of a Medicare prescription drug bill and the third round of President Bush's tax cuts—and are content to rest on their laurels through the election. While other House priorities are stuck in the Senate, House Republicans believe they have the best of all worlds: They can take credit for the enacted legislation and blame Senate Democrats for bottling up the rest of their agenda.

"Last year we sent a lot of legislation to the Senate, and we don't want to overload them," House Majority Leader Tom DeLay (R-Tex) told reporters last week. "They're already overloaded. . . . We need to be here passing good legislation, doing the people's work and not doing a bunch of make-work."

House Democrats see a more cynical motive. The GOP majority, they say, wants a complacent Congress that will raise few questions about the Bush administration, despite the international uproar over the prison abuse scandal in Iraq and recent damaging revelations about Bush's decision to go to war.

"Given all the issues and problems the country faces, it's scandalous that we're only coming in to work three days a week, and even then most of the time we're renaming post offices," said Rep. Chris Van Hollen (D-Md.). "This is a deliberate effort to keep Congress out of town, keep us from asking questions."

House Minority Leader Nancy Pelosi (D-Calif.) noted that senators held three committee hearings on the prison abuses before House leaders summoned Defense Secretary Donald H. Rumsfeld to the Armed Services Committee last Friday—a day that the Senate was meeting but the House was not. DeLay dismissed the idea of a full-fledged congressional investigation, which he likened to "saying we need an investigation every time there's police brutality on the street."

Pelosi complained: "Americans are out of work. Our troops are in danger in Iraq. Our reputation is in shreds throughout the world. And we're leaving early afternoon on Thursday."

She also said, "The House of Representatives has demonstrated that it is nothing more than a rubber stamp for the administration."

Stephen Hess, a senior fellow at the Brookings Institution, contends that the House's anemic work schedule is symptomatic of the larger problem of political gridlock. He said lawmakers are "probably realistic in saying, 'We're not spending much time here because we know that nothing would get done.'" He added, however, that "if they stuck around and talked to each other, maybe they could figure something out."

Last week's House action was typical in many ways. It featured bitterly partisan arguments over the Iraq war, in the House chamber and in dueling news conferences. But the main bills approved were a resolution condemning the prison abuses and a long-expected one-year extension of a provision to protect millions of Americans from the alternative minimum tax—a temporary measure that postpones difficult decisions about a major looming problem.

The week of April 19 was similar. The House held three votes Tuesday night, all unanimous and all renaming post offices. On Wednesday, members quickly passed five bills without debate, under "suspension"

rules. The one drawing the most opposition—14 nay votes—endorsed research and development into "green chemistry."

Thursday was that week's busiest day, as Republicans and Democrats vigorously debated a "continuity of government" bill, meant to ensure that Congress could function if many lawmakers perished in a terrorist attack. The measure, which passed 306 to 97, would require states to hold special elections within 45 days if at least 100 House members were killed. As usual, members had Monday, Friday and most of Tuesday free of Washington-based duties.

Meanwhile, the U.S. military campaign in Iraq had one of its bloodiest weeks ever. Shells killed 22 Iraqi prisoners near Baghdad one day, and suicide bomb blasts killed 68 people in Basra—many of them children—the next. Violence in the besieged city of Fallujah continued, and 14 U.S. servicemen were killed during the week.

The week before that, the House was in recess, as it plans to be the week of May 24, the week of June 28, the six weeks starting July 26, and all of October, November and December.

John Feehery, spokesman for Speaker J. Dennis Hastert (R-Ill.), defended the House's accomplishments and pace. "Last year we sent a lot of things over to the Senate, and they're sitting in Tom Daschle's back pocket," he said, referring to the Senate minority leader, from South Dakota. Those bills include tort reform to curb medical malpractice suits, energy legislation, and welfare reauthorization.

This year, Feehery said, "we've passed a lean budget" for fiscal 2005. "We're working very hard to keep the president's tax cuts in place. We're monitoring the situation in Iraq" and will appropriate extra funds as needed. House committees, he said, "have done a lot of oversight on the Iraq war," primarily aimed at seeing that money is well spent.

The House does not need showy inquiries in front of cameras to fulfill its watchdog obligations, Feehery said. "Our oversight is not politically motivated, which probably frustrates the Democrats," he said. "It's motivated by better governance."

Rep. Rahm Emanuel (D-Ill.), a top adviser in the Clinton White House, is unconvinced. "We can name post offices," Emanuel said, "or we can ask the hard questions about the direction of our nation."

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself 2 minutes to respond. There is a lot to respond to there, though. I do not know if I have enough time to respond to all of what my friend from Washington just said. I think that it would be good to have a little economic refresher course here for some of the Members of Congress.

I just want to point out a couple of things. Number one, the soapbox derby resolution was brought by the minority whip from the other side. But, number two, I think the Member from Washington ignored a lot of good things we just did in the last week here in Congress. Today we have the association health plans bill on the floor, helping small businesses, individuals, pool together to buy their health insurance in collective nationwide buying pools to get down the cost of health insurance. Yesterday we passed the FSA rollover to help bring down the cost of health insurance and we passed medical liability reform to help bring down the cost of health insurance.

So this Congress is obviously performing. I think he may have glossed over a lot of the accomplishments. In fact, we have 87 very important, substantive bills sitting over on the doorstep of the other body waiting for action because we have outproduced and outperformed the other body on legislation.

One final point is the unemployment rate that we are experiencing in America today is lower than the average unemployment rate of the nineties, the eighties, and the seventies; 1.1 million jobs have been created, good jobs, not all good jobs but many good jobs since August. This economy is pulling out of the recession it had experienced a year ago. This economy is producing jobs. We still, yes, have a way to go; but the point of the story is when you take a look at the fact that just this year, in the last 10 months since last July, we have had lower tax rates in America. Because of that, we actually have more revenues coming into the Federal Government.

But to make the point clear, last year where we had higher tax rates on the American taxpayer, we brought in less money to the Federal Government. This year with lower tax rates, where we have more economic activity, more people keeping what they earn and a lower tax rate, we are actually bringing in more revenue to the Federal Government. We believe the way to fixing our problems is jobs and by giving people a chance to upgrade their lifestyles and get jobs in the economy, we will have more tax revenue, rather than increasing taxes and increasing spending. That is not our philosophy.

Mr. Speaker, I yield 2½ minutes to the gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time. I took particular interest in listening to the gentleman from Washington when he said how the Democrats in 1993 dug us out of a hole. I would have to remind the gentleman that his party was running the Congress for decades before that. There is not one dollar that this government spends that is not directly appropriated or approved by this House, right here, where revenue and spending bills must start and end. So I would suggest that he take a lesson in constitutional law and check his history when he starts doing this.

Then he says how they claim to have dug us out, with the largest tax increase in history. That is the way we balanced the budget. That is a fact of history. I think we should certainly take notice of that. As the gentleman from Wisconsin correctly pointed out, these tax decreases that we have on the books right now, one of which we are talking about sunseting now, that we want to erase the sunset on, has been the economic stimulus that has been the engine that has led to this great recovery. We were headed towards perhaps what would have been a very deep recession and if it were not for the

Bush tax cuts, we would have bottomed out and still be struggling at the bottom of the hole that he is referring to.

What have the tax decreases done? These tax cuts have given economic stimulus that has increased employment in this country. The unemployment rate has dropped tremendously, far beyond the expectations, I think, of either political party. What has done this? Economic growth has done this. To raise taxes or allow them to go up is trying to say that a store that is charging too much for goods is going to get more revenue by increasing the cost of its products. That does not happen. You slow down sales. When we increase taxes, or allow them to increase, economic growth is stifled. Unemployment goes up, economic growth is slowed, and this is a fact of life. What we need to do is to be sure that we do not go back to the lower rate at the 15 percent level, that we get rid of the sunset provision and provide that this 10 percent bracket is going to remain in effect.

This is tremendously important. It affects so many millions of taxpayers in my own State of Florida and it has a great economic effect in all the congressional districts. I urge the passage of this resolution.

□ 1130

Mr. BECERRA. Mr. Speaker, I yield 4 minutes to the gentleman from Massachusetts (Mr. NEAL), a member of the Committee on Ways and Means.

Mr. NEAL of Massachusetts. Mr. Speaker, I want to thank the gentleman from California (Mr. BECERRA) for yielding me this time.

Mr. Speaker, before I speak specifically to the issue here, let me offer an opinion just briefly based upon what the gentleman from Florida just said. We have got to pay for this war in Iraq. There ought to be some truth to what we do here. After this election, regardless of who is selected as the next President, it is going to cost another \$100 billion at least. That will be pushed off until after the election. So last year it was \$60 billion. Earlier this year it was \$87 billion. Now as part of the rollout, it is \$25 billion. We all know that number is too low. \$1 billion a week for Iraq and now more than \$1 billion a month for Afghanistan. 135,000 troops in Iraq. They need equipment. We are going to have to increase that base at some point.

The answer here is this: we are going to fight two wars with three tax cuts, and the markets are reflecting it. I appreciate the analogy that was drawn by the gentleman about raising prices, but we are engaged in two wars across the ocean. The Republican Party in American history used to take fiscal prudence as the cornerstone of their existence. Today they take the position that we can cut taxes time and again because at some point we are not going to have to pay.

We are going to have to pay for these two wars, and rather than taking the

response that we have in this institution week after week of just simply saying we are going to have another tax cut, there ought to be some truth to what it is that we attempt to do here.

In addition, it is an honor to be on the Committee on Ways and Means in this institution. It is really an honor. Why can these bills not come to the committee to be vetted the way they are supposed to be? Why are these bills brought to the floor around one of the prestigious committees in the Congress? I ask the appropriators who are watching in their offices now what they would do if legislation was brought to the floor that had not been vetted in their subcommittees or that had not been brought to the floor and discussed in the full committee before being brought to the floor in this institution for a vote. They would reject it. They would be up in arms.

In addition, the other phenomenon that we have witnessed here, Mr. Speaker, which is equally troubling, is that Members who do not even belong to the committee are now brought to the floor for this instantaneous solution to help them through the election cycle. That is not the way that committee is supposed to be run. The people on both sides are well regarded by other Members of this institution, and yet we move right around the process.

The substitute bills that have been offered by the Democratic minority in this House have been fiscally responsible. We would ask that these opportunities be put in place for us to discuss these bills in the committee where they are supposed to be discussed. That is what the Committee on Ways and Means does. And yet they are brought to the floor so that we can get ourselves through the next election cycle. It is an ill considered way to bring legislation to this floor, but most importantly, given the financial realities of Iraq and Afghanistan, it is irresponsible to do what we are doing now week after week.

I would remind people even with this legislation that is on the floor today, very simply, one third of the people through the clawback provisions of the Alternative Minimum Tax will not see any tax relief despite what they are saying today. We have got to deal with that alternative minimum tax issue; and the tax cuts they put in place week after week now, without a lot of thought incidentally, do not speak to the heart of the issue of Alternative Minimum Tax. It costs \$600 billion to fix. Let us fix that and give middle-income taxpayers the relief that they need.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. Mr. Speaker, I thank the gentleman from Wisconsin for yielding me this time.

We are going to do something good today. One of the speakers earlier said

the House had not been doing anything. We are going to do something today.

Mr. Speaker, I rise today in full support of H.R. 4275, which preserves the 10 percent tax bracket. The tax cuts proposed by President Bush and passed in the Congress in 2001 created a new tax bracket at a low 10 percent rate to help lower the burden on working Americans. Because of this tax relief, the first \$14,000 of taxable income is now taxed at 10 percent instead of 15 percent, a significant savings to the American worker.

If Congress fails to act, the 10 percent bracket will shrink by \$2,000 next year and will completely disappear by 2011, resulting in 22 million low-income workers being pushed to a higher tax bracket, and 73 million working people paying higher taxes as early as next year.

The Joint Committee on Taxation estimates that H.R. 4275 will provide \$218 billion in tax relief over 10 years and will save the average taxpayer more than \$2,400 during the next decade.

Mr. Speaker, the bottom line is very simple. If Congress fails to pass this legislation today, we are raising taxes on low-income, hard-working people. That just does not make common sense. I know in South Carolina they know that they can spend their money better than we can. Let us give them back their money. Let us allow them to spend it. And I urge my colleagues to vote in favor of H.R. 4275.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. GREEN).

Mr. GREEN of Wisconsin. I thank the gentleman for yielding me this time.

Mr. Speaker, this legislation is about one thing, allowing hard-working Americans to keep more of what they earn. It is not complicated. As the previous speaker noted, this bill provides a lower rate on the first \$7,000 on taxable income for single filers and the first \$14,000 earned by joint filers. That affects nearly every American. It is an enormous benefit to low- and middle-income taxpayers. In my State alone, the 10 percent bracket has helped over one million people.

In this institution, Mr. Speaker, we hear time and time again about how we need to provide tax relief for all Americans, not just the wealthiest; for all working families, not just corporate CEOs. This is it. This is our chance. By passing this bill, we will help keep lower taxes for millions of working families, families who are saving for school, families who are looking to buy a home, families who are planning for their retirement, families who are looking just to make ends meet. Today we give them a chance. We work to lift their lives. We work to allow them to keep more of what they earn. We allow them a greater chance at the American dream. That is what it is all about. So when we hear the other side say time and time again that the Republican Party is only concerned about the

wealthiest, today is the test. Today is the chance that we have to help all working Americans, all working families. We allow them to keep more of what they earn. Let us see who stands up for hard-working families, and let us see who does not.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield 2 minutes to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Speaker, I thank my colleague for yielding me this time, who is truly a leader in this House on the issue of tax relief for hard-working Americans.

We are talking taxes today and this week. And because the Republicans are the majority here, we are talking tax relief, not tax increases; and the taxpayers need to be thinking about that. If the Democrats were running the show, we would be talking tax and spend and higher taxes. Republicans believe that the taxpayers ought to be keeping more of those hard-earned dollars. And we face a lot of opposition to that here in Washington. Too many times we have got liberals who would rather spend their money for them, and then they want to take the credit for it. It was President Bush and the Republican Congress who enacted historic tax relief that is fueling tremendous job growth in this country. We have created over 1 million jobs since last August; and there were a lot of naysayers that said it will never happen, it will never happen. One million jobs since August.

H.R. 4275 is a critical piece of legislation for 24 million lower-income Americans. If we do not pass this, their taxes are going to increase by 50 percent. We do not believe government is why America is strong. We think it is because of the people. It is Americans that make this country great, Americans that are making economic choices for themselves and their families, not having a government program taking away their checkbook. That is the Republican philosophy. We have led on this issue, and we are continuing to work to lower personal income tax brackets.

Time and again the American people are choosing to send Republicans to Washington because they want tax relief. I have said it in the past. Democrats only talk about tax relief in election years. Republicans talk about tax relief every year.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield 2¾ minutes to the esteemed gentleman from Illinois (Mr. CRANE), a high-ranking member of the Committee on Ways and Means.

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

Mr. Speaker, in 2001 we passed the first Bush tax cut, which I am proud to say created the new 10 percent tax bracket. Before this legislation was passed, the lowest tax rate was 15 percent; and without immediate legislative action, 73 million hard-working American taxpayers, including 22 mil-

lion low-income taxpayers, will see their taxes increase next year. In 2004 the 10 percent rate applies to the first \$7,000 of tax-paying citizens' taxable income for single taxpayers and \$14,000 for joint filers. However, beginning in 2005 through 2007, the 10 percent tax rate will shrink and apply only to the first \$6,000 in taxable income for single filers and \$12,000 for joint filers. In 2011 the 10 percent bracket will disappear all together. We cannot allow any of this to happen.

The legislation before us today maintains the size of the 10 percent bracket at \$7,000 for singles and \$14,000 for married couples. H.R. 4275 also makes permanent the 10 percent tax bracket and indexes the income limits for inflation. Once enacted, it will save the average American taxpayer more than \$2,400 over the next 10 years. Who will benefit from this? 73 million American taxpayers, including 22 million low-income taxpayers, small business owners and their employees, hard-working Americans who through no fault of their own are about to be hit with a tax increase.

Mr. Speaker, a vote against this legislation is a vote to increase taxes on those who can least afford it.

I commend the gentleman from Texas (Mr. SESSIONS) for his leadership role in ensuring that this does not occur, and I urge my colleagues on both sides of the aisle to support this legislation, the passage of which will be of great benefit to our citizens.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. BROWN).

Mr. BROWN of South Carolina. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise today in strong support of H.R. 4275 because I know how important this bill is to our recovering economy to nearly 73 million of America's hard-working families. This Congress must act now to extend and to make permanent the 10 percent tax bracket.

Last year, the President signed the Jobs and Growth Tax Act into law. Our ailing economy needed bold and decisive action; and this plan was precisely that, the right recipe at the right time. Since the law went into effect last June, the economy has expanded at an average quarterly rate of 5.5 percent.

This bill accelerated the reduction of individual tax rates and allowed for the expansion of the 10 percent bracket, which grows the paychecks of all Americans. An increase in disposable income, or simply put, more money in the pockets of all Americans, has contributed to a growth in consumer spending. This is critical to my district in South Carolina because it helps tourists from all over America visit our coastal areas and spend money to enjoy our attractions and Southern hospitality. And this is happening all over America.

Benefits of the Jobs and Growth Tax Act are long term as well. In addition

to the short-term boost from the passage of this bill, making all of the tax cuts permanent will lead to a significant increase in investments, job creation, and wages paid to workers. In fact, more than 1.1 million jobs have been created nationwide since last August. For all of these reasons, I cannot overestimate how important it is for Congress to permanently provide the tax relief that the 10 percent bracket affords.

I thank the gentleman from Texas (Mr. SESSIONS) for taking the lead on this critical piece of legislation and the House leadership for continuing to make permanent tax relief a priority for this Congress. With the economy finally starting to rebound, now is not the time to raise taxes on the American people. I am proud that we have made great progress in this area, but I realize we have much work left to do.

I urge all of my colleagues to support H.R. 4275 and to continue to fight for hard-working American taxpayers.

□ 1145

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

Mr. Speaker, as I said before, there is the kernel of a very good idea in this legislation, and I believe that both sides have tried to extract the good idea from the proposal before us today. The difficulty is, as you ask any farmer, it takes time and it takes money and it takes a lot of sweat to have anything grow.

No one in America should believe that we can pass legislation that will cost more than \$200 billion and not have it take some sweat and some cost for America. Money does not grow on trees. There is a cost involved. It is a worthwhile idea, because this is a tax cut that everyone can agree to, because it starts from the bottom and everyone would get it, if you corrected the AMT, which, unfortunately, this legislation does not do.

So while there is the kernel of a good idea, it is destroyed by the reluctance or the unwillingness to do what is right, and that is to take care of the 33 million Americans by 2010, in 5½ years, who will fall into the Alternative Minimum Tax and will see any savings from this particular tax cut washed out when they have to file their taxes using the Alternative Minimum Tax.

Secondly, when you are facing mounting deficits, the largest this country has ever seen, and you are starting to now see the consequences of it, you have to reflect back on the term used in the late 90s, early 2000, when we talked about this "irrational exuberance" of the stock market, where you kept seeing the stock market just rise and rise and rise, and people could not make sense of it. But everyone kept buying and buying and buying, because that is where we were headed.

All of a sudden the floor dropped out from under us, and people paid the price. Talk to the employees from Enron, who saw their company go

bankrupt and saw their entire pension savings washed away not only because of Enron's corruption, but because of the drop in the stock market.

That irrational exuberance is now driving much of what we have seen on the floor this year. A quick example: this year alone in this House we have passed out, and I will say to all of America, I did not vote for these measures, not because I did not want to, but because I did not think it would be fiscally responsible, we passed marriage penalty tax relief, a kernel of a good idea, unpaid for, over \$100 billion; the extension that my colleague from Wisconsin mentioned of AMT relief for 1 year only that will cost close to \$18 billion to make sure those Americans don't fall into the AMT. Good, but only 1 year.

Three, a flexible spending plan that was on the floor yesterday for debate, which is, again, a good idea, to allow Americans who have health care costs to be able to have a pot of money that they can extend over to the next year if they did not use it up. A great idea. Cost, close to \$10 billion, unpaid for.

Extension of the 10 percent tax bracket that we are debating today, about \$220 billion, unpaid for.

The child tax credit extension done a few weeks back, again a good idea for families that have children. \$161 billion, unpaid for.

Total, more than \$500 billion this year alone in unpaid-for tax cuts, most of which have a good idea behind them. To add to the \$400 billion-plus deficit for this year alone, which adds to, as you heard my colleague from Massachusetts mention earlier, the more than \$3 trillion debt that the Nation owes as a whole.

Irrational exuberance? Take a look at today's paper, business section: "U.S. trade deficit grows unchecked. \$47 billion gap in the month of March."

We are on track to have a more than \$500 billion trade deficit with other countries. We are going to owe, at the end of this year, just for this year, to foreign interests, more than \$500 billion. What they are going to do with those securities they get, that promissory note from us in its place, we do not know. If they dump it all of a sudden, we are in real trouble.

What else should we know? Gasoline prices. Gasoline prices a year ago were 50 cents less per gallon. If you are the average American, that means it has added about \$50 a month in your gasoline bill. That is about \$600 a year more in gasoline this year you will be paying.

On top of everything I have said before, the \$400 billion-plus deficit for this year, that adds more than \$1,000 for every man, woman and child. I will call it the birth tax. The \$50 a month that you pay, call it a \$600 birth tax, because if you have a child, let us put the debt on that child for the gasoline; and on top of that, there is \$500 billion more that this House just passed, and, by the way, the Senate has not done it,

because they know better, that would be added.

Before you know it, you have got to conclude that this is irrational exuberance. Let us get real. Great ideas. Every single time these proposals have come up, the Democratic alternative has said okay, good ideas; but let us pay for them where we can. Where we cannot, let us pare them down, because we cannot continue to sell the American public a bill of goods.

Someone will pay for this. Good ideas. We would all love to be there. If we had real discussions in committee, we could have hashed this out and come up with a bipartisan bill. But we bypass the committee process. Again, America does not know that. We are coming to the floor without having discussed this in committee. That is okay. That is the way it is going to work. We will live with that. But do not let the American public believe you can do this stuff and pluck it off trees and pay for it.

Let us do it the right way. Let us be fiscally responsible. Let us be fair. Make sure that those from the President's previous tax cuts of a couple of years ago, who received \$130,000 in benefits if you were a millionaire in tax cuts, pay their fair share. If a guy in Iraq, one of our soldiers, a man or woman, can sacrifice a little bit, and probably not take advantage of any of these benefits, then certainly those folks who are the millionaires, who are taking home the lion's share of all of these tax cuts, can sacrifice a bit to help us pay.

That is what we do. We have a proposal that would say take the one-fifth of 1 percent wealthiest to help pay for this, for all Americans. We think you can do it. Sure, it hits millionaires; but it helps middle-class Americans. It is fiscally responsible, fair, and something that would get a bipartisan vote that could get signed by the President.

Mr. Speaker, we are going, I guess, to continue to do this in the House and not watch the Senate do any of this whatsoever; and we are going to end again this year without having given people what they keep thinking we are going to give them, and that is what I think damages this institution overall as a whole.

Let us move forward in a bipartisan fashion. We can do it, because there is a kernel of a good idea in these proposals. But we can be fiscally responsible and fair at the same time.

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

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, since we are going into the debate on the substitute, I will not take too long to close, although I think some of what the gentleman from California just said bears some responding to.

I think this debate has done a pretty good job of showing those who are viewing it the differences, the differences between the two parties here

on the floor, the differences between the two approaches to fiscal responsibility, between two philosophies.

What you just heard the gentleman from California say is we have recklessly cut taxes by \$500 billion over the next decade. It is important to put that in context.

Mr. Speaker, this Federal Government will spend about \$2.7 trillion this year. Off the top of my head, we will be spending, with taxes coming in, about \$29 trillion over that 10-year period. So we are proposing to allow the American taxpayer to keep about \$500 billion out of that \$29 trillion of their money we are about to spend.

It kind of comes down to this, Mr. Speaker, two points. Number one, we believe the best way to get ahold of our fiscal problems, to reduce our deficit, is to hold the line on spending and cut spending and grow the economy. The budget resolution we brought to the floor just a month or so ago was a resolution that froze spending and actually reduced spending in critical areas so we can get a handle on our Nation's finances. The other side did not vote for that budget agreement.

We also need to recognize the fact that when you cut taxes, economic growth occurs from that. One of the great stories being told right now, the success that we see in the data from this new economic recovery that is producing all these jobs, is the fact that this year, with the lower tax rates we are paying, we are getting more revenues coming in to the Federal Government.

What we see is that when you cut taxes on entrepreneurs, when you cut taxes on families, when you cut taxes on investors, they engage in more economic activity, they create jobs, and people go from being unemployed and collecting unemployment to going and working and paying taxes. That is what is happening today. That is a recipe for success.

We do not want to squelch this economic recovery. We do not want to raise taxes on people. We want to keep taxes low, watch our spending and reduce spending, and help people get work, so when they go to work they can provide for their families, and, yes, pay taxes, so that we can get the revenues we need to reduce and eliminate our deficit. That is the approach we are advocating.

What is the other side's approach? What is the substitute they are about to bring to the table? More tax increases. Okay, you can cut taxes to these people over here on the right hand, but we have to raise taxes to these people on the left. Net tax increases.

It is a fundamental difference in philosophy. Whereas they believe we have to keep taxes high and higher, that the emphasis should not be on spending, but we should raise more taxes, we believe the emphasis should always be on recognizing the fact that the taxes that this country collects is not our money,

but the money of the American person, the man and woman in the marketplace, who is working hard to provide for their family, who is creating jobs, who is sweating and working every single day. It is their money, not ours.

So we do not believe philosophically, that is the root of what we believe in, that we should just cavalierly take more and more and more money out of a person's paycheck, out of their wallet. We believe they should keep more of what they earn.

What is so great about that philosophy is it is also good economic policy, and we are seeing that. We are actually getting more revenues because of lower taxes. How about that? And the good news is, this can be bipartisan. When John Kennedy did this, it worked. When Ronald Reagan did this, it worked. This has been done by Republicans and Democrats coming together in the past. When Reagan did it, it was because of good Democrats working with Jack Kemp and Bill Roth in the Congress to reduce tax rates on the American families. What happened? Economic growth was encouraged, tax rates went down and revenues went up.

This does work. It is working right now. What we are seeing in this debate is a difference in philosophies.

Mr. Speaker, I want to conclude by saying one thing. If a Member of Congress comes to the floor today and votes against this bill, they are voting to increase taxes on 23 million low-income workers. They are voting to increase taxes on 23 million low-income workers by one-third, to raise their taxes by one-third. They are also voting to increase taxes on 80 million taxpayers across the country.

It is a very clear vote. If you vote for this bill, you preserve these tax cuts. If you vote against this bill, you are going to raise taxes on 23 million low-income earners, the least of whom among us should be facing this kind of a tax increase.

Mr. BLUMENAUER. Mr. Speaker, last week, Federal Reserve Chairman Alan Greenspan delivered a warning that "the free lunch has still to be invented." He was referring to the soaring Federal budget deficits that are adding hundreds of billions of dollars to our \$7 trillion debt. These budget deficits are threatening economic growth and increasing interest rates in the short-run, and risk the solvency of Social Security and Medicare in the long-run. This bill is not a free lunch. In fact, it will cost \$218 billion over the next 10 years.

Instead of passing legislation with any degree of fiscal responsibility, the Republican leadership is passing the buck, trillions of them, onto our children and grandchildren. Middle-class tax cuts are important in addressing tax fairness, of which our current system is increasingly in dire need of help. The Democratic substitute, which I support, provides middle-class tax relief and protects against the egregious impact of the Alternative Minimum Tax, without adding to the Federal budget deficit and burdening future generations.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I stand against H.R. 4275, which would per-

manently extend the 10-percent individual income tax rate bracket. I stand against this measure not because it reduces taxes, but because it continues the use of irresponsible fiscal policies. A tax that is made permanent today with no clear and effective offsets will leave this Nation in trouble for the future.

Our Nation faces a staggering deficit with record low revenues coming in to the Federal Government. These conditions have left significant needs for education, health care, fire and police protection, and many other services. The deficit this year is expected to exceed last year's record deficit by at least \$60 billion and to total at least \$2 trillion over the coming decade. America simply cannot afford more unpaid-for tax cuts.

Given this situation, we must act now to protect our Nation's public investments and long-term economic future. By failing to offset its \$218 billion cost, H.R. 4275 would further drain Federal coffers of revenue needed to meet our Nation's shared priorities. Moreover, increasing already large deficits will undermine long-term economic growth and diminish the quality of life for future generations of Americans who will face higher interest rates and who will have to bear the burden of the debt incurred today.

At this uncertain time of continuing unknown costs of war in Iraq and its aftermath, and with an aging population about to strain Social Security and Medicare resources, it is reckless to enact permanent unpaid-for tax cuts. Our Nation faces a long-term gap between revenues and obligations, and soon Congress and the American people will have to make hard decisions about how to meet our competing priorities. Given this reality, we should not make permanent changes to the tax code that will further reduce revenues for decades to come.

I want to reiterate that the most disturbing aspect of irresponsible fiscal policies are the soaring deficits that will result from these policies. This administration has tried to say that deficits don't matter; we know that is simply not true. History has proven that chronic deficits threaten our economic strength by crowding out private investment, driving up interest rates, and slowing economic growth. Indeed foreign investment in the United States has dried up because foreign investors have no confidence in the Bush economic agenda. This Administration's irresponsible budget policies have turned a surplus into a large deficit that is choking off growth in the American economy.

President Bush likes to say his policies are geared towards tax cuts for all Americans. In fact the average American won't receive a substantial tax cut, but will instead be hit with a tax hike in the form of an evergrowing deficit. A large deficit means taxpayers have to shoulder the costs of paying the interest on this new national debt. The end result will be a debt tax on the great majority of Americans. This will be a tax on lower- and middle-class Americans; it will be a tax on our heroic war veterans; it will be a tax on the elderly and, most unfortunately, it will be a tax on our children. The truly sad part of these policies is that, while they are bad for America today, they are even worse for future generations of American taxpayers.

Mr. STARK. Mr. Speaker, I rise today to oppose H.R. 4275, the reckless Republican bill permanently extending the 10 percent individual income tax bracket, and in support of

the Democratic substitute that provides real, fiscally sound relief for middle-class families who deserve it most.

Expanding and extending the 10 percent tax bracket is a great benefit to many low-income Americans. But, let's not forget that this bill also benefits the wealthy who get more of their income taxed at a lower rate as well.

Low- and middle-income Americans deserve this tax break. But, the Republicans are unwilling to pay for it, leaving a \$200 billion hole in lost revenue. Even worse, when this proposal is added to the other tax bills that have recently passed or are being proposed, the price tag is over \$500 billion in new debt thrown on the backs of our children and grandchildren.

The Republican plan is also flatly unfair to a lot of taxpayers because it refuses to spread benefits out equally. Just last week, the Republicans passed a one-year patch for the Alternative Minimum Tax (AMT) that helps the wealthy but fails to protect lower-income families while driving the country further into debt. Unfortunately, the Republicans' bill today does not apply to anyone who pays the AMT, which means a full one-third of all taxpayers cannot benefit from this tax cut at all. Some deal if you ask me.

In contrast, the Democratic substitute is fair, fiscally responsible and a whole lot better for most American families. Our bill extends the 10 percent bracket expansion, but it does so while requiring that Congress find a responsible way to pay for this change to the tax code in order to make it permanent. To finance the immediate costs of this change, the substitute requires the wealthiest Americans—those earning over \$1,000,000 annually—to give back a small portion of the huge Bush tax cuts. Finally, the substitute applies this tax cut equally to all taxpayers by ensuring even those paying the AMT get the benefits of the expanded 10 percent bracket.

I urge my colleagues to vote against the unfair, fiscally irresponsible Republican proposal and support the Democratic substitute, which provides equal relief for all taxpayers without burdening our children and grandchildren with billions of dollars in new debt.

Mr. KIND. Mr. Speaker, I strongly support providing tax relief to middle-income Americans by extending the 10 percent tax bracket expansion that is scheduled to expire next year.

Without action, the current amount of income subject to the 10 percent tax bracket will decrease by \$1,000 for individual filers and \$2,000 for couples as required under the 2003 tax cut package. While the majority of the 2003 tax proposal that passed the House was fiscally irresponsible and designed to benefit only the wealthiest of Americans, its provision expanding the 10 percent tax bracket to benefit more middle-income taxpayers had bipartisan agreement. The legislation before us today and the substitute offered by Congressman Tanner will permanently extend the current income levels falling under the 10 percent tax bracket.

As we extend the 10 percent tax bracket expansion, we need to act in a fiscally responsible manner. It is unfair to Americans today, and especially the next generation, to delude ourselves by thinking the record budget deficits facing our Nation, estimated by the White House at over \$500 billion this year alone, will simply go away.

As a member of the House Budget Committee, I supported a budget resolution that

would have extended the 10 percent tax bracket expansion while still reducing the deficit. This approach requires tough choices, prioritization, and a bipartisan commitment to helping working families. With the House-Senate conference committee still negotiating the budget resolution for fiscal year 2005, I remain hopeful that we will be able to provide Americans continued tax relief today without raising the debt burden on our children's generation.

The substitute offered today by Representative TANNER is a more responsible bill that will provide relief to millions of families while not increasing the budget deficit. By adding a rate adjustment of 1.9 percentage points of the tax cuts for households making over \$1 million, the Tanner substitute provides a reasonable offset to benefit more American families without burdening our children with added debt that they will have to pay off. Further the Tanner substitute also completely protects against these tax cuts being taken back by the Alternative Minimum Tax, and provides incentive to address mounting Federal deficits by making permanency of this tax provision contingent on a balanced budget in 2014. This is a superior approach, helps more Americans, and ensures most middle income taxpayers will not have to worry about a tax increase related to the 10 percent bracket in the near future.

Mr. Speaker, it is important that we act today to ensure average-income Americans will not unfairly jump into a higher tax bracket in 2005. However, I believe we can and must provide this relief in a fiscally responsible manner that will not burden future generations of Americans. Just as it was true last week when we passed legislation permanently repealing the marriage penalty tax, our work is far from over in helping working families face the challenge of today's economy. We must come together in a bipartisan manner to craft a fiscally responsible budget resolution.

Mr. RUPPERSBERGER. Mr. Speaker, I rise in opposition of this amendment today. I agree extending the 10 percent tax bracket is necessary and lawmakers should pass legislation to make it permanent. Substantively, I agree with this.

I disagree, however, with the impact this bill will have on our already dire fiscal reality. We need to have responsible fiscal management in this country—beginning with a sound and comprehensive budget. All bills that follow should incorporate the same fiscal responsibility, whether that bill cuts taxes or authorizes spending.

This bill has a \$218 billion price tag, which will have to be borrowed on top of the \$280 billion we have already borrowed this year. I am extremely concerned about our levels of borrowing, most of which comes from foreign governments.

The Treasury Department states that major foreign holdings of U.S. Treasury securities equal \$1.6 trillion. Mainland China and Hong Kong alone hold \$206 billion of U.S. debt. Japan has \$607 billion in holdings. With China's purchases of U.S. government securities exploding by more than 105 percent since January 2001, it is clear that foreign investments in the U.S. are financing our budget deficits. That means foreign investors, not U.S. residents, will be the beneficiaries of the interest paid by us, our children and our grandchildren.

The Washington Post recently quoted a former official of the People's Bank of China

as saying, "The U.S. dollar is now at the mercy of Asian governments." This is simply wrong and we need to stop it now. If we do not, future generations will be burdened with higher taxes and greater debt. They will have to pay off the structural deficits and interest costs we are accumulating today.

The only way to stop this now is to stop deficit spending. That is why I supported the substitute bill that would have provided tax relief that was paid for and did not add to our historical \$7.1 trillion Federal debt.

Mr. FRELINGHUYSEN. Mr. Speaker, today I rise in support of H.R. 4275, which will permanently create a low 10-percent rate to reduce the tax burden on 73 million working Americans.

The fact of the matter is if Congress does not act this year, taxpayers will feel the burden of a significant tax increase.

The creation of the 10-percent tax bracket in 2001 has boosted the take-home pay for more than 733,000 working New Jerseyans. This legislation puts a halt to expiration of the 10-percent tax bracket and more importantly prevents 24 million low-income workers from being pushed into a higher tax bracket, and ultimately being forced to pay more in taxes.

In 2001, tax relief legislation passed by Congress and signed into law by President Bush created a new tax bracket at a low 10-percent rate. Because of this significant tax relief, the \$14,000 of taxable income for couples and \$7,000 for singles tax filers is taxed as 10 percent instead of 15 percent.

Without enactment of this legislation, in 2005, the 10-percent bracket will shrink by \$2,000 for couples and \$1,000 for singles and will ultimately disappear in 2011.

That is why I urge my colleagues to join me in supporting H.R. 4275 and to continue building on our ongoing efforts to provide tax relief for all hard working Americans.

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

The SPEAKER pro tempore (Mr. LINDER). All time for debate on the bill has expired.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. TANNER

Mr. TANNER. Mr. Speaker, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. TANNER:

Strike all after the enacting clause and insert the following:

SECTION 1. EXTENSION OF 10-PERCENT INDIVIDUAL INCOME TAX RATE BRACKET.

(a) IN GENERAL.—Clause (i) of section 1(i)(1)(B) of the Internal Revenue Code of 1986 (relating to the initial bracket amount) is amended to read as follows:

“(i) \$14,000 in the case of subsection (a).”.

(b) INFLATION ADJUSTMENT BEGINNING IN 2004.—Section 1(i)(1)(C) of such Code (relating to inflation adjustment) is amended to read as follows:

“(C) INFLATION ADJUSTMENT.—In prescribing the tables under subsection (f) which apply with respect to taxable years beginning in calendar years after 2003—

“(i) the cost-of-living adjustment used in making adjustments to the initial bracket

amount shall be determined under subsection (f)(3) by substituting "2002" for "1992" in subparagraph (B) thereof, and

"(ii) such adjustment shall not apply to the amount referred to in subparagraph (B)(iii).

If any amount after adjustment under the preceding sentence is not a multiple of \$50, such amount shall be rounded to the next lowest multiple of \$50."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2003.

(d) **REPEAL OF SUNSET.**—Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to—

(1) paragraph (1) of section 1(i) of the Internal Revenue Code of 1986, and

(2) the amendments made by paragraphs (1) and (7) of section 101(c) of such Act.

SEC. 2. BENEFITS OF ACT NOT DENIED BY REASON OF ALTERNATIVE MINIMUM TAX.

(a) **MINIMUM TAX.**—The amount of the minimum tax imposed by section 55 of the Internal Revenue Code of 1986 shall be determined as if section 1 of this Act had not been enacted.

(b) **CREDITS.**—In applying section 26(a)(1) of such Code, the amount referred to in subparagraph (B) thereof shall be reduced (but not below zero) by the amount of the reduction in the taxpayer's regular tax liability by reason of section 1 of this Act.

SEC. 3. BENEFITS EXTENSION NOT TO INCREASE FEDERAL BUDGET DEFICIT.

(a) **IN GENERAL.**—Section 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

"(j) **ADDITIONAL TAX ON HIGH INCOME TAXPAYERS.**—In the case of taxable years beginning in calendar year 2005, 2006, 2007, 2008, 2009, or 2010, the amount determined under subsection (a), (b), (c), or (d), as the case may be, shall be increased by 1.9 percent of so much of adjusted gross income as exceeds \$1,000,000 in the case of individuals to whom subsection (a) applies (\$500,000 in any other case)."

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2004.

SEC. 4. REQUIREMENT THAT CONGRESS BALANCE BUDGET.

(a) **IN GENERAL.**—Notwithstanding the provisions of section 1 of this Act and any other provision of law, title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall take effect in the form as originally enacted unless Congress meets the requirements of subsection (b).

(b) **REQUIREMENTS.**—Congress meets the requirements of this subsection if—

(1) before September 1, 2010, Congress has enacted comprehensive Federal budget legislation, and

(2) the Director of the Office of Management and Budget certifies in September of 2010 that such legislation—

(A) will result in a balanced Federal budget by fiscal year 2014, determined by taking into account the costs of the foregoing provisions of this Act and without taking into account the receipts and disbursements of the Social Security and Medicare Trust Funds, and

(B) will permit the general fund of the Treasury to repay amounts previously borrowed from the Social Security and Medicare Trust Funds without requiring large foreign central bank purchases.

The SPEAKER pro tempore. Pursuant to House Resolution 637, the gentleman from Tennessee (Mr. TANNER) and a Member opposed each will control 30 minutes.

The Chair recognizes the gentleman from Tennessee (Mr. TANNER).

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

Mr. Speaker, the Democratic substitute recognizes the good public policy behind extending the 10 percent bracket. We believe that. But we also believe, unlike the majority, that it is irresponsible to do so by borrowing another \$218 billion.

Let me talk a minute about why we say that. I do not believe that people in this country know exactly how fast the balance sheet of our Nation is deteriorating. I do not believe people in this country have focused on or realize what has happened over the last 36 months or so. I am going to try to lay that out today in this debate.

Mr. Speaker, we now owe collectively, all 290 million of us, over \$7 trillion. We have borrowed an additional \$280 billion so far this year. The majority approach is to borrow another \$218 billion today with the passage of this bill.

The gentleman just said if you do not vote for this bill, you are going to raise taxes on 23 million people. If you do vote for the bill, you are going to raise taxes on 290 million people, because every American in this land is responsible for the mortgages that have been placed on our country over the last 36 months.

□ 1200

Mr. Speaker, it is heartbreaking to see the financial integrity of our country compromised like it has been. I would just like to know how far we are willing to go to sign the names of these young people that are sitting around here on this board today with a green light as a mortgage, a further mortgage on our country. I want the people of this country to realize that right now we owe collectively, in hard money, about \$4 trillion. Foreign interests now own 37 percent of that debt. Mainland China alone holds over \$200 billion. It is now the second largest buyer of our debt, exceeded only by the Japanese, who hold over \$600 billion.

Secretary Snow was before the Committee on Ways and Means some time ago and I asked him the question, how do you characterize interest? He said, it is an obligation of this country. It must be paid. It must be paid off the top.

Mr. Speaker, when we are borrowing this kind of money and it is being financed by foreign interests, right now, we have awakened to suddenly realize that the biggest foreign aid package in this Congress is interest checks that we are sending to foreign countries. Not only are we doing that, but we are leveraging our country to people who may not see eye to eye with us on how the world ought to be.

Anyway, getting back to Mr. Snow, I asked him, what about interest? He said, it has to be paid. It has to be paid off the top. I said, it has to be paid first. He said, let me just say this: As

a percentage of GDP, gross domestic product, this is not out of line historically.

The problem that he did not tell us is, when it was this far out of line before, it was Americans that were buying the bills, notes, and bonds. It was not the Saudis, the Japanese, the Chinese. We can go down the line. I have the list here.

How much we owe right now: Japan, \$607 billion; China, \$145 billion; plus Hong Kong, another 60 billion; so over \$200 billion. The U.K., \$137 billion; Taiwan, \$50 billion; Germany, \$45 billion; OPEC, \$43 billion; Switzerland, \$41 billion; Korea, \$37 billion; Mexico, \$32 billion; Luxembourg, \$26 billion; Canada, \$25 billion; Singapore, and the list goes on and on.

This Congress and this administration is hocking our country to foreign investors.

Let me say that again, because I do not think people realize and understand what is happening here. Since 2002, the debt ceiling has had to be raised \$450 billion. In July of 2002, a \$980 billion increase the last Fourth of July, that is \$1.4 trillion so far. Do my colleagues know what that means? That means every day since George Bush took office, when we have had a one-party government, White House, Senate and House, the Republicans have borrowed \$1.1 billion a day, every day.

Now, we, all of us, have to pay interest on that, and anybody who is within the sound of my voice under 50 years of age ought to be so concerned about this that they would write or call or do something. Because we are literally squandering the wealth of this country by not paying for tax cuts and increasing spending on the war, and mentioning the war, the only people being asked to sacrifice anything right now are the men and women in uniform and their families. None of the rest of us are being asked to sacrifice anything to defeat the war on terrorism. In fact, we are told to take a tax cut if you are my age, and if things get bad enough, go shopping. This is the Alice in Wonderland that is going on here.

This bill is a good idea, but it is just a symptom of a far greater problem, and that is the breathtaking, breathtaking fiscal irresponsibility that is going on here in this town.

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

Mr. RYAN of Wisconsin. Mr. Speaker, I rise in opposition to the substitute

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from Wisconsin (Mr. RYAN) is recognized for 30 minutes.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield 4 minutes to the gentleman from Florida (Mr. SHAW).

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

I want to point out something in the substitute which I am not sure has really been brought to the attention or brought to rise here in this particular

debate, and that is on the fourth page of the substitute. I will read starting at line 3: "Congress meets the requirements of this subsection," and that it is talking about the deduction, "if before September 1, 2010, Congress has enacted comprehensive Federal budget legislation; and, 2, the Director of the Office of Management and Budget certifies in September of 2010 that such legislation will result in a balanced Federal budget by fiscal year 2014, determined by taking into account the cost of the foregoing provisions of this Act and without taking into account the receipts and disbursements of the Social Security and Medicare Trust Funds."

And then B, "will permit the general fund of the Treasury to repay amounts previously borrowed from Social Security and Medicare Trust Funds without requiring large Federal foreign Central Bank purchases."

Now, I am not sure exactly what they are getting to on this, but if they think that the Congress is going to have to pay back all of the money that it has borrowed from Social Security and put cash into that particular fund, in other words, by putting cash in the Social Security fund in place of the Treasury bills, I do not know where in the world they think they are going to get that much money. And they also are going to have to change the law regarding Social Security, because Social Security is required to pay that cash into the general fund and to replace it with Treasury bills, and this particular legislation does not change that provision.

But most of all, and I think the most damaging thing here which this Congress should be very jealously protecting, and that is the legislative authority under the Constitution given to this particular body. If this bill were passed, and if Members vote for this bill, they are saying the Office of Management and Budget is going to be the crossing guard that is going to prevent legislation going forward unless they say it is fine and they can certify that the budget is going to be balanced.

A balanced budget is a good thing, but delegating legislative authority to unelected officials, bureaucrats within the Federal Government, is a huge mistake, and it is something that we should do in a bipartisan way, and that is jealously guard what our responsibility is under the Constitution. I do not know of any other place that we have delegated such authority.

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

Mr. SHAW. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Speaker, I think the gentleman certainly makes a point that we do not want to delegate to the executive branch. I think the gentleman makes a good point: We ought not to delegate.

Mr. SHAW. Mr. Speaker, I thank the gentleman. I should probably reclaim my time at this particular point.

Mr. HOYER. Of course, the gentleman knows something else is coming.

Mr. SHAW. I know the gentleman is setting me up.

Mr. HOYER. My good friend knows me well.

The fact of the matter is we have been debating for some time the way we can internally, Congress can control this spending, and reaching what the gentleman says is a good thing, a balanced budget. And that, of course, is doing what we did all through the 1990s: applying the pay-as-you-go provision to both revenues and taxes, which is the discipline that this body placed on itself so we did not have to rely on the executive branch.

Mr. SHAW. Mr. Speaker, reclaiming my time, I do not believe that the pay-go is looking towards the Office of Management and Budget as having to certify things before we do it.

Mr. HOYER. Absolutely, that is my point. And if the gentleman would support pay-as-you-go, perhaps we would not have to look to other ways to try to get to balance.

Mr. SHAW. Mr. Speaker, I can see both sides of pay-go, but I cannot see both sides of delegating legislative authority to the executive branch no matter who controls the executive branch.

Mr. TANNER. Mr. Speaker, I yield 1½ minutes to the gentleman from California (Mr. BECERRA).

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me 1 minute.

The gentleman from Tennessee called it Alice in Wonderland. I, a few minutes ago, called it irrational exuberance. And when we look at the bottom-line facts, not what projections are, because, by the way, 3 years ago it was projected that we would have a \$5.6 trillion surplus, not deficits. When we look at the bottom-line facts, we are in some real trouble. Interest rates, which is really the determiner of whether or not Americans have more money in their pocket or not, have gone up in the last 2 months alone about a point, 1 percentage rate.

What does that mean? Well, if you have a mortgage of about \$200,000, 30-year rate, fixed, not flexible and not one that goes up and down, you are probably going to pay about, on that \$200,000 mortgage, you are going to pay about \$120 more per month now. That means at the end of the year, you are some \$1,500 more out of pocket, and over the life of that 30-year loan, about \$43,000. That is the cost of seeing an economy that is not fiscally righting.

Finally, one last point. That same business section page that said, "U.S. trade deficit grows unchecked" has an interesting story at the bottom part: "MCI awards \$8.1 million severance." A gentleman who worked for 7 months for MCI WorldCom, which was in bankruptcy, was paid \$8.1 million plus \$400,000 more for vacation and so forth, severance, paid for 7 months work at

the same time they are planning to announce that they are planning to trim their workforce by 12,000 people. Irrational exuberance.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, let me just bring three points up in respect to this substitute. Number one, my colleague from Florida sort of outlined the convoluted pay-for in this bill which will render this tax cut temporary, not permanent, by giving the decision whether or not to keep this tax cut permanent to some accountants at the Office of Management and Budget, to in 2010 speculate what is going to happen in 2014 to make sure that the tax cut becomes permanent. This is another way of saying this is a temporary tax cut, meaning they are going to increase this 10 percent bracket again.

The second point I think is important to make, they try to pay for their substitute with a tax increase. Now, what they will tell us is it is a tax increase on rich people, individuals making over 500 grand, couples making over \$1 million. What they will not tell us, Mr. Speaker, is that half of those filers are small businesses. Half of those people are subchapter S corporations, partnerships, small businesses.

Mr. Speaker, small businesses create 70 percent of our jobs. Before the tax cuts that just passed last July, in this country we were taxing small businesses at a higher tax rate than we taxed the largest corporations of America. We finally now are in a fair, level playing field where we tax small businesses at the same tax rate that we tax large corporations. But they want to undo that.

They want small businesses, small mom-and-pop businesses who bring in revenues of \$1 million or more, who maybe have 2 employees, 10 employees, 50 employees, to pay a higher tax rate than IBM, than Exxon, than Global Crossing, or WorldCom. That is wrong. I think that is unjust and unfair, yet they want to return to the days of taxing small businesses at higher tax rates than large corporations.

The third point is the way that they structure their Alternative Minimum Tax relief. Now, this is an issue where I think and hope we can get good bipartisan support to fix this problem. We hear from both sides of the aisle that AMT is a problem and we have to fix it. Just last week we passed a bill to make sure that no new people fell into the trap of the AMT while we figure out at the Treasury Department and here in Congress how to really fix this mess, and I hope that we really do have bipartisan support to fix this mess.

But the way they structure it in this bill means that taxpayers are going to have to calculate their taxes three times in order to navigate their way out of the Alternative Minimum Tax. The Alternative Minimum Tax brings a lot of complexity to the Tax Code for taxpayers. This substitute makes it

more complex, more difficult to comply with. That is not the right direction, so I urge a no vote on this substitute.

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

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

Mr. Speaker, before I yield to the gentleman from Maryland (Mr. HOYER), I would like to say as far as the delegation to OMB, that was done under pay-go, it is a way of scoring, and if we do not have any other, I guess, arguments against the merits of the bill, they bring up procedural matters. I understand that.

I would also like to say, with the rate adjustment that we have in our bill, only 165,000 returns out of 32.8 million small business returns would be affected. That is less than one-half of 1 percent.

Mr. Speaker, I yield 7 minutes to the gentleman from Maryland (Mr. HOYER), the minority whip.

Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding me this time. I really could take 30 minutes to try to correct what the gentleman from Wisconsin has been saying.

First of all, he is a very bright young man. I like him. And it is your money, he says. Now, that is the mantra, and that mantra I have heard for 20-plus years. And, of course, it is your money. And by the way, it is my money, too. I pay more taxes effectively than the Vice President of the United States, who made almost 10 times as much as I make, but I am not poor-mouthing that. And, by the way, the gentleman talks about these large corporations. They do not really care what the rate is because, as we notice, I say to the gentleman, 60 percent of them do not pay any taxes because of their preference items.

□ 1215

An aside that the Republican majority has made the Tax Code extraordinarily more complicated over the last 3½ years, extraordinarily more complicated over the last 3½ years, let me call to my friend, the gentleman from Wisconsin (Mr. RYAN), some facts.

A, Mr. Armey said you own this town. You have the President, you have the Senate, you have the House. Now, I have been here a lot longer than the gentleman from Wisconsin (Mr. RYAN).

He talks about debt. Under Ronald Reagan, we raised the debt level 17 times. Under George Bush, the first, in 4 years we raised the debt limit 10 times. Under this President, we have raised the debt limit by \$1.5 trillion over 3 years. Over 8 years, under President Clinton we raised the debt limit five times for \$1.58 trillion. The difference, however, is that under Ronald Reagan and George Bush, the first, we added about \$2 trillion to the debt. Under this President, we have added about \$1.5 trillion to the debt, and under Bill Clinton, over 8 years, less

debt and net \$79 billion worth of debt, not trillions, net. Why? Because for 4 years of the last 4 years of the Clinton administration we created surpluses.

Secondly, the gentleman and all the Republicans talk about it is spending that is the problem. The gentleman from Wisconsin (Mr. RYAN) says that spending is the problem. I would like to have the gentleman's attention because I know he is going to find these figures very edifying and interesting because he talked about spending, that is a legitimate issue to raise; and I want to call the gentleman's attention to the administration's budget numbers.

We have it from 1962 to today. Under Ronald Reagan's Presidency, a, we spent 22.5 percent of GDP on average, some years higher, some years a little lower, under Ronald Reagan, never below 21 percent. Let me remind my colleagues that not a penny was spent in America during Ronald Reagan's term of office without his signature, not one. We never overrode a veto. The Democrats never imposed spending that the President did not sign off, not once. So we understand nondefense discretionary spending was 3.4 percent under Ronald Reagan.

Under George Bush, the first, it was 21.9 percent of GDP. Again, he never had a bill veto overridden stopping spending. He signed every nickel of that expenditure, 3.3 percent on non-defense discretionary spending.

Under George Bush, the second, we have done 19.85, almost 20 percent, and 3.5 percent, Dick Armey, they control this town, 3.5 percent of that was on nondefense discretionary spending. I will tell my friend from Wisconsin this fact is going to amaze him. We spent less GDP under Clinton for 8 years and we spent less on discretionary spending, less on discretionary spending, and I heard the gentlewoman from Tennessee about an hour ago saying we have created 1 million jobs since last August. We created 23 million jobs in 8 years or about 4 million a year on average under Bill Clinton.

So, when we are talking about the facts, we ought to know the facts because the facts belie what the gentleman from Wisconsin is proposing. That is why we are here, because we believe my colleagues' policy is not only fiscally wrong but it is also immoral. My friends on the Republican side want to create the impression that they are the only ones who support this 10 percent bracket. They are not. We want to make it permanent, but we do not want to impose a tax.

He talked about various people who are going to get tax increases. Under their bill, 290 million Americans are going to get a tax increase, but guess what. They will not get it immediately. We are going to delay it a little bit, not only past the next election but maybe past a couple of elections after that. Why? Because interest rates are going to go up, taxes are going to go up to pay the interest on this debt

that my colleagues are creating, over \$200 billion of additional debt in this bill alone.

That is all we are saying. We are for this policy. We are for keeping this 10 percent bracket. We want to assist those at the bottom rungs in our society, build themselves up, grow their families, have a better opportunity to pay for the education of their children and their mortgage payments and buy their cars and have a better quality of life. We want that, but we do not want to give them a bill for it 10 years from now that says guess what, you have got a big interest that you have got to pay.

I would urge my colleagues to look at the facts. Look at what we did under a piece of legislation passed in 1993, one passed in 1990 and, yes, one passed in a bipartisan way in 1997, which led to the creation of surpluses.

Let me close by this, and I do not have as much time as I would like, but Chairman Greenspan said just the other day, who is not a Democrat, "Our fiscal prospects are, in my judgment, a significant obstacle to long-term stability because the budget deficit is not readily subject to correction by market forces that stabilize other imbalances. The free lunch has still to be invented."

Vote for this substitute. My colleagues will vote for the policy and responsible fiscal policy at the same time.

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself 30 seconds.

I will not go through tit for tat on all of that. Only to say that now that our Chairman Greenspan was invoked, he also said in that same speech that the first thing we should do is make these tax cuts permanent because they really help achieve the economic recovery we have underway right now.

Mr. Speaker, I yield such time as he may consume to the gentleman from Missouri (Mr. BLUNT), the majority whip.

Mr. BLUNT. Mr. Speaker, I thank the gentleman for yielding me the time, and I am pleased to follow my good friend, the gentleman from Maryland (Mr. HOYER), to the floor to debate this issue. I am predicting that when we get to the vote on the bill that the gentleman from Wisconsin (Mr. RYAN) has been talking about on the floor today that the vote will be overwhelming.

I heard the word "immoral" used as it related to this proposal. I did not quite understand that; but however my colleagues want to characterize this proposal, in the final vote today, I think that the vote will be overwhelming, and we will make this 10 percent bracket a permanent part of the Tax Code.

It is an important addition to the Tax Code. I personally am of the view that we make a mistake when we eliminate people totally from tax responsibility, and we should look for ways not to eliminate people from the tax rolls, but to make that tax burden

for all Americans as small as we possibly can. It is better you value what you pay for. We have all been part of that talking about how we are going to eliminate people totally from the tax rolls. This really allows more people to pay taxes, but to pay at a lower level.

When we reach the point in this country when we have more people who do not pay taxes than people who do pay taxes, and we are pretty close to that number right now, we really begin to change the debate on taxing and spending policies because not even a majority are paying taxes. I think it is a good idea to have this smaller bracket, to have it a permanent part of the introduction of the Tax Code. I would not even mind to see if we had a bracket just a little bit smaller than this one eventually, and so I do hope we make it permanent there.

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

Mr. BLUNT. I yield to the gentleman from Maryland.

Mr. HOYER. Mr. Speaker, because I understand what the gentleman is saying, I think it is important to note that every working person in America pays taxes. We call it FICA tax, and 50 percent of Americans pay more FICA tax than they do, but we are using, as the gentleman knows, part of their taxes because there is a surplus in the Social Security account for general expenditures. So in that sense, the overwhelming majority of employees are paying.

Mr. BLUNT. Mr. Speaker, people who are working pay into those funds, that is a good point; and I am pleased that my friend made it.

At the same time, it does not minimize my point that those people who only pay into the Social Security fund do not have the same stake in the income tax system and how it works than people who do not. I am glad to see us making it more possible for people to have a smaller tax burden at the lower levels of people who pay taxes in the country. I think that is a good thing.

I think the 10 percent bracket and making this 10 percent bracket a permanent part of the tax structure is not only what we should do but what the House will vote to do today. I would like to see that happen on the other side of the building as well, and we will encourage that by sending this legislation over.

The 10 percent bracket in the substitute does have conditions still in it and because of those conditions is not as permanent as the proposal that we have before us in the main bill. Because of this 10 percent bracket, if we did away with the 10 percent bracket, 73 million working Americans would pay higher taxes next year than they paid this year because we would not have the 10 percent bracket available then next year. Seventy-three million Americans would pay higher taxes because of that.

Unless the House acts, 22 million lower-income workers would be pushed

from the 10 percent bracket into the 15 percent bracket. We do not want to see that happen.

This is an important step in the right direction. I urge my colleagues not only to defeat the substitute, which does not accept the permanency of this important addition to our tax policies, but to vote for the bill.

Mr. TANNER. Mr. Speaker, before I yield to the gentleman from Texas, I would just like to say it does make it permanent, but there are conditions.

Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. STENHOLM), my friend.

Mr. STENHOLM. Mr. Speaker, I thank my friend for yielding me the time, and this debate is not about whether we should provide tax relief to middle-class families. Every Member of this body supports that general principle.

The debate, though, is whether we should do so with borrowed money on top of the \$7.1 trillion that we already owe. I personally do not believe we should pay for tax cuts by borrowing money against our children's future. That is why I support the Tanner substitute, which will extend the 10 percent tax bracket without increasing the deficit.

This debate today is really about PAYGO, and I appreciate the fact the majority side does not want to go back to pay-as-you-go. They have made that very, very clear; and I am sorry that the majority whip left the floor because I was a little disappointed in some of what he was saying last week when we had a little change of vote by a few folks on the pay-as-you-go, and it was inferred to the majority side, those who have been voting with us on pay-as-you-go, that this bill and the same one we will vote on in a few minutes or later today on pay-as-you-go was different than that that was paid in 1997.

It is not different, and in fact, today once again the majority will make it very clear that they do not wish to go to pay-as-you-go government, that they are perfectly willing to borrow any amount of money, any amount of money in order to continue to implement their economic game plan, which I will submit is not working, and it will only take a year or two before it will be proven, when we will see the largest tax increases in the history of our country being implemented, called the debt tax because we cannot borrow \$8 trillion and not have somebody pay for it; and 4 percent interest on \$8 trillion is \$320 billion, and a 1 percent increase in any 1 year will increase the debt tax by \$80 billion.

My colleagues can keep wishing that away and they can keep coming up with red herrings like the three reasons why my colleagues should oppose this, and my good friend who has been here for the same 25 years I have been from Florida brings up OMB. He knows that that is standard language that we use, they use, constantly use. It has always been used that way.

Let us assume for just a moment he is right and you will come back and say, no, that is not right. I would share with the gentleman talking about AMT relief, I believe we can find a way to have bipartisan cooperation to fix that. We can have bipartisan agreement on how to fix the OMB and delegating our authority from this body.

What it seems we cannot fix, though, is pay-as-you-go. There seems to be some reluctance in this body. It used to be my colleagues voted with me on this issue. In fact, it took Democrats to pass it because there were not enough Republicans when all of them were voting for pay-as-you-go to pass anything, and some of us were voting with my colleagues or they with us, and we got it done. What was the result? A balanced budget for our country, and all of the sudden that balanced budget is gone out the window.

The Tanner substitute says we are not opposed to cutting taxes.

□ 1230

We are not increasing taxes with this amendment. That is a red herring, and folks on this side know better than to stand on this floor and say that it is.

What the underlying bill that everybody is going to vote for theoretically, I wish they were not, I wish they would vote for the substitute because it is a better bill. It does exactly what we want done. The only thing it does not do is borrow another \$50 billion. Now, I think we have an obligation to ensure that future generations will be able to meet our commitments to Social Security and Medicare before we lock in reductions on revenue. My friends on the other side do not believe that anymore, and that is fine. That is a legitimate political position, and you are taking it over and over and over again. Fine. Just assume the responsibility for that.

The Tanner substitute tells the President and the Congress we have to start making some tough choices. You bring up a tax cut a week. You make these statements, send out these press releases, et cetera. That is wonderful. But the baby boomers are out there. They are about to begin retiring, reaching age 62 in 2008. And to lock in the lack of revenue to cover the obligations for them is not a good decision in my book.

Let me remind everyone, we are fighting a war, a war that has already cost us \$150 billion and is costing another \$4 billion a month, and we come to this body and we argue about how much we are going to reduce the amount of money that we have available to see that the troops gets the material, the protection, the armaments that they need to fight the war. We argue about how we are going to reduce that amount of money and shortchange them.

This is an amazing place, Mr. Speaker. Amazing how individuals can vote one way 4 or 5 years ago and vote another way today and explain it both

ways. But that is exactly what the majority, all of the majority that were here in 1997, are doing. And by opposing the Tanner substitute, you are really opposing pay as you go.

I urge a vote for the Tanner substitute, and I will be one of those opposing borrowing another \$50 billion without applying pay as you go.

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

What this debate is all about is the financial balance sheet of our country. As I said in my opening statement, this bill is just a symptom of a far greater problem.

I really, honestly do not believe the people of this country realize when bills like this are passed, unpaid for, all of those green lights that go up there are in effect putting a \$218 billion, in this case, mortgage, another mortgage on our country in all of their names; because these Members who are going to vote for it are not going to pay it, and I think that is wrong.

But it goes beyond that. It is now a national security matter, as I discussed earlier. When one realizes that 70 percent of the deficit, \$370 billion deficit last year, was financed by foreign interests, they are gaining leverage every day on this country.

My grandfather told me one time, he said, John, it is easier to foreclose a man's house than it is to shoot your way in the front door. Now, you think about that. China is not always going to see the world the same as we do. Neither are the Japanese. Neither are any of these other countries around the world, because they have their own interests that they must see to. And when we are depending on foreign interests to finance record deficits, we are acting irresponsibly when it comes to the national security of this country. I firmly believe that. That is number one.

Number two, again, I do not think people understand that since President Bush took office, and we have had virtually a one-party government in this country, they have borrowed \$1.1 billion every day. Now, if one were running a private enterprise like that, the stockholders would fire them, or they would be in Chapter 11 bankruptcy. The only difference is, with government, we can continue to borrow on the good faith and credit of the American economy.

But let me get back to this foreign thing, because I think that really is something that people can understand. Did you realize that a former official of the People's Bank of China, the country's central bank in Beijing, and now an economist in Hong Kong was recently quoted in the Washington Post as saying the U.S. dollar is now at the mercy of Asian governments? In the London Financial Times I read where Europe is incredibly worried about the fiscal irresponsibility of our country.

I just did some figuring. Just so far this year we have already written interest checks of over \$100 billion, just

in the first 7 months. That is \$14 billion in interest a month this year. Said another way, we are spending \$475 million a day on interest, every day. Since we started this debate a while ago, we have since spent \$20 million in the last hour on interest. That is \$330,000 a minute or \$5,550 a second that we are spending on interest for which this country gets no health care, no education, no military, no anything that will enable private enterprise to grow, flourish and create jobs.

They say, well, you know, if we can just keep cutting taxes, the economy is going to grow. Under that theory, if you abolished all taxes, the country would be filthy rich. Somebody has to pay at some point a minimum level of taxes to buy aircraft carriers, to buy tanks, to buy body armor. I think the gentleman from Texas (Mr. STENHOLM) said the free lunch is still being invented, and one cannot continue to reduce revenue, increase spending, borrow it all, and not expect to see a financial Armageddon down the line. How far down the line, I do not know. I know this: It is much closer today than it was when I got here 16 years ago.

And I know this: that the Chinese particularly will not continue to buy our paper at a relatively low rate of return to hold their yen, their currency, artificially low so they can kill us on the trade deficit. I know that that will not continue forever. And I know that sometime in the future, whether it is OPEC, Asia, or whomever, they are not going to view the world the same way we do. And by our actions here today, and again this is just a symptom of a far greater problem, by our utter refusal to ask Americans to either cut back or to pay for what we are getting, we are putting this country in real, clear and present danger with this foreign holding business.

I do not know how else to put it. I must tell you, this is not going to go away, and it is going to get worse with every passing day because we are now paying interest on interest. There is not a reputable economist that I know that does not say that our country is now in a structural deficit. This is not cyclical, where we have a recession. We are now in a structural deficit. The budget they presented, is \$500 billion in the red this year, and they say, well, we are going to cut that in half in 5 years. But they borrow another trillion dollars under their game plan, which is the best they can do. At 5 percent, another trillion dollars is a tax increase on 290 million people of \$50 billion a year every year.

Now, that is just on 1 trillion. They have already run through that, and now almost at \$1.5 trillion at \$1.1 billion a day. This is financial madness. And so when my friends complain about spending, the Republicans have controlled the House for the last 9½ years. The Democrats have not spent one thin dime. We do not have the votes to spend any money. We cannot

spend any money, we do not control anything, the Committee on Appropriations, nothing. So when my colleagues talk about spending, I suggest they look in the mirror. You guys are the ones spending all the money. We do not have the votes.

So I just tell you, Mr. Speaker, our country is engaged in a death spiral financially. If we were in an airplane, unless we did something different, we are going to hit the ground. We cannot continue to do this. This bill may be good intentioned, but this substitute says, look, we have to pay for it. We have asked the top .02 percent of the people in this country to help us do that. I do not think that is too much to ask.

I had a friend who had an eighth-grade education. He was an old World War II guy who went out on his own and he made it big. I asked him one time, I said, John, what do you want to do in your life? He said I have two goals, two financial goals. I said, what are they? He said, the first one is I want to owe the bank \$5 million. I said, that is crazy, man. He said, no, it is not, because if they will let me have \$5 million, that means they think I have got 10. And he said, the other thing I want to do is I want to pay \$1 million a year in income tax, because that means I made 3. And if this country allowed me, with an eighth-grade education to make \$3 million a year, you bet I will be glad to pay a million for that privilege of living in this great land that I have known and I want to leave to my children.

What we are doing now is doing violence to what that man was willing to do coming out of World War II with an eighth-grade education. I just beg and implore people to think about this and let us see if we cannot work somehow together. I know you are going to mortgage the country for another \$218 billion in a minute, but surely we can do better than this. This is an outrage to the future of this country and it is an outrage to those who came before us.

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

Mr. RYAN of Wisconsin. Mr. Speaker, I yield myself such time as I may consume to close.

Well, where to begin? Well, we have seen a lot of revisionist history practiced on the floor today during this debate. I think it is important to look at what this country has faced in the last few years.

What happened to this country? Well, in 2001 the President was sworn into office and we were going into a recession. What we found on September 11 of 2001 was that we were on the precipice of going into a recession. It looked inevitable that we were going to have a recession, but maybe we were going to pull out of it. But 9/11 put us into that recession.

We went into a recession where our revenues to this country dive-bombed. But what happened after that? Then we

found some people were crooked in the boardrooms of America, and we had corporate scandal after corporate scandal after corporate scandal. And what happened? We went deeper into recession and our revenues plummeted. Because we saw that Americans' faith in the corporations of America, because of the Enron scandal, the Global Crossing scandal, and the WorldCom scandal, shook the foundation of our enterprise system.

What happened also at that time? Well, Mr. Speaker, we were engaged in war in response to 9/11. We had to spend more money because we had a war in Afghanistan, we had a Department of Homeland Security to try to make ourselves harder targets to hit, to play better defense in the war on terrorism. That costs money. The fundamental and first responsibility of the Federal Government is to protect the safety and security of the American people. In post 9/11 government, that means we had to spend more money on security.

So, yes, spending went up. Spending went up, I would argue, for a very important reason. And, you know what? Revenues went down. They went down because we went into a recession, we got deeper into a recession with 9/11, and we got still lower revenues and a worse recession because of these corporate scandals.

But the great story in all of this, Mr. Speaker, is the incredible resiliency of the American worker, of the American citizen, of the American economy. The American economy is rebounding from all of that. Most times in America you get hit with one of these calamities, a war, an act of terrorism, or a recession, but they happened all at the same time in this country. And what is so wonderful about this is how well we have responded to it.

Now, yes, spending went up, the debt obviously went up, and revenues went down. But the good story in all of this, Mr. Speaker, is that in large part because of the tax cuts that passed, that helped ignite this economic recovery, and we are working and growing ourselves out of this. Now, we have many problems that clearly need solving. We are still involved in a war and we see that on other TV sets every day. We still have a lot of people who need work. But it is a wonderful thing that more than a million people found work since last August. It is even better that about 300,000 people found work last month.

□ 1245

Mr. Speaker, we still have challenges, and that is why we are seeing what is coming to the floor this week, all of these pieces of legislation to try and get this economy back on its feet, to get people their jobs back.

One of the things we are focusing on just this week and the next 7 weeks in the House of Representatives is to do things to make it so we are more competitive in the global economy. We look at what it takes to get jobs in this

economy. How do we bring the lagging manufacturing sector back on its feet? When we look at the problems facing the competitiveness of the American company, we look at the problems facing the competitiveness of the American worker, taxes, number one; health care costs, number two; regulatory costs; litigation costs with lawsuits; and energy costs.

What is this Congress doing? Well, we had a comprehensive energy policy brought through the House of Representatives to bring down the cost of energy and make us less dependent on foreign sources of energy; filibustered in the other body. Regulatory reform, we are bringing a whole week's worth of legislation down to the floor in a matter of days to work on reducing the cost of regulations. Tort reform, we have passed tort reform bill after tort reform bill after tort reform bill. Class action reform, medical liability reform, all being filibustered in the other body.

What are we doing about taxes? This is an area where this Congress has produced because we have been able to get these bills passed through the other body and signed into law by the President. So we see this recovery under way.

One of the areas where this recovery has really rebound is in small businesses. As I mentioned earlier, small businesses create 70 percent of the jobs we have in America. Small manufacturers in America today pay higher taxes than our competitors overseas, especially China and India. We have to make our small manufacturers more competitive.

What this substitute does is it takes away the very policy that is igniting this economic recovery. It puts taxes on small businesses. More importantly, if we fail to pass this underlying legislation, it will put higher taxes on low-income workers. I mentioned earlier that over half of all taxpayers hit by the surtax in the Tanner substitute are small businesses. I misspoke. Seventy-five percent of all taxpayers hit by this surtax report small business income, sole proprietorships, partnerships, men and women in America who are putting their own capital at risk to start a small business, to hire people and bring them back to work. That is the engine of economic growth that is fueling this recovery.

Why on Earth we want to hit these people, the creators of jobs in America, with a new high tax to try to pay for a temporary tax cut which we are making permanent in the base bill is beyond me.

Now, it is important that Members note the differences in philosophy here. By raising taxes, as a vote against this bill will do, takes the pressure off the need to reduce spending. If we always go for the old answer of let us just raise taxes, let us allow taxes to go back up, raise taxes on small businesses, that will bring in more revenue to the government, possibly. Possibly.

But what it for sure will do is take pressure off the Congress and our Federal Government to cut spending. We want to cut spending. I think the gentleman from Tennessee (Mr. TANNER) was right when he said we could have done a better job over the last 8 to 9 years in cutting spending. I very much agree with that. I think we can do a better job; but what is also important to say, which was left out, over these 8 or 9 years, in passing the spending bills we have passed in this Congress, they have always done so by defeating higher spending increases that have been proposed time after time from the other side of the aisle.

So, Mr. Speaker, what this is about is ensuring the recovery continues, making sure that 23 million low-income Americans and 73 million taxpayers do not see a big tax increase next year. What this is about is making sure that the pressure is put on Congress in the right way, not raising taxes, but keeping taxes low and cutting spending. That is the emphasis that is placed in this bill. That is what we are voting for here.

I urge my colleagues to vote "no" against the Tanner tax increase substitute and vote "yes" for the base bill so that 23 million low-income Americans can see this tax relief in reality for the rest of their lives and so that the rest can make sure they are not going to wake up next year with a big tax increase.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I am deeply disturbed by the fact that once again this body is forced to engage in a debate on the merits of a truly irresponsible fiscal policy. No doubt that this debate will go back and forth between those who will demand tax cuts and those who will be against them, but one fact is undisputable, if we adopt H.R. 4275 in its original form then our national deficit will grow even larger. Maybe the Members on the other side of the aisle can live with an enormous national deficit that grows larger by the day, but I surely cannot.

This is why I am in full support of the Rangel Substitute which offers a responsible way to extend the 10-percent individual income tax rate bracket. Under the Rangel Substitute, these middle-class tax cuts actually benefit the middle class. I know it might shock my colleagues on the other side of the aisle that there could be tax cuts that might actually help Americans who are not in the top 1 percent of income earners. I'm sure we will hear the argument that the richest of Americans need tax cuts because they are the ones who will invest back in America, but I have yet to see the logic come to fruition. What I see is a deficit that is expected to exceed last year's record deficit by at least \$60 billion—and to total at least \$2 trillion over the coming decade—and yet here we are again on the floor of this legislative body on the verge of passing even more tax cuts that have no offset. H.R. 4275 in its original form will add another \$218 billion that will have to be paid for by future generations. I'm sure the millionaires of today will enjoy their additional tax cuts, I'm sure they'll spend their savings wisely, but meanwhile their good fortune is coming at the expense of a future generation of Americans, many of

whom are not even born yet. The good fortune that American millionaires enjoy today will be a burden on those yet unborn Americans in the form of exponentially higher taxes and higher interest rates. This phantom menace that will burden future Americans can truly be called a "birth tax." My colleagues from the other side of the aisle can talk for days about the unfairness of higher taxes for today's millionaires, but all the talking in the world can not change the fact that this irresponsible tax policy is most unfair to those Americans who don't yet even have a voice to make their opinion known.

There is no doubt that the proponents of H.R. 4275 will make the argument that this legislation will put more money back in the pockets of hard working Americans, but the truth is far from their tired rhetoric. The truth of H.R. 4275 in its original form is that it excludes far more average Americans than it actually helps. This proposed legislation denies the tax cut to any household on the Alternative Minimum Tax (AMT). There will be 33 million households by 2010 that will be on the AMT, those 33 million households make up one-third of all taxpayers and they would receive absolutely no benefit from this proposal. By 2010, almost half of AMT taxpayers would be households in the \$50,000 to \$100,000 gross income range. Now I ask, does this sound like legislation that truly benefits America's middle class? Too many average Americans are not seeing a benefit; instead they are being fed a steady diet of misinformation and irresponsible policies. The Rangel substitute addresses all these loopholes that allows so many Americans to fall through the cracks and not receive real tax relief.

The Rangel Substitute is the only legislation currently on the floor that offers the full and true version of the 10-percent bracket and it does so while still being fiscally responsible. Plain and simple, the Rangel Substitute is the only legislation that will actually help middle-class Americans as the sponsors of H.R. 4275 purport to do. I am certain my colleagues from the other side of the aisle will vote against the Rangel Substitute because God forbid that Americans who are millionaires might get a few thousand dollars less in tax cuts in order to help other Americans who actually need a tax cut. That's where the crux of this debate on taxes is, Republicans will talk endlessly on the need for tax cuts that benefit the richest Americans and the richest businesses, but I can not argue against that more strenuously. Lower and middle-class Americans need a tax cut, America's small businesses need and deserve a tax cut. The truly sad fact is that we can provide this relief to Americans who need it and we can do it without handcuffing future generations with a large national deficit, but the majority party in this body refuses to accept that solution. The Rangel Substitute puts money back in the pockets of middle-class Americans by making a minute adjustment to the tax rate for households that earn over \$1 million a year. This rate adjustment leaves these millionaire households with annual tax cuts which will still well exceed \$100,000 per year. How much more money do millionaires need? Meanwhile, lower and middle class Americans are struggling to both make a living and have savings for the future, maybe to buy a home or to send their children to college. This gross inequity in our current tax structure between millionaires and average Americans

is just appalling. I urge all my colleagues to vote for the Rangel Substitute and I appeal to the Members on the other side of the aisle, that if you really care for average Americans as you say you do, then the only sensible option you have is to vote the Rangel Substitute. Extending tax relief for middle-class Americans is an admirable goal, but creating irresponsible legislation like H.R. 4275 is not.

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

The SPEAKER pro tempore (Mr. SIMPSON). All time for debate on the amendment has expired.

Pursuant to House Resolution 637, the previous question is ordered on the bill and on the amendment offered by the gentleman from Tennessee (Mr. TANNER).

The question is on the amendment in the nature of a substitute offered by the gentleman from Tennessee (Mr. TANNER).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. TANNER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 190, nays 227, not voting 16, as follows:

[Roll No. 169]

YEAS—190

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bell
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Cardoza
Carson (IN)
Case
Clay
Clyburn
Conyers
Cooper
Costello
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell

Doggett
Dooley (CA)
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Ford
Frank (MA)
Frost
Gephardt
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Hartman
Hastings (FL)
Hefley
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson

Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lipinski
Lofgren
Lowey
Lucas (KY)
Lynch
Maloney
Markey
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-
McDonald
Miller (NC)
Miller, George
Moore
Moran (VA)
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Oliver
Ortiz
Owens
Pallone
Pascarelli
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy

Price (NC)
Rahall
Rangel
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabó
Sánchez, Linda
T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Scott (VA)

Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney

NAYS—227

Aderholt
Akin
Alexander
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bereuter
Biggert
Bilirakis
Bishop (UT)
Blackburn
Boehler
Boehner
Bonilla
Bonner
Bono
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite,
Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Carson (OK)
Carter
Castle
Chabot
Chandler
Chocola
Coble
Cole
Collins
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
DeLay
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach

Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hensarling
Herger
Hobson
Hoekstra
Hoolley (OR)
Hostettler
Houghton
Hunter
Hyde
Isakson
Issa
Istook
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
Marshall
Matheson
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mollohan
Moran (KS)
Murphy
Murtha
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup

Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Schrock
Sensenbrenner
Sessions
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (FL)

NOT VOTING—16

Blunt	Hulshof	Scott (GA)
Capito	Israel	Shadegg
Deal (GA)	Lewis (GA)	Tauzin
DeMint	Majette	Young (AK)
Filner	Quinn	
Goss	Reyes	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are advised that 2 minutes remain in this vote.

□ 1312

Mr. FARR and Mr. PAYNE changed their vote from “nay” to “yea.”

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated for:

Mr. FILNER. Mr. Speaker, on rollcall No. 169, I was attending to official business in my congressional district, and I missed the vote. Had I been present, I would have voted “aye.”

Stated against:

Mr. GOSS. Mr. Speaker, on rollcall No. 169, Tanner amendment in nature of substitute, had I been present, I would have voted “no.”

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. RYAN of Wisconsin. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, this 15-minute vote on passage will be followed by a 5-minute vote on the motion to instruct conferees on Senate Concurrent Resolution 95.

The vote was taken by electronic device, and there were—ayes 344, noes 76, not voting 13, as follows:

[Roll No. 170]

AYES—344

Ackerman	Bonilla	Case
Aderholt	Bonner	Castle
Akin	Bono	Chabot
Alexander	Boozman	Chandler
Allen	Boswell	Chocola
Baca	Boucher	Clay
Bachus	Boyd	Clyburn
Baird	Bradley (NH)	Coble
Baker	Brady (TX)	Cole
Baldwin	Brown (OH)	Collins
Ballenger	Brown (SC)	Costello
Barrett (SC)	Brown, Corrine	Cox
Bartlett (MD)	Brown-Waite,	Cramer
Barton (TX)	Ginny	Crane
Bass	Burgess	Crenshaw
Beauprez	Burns	Crowley
Bell	Burr	Cubin
Bereuter	Burton (IN)	Culberson
Berkley	Buyer	Cunningham
Berman	Calvert	Davis (AL)
Biggart	Camp	Davis (CA)
Bilirakis	Cannon	Davis (TN)
Bishop (GA)	Cantor	Davis, Jo Ann
Bishop (NY)	Capito	Davis, Tom
Bishop (UT)	Capuano	DeFazio
Blackburn	Cardin	Delahunt
Blunt	Cardoza	DeLauro
Boehlert	Carson (OK)	DeLay
Boehner	Carter	Deutsch

Diaz-Balart, L.	King (IA)	Pomeroy
Diaz-Balart, M.	King (NY)	Porter
Dooley (CA)	Kingston	Portman
Doolittle	Kirk	Price (NC)
Dreier	Kleczka	Pryce (OH)
Duncan	Kline	Putnam
Dunn	Knollenberg	Radanovich
Edwards	Kolbe	Rahall
Ehlers	LaHood	Ramstad
Emerson	Lampson	Regula
Engel	Langevin	Rehberg
English	Lantos	Renzi
Eshoo	Larson (CT)	Reynolds
Etheridge	Latham	Rodriguez
Evans	LaTourette	Rogers (AL)
Everett	Leach	Rogers (KY)
Farr	Levin	Rogers (MI)
Feeney	Lewis (CA)	Rohrabacher
Ferguson	Lewis (KY)	Ros-Lehtinen
Flake	Linder	Ross
Foley	Lipinski	Rothman
Forbes	LoBiondo	Royce
Ford	Lofgren	Rush
Fossella	Lowey	Ryan (OH)
Franks (AZ)	Lucas (KY)	Ryan (WI)
Frelinghuysen	Lucas (OK)	Ryun (KS)
Frost	Lynch	Sabo
Galleghy	Maloney	Sanders
Garrett (NJ)	Manzullo	Sandlin
Gephardt	Markey	Saxton
Gerlach	Marshall	Schiff
Gibbons	Matheson	Schrock
Gilchrest	Matsui	Sensenbrenner
Gillmor	McCarthy (NY)	Sessions
Gingrey	McCollum	Shaw
Gonzalez	McCotter	Shays
Goode	McCrery	Sherwood
Goodlatte	McHugh	Shimkus
Gordon	McInnis	Shuster
Granger	McIntyre	Simmons
Graves	McKeon	Simpson
Green (TX)	McNulty	Skelton
Green (WI)	Meehan	Slaughter
Greenwood	Meek (FL)	Smith (MI)
Gutierrez	Meeks (NY)	Smith (NJ)
Gutknecht	Mica	Smith (TX)
Hall	Michaud	Snyder
Harman	Millender-	Souder
Harris	McDonald	Spratt
Hart	Miller (FL)	Stearns
Hastings (WA)	Miller (MI)	Strickland
Hayes	Miller (NC)	Stupak
Hayworth	Miller, Gary	Sullivan
Hefley	Miller, George	Sweeney
Hensarling	Moore	Tancredo
Herger	Moran (KS)	Tauscher
Hinojosa	Moran (VA)	Taylor (NC)
Hobson	Murphy	Terry
Hoeffel	Musgrave	Thomas
Hoekstra	Myrick	Thompson (MS)
Holden	Nadler	Thornberry
Honda	Nethercutt	Tiahrt
Hoolley (OR)	Neugebauer	Tiberi
Hostettler	Ney	Toomey
Hunter	Northup	Turner (OH)
Hyde	Norwood	Udall (CO)
Isakson	Nunes	Udall (NM)
Issa	Nussle	Upton
Istook	Oberstar	Van Hollen
Jackson-Lee	Obey	Vitter
(TX)	Oliver	Walden (OR)
Jenkins	Ortiz	Walsh
John	Osborne	Wamp
Johnson (CT)	Ose	Weiner
Johnson (IL)	Otter	Weldon (FL)
Johnson, E. B.	Owens	Weldon (PA)
Johnson, Sam	Oxley	Weller
Jones (NC)	Paul	Whitfield
Jones (OH)	Pearce	Wicker
Kaptur	Pence	Wilson (NM)
Keller	Peterson (MN)	Wilson (SC)
Kelly	Peterson (PA)	Wolf
Kennedy (MN)	Petri	Wu
Kennedy (RI)	Pickering	Wynn
Kildee	Pitts	Young (AK)
Kilpatrick	Platts	Young (FL)
Kind	Pombo	

NOES—76

Abercrombie	Cooper	Fattah
Andrews	Cummings	Frank (MA)
Ballance	Davis (FL)	Grijalva
Becerra	Davis (IL)	Hastings (FL)
Berry	DeGette	Hill
Blumenauer	Dicks	Hinchee
Brady (PA)	Dingell	Holt
Capps	Doggett	Houghton
Carson (IN)	Doyle	Hoyer
Conyers	Emanuel	Inslee

Jackson (IL)	Pastor	Stenholm
Jefferson	Payne	Tanner
Kanjorski	Pelosi	Taylor (MS)
Kucinich	Rangel	Thompson (CA)
Larsen (WA)	Roybal-Allard	Tierney
Lee	Ruppersberger	Towns
McCarthy (MO)	Sánchez, Linda	Turner (TX)
McDermott	T.	Velázquez
McGovern	Sanchez, Loretta	Visclosky
Menendez	Schakowsky	Waters
Mollohan	Scott (VA)	Watson
Murtha	Serrano	Watt
Napolitano	Sherman	Waxman
Neal (MA)	Smith (WA)	Wexler
Pallone	Solis	Woolsey
Pascarell	Stark	

NOT VOTING—13

Deal (GA)	Israel	Scott (GA)
DeMint	Lewis (GA)	Shadegg
Filner	Majette	Tauzin
Goss	Quinn	
Hulshof	Reyes	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are advised that 2 minutes remain in this vote.

□ 1330

Ms. WATERS, Ms. LINDA T. SÁNCHEZ of California, Ms. MCCARTHY of Missouri, and Mr. CUMMINGS changed their vote from “aye” to “no.”

Mr. RUSH and Mr. WELLER changed their vote from “no” to “aye.”

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. GOSS. Mr. Speaker, on rollcall No. 170, final passage of H.R. 4275, had I been present, I would have voted “aye.”

Mr. FILNER. Mr. Speaker, on rollcall No. 170, I was attending to official business in my congressional district, and I missed the vote. Had I been present, I would have voted “aye.”

GENERAL LEAVE

Mr. RYAN of Wisconsin. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the bill, H.R. 4275.

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

There was no objection.

MOTION TO INSTRUCT CONFEREES ON S. CON. RES. 95, CONCURRENT RESOLUTION ON THE BUDGET FOR FISCAL YEAR 2005

The SPEAKER pro tempore. The unfinished business is the question on the motion to instruct conferees on Senate Concurrent Resolution 95.

The Clerk will designate the motion.

The Clerk designated the motion.

The SPEAKER pro tempore. The question is on the motion to instruct conferees offered by the gentleman from North Dakota (Mr. POMEROY) on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 207, nays 211, not voting 15, as follows: