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House of Representatives

The House met at 12:30 p.m. and was called to order by the Speaker pro tempore (Mr. PETRI).

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

March 2, 2004.

I hereby appoint the Honorable THOMAS E. PETRI to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

MORNING HOUR DEBATES

The SPEAKER pro tempore. Pursuant to the order of the House of January 20, 2004, the Chair will now recognize Members from lists submitted by the majority and minority leaders for morning hour debates. The Chair will alternate recognition between the parties, with each party limited to not to exceed 30 minutes, and each Member, except the majority leader, the minority leader, or the minority whip, limited to not to exceed 5 minutes.

The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

SOCIAL SECURITY: TAXING BENEFITS, LIMITING CHOICE

Mr. STEARNS. Mr. Speaker, last week the chairman of the Federal Reserve, Alan Greenspan, gave some seniors all over the country a little bit of a scare. But his suggestion that Congress should consider reducing Social Security benefits for future retirees was just that, a suggestion by the chairman. Current beneficiaries and near retirees should not worry. All of us, including myself, will fight to protect the benefits of current and near

retirees. They should receive nothing less than 100 percent of what they have been promised.

What seniors should take from this conversation, though, is that Social Security is just that, a promise from our government. It is not a real asset in your name. If it were, you would have a little more flexibility and decision-making on how you plan to use it for your retirement. Currently, Social Security gives retirees a one-two punch: first, taxing their benefits; and, second, discouraging productivity among early retirees by limiting their earnings.

I would like to talk about the first of these shortcomings today, taxation of benefits after you receive the check.

Until 1984, Social Security benefits were exempt from the Federal income tax. For years, many analysts questioned the basis for the IRS rulings and advocated that the tax treatment of Social Security be the same as for other pension income, because there are other options for retirement planning today than traditional pensions, other options that are taxed differently, thereby serving as an alternative retirement planning tool. I am referring to the nearly 7-year-old Roth IRA account. But first let me explain further about Social Security taxation of benefits.

If a Social Security beneficiary files a Federal tax return as an individual and his combined income is between \$25,000 and \$34,000, he may have to pay income tax on 50 percent of those benefits. If his combined income is above \$34,000, up to 85 percent of his Social Security benefit is subject to income tax. That hurts. If he files a joint return, he may have to pay taxes on 50 percent of his benefits if the spouse's combined income is between \$32,000 and \$44,000. But, Mr. Speaker, if that couple's combined income is more than \$44,000, up to 85 percent of those folks' Social Security benefits are subject to

income tax. Of course, to help discipline your money management, the pain of the IRS withholding the taxes along the way is available. So after a lifetime of seeing your paycheck eroded by taxation, inflation, you are not done when you are a senior receiving your Social Security benefits.

My objection, Mr. Speaker, to this is that we are limiting retirees' options on how they plan for their own retirement. For some of us, a preferred option while we are young in our working years might be to not have our retirement savings withheld before payroll taxes. Maybe we are willing to pay annual income taxes on all of it each year in exchange for the long-term security of knowing it will be free from taxation later, on earnings and withdrawal. Some would rather pay Uncle Sam up front like this. This is why the Taxpayer Relief Act of 1997 authorized the new Roth IRA to provide tax-free income from after-tax contributions.

But there is a bill that remedies this taxation of benefits when a senior thought he or she was on the receiving end, not the contributing end, of life. I am proud to cosponsor the bill of the gentleman from Texas (Mr. SAM JOHNSON), H.R. 434, the Social Security Benefits Tax Relief Act of 2003, which would repeal the 1993 income tax increase on Social Security benefits that President Clinton signed as a bill.

Again, this is all about choices. Social Security is one of our government's most popular domestic programs. Since its inception at the heart of the Great Depression, it has become the primary and often sole source of income for millions of Americans. However, it, like so many other staid Federal Government programs, is a one-size-fits-all program for an American people who want to try different sizes and have different choices. Just as we prefer choice in our health care, rather than a government-run system, some retirees, at least future ones, might

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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prefer choice in retirement vehicles, and Social Security does not offer that.

I reiterate, Mr. Speaker, that current and near retirees need not fear alteration of their current benefits. But we should glean something from Chairman Greenspan's comments. As examination of the program occurs, let us consider all the aspects, lack of individual assets; noninheritability to one's children; penalties for early, partial retirement; and the taxation of one's benefits, that make it less than a truly secure choice and system.

THE BUSH BUDGET AND SOCIAL SECURITY

The SPEAKER pro tempore. Pursuant to the order of the House of January 20, 2004, the gentleman from New Jersey (Mr. PALLONE) is recognized during morning hour debates for 5 minutes.

Mr. PALLONE. Mr. Speaker, finally some of my Republican colleagues are waking up and seeing the fiscal mess that they have created here in Washington. This morning, the headline in *The Washington Post* read: "Some GOP Lawmakers Aim To Scale Back Bush Tax Cuts."

Mr. Speaker, somebody really ought to tell the President about this. He is still running around the Nation telling anyone who will listen that he wants Congress to make all of his tax cuts permanent. These are the same tax cuts that overwhelmingly benefit the wealthiest Americans and have turned a \$5.6 trillion surplus into a \$3 trillion deficit over the next 10 years.

The article in *The Washington Post* quotes my Republican colleague, CHRISTOPHER SHAYS, the vice chairman of the House Budget Committee, as saying, and I quote, "We would be foolish to extend all the tax cuts now." Again, these are the words not of a Democrat but of a Republican, the vice chairman of the House Budget Committee, saying that we would be foolish to extend all the tax cuts right now.

I ask, what is turning some Republicans against their President on this issue of tax cuts? Maybe they finally realized the true ramifications of their fiscal insanity over the last 3 years when Federal Reserve Chairman Alan Greenspan said just last week that fully implementing President Bush's tax cuts would require cuts in Social Security down the line. Chairman Greenspan's comments illustrate the destructive effects of reckless Republican economic policies, policies that have led to record budget deficits, lower economic growth, and a substantial risk to the Social Security benefits that millions of seniors depend on.

Mr. Speaker, when President Bush took office 3 years ago, the projected budget surpluses were enough to cover the cost of Social Security during the baby boomers' retirement years. When then-Governor Bush was campaigning for the Presidency, he promised that any tax cuts he proposed would leave

Social Security solvent. That was candidate Bush. But 3 years later, Chairman Greenspan says that, due to the fiscal situation this Republican Congress and President Bush have created, Congress may be forced to begin cutting promised Social Security benefits.

My Democratic colleagues and I will not let this happen. Hardworking Americans have paid a portion of their wages into Social Security their entire careers, and Washington has always known that we have an obligation to pay them benefits when they retire. Instead of making American seniors pay for the Bush administration's fiscal recklessness, the President should work with Congress and get their spiraling deficit under control.

Democrats, Mr. Speaker, believe that fiscal responsibility is the way to create prosperity for America and secure the retirement of America's seniors. The government needs to get back to balanced budgets and fiscal discipline as soon as possible to ensure that we can protect the Social Security trust fund for future retirees. My Democratic colleagues and I believe that our parents and grandparents should be able to enjoy their golden years and not live in fear of poverty.

Another reason some Republicans may now be skittish toward making all tax cuts permanent would be the latest estimates out of the Congressional Budget Office. Last Friday, CBO estimated President Bush's budget for the upcoming year would generate \$2.75 trillion of additional Federal debt over the next decade. CBO also says that, despite the President's claims, his budget fails to cut the deficit in half by 2009. Could it finally be that some Republicans are realizing what many of us on this side of the aisle have known for almost 3 years, that President Bush lacks any credibility on our Nation's fiscal situation?

In order to prevent a total fiscal collapse, it is time for President Bush and my Republican colleagues to face reality and repeal the President's tax cuts for the very wealthiest Americans. It is time President Bush and congressional Republicans stand with our Nation's children who will be forced to bear the brunt of the cost of their fiscal irresponsibility. It is time the President and congressional Republicans stand with our Nation's seniors and baby boomers that need Social Security and Medicare strengthened, not raided. Chairman Greenspan and the CBO have sent a wakeup call to Washington Republicans, and I hope after reading this article in today's *Washington Post* that some of those congressional Republicans are finally listening.

TWELVE CONSENSUS PRINCIPLES TO REDUCE SPENDING

The SPEAKER pro tempore. Pursuant to the order of the House of January 20, 2004, the gentleman from Illinois (Mr. KIRK) is recognized during morning hour debates for 5 minutes.

Mr. KIRK. Mr. Speaker, with a \$500 billion deficit, it is clear that Congress must cut spending and reform our budget process. Like our predecessors in the 1980s, we must come together not as Republicans or Democrats but as Americans to share equally in the cuts so that the Federal budget is brought back into balance.

We all support a balanced budget. It is the right thing to do, and it is also the moral thing to do. Our Founding Fathers created the Federal Government as a limited institution whose mission was clearly defined. Some things the Federal Government was to do well. Many things were left up to the States. When the Federal budget is out of balance, it calls into question our ability to sustain core Federal functions: defense, Federal law enforcement, and the retirement security of Americans under Social Security and Medicare.

I believe the Federal Government should fulfill its current promises to Americans currently in uniform and retirees before making any additional promises. Service in Congress is about making tough choices. For too long we have said, You get yours, I get mine and the kids get the bill. This must end.

Recently, Republican moderates and conservatives joined together on 12 budget principles. The Moderate Tuesday Group and the Conservative Action Team agreed on a surprising list of definitive budget proposals that will bring our budget back into balance even faster than the White House has proposed. What are these principles?

First, that we have automatic spending reductions if spending exceeds the amount in the congressional budget resolution. If we find that there is an uncontrolled debt above that which is set by Congress, we will have across-the-board spending cuts for all discretionary and mandatory accounts except Social Security and Medicare. Second, we have numbers in the budget that are enforceable. The current budget identifies 20 separate budget functions that are not enforced. They should be replaced with enforceable, one-page budget numbers that set four levels of spending: mandatory spending, spending on defense and homeland security, nondefense discretionary spending, and emergency spending.

Next, we should budget for emergency spending. Emergency spending requests should be included in a budget rainy-day account. Our budget should also have the force of law. The current budget resolution, which is not signed into law by the President, should be reformed into a joint budget resolution that is signed into law and enforceable under our code.

Next, we should have the protection of earned benefits, such as Social Security and Medicare, so that the automatic cuts do not fall on our retirees who worked hard, played by the rules, and are depending on the support of this core Federal function. Next, we