

Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee
(TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)

Lee
Levin
Lewis (GA)
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Michaud
Millender-
McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Oliver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel

Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Salazar
Sánchez, Linda
T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman
Schultz
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—8

Cannon
Davis (FL)
Evans

Johnson, Sam
Reyes
Serrano

Shays
Waters

□ 1305

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate by Ms. Curtis, one of its clerks, announced that the Senate has passed a concurrent resolution of the following title in which the concurrence of the House is requested:

S. Con. Res. 103. Concurrent resolution to correct the enrollment of the bill H.R. 889.

PERMANENT ESTATE TAX RELIEF ACT OF 2006

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 885, I call up the bill (H.R. 5638) to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of \$5,000,000 and to repeal the sunset provision for the estate and generation-skipping taxes, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

Ms. PELOSI. Mr. Speaker, I rise on the question of consideration. It is in-

appropriate to consider this bill until the Republican leadership schedules a vote on an increase in the minimum wage, which they are now blocking. Therefore, under clause 3, rule XVI, I demand a vote on the question of consideration.

The SPEAKER pro tempore. The gentlewoman from California demands the question of consideration.

Under clause 3 of rule XVI, the question is, Will the House now consider the bill?

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

RECORDED VOTE

Ms. PELOSI. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 238, noes 188, not voting 6, as follows:

[Roll No. 312]

AYES—238

Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggart
Bilbray
Billirakis
Bishop (GA)
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boucher
Boustany
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite,
Ginny
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole (OK)
Conaway
Cramer
Crenshaw
Cubin
Culberson
Davis (KY)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers

Emerson
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Fox
Franks (AZ)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Melancon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Northup
Norwood
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)

Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel
E.
Mack
Manzullo
Marchant
Matheson
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Melancon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Northup
Norwood
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez

Saxton
Schmidt
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)

Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton

Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOES—188

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Bean
Becerra
Berkley
Berman
Hoyer
Berry
Bishop (NY)
Blumenauer
Boswell
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Clyburn
Conyers
Cooper
Costa
Costello
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (IL)
DeFazio
DeGette
DeLahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez

Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee
(TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Michaud
Millender-
McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)

Oberstar
Obey
Oliver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Salazar
Sánchez, Linda
T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman
Schultz
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—6

Davis (FL)
Evans

Johnson, Sam
Serrano

Shays
Waters

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

□ 1323

Mr. SULLIVAN and Mr. MATHESON changed their vote from “no” to “aye.” So the question of consideration was decided in the affirmative.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 885, the bill is considered read.

The text of the bill is as follows:

H.R. 5638

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Permanent Estate Tax Relief Act of 2006”.

SEC. 2. REFORM AND EXTENSION OF ESTATE TAX AFTER 2009.

(a) RESTORATION OF UNIFIED CREDIT AGAINST GIFT TAX.—Paragraph (1) of section 2505(a) of the Internal Revenue Code of 1986 (relating to general rule for unified credit against gift tax), after the application of subsection (g), is amended by striking “(determined as if the applicable exclusion amount were \$1,000,000)”.

(b) EXCLUSION EQUIVALENT OF UNIFIED CREDIT EQUAL TO \$5,000,000.—Subsection (c) of section 2010 of such Code (relating to unified credit against estate tax) is amended to read as follows:

“(c) APPLICABLE CREDIT AMOUNT.—

“(1) IN GENERAL.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount.

“(2) APPLICABLE EXCLUSION AMOUNT.—For purposes of this subsection, the applicable exclusion amount is \$5,000,000.”.

(c) RATE SCHEDULE.—

(1) IN GENERAL.—Subsection (c) of section 2001 of such Code (relating to rate schedule) is amended to read as follows:

“(c) RATE SCHEDULE.—The tentative tax is equal to the sum of—

“(1) the product of the rate specified in section 1(h)(1)(C) in effect on the date of the decedent’s death multiplied by so much of the sum described in subsection (b)(1) as does not exceed \$25,000,000, and

“(2) the product of twice the rate specified in section 1(h)(1)(C) in effect on the date of the decedent’s death multiplied by so much of the sum described in subsection (b)(1) as equals or exceeds \$25,000,000.”.

(2) CONFORMING AMENDMENT.—Section 2502(a) of such Code (relating computation of tax), after the application of subsection (g), is amended by adding at the end the following flush sentence:

“In computing the tentative tax under section 2001(c) for purposes of this subsection, ‘the last day of the calendar year in which the gift was made’ shall be substituted for ‘the date of the decedent’s death’ each place it appears in such section.”.

(d) MODIFICATIONS OF ESTATE AND GIFT TAXES TO REFLECT DIFFERENCES IN UNIFIED CREDIT RESULTING FROM DIFFERENT TAX RATES.—

(1) ESTATE TAX.—

(A) IN GENERAL.—Section 2001(b)(2) of such Code (relating to computation of tax) is amended by striking “if the provisions of subsection (c) (as in effect at the decedent’s death)” and inserting “if the modifications described in subsection (g)”.

(B) MODIFICATIONS.—Section 2001 of such Code is amended by adding at the end the following new subsection:

“(g) MODIFICATIONS TO GIFT TAX PAYABLE TO REFLECT DIFFERENT TAX RATES.—For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent’s death shall, in lieu of the rates of tax

in effect at the time of such gifts, be used both to compute—

“(1) the tax imposed by chapter 12 with respect to such gifts, and

“(2) the credit allowed against such tax under section 2505, including in computing—

“(A) the applicable credit amount under section 2505(a)(1), and

“(B) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2).

For purposes of paragraph (2)(A), the applicable credit amount for any calendar year before 1998 is the amount which would be determined under section 2010(c) if the applicable exclusion amount were the dollar amount under section 6018(a)(1) for such year.”.

(2) GIFT TAX.—Section 2505(a) of such Code (relating to unified credit against gift tax), after the application of subsection (g), is amended by adding at the end the following new flush sentence:

“For purposes of applying paragraph (2) for any calendar year, the rates of tax used in computing the tax under section 2502(a)(2) for such calendar year shall, in lieu of the rates of tax in effect for preceding calendar periods, be used in determining the amounts allowable as a credit under this section for all preceding calendar periods.”.

(e) REPEAL OF DEDUCTION FOR STATE DEATH TAXES.—

(1) IN GENERAL.—Section 2058 of such Code (relating to State death taxes) is amended by adding at the end the following:

“(c) TERMINATION.—This section shall not apply to the estates of decedents dying after December 31, 2009.”.

(2) CONFORMING AMENDMENT.—Section 2106(a)(4) of such Code is amended by adding at the end the following new sentence: “This paragraph shall not apply to the estates of decedents dying after December 31, 2009.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

(g) ADDITIONAL MODIFICATIONS TO ESTATE TAX.—

(1) IN GENERAL.—The following provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such provisions, are hereby repealed:

(A) Subtitles A and E of title V.

(B) Subsection (d), and so much of subsection (f)(3) as relates to subsection (d), of section 511.

(C) Paragraph (2) of subsection (b), and paragraph (2) of subsection (e), of section 521. The Internal Revenue Code of 1986 shall be applied as if such provisions and amendments had never been enacted.

(2) SUNSET NOT TO APPLY TO TITLE V OF EGTRRA.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

(3) REPEAL OF DEADWOOD.—

(A) Sections 2011, 2057, and 2604 of the Internal Revenue Code of 1986 are hereby repealed.

(B) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2011.

(C) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2057.

(D) The table of sections for subchapter A of chapter 13 of such Code is amended by striking the item relating to section 2604.

SEC. 3. UNIFIED CREDIT INCREASED BY UNUSED UNIFIED CREDIT OF DECEASED SPOUSE.

(a) IN GENERAL.—Subsection (c) of section 2010 of the Internal Revenue Code of 1986 (de-

fining applicable credit amount), as amended by section 2(b), is amended by striking paragraph (2) and inserting the following new paragraphs:

“(2) APPLICABLE EXCLUSION AMOUNT.—For purposes of this subsection, the applicable exclusion amount is the sum of—

“(A) the basic exclusion amount, and

“(B) in the case of a surviving spouse, the aggregate deceased spousal unused exclusion amount.

“(3) BASIC EXCLUSION AMOUNT.—For purposes of this subsection, the basic exclusion amount is \$5,000,000.

“(4) AGGREGATE DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term ‘aggregate deceased spousal unused exclusion amount’ means the lesser of—

“(A) the basic exclusion amount, or

“(B) the sum of the deceased spousal unused exclusion amounts of the surviving spouse.

“(5) DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term ‘deceased spousal unused exclusion amount’ means, with respect to the surviving spouse of any deceased spouse dying after December 31, 2009, the excess (if any) of—

“(A) the applicable exclusion amount of the deceased spouse, over

“(B) the amount with respect to which the tentative tax is determined under section 2001(b)(1) on the estate of such deceased spouse.

“(6) SPECIAL RULES.—

“(A) ELECTION REQUIRED.—A deceased spousal unused exclusion amount may not be taken into account by a surviving spouse under paragraph (5) unless the executor of the estate of the deceased spouse files an estate tax return on which such amount is computed and makes an election on such return that such amount may be so taken into account. Such election, once made, shall be irrevocable. No election may be made under this subparagraph if such return is filed after the time prescribed by law (including extensions) for filing such return.

“(B) EXAMINATION OF PRIOR RETURNS AFTER EXPIRATION OF PERIOD OF LIMITATIONS WITH RESPECT TO DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—Notwithstanding any period of limitation in section 6501, after the time has expired under section 6501 within which a tax may be assessed under chapter 11 or 12 with respect to a deceased spousal unused exclusion amount, the Secretary may examine a return of the deceased spouse to make determinations with respect to such amount for purposes of carrying out this subsection.

“(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subsection.”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 2505(a) of such Code, as amended by section 2, is amended to read as follows:

“(1) the applicable credit amount under section 2010(c) which would apply if the donor died as of the end of the calendar year, reduced by”.

(2) Section 6018(a)(1) of such Code, after the application of section 2(g), is amended by striking “applicable exclusion amount” and inserting “basic exclusion amount”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

SEC. 4. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 of the Internal Revenue Code of

1986 is amended by adding at the end the following new section:

“SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

“(a) **IN GENERAL.**—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

“(1) the taxpayer’s qualified timber gain for such year, or

“(2) the taxpayer’s net capital gain for such year.

“(b) **QUALIFIED TIMBER GAIN.**—For purposes of this section, the term ‘qualified timber gain’ means, with respect to any taxpayer for any taxable year, the excess (if any) of—

“(1) the sum of the taxpayer’s gains described in subsections (a) and (b) of section 631 for such year, over

“(2) the sum of the taxpayer’s losses described in such subsections for such year.

“(c) **SPECIAL RULES FOR PASS-THRU ENTITIES.**—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10))—

“(1) the election under this section shall be made separately by each taxpayer subject to tax on such gain, and

“(2) the Secretary may prescribe such regulations as are appropriate to apply this section to such gain.

“(d) **TERMINATION.**—No disposition of timber after December 31, 2008, shall be taken into account under subsection (b).”.

(b) **COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.**—

(1) **TAXPAYERS OTHER THAN CORPORATIONS.**—Paragraph (2) of section 1(h) of such Code is amended to read as follows:

“(2) **REDUCTION OF NET CAPITAL GAIN.**—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

“(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

“(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

“(i) the amount described in paragraph (1) of section 1203(a), or

“(ii) the amount described in paragraph (2) of such section.”.

(2) **CORPORATIONS.**—Section 1201 of such Code is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

“(b) **QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.**—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation’s qualified timber gain (as defined in section 1203(b)).”.

(c) **DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.**—Subsection (a) of section 62 of such Code is amended by inserting before the last sentence the following new paragraph:

“(21) **QUALIFIED TIMBER GAINS.**—The deduction allowed by section 1203.”.

(d) **DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.**—Subparagraph (C) of section 56(g)(4) of such Code is amended by adding at the end the following new clause:

“(vii) **DEDUCTION FOR QUALIFIED TIMBER GAIN.**—Clause (i) shall not apply to any deduction allowed under section 1203.”.

(e) **DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.**—Subparagraph (C) of section 641(c)(2) of such Code is amended by inserting after clause (iii) the following new clause:

“(iv) The deduction allowed under section 1203.”.

(f) **CONFORMING AMENDMENTS.**—

(1) Subparagraph (B) of section 172(d)(2) of such Code is amended to read as follows:

“(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.”.

(2) Paragraph (4) of section 642(c) of such Code is amended by striking the first sentence and inserting the following: “To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.”.

(3) Paragraph (3) of section 643(a) of such Code is amended by striking the last sentence and inserting the following: “The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.”.

(4) Subparagraph (C) of section 643(a)(6) of such Code is amended to read as follows:

“(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

“(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

“(ii) the deduction under section 1203 shall not be taken into account.”.

(5) Paragraph (4) of section 691(c) of such Code is amended by inserting “1203,” after “1202.”.

(6) Paragraph (2) of section 871(a) of such Code is amended by striking “section 1202” and inserting “sections 1202 and 1203”.

(7) The table of sections for part I of subchapter P of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 1203. Deduction for qualified timber gain.”.

(g) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) **TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.**—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer’s qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

The **SPEAKER** pro tempore. The amendment printed in House Report 109–517 is adopted.

The text of the bill, as amended, is as follows:

H.R. 5638

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Permanent Estate Tax Relief Act of 2006”.

SEC. 2. REFORM AND EXTENSION OF ESTATE TAX AFTER 2009.

(a) **RESTORATION OF UNIFIED CREDIT AGAINST GIFT TAX.**—Paragraph (1) of section 2505(a) of the Internal Revenue Code of 1986 (relating to general rule for unified credit against gift tax), after the application of subsection (g), is amended by striking “(determined as if the applicable exclusion amount were \$1,000,000)”.

(b) **EXCLUSION EQUIVALENT OF UNIFIED CREDIT EQUAL TO \$5,000,000.**—Subsection (c)

of section 2010 of such Code (relating to unified credit against estate tax) is amended to read as follows:

“(c) **APPLICABLE CREDIT AMOUNT.**—

“(1) **IN GENERAL.**—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount.

“(2) **APPLICABLE EXCLUSION AMOUNT.**—

“(A) **IN GENERAL.**—For purposes of this subsection, the applicable exclusion amount is \$5,000,000.”.

“(B) **INFLATION ADJUSTMENT.**—In the case of any decedent dying in a calendar year after 2010, the dollar amount in subparagraph (A) shall be increased by an amount equal to—

“(i) such dollar amount, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting ‘calendar year 2009’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$100,000, such amount shall be rounded to the nearest multiple of \$100,000.”.

(c) **RATE SCHEDULE.**—

(1) **IN GENERAL.**—Subsection (c) of section 2001 of such Code (relating to rate schedule) is amended to read as follows:

“(c) **RATE SCHEDULE.**—The tentative tax is equal to the sum of—

“(1) the product of the rate specified in section 1(h)(1)(C) in effect on the date of the decedent’s death multiplied by so much of the sum described in subsection (b)(1) as does not exceed \$25,000,000, and

“(2) the product of twice the rate specified in section 1(h)(1)(C) in effect on the date of the decedent’s death multiplied by so much of the sum described in subsection (b)(1) as equals or exceeds \$25,000,000.”.

(2) **CONFORMING AMENDMENT.**—Section 2502(a) of such Code (relating computation of tax), after the application of subsection (g), is amended by adding at the end the following flush sentence:

“In computing the tentative tax under section 2001(c) for purposes of this subsection, ‘the last day of the calendar year in which the gift was made’ shall be substituted for ‘the date of the decedent’s death’ each place it appears in such section.”.

(d) **MODIFICATIONS OF ESTATE AND GIFT TAXES TO REFLECT DIFFERENCES IN UNIFIED CREDIT RESULTING FROM DIFFERENT TAX RATES.**—

(1) **ESTATE TAX.**—

(A) **IN GENERAL.**—Section 2001(b)(2) of such Code (relating to computation of tax) is amended by striking “if the provisions of subsection (c) (as in effect at the decedent’s death)” and inserting “if the modifications described in subsection (g)”.

(B) **MODIFICATIONS.**—Section 2001 of such Code is amended by adding at the end the following new subsection:

“(g) **MODIFICATIONS TO GIFT TAX PAYABLE TO REFLECT DIFFERENT TAX RATES.**—For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect at the decedent’s death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute—

“(1) the tax imposed by chapter 12 with respect to such gifts, and

“(2) the credit allowed against such tax under section 2505, including in computing—

“(A) the applicable credit amount under section 2505(a)(1), and

“(B) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2).

For purposes of paragraph (2)(A), the applicable credit amount for any calendar year before 1998 is the amount which would be determined under section 2010(c) if the applicable exclusion amount were the dollar amount under section 6018(a)(1) for such year."

(2) GIFT TAX.—Section 2505(a) of such Code (relating to unified credit against gift tax), after the application of subsection (g), is amended by adding at the end the following new flush sentence:

"For purposes of applying paragraph (2) for any calendar year, the rates of tax used in computing the tax under section 2502(a)(2) for such calendar year shall, in lieu of the rates of tax in effect for preceding calendar periods, be used in determining the amounts allowable as a credit under this section for all preceding calendar periods."

(e) REPEAL OF DEDUCTION FOR STATE DEATH TAXES.—

(1) IN GENERAL.—Section 2058 of such Code (relating to State death taxes) is amended by adding at the end the following:

"(c) TERMINATION.—This section shall not apply to the estates of decedents dying after December 31, 2009."

(2) CONFORMING AMENDMENT.—Section 2106(a)(4) of such Code is amended by adding at the end the following new sentence: "This paragraph shall not apply to the estates of decedents dying after December 31, 2009."

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

(g) ADDITIONAL MODIFICATIONS TO ESTATE TAX.—

(1) IN GENERAL.—The following provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such provisions, are hereby repealed:

(A) Subtitles A and E of title V.

(B) Subsection (d), and so much of subsection (f)(3) as relates to subsection (d), of section 511.

(C) Paragraph (2) of subsection (b), and paragraph (2) of subsection (e), of section 521. The Internal Revenue Code of 1986 shall be applied as if such provisions and amendments had never been enacted.

(2) SUNSET NOT TO APPLY TO TITLE V OF EGTRRA.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

(3) REPEAL OF DEADWOOD.—

(A) Sections 2011, 2057, and 2604 of the Internal Revenue Code of 1986 are hereby repealed.

(B) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2011.

(C) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2057.

(D) The table of sections for subchapter A of chapter 13 of such Code is amended by striking the item relating to section 2604.

SEC. 3. UNIFIED CREDIT INCREASED BY UNUSED UNIFIED CREDIT OF DECEASED SPOUSE.

(a) IN GENERAL.—Subsection (c) of section 2010 of the Internal Revenue Code of 1986 (defining applicable credit amount), as amended by section 2(b), is amended by striking paragraph (2) and inserting the following new paragraphs:

"(2) APPLICABLE EXCLUSION AMOUNT.—For purposes of this subsection, the applicable exclusion amount is the sum of—

"(A) the basic exclusion amount, and

"(B) in the case of a surviving spouse, the aggregate deceased spousal unused exclusion amount.

"(3) BASIC EXCLUSION AMOUNT.—

"(A) IN GENERAL.—For purposes of this subsection, the basic exclusion amount is \$5,000,000.

"(B) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2010, the dollar amount in subparagraph (a) shall be increased by an amount equal to—

"(i) such dollar amount, multiplied by

"(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2009' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of \$100,000, such amount shall be rounded to the nearest multiple of \$100,000."

"(4) AGGREGATE DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term 'aggregate deceased spousal unused exclusion amount' means the lesser of—

"(A) the basic exclusion amount, or

"(B) the sum of the deceased spousal unused exclusion amounts of the surviving spouse.

"(5) DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term 'deceased spousal unused exclusion amount' means, with respect to the surviving spouse of any deceased spouse dying after December 31, 2009, the excess (if any) of—

"(A) the applicable exclusion amount of the deceased spouse, over

"(B) the amount with respect to which the tentative tax is determined under section 2001(b)(1) on the estate of such deceased spouse.

"(6) SPECIAL RULES.—

"(A) ELECTION REQUIRED.—A deceased spousal unused exclusion amount may not be taken into account by a surviving spouse under paragraph (5) unless the executor of the estate of the deceased spouse files an estate tax return on which such amount is computed and makes an election on such return that such amount may be so taken into account. Such election, once made, shall be irrevocable. No election may be made under this subparagraph if such return is filed after the time prescribed by law (including extensions) for filing such return.

"(B) EXAMINATION OF PRIOR RETURNS AFTER EXPIRATION OF PERIOD OF LIMITATIONS WITH RESPECT TO DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—Notwithstanding any period of limitation in section 6501, after the time has expired under section 6501 within which a tax may be assessed under chapter 11 or 12 with respect to a deceased spousal unused exclusion amount, the Secretary may examine a return of the deceased spouse to make determinations with respect to such amount for purposes of carrying out this subsection.

"(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subsection."

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 2505(a) of such Code, as amended by section 2, is amended to read as follows:

"(1) the applicable credit amount under section 2010(c) which would apply if the donor died as of the end of the calendar year, reduced by"

(2) Section 2631(c) of such Code is amended by striking "the applicable exclusion amount" and inserting "the basic exclusion amount".

(3) Section 6018(a)(1) of such Code, after the application of section 2(g), is amended by striking "applicable exclusion amount" and inserting "basic exclusion amount".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

SEC. 4. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new section:

"SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

"(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

"(1) the taxpayer's qualified timber gain for such year, or

"(2) the taxpayer's net capital gain for such year.

"(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

"(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

"(2) the sum of the taxpayer's losses described in such subsections for such year.

"(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10))—

"(1) the election under this section shall be made separately by each taxpayer subject to tax on such gain, and

"(2) the Secretary may prescribe such regulations as are appropriate to apply this section to such gain.

"(d) TERMINATION.—No disposition of timber after December 31, 2008, shall be taken into account under subsection (b)."

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) of such Code is amended to read as follows:

"(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

"(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

"(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

"(i) the amount described in paragraph (1) of section 1203(a), or

"(ii) the amount described in paragraph (2) of such section."

(2) CORPORATIONS.—Section 1201 of such Code is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

"(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b))."

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62 of such Code is amended by inserting before the last sentence the following new paragraph:

"(21) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203."

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) of such Code is amended by adding at the end the following new clause:

"(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203."

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) of such Code is amended by inserting after clause (iii) the following new clause:

“(iv) The deduction allowed under section 1203.”.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) of such Code is amended to read as follows:

“(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.”.

(2) Paragraph (4) of section 642(c) of such Code is amended by striking the first sentence and inserting the following: “To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.”.

(3) Paragraph (3) of section 643(a) of such Code is amended by striking the last sentence and inserting the following: “The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.”.

(4) Subparagraph (C) of section 643(a)(6) of such Code is amended to read as follows:

“(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

“(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

“(ii) the deduction under section 1203 shall not be taken into account.”.

(5) Paragraph (4) of section 691(c) of such Code is amended by inserting “1203,” after “1202.”.

(6) Paragraph (2) of section 871(a) of such Code is amended by striking “section 1202” and inserting “sections 1202 and 1203”.

(7) The table of sections for part I of subchapter P of chapter 1 of such Code is amended by adding at the end the following new item:

“Sec. 1203. Deduction for qualified timber gain.”.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer’s qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) and the gentleman from New York, (Mr. RANGEL) each will control 30 minutes.

The Chair recognizes the gentleman from California.

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

Mr. Speaker, on June 16, the United States Senate majority leader put out the following statement asking for the House to send estate tax legislation to the Senate: “I will ask the Speaker of the House to send a bill to us that would be a permanent solution to the

death tax. I will encourage them to attach appropriate provisions to make it attractive and will hold a vote by July 4.” This measure, H.R. 5638, is the response to the majority leader’s request.

This House is on record with a bipartisan vote in favor of repealing the estate, or death, tax. But we know that the Senate on a procedural or cloture vote rejected that offer from the House by 57 votes in favor of moving forward, short of the 60 necessary.

I heard during the discussion on the rule the ranking minority member on Rules, Ms. SLAUGHTER, say that this bill, H.R. 5638, will pass. I, too, in agreeing with her, believe that the bill will pass. It will be available to the Senate to take from the desk, and it will be then the Senate’s decision to pass or defeat it.

I want to underscore the point, this is a response to the majority leader’s request. This is not a first offer; it is the only offer to the majority leader’s request that the chairman intends to offer.

This bill was crafted as a compromise. Compromises are supposed to be reasonable; but, most importantly, they are supposed to be doable. The goal of a compromise is to make law. H.R. 5638 is a compromise.

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

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

Mr. Speaker, some may ask, why now are we taking up this bill? Why have we decided, that is, the majority, that at a time that our Nation is at war, when our men and women are dying to bring democracy to Iraq, where there are problems getting the equipment they need to protect themselves, when we cannot provide even our veterans with adequate health care and education opportunities, why now, when we find ourselves with a historic \$9 trillion indebtedness, when just the interest of this debt is going to prohibit the Congresses that follow us from doing the things that our great Nation would want to do, why now, when the people that have been hit by Rita and Katrina can’t restore their lives, why now, when the poor are increasing in population, are we reaching out to the richest of the rich Americans? Why now would the Republican leadership make this a priority for three-tenths of 1 percent of the American people?

Who are these people? How do they have such a communication with the leadership?

The Joint Economic Committee, which is not Republican and not Democrat, they are just fair, they say under existing law nobody except 7,500 families would be liable for any taxes on an estate.

They call it a “death tax” because they know how to play on words. Dead people don’t pay taxes. But they can use what they want to get people emotionally involved.

But if there is anyone that is concerned about this Republic and making

certain that the economy is sound and that wars that we start are paid for and that old folks are able to be taken care of through a Social Security act, why now would they come with this repeal? Because it is a repeal. It is 80 percent a repeal. It is going to cost more than the original repeal. Why do they want these sound tracks to be able to say that they supported repeal of the death tax?

□ 1330

I am going to tell you why. Because they have a mission. They are so organized that they want to destroy everything that Franklin Delano Roosevelt started. And it is not me that is saying that. It is their voting record that says it. Things that Americans are so proud of.

Social Security, a little cushion for people who worked every day in their lives and all they want is a little help with their security. Privatization, that is what we have to do. Medicare, this is something that we have come to depend on. They want it to implode, the things that they cannot deal with from a political point of view, the third rails, if they will.

If they make certain that there are no resources left for Democrats to handle, they have won. And they don’t care how many Republicans lose, because their mission is to destroy every bit of social services by saying how can we pay for it.

So I submit to you that anytime a party is prepared to give \$2 trillion of tax cuts because it is going to present economic growth and then go to Communist China to borrow the money, there is something wrong with that picture.

And I am suggesting, too, that these 7,500 beneficiaries, they are not begging for this money. They are not getting calls every day. We certainly don’t get them. And they wish they were getting them, but they are not getting them, because most people God has blessed to get into this income status are so satisfied that they believe that they owe this Republic some indebtedness for the freedom and equality and opportunity that they receive.

And so if you have any question about supporting the programs that you are proud of as Americans, not as Democrats, not as Republicans, remember one thing: if you get carried with the emotion, one day you will have to explain, why now? Why, when your great country was in so much debt, did you figure that you had to reward 7,500 people? Why now, when your Nation is at war and the GIs will be coming back, those that do, and they ask why can’t we get a decent shake and you say because we didn’t have the money, we had to give it to the 7,500? Why now, when you take a look at the budgets that we are going to have, either as Republican leadership or Democratic leadership, that we are going to say that the interest that we owe to

foreign countries prevent us from taking care of the things that we have here?

This is not a scheme to reward 7,500 people. This is a scheme to take the resources away from this great Nation that has a commitment to our young and our old for health and education and the things that would really make us a strong Nation. And at the end of the day the fact that they are going to lose the majority won't mean anything because it would be a part of a plan not to perpetuate Republican or, for lack of a better word, leadership, but to destroy a system that Franklin Roosevelt had the hearts and the minds of this great country.

So I submit to you, you can do what sounds like it is the right thing to do because they call it a death tax, but it will be the death of democracy and freedom and the ability to provide the services that are expected of us, not as politicians, but as Americans and Members of Congress. This is going to be a historic vote, and the question is going to be, Which side of this vote did you vote on?

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. PRICE of Georgia). The gallery is requested to refrain from showing either positive or negative response to proceedings on the floor.

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

Mr. Speaker, as we might have expected, the gentleman from New York wheeled out all the usual arguments. I hope he didn't trip as he went back to his seat with the flag tightly wrapped around him in terms of his arguments of patriotism. The class warfare card was played; the rich card was played.

"This is for the richest of the rich," he said. I tell the gentleman from California, I will quote who know who the richest of the rich are. In today's Wall Street Journal editorial they said, "But now comes Mr. THOMAS, the chief tax writer, who has proposed a compromise that would be voted on as early as today but is hardly an improvement over current law."

I will tell you who the richest of the rich are. Dick Patton of the American Family Business Institute says, "We flatly oppose the Thomas plan. The more our members hear about it, the angrier they get." Who are they? The real richest of the rich.

So I find it rather ironic that they need to play those same old tired cards that this is the rich versus everyone else, when today the rich have spoken. They don't like the compromise. A compromise is a compromise.

Now, let us turn to a paper, The Washington Post, which said yesterday: "The search for a compromise has pitted affluent small business owners against the truly rich, families with estates valued at tens of millions of dollars." The paper says: "Thomas came down in favor of the business owners."

And we know the Wall Street Journal agrees I didn't come down on the side of the rich.

This is a compromise. We will send it over to the Senate, and we will see if there are 60 Members of the Senate that want to remove once and for all the uncertainty in this very difficult area.

The National Federation of Independent Business says this is a reasonable compromise and they will be watching everyone's vote. Who? For the very rich? No. For the small businessman that creates all the jobs. A few extra dollars and the ability to keep the business together after the principal owner has died will make sure that we can continue this economy in the robust way in which it has continued.

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

Mr. RANGEL. Mr. Speaker, if the rich don't want it and the middle class don't want it, why can't we get on with just the minimum-wage increase and put this behind us?

Mr. Speaker, the gentleman from Michigan (Mr. KILDEE) has a unanimous consent request.

(Mr. KILDEE asked and was given permission to revise and extend his remarks.)

Mr. KILDEE. Mr. Speaker, I rise in opposition to H.R. 5638.

Mr. Speaker, in the past, I had considered supporting legislation that would exempt the first \$5 million per individual and \$10 million per couple from the Federal estate tax.

I believed that to be a reasonable compromise to a complete repeal of the Estate Tax.

But I supported that figure of \$5 and \$10 million exemption before other tax cuts had driven us into huge deficits.

This Congress has already approved seven tax cuts.

In addition, Mr. Speaker, our Nation is currently engaged in two wars, two very costly wars in terms of human lives and Federal tax dollars.

Seven tax cuts and two wars make it difficult for me to support this reform of the Federal estate tax.

I also wish the House Republican leadership had allowed us to offer the reasonable democratic substitute amendment.

Our amendment would permanently raise the exemption on the estate tax to \$3.5 million per person and \$7 million per couple.

An exemption at that level would protect over 99 percent of all Americans from ever having to worry about paying the estate tax.

Mr. Speaker, I urge my colleagues to oppose H.R. 5638.

Mr. RANGEL. Mr. Speaker, I would like our Democratic whip, the distinguished gentleman from Maryland (Mr. HOYER), to be given 2½ minutes.

Mr. HOYER. This has nothing to do with the economy and everything to do with fiscal responsibility.

Mr. Speaker, over the last 5½ years, this Republican majority has repeatedly pushed tax legislation that is blatantly unfair, grossly irresponsible, and fiscally ruinous. Today, however, they outdo even themselves.

Our Nation is at war, our brave troops are under fire, our Nation is facing record budget deficits. That is the legacy of this Republican leadership. And the national debt, which now stands at \$8.4 trillion, is exploding under this Republican Congress and administration.

Despite all the challenges facing the people of our Nation, today this Republican majority insists that we give a huge tax break to the heirs of the wealthiest people in America. I am for modification that is in process, not this bill.

If there ever was a bill that demonstrated the Republican Party's misguided priorities and the deep differences between our parties, this is the one. Democrats are continuing to fight to raise the Federal minimum wage which has not been increased since 1997 and which is at its lowest level in half a century; 6.6 million workers would be affected, 7,500 people in this bill.

As the majority leader told the press on Tuesday: "I am opposed to it," meaning the increase in the minimum wage, "and I think the vast majority of our conference is opposed to it."

But this bill comes to us, not been to committee, never marked up in committee, comes directly to the floor with no consideration.

Let us be clear about the facts. Less than 1 percent of all estates in America will pay estate taxes in 2006 under this year's exemption before this bill. And when the exemption increases in 2009 to \$3.5 million, which I have supported, \$7 million for couples, only 7,500 estates in America will be subject to the estate tax. But that is not enough. Warren Buffet said they talk about class warfare and his class is winning. Amen, Mr. Buffet.

Today, House Republicans are falling all over themselves to give the heirs of approximately 7,500 estates a tax cut. This bill is not only morally reprehensible but fiscally irresponsible. The Center for Budget and Policy Priorities estimates that this Republican bill will cost \$762 billion over its first 10 years.

You don't have \$762 billion. We are all correct, you are going to borrow it for the Chinese, from the Saudis, from the Germans, from the Japanese, and others. And who is going to pay the bill? Our children are going to have to pay the bill, our grandchildren are going to have to pay that bill, because you don't have the money.

The Wall Street Journal, which was quoted by Mr. THOMAS, said the other day they didn't agree with PAYGO. Why don't they agree with PAYGO? Because it would undercut tax cuts. Why would it undercut tax cuts? Because you neither have the courage nor the ability to pay for your tax cuts.

Vote against this bad bill.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Once again, the Chair requests that visitors in the gallery refrain from showing either positive or negative response to proceedings on the floor.

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

I am heartened by the gentleman from Maryland's statement that he is now in support of current law which will move to 3.5. Everyone just needs to remember he was opposed to the legislation that put it into effect. I expect 5 or 6 years from now he will be in favor of this particular measure when he speaks on the floor, although he will be opposed to putting it into law. I always appreciate those kinds of positions.

The gentleman also quoted a very liberal think tank that dreams up numbers that allows them to make outlandish statements on the floor of the House. The Joint Committee on Taxation, the official scorekeeper, says that over a 10-year period this measure will not be \$700-some billion; it is \$283 billion.

Again, you will hear extremely outrageous statements, as we heard on the underlying legislation in which, for example, the gentleman from Maryland opposed but now blithely says I support. The point is, why not be right the first time? Why not support the legislation when it is in front of you? Why not vote now for H.R. 5638 instead of waiting to say you are for what the bill did after it becomes law?

Mr. Speaker, it is now my pleasure to yield 2 minutes to a member of the Ways and Means Committee, the gentleman from Arizona (Mr. HAYWORTH).

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. I thank the distinguished chairman of the Ways and Means Committee for this time as we again return to the well of the people's House; and how interesting it is, Mr. Speaker, that so many arguments are devoid of real facts and taken perhaps as articles of faith.

I heard the minority whip come to the well and attempt to whip up partisan passions as if this bill had some grand nefarious design. No, Mr. Speaker, that is not the case. And I will avoid pointing out the obvious outlook of my friends on the left who basically take as an article of faith that people who succeed should be penalized.

I rise in strong support of this commonsense compromise because, according to the Joint Committee on Taxation, this legislation would permanently protect more than 99.7 percent of all taxpayers from ever paying this egregious estate tax and would reduce the harmful economic distortions caused by the current law estate tax.

And, again, this is not a partisan argument. The standard bearer of the Democratic Party in the State of Arizona, now a decade ago, has constantly contacted me as a Member of Congress saying: When are you going to take longlasting action on the estate tax? Because I cannot pass my business down to my children in the current conditions.

□ 1345

Why would we penalize those who succeed, and on top of that, by exten-

sion, penalize the very people my friends on the left purport to help? Because business owners create jobs. The government does not create the jobs.

For increased economic activity, for a good, solid, consistent policy that helps the most people in the best ways, support this legislation.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN), an outstanding member of the Ways and Means Committee.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, this bill is a test whose side are you on: The 300 million Americans who will be alive in the year 2009 or the 7,500 families whose estates would be taxed according to 2009 law and figures. That is a Joint Tax Committee statement. It is 300 million versus 7,500 families.

This is not a compromise. This is a sellout, a sellout of 300 million people.

It is at a time that you will not even bring up a minimum-wage bill. At a time when middle-income families are under pressure. I read from *The Economist*, not a very liberal magazine: In the late 1990s everybody shared in this boom, but after 2000 something changed. After you adjust for inflation, the wages of the typical American worker have risen less than 1 percent since 2000. In the previous 5 years, they rose over 6 percent.

Yes, there is class warfare by you on 300 million Americans, not on the family farmer, the small business person. Under our approach, 99-plus of people with estates would not be taxed at all.

Essentially, you are saying to 300 million, you pay the \$800 billion the cost of this bill in the full 10 years. That is the accurate figure.

This bill is irresponsible fiscally, and it is immoral in terms of values.

Let us have a resounding "no" vote on this irresponsible legislation.

Mr. THOMAS. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. ISSA) on the compromise bill, H.R. 5638.

(Mr. ISSA asked and was given permission to revise and extend his remarks.)

Mr. ISSA. Mr. Speaker, I want to thank the chairman for bringing this important piece of legislation to the floor, not because it is good enough. It is not. Not because it pleases the Democrats. It does not. But because it is the best we can do.

I just came from speaking with the very small business people that you just heard somehow they were going to protect in another way. I just finished hearing that 300 million people is what it was all about, which is a rounding error up, and 7,500 that would pay the tax that die, but, of course, we are using two different figures, as we often do.

It is not about 300 million, because 300 million people will not die next year, but it is about the businesses that will die if we do not do something,

and this is not good enough. It is a down payment.

I rise in support of this bill, not because it is good enough. It is not. It does not keep the promise I made to the people of my district to end once and for all the double taxation of the dead, but I do rise in support of this because it is the best we can do. I promise today to vote for this bill, and then I promise to come back until, in fact, we once and for all eliminate the unreasonable and unfair double taxation.

So please support this piece of important legislation.

Mr. RANGEL. Mr. Speaker, and that is the best they can do.

Mr. Speaker, I yield 2 minutes to the outstanding gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, let me thank Mr. RANGEL for yielding me this time.

There is no question that we need to clean up our Tax Code. We need to make it predictable. We need to deal with expiring provisions. I would hope that we would deal with the savers' credit that is scheduled to expire because that helps low-wage workers, and we need to deal with that.

I would hope that we would adjust the Federal estate tax and make the changes permanent, but I cannot support this bill.

This bill is fiscally irresponsible. By the chairman's own account, the Joint Tax Committee estimates that it will cost us \$283 billion that we do not have. That \$283 billion is basically in the second 5 years of the program because we already have a law in place now. So the annual loss of revenue is close to \$60 billion a year. There is no offset to that loss.

To the credit of a Marylander who contacted me and wants to see a permanent change in the estate tax, that person at least had enough courage to suggest offsets so that we would not be adding to the deficit of the country, but this legislation does not do that. It is fiscally irresponsible.

Mr. Speaker, it speaks to our priorities. Yes, we have time to deal with estate taxes that will benefit basically people who have wealth in excess of millions of dollars, but we do not have enough time to deal with increasing the minimum wage that has been stagnant now for the last 10 years, people making \$5.15 an hour. Where is the priority of this Congress?

We have time to take up the reform of the estate tax, but we cannot deal with college education costs and a tuition tax credit that was allowed to expire. Where is our compassion for people who really do need our help? Two hundred eighty-three billion dollars for the wealthy, nothing to help people who are trying to struggle with a college education.

How about the doughnut hole in Medicare? We know seniors cannot afford it. How about using some of that money to deal with the Medicare prescription drug bill, or how about paying down our deficit?

I would hope that both Democrats and Republicans would agree that our first priority should be to pay down our deficit. The problem, Mr. Speaker, is that we are not dealing with the problems of typical families. Instead, we are dealing with those who do not need the help.

I urge my colleagues to reject this legislation.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from California (Mr. HERGER), a member of the Ways and Means Committee.

Mr. HERGER. Mr. Speaker, all across America following the death of a loved one, people of modest means are all too often faced with the grim prospect of selling a family farm or small business just to pay the taxes that come due. Such was the case in my own family when my cousins had to sell the farm that had been in our family since the early 1900s just to pay the taxes. This is simply wrong.

I rise in strong support of the Permanent Estate Tax Relief Act. Like many others in the House, I continue to strongly support permanent repeal of the death tax. Americans should not have to pay this onerous double tax on savings and capital.

Currently, we are scheduled to have a 1-year full repeal of the death tax in 2010, but if Congress fails to act, the death tax will return full force in 2011, reducing exemption levels and restoring maximum tax rates of nearly 60 percent.

Mr. Speaker, this bill before us institutes permanent relief for those subject to the death tax and restores predictability and certainty to small business owners and family farmers planning for the future. It boosts exemption levels and adjusts them for inflation, and with maximum rates tied to capital gains rates, those still subject to the tax will see their burden significantly reduced.

Mr. Speaker, I urge passage of this legislation.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the outstanding gentleman from the State of Washington (Mr. MCDERMOTT).

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, as I look around the House today, there is scarcely a dozen people on the floor, so they must be somewhere else, probably watching this on television.

So those of you who have just tuned in on television, you are watching not the House of Representatives, but the theater of the absurd. What has gone on in this floor this morning and will continue in this afternoon is absolutely absurd.

The first thing we did was we refused to consider a bill to raise the minimum wage. The minimum wage has been the same since 9 year ago, \$5.15 an hour. This is what ordinary Americans consider a starting wage, and this House will not do it.

Now, the second act of this theater of the absurd is let us get rid of the estate tax. It was put in by who? By a public-spirited Republican. Theodore Roosevelt, right. It was not some wild-eyed lefty. It was a guy who was a public-spirited Republican President of the United States, and it is used as a way to finance things that we think we ought to do.

If you read last Sunday's New York Times, and you read the debt that this country is in, and just read the section on college debt, you can see what we could do if we would shift the cost of education back on to the State and off the back of our kids. The average debt coming out of college is \$20,000. Why would you want to be a schoolteacher dragging that kind of debt or a doctor, \$150,000? But, no, we have to pass a law to give an unending ability of people to get rich in this country and never give anything back.

Now, when you talk about who calls you in your district, well, Mr. Gates called me and he said, do not vote for the repeal of the estate tax.

Now, the third act to this thing, just so you understand how really crazy this is, the third act we are going to do before we leave here today is pass the line item veto to the President. It is a total capitulation by the right, by the House Republicans, saying, please save us from ourselves; we cannot stop giving money away.

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

It is a pleasure to indicate that for the first time in my memory I completely agreed with the gentleman from Washington when he said, if you have just tuned in, and you are watching me, you are watching the theater of the absurd.

We are not repealing the estate tax so Mr. Gates wasted a phone call. I hope he is a little more in tune with what is going on in the software world than he is what is going on in the floor of the House.

We are not doing away with the estate tax. We are producing a compromise which will pass this House and go to the Senate in an attempt to make permanent law and remove uncertainty.

Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Texas (Mr. BRADY), a member of the Ways and Means Committee.

Mr. BRADY of Texas. Mr. Speaker, when I first came to Congress, I had a family-owned nursery come sit down with me and explain to me the effect of the death tax, and two of the three children still worked in the nursery. What they showed me on paper was that because the tax, when their parents died, if they could take out enough life insurance on their parents, and if they could go back to the bank and borrow enough money, which, by the way, they spent years getting out of debt, but if they could borrow enough money, they might be able to keep their family nursery. Think about

that. They were telling me if they could make enough money off their parents' death and borrow enough money, they might be able to keep their family nursery, might.

The death tax is the wrong tax. It hits the wrong people at exactly the wrong time. It is the number one reason small businesses do not get handed down to the next generation. It is the main reason more and more family farmers and ranches get sold off to pay Uncle Sam for all the big spending programs we have here today.

Permanent repeal of the death tax remains everyone's goal, my belief, on the Republican side of this Chamber.

□ 1400

But any day I can free more family farms and ranches from the specter of the death tax, I am going to support it. Any day I can lower the death tax rate permanently on family groceries and family small businesses, I am strongly going to do that. Until full repeal occurs, I will strongly support lowering this tax. I support this bill.

Mr. RANGEL. Mr. Speaker, I recognize the conscience of the Democratic Caucus, Mr. LEWIS, the gentleman from Georgia, for 2 minutes.

Mr. LEWIS of Georgia. Mr. Speaker, I want to thank my friend, Mr. RANGEL, for yielding.

Mr. Speaker, I come to the floor today because I am sick and tired of the greed that is prevailing in this House. The Republican majority today will help millionaires with their estate tax cut while forgetting hardworking Americans, millions of them, by refusing to increase the minimum wage. This is unbelievable. It is immoral and it is wrong.

The majority must wake up and see the struggles of minimum-wage workers. They work hard every day to feed their families. People cannot afford health care. People are struggling to fill their cars with gasoline. Many people live in poverty. They live paycheck to paycheck, and they have not seen an increase in the minimum wage in 9 years.

This Congress should be ashamed. Be ashamed. When will we stop helping the superrich? They do not need our help. They are not begging for our help. They are not calling us, they are not sending letters or e-mails, they are not petitioning us to help. When will we start to take care of the least among us?

What would the great teacher say, what would the great teacher say when he comes into the Chamber and sweeps the money out of the Chamber?

Franklin Delano Roosevelt says that "the test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little." We are failing this test and we are failing the American people. This is not progress. This is not helping the least among us. This is greed and it is disgraceful.

I urge my colleagues to defeat this bill.

Mr. THOMAS. Mr. Speaker, it is now my pleasure to yield 2 minutes to a member of the Ways and Means Committee, the gentlewoman from Pennsylvania (Ms. HART).

(Ms. HART asked and was given permission to revise and extend her remarks.)

Ms. HART. Mr. Speaker, I thank the chairman for yielding me some time on this issue, one that I have worked on for quite a few years.

When I was a State senator in Pennsylvania, we rolled back the death tax 1.5 percent. We immediately saw healthier small businesses, healthier family businesses, and healthier family bank accounts.

I rise in support of this bill that further addresses a tax problem that the Federal Government has attempted to solve for a number of years. It is one of the main issues I hear about from my constituents when we talk about tax policy and what incentives we need in our Tax Code to promote entrepreneurship and to promote economic and job growth.

The death tax is a clear example of tax law that deters this kind of growth. It deters an individual from starting a business. It deters a family from keeping a business going for generations. Worse than that, it deters the very people that the other side was referring to that this allegedly hurts, the middle class. These are our small business people.

A report recently released by the Joint Economic Committee highlighted a number of disadvantages created by the death tax. First, it inhibits economic efficiency and it stifles innovation. One survey noted that two-thirds of the respondents stated that the death tax was the top reason why it was difficult for a small business to survive from one generation to the next.

One of the biggest complaints I hear from these people, family business owners, small farmers in my district, is the immediate cost of complying with that tax. The majority of the assets held by a family business are farm property or business equipment or the business's building. They are invested in the business. This isn't cash. So they do not have the liquid assets to pay this tax.

So what do they have to do? In order to find the capital to pay this death tax, we force these families to sell off a part of their business and to sell off parts of their family farm to pay the tax. How this helps them I am really baffled. I don't think it helps them. They tell me it doesn't help them, and they have asked us for relief. Today's bill puts us in the direction of further relief for these families, these family business people, these family farmers.

I suggest my colleagues look at the facts. Look at how people respond to death tax cuts, with more job growth, and support this bill.

Mr. RANGEL. Mr. Speaker, I would like to yield 2¼ minutes to a leader in the United States Congress and a member of the Ways and Means Committee, the gentleman from California (Mr. BECERRA).

Mr. BECERRA. I thank the gentleman for yielding. Ladies and gentlemen, our government is in complete disarray. We have no policy in Iraq. We have seen the highest level of fiscal irresponsibility this government has ever propounded upon the American public. We have breathtaking record deficits in our budget. And our priorities, as articulated in this House, are upside down.

We have soldiers today who are dying. We have millions of Americans working to feed their family on a minimum wage of \$5.15 an hour. We have gasoline prices that are double what they were when President Bush first assumed office. But what do we have from our friends on the Republican side to deal with all of this? A tax cut that will go to the wealthiest families in America.

I hope, ladies and gentlemen, that we will recognize that every time a Member who supports this tax cut for the wealthiest families in America comes up to talk, that we recognize that they are talking about helping 7,500 families, period. Of the millions of Americans and of those Americans who will die, this bill will help only around 7,500 of all of America's families. It is because it deals with only the very wealthiest.

So everything they say, put it in context. It will help 7,500 families. Or put another way: of a thousand people who will die in America, less than two will receive the hundreds of billions of dollars in tax cuts that will go to those who pay estate taxes; 7,500 families, less than two of every 1,000 Americans who will die.

What could we, instead of giving money to the very wealthy in America, do? Well, we could have fully funded the Medicare part D prescription drug benefit that Republicans have failed to fund. We could have sent 40 million American children to a year of Head Start. We could have provided full health insurance for 174 million children for one additional year. We could have hired 5 million additional public school teachers for one year. We could have given 4-year scholarships to 14 million students to public universities. We could have provided worldwide AIDS programs for 29 years. And we could have provided for every child in the world basic immunization for the next 96 years.

Our priorities are upside down.

Mr. THOMAS. Mr. Speaker, it is now my pleasure to provide 3 minutes in support of H.R. 5638, the compromise that is endorsed by the National Association of Home Builders, the National Association of Realtors, the United States Chamber of Commerce, the majority whip of the House of Representatives, to the gentleman from Missouri (Mr. BLUNT).

Mr. BLUNT. Mr. Speaker, I am pleased to be able to be on the floor in support of this important piece of legislation. I am also grateful to the chairman not only for this piece of legislation but for the significant legislation he has brought to the floor year after year that really has resulted in an economy that is growing, an economy that creates opportunity, an economy with the lowest unemployment rate, an unemployment rate below the average of the 1970s, the 1980s, or the 1990s.

As I listen to this debate, what we are really talking about today is do we want to let this inheritance tax go back to the level that it was in 2001, where every family farm, every small business that had accumulated value and assets of \$600,000 would see 65 percent of the excess of that go to the Federal Government.

Now, I will say first of all that I never thought a trip to the undertaker should also necessitate a trip to visit the IRS by somebody in your family. And while I would like to see the total elimination of the death tax, I think that the bill that the chairman has brought to the floor today solves the problem for millions of American families who have businesses and farms that are worth more than that old exemption; that this suddenly lets them put money that has been going into tax avoidance into continuing to grow their business, continuing to create jobs, continuing to create opportunity, and continuing to expand and build.

Many of the family farmers and small business folks that I work with have built their business with their mom and dad right there at their side. And, frankly, at the time mom and dad passes away, it is really hard for them to know in their mind who helped create the wealth of this business, who helped grow this farm that they grew up on and who didn't. But they have to suddenly decide, as Ms. HART pointed out, what do I sell, which piece of equipment do I sell, what part of the farm do I sell, do I have to sell the corner grocery store and service station just to pay the inheritance tax?

This creates an opportunity for families working together to continue to grow their businesses, to invest their money in the future of their businesses, in the jobs of the people that they will hire, in the communities that they are a part of, and to give a greater level of assurance that their children can continue to do the same kind of job, in the same kind of place, with the same kind of opportunity that they had.

There is nothing you have when you die that you haven't paid taxes on two and three and four times. This bill, for a significant number of Americans, says you don't have to pay taxes that last time after you die. It is the right step to take today. I am interested in taking more steps in the future to continue to work to eliminate this tax, but this is a critically important step

for us to take as we approach 2010 and to let money that has been going into tax avoidance go into growing this economy.

Mr. RANGEL. Mr. Speaker, how much time is remaining on both sides?

The SPEAKER pro tempore. The gentleman from New York has 10¼ minutes, and the gentleman from California has 12½ minutes.

Mr. RANGEL. Mr. Speaker, I yield to the gentleman from Massachusetts, an outstanding hardworking member of the Ways and Means Committee, Mr. NEAL, 2 minutes.

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Thank you, Mr. RANGEL, very much.

What the other side wants you to believe today is that this is tax relief for the average American. What the majority whip said a couple of moments ago was interesting. He said the economy is growing; we have to keep the economy growing. He cleverly neglected to mention the deficits are growing, the insurgency in Iraq and Afghanistan are growing. You need the money to pay for those things.

You know what this is? This isn't for hardworking families. This is the Paris Hilton Tax Relief Act. That is who we take care of with this. Not Conrad Hilton, Paris Hilton. She will be in great spirits this evening when she finds out that the Republican Party has come to her assistance once again.

\$2 trillion worth of tax cuts already, \$800 billion more worth of tax cuts today, and friends across America, how do you square that with two wars? Seven tax cuts and two wars with no exit strategy in front of us, and they continue to cut taxes.

And the majority whip said, oh, he was cutting taxes for average Americans. We don't have time in this institution to raise the minimum wage. We don't have time for the people that clean the hotel rooms, make the beds, and shovel the streets. We don't have time for them. But, my God, today we have time for Paris Hilton. We will take care of her very well with this piece of legislation. The troops in Iraq? We will cut veterans benefits when they come home.

Let us make all kinds of changes here. But, my goodness, true to form, they are rich and they are not going to take it any more.

This Congress has bent over backwards to take care of the wealthy in America and the strong. And who do we neglect? People that do the menial jobs across this country that we depend upon every single day. Is there no end to this embarrassment of what we do on behalf of the powerful and the wealthy in America?

That is how much of the American population is going to benefit from what they do. Less than 2 percent of the American people are about to benefit from what they are going to do today.

I cannot believe the choice that this Congress is making today.

During the last 10 days, committees within the House have turned back efforts to raise the minimum wage. We won't provide any help to people who earn \$5.15 per hour, \$10,700 a year. At that wage, people have to work an entire 8-hour day in order to pay for a single tank of gas.

And after rejecting any relief for working poor families, what is the next order of business for the Republican Congress? Elimination of the inheritance tax—a tax that affects only the wealthiest 7,000 families in the United States.

The proposal under consideration today would cost \$762 billion over its first 10 years in effect, all to benefit the tiniest share of the wealthiest and most successful members of our society—people who want for nothing, and who have enjoyed the largest share of the rest of the tax cuts that we have passed since 2001.

In this year's budget, the United States Congress cut funding for veterans. We cut funding for programs that helped the elderly and small children. We cut funding for student loans.

We have taken the step—unprecedented in our Nation's history—of conducting two wars with six large tax cuts.

And even after all of that, here we are today, contemplating a tax cut worth hundreds of billions of dollars that will go to the likes of Paris Hilton.

Three estates in every 1,000 would benefit from this tax break. This is not widespread tax relief. This is not Main Street tax relief. This is Park Avenue tax relief that Main Street has to pay for.

This bill costs almost as much as estate tax repeal, and the benefits accrue to the people in our society who need tax relief the least. We have a record deficit, we have a skyrocketing national debt, and we have two wars to pay for. This isn't fuzzy math, this is fantasy math.

Mr. THOMAS. Mr. Speaker, it is now my pleasure to yield 2 minutes to a newer Member of the House of Representatives, the gentleman from California (Mr. CAMPBELL).

Mr. CAMPBELL of California. I thank my colleague from California, Chairman THOMAS, for yielding me this time.

Ladies and gentlemen, I, like the majority of this House, would support full repeal of the estate tax, but that, as Chairman THOMAS explained, has not passed the Senate. So this is a compromise proposal, but one which I fully support, and for three reasons I will give today: one is facts, second is economics, and the third is equity.

First of all, facts: people on the other side this afternoon have said that 7,500 people will benefit from this reduction in the death tax and that the tax they will not pay, I think it was \$750 billion over 10 years. If you do the math on that, Mr. Speaker, you will find that that is \$100 million per family.

Now, that is very odd, since families with as small as \$1 million of a total taxable estate will be relieved from tax under this bill.

□ 1415

So facts are not what they say. The facts are hundreds of thousands, hun-

dreds of thousands of families over the next 10 years will be relieved from paying tax on death under this compromise proposal.

Second, economics. We have seen that when we reduce the capital gains tax, the economy improved, and revenue to the government actually increased. The same thing will happen here. People are out there with lead trusts, with remainder trusts, with family limited partnerships and all kinds of things that do not generate benefit for this economy but are done simply so they can try to keep a house or a business or farm in their family, they won't have to do that. Mr. Speaker, 99.7 percent of the families in America will not have to do that under this proposal.

The third is equity. Right now under the death tax as it exists, some people can leave their house to their children; some people can't. Some people can leave their farm to their children; some others can't. Some people can leave their business to their children; and some other people can't.

Mr. Speaker, we should not have a tax policy that says to some people what you have worked for and earned in your life you may leave to your children, and other people can't do that. I urge an "aye" vote on the bill.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT), a member of the Ways and Means Committee.

Mr. DOGGETT. For the wealthiest few, Republicans don't just aim to eliminate the misnamed "death tax," they want the death of all taxes.

They have got some exit strategy, not for our troops sacrificing their all and facing death in Iraq, it is an exit strategy for billionaires from the tax burden that they should share to support our Nation.

For whom do they spell relief today? Minimum wage? Won't raise it.

Gas prices? Won't cut them.

Drug prices? Won't lower them.

Veterans' health care? Can't cover them.

Student loans, Medicare, Medicaid? Cut, cut, cut.

This is truly a "cut-and-run" Congress: cutting relief for most Americans while running up a huge deficit to finance more billionaire tax breaks.

Will you benefit from these new tax breaks today? Take this quiz:

Do you play Yahtzee or maintain a fleet of yachts?

Do you wear a hard hat or a silk top hat?

Do you drive a pick-up or own a gallery of Picassos?

Do you pump gas by the gallon or sell it by the barrel?

Only if the answer is the latter for all of these questions are you likely to be among the handful of Americans who benefits from not having to pay a tax that Teddy Roosevelt, back when there were a few Teddy Roosevelt Republicans, called a key to not having us copy the landed aristocracy of the European continent.

This bill today goes beyond fiscal irresponsibility, it is true fiscal insanity, piling burden upon burden on our children and grandchildren.

Mr. THOMAS is correct that it is a "compromise," but only in the sense that it compromises our families and our Nation's future and strength.

Mr. THOMAS. Mr. Speaker, it is with great pleasure that I yield 2 minutes to a colleague, someone who understands the reason we are here today, a cosponsor of H.R. 5638, the gentleman from Alabama (Mr. CRAMER).

Mr. CRAMER. Mr. Speaker, I thank the chairman for yielding me this time. I do rise in support of the Permanent Estate Tax Relief Act of 2006.

I want to make a statement on behalf of the farm families of this country. When I came to Congress in the early 1990s, my farm families told me stories over and over again of their problems encouraging the next generation to farm the land that they farm. This is not a rich person's estate tax bill. This is a reasonable compromise.

A lot of us on this side of the aisle have worked long and hard in a bipartisan effort to make sure we had an opportunity to bring that voice of those farmers, to bring the voice of small businesses in this country into alignment with the Federal Government so we could pass for them estate tax reform, estate tax relief that will give them some permanency.

We made a step toward that, but that step has a huge gap in it. It is not permanent. So we have done something of a helping hand, but we have also made this a lawyer's mecca here. Estate tax planning is something they cannot do because they don't have the ability to know exactly what is going to happen.

Is everything in this bill that I want in this bill? No. And there are a lot of Members who didn't get everything in this bill that they want, but this is a reasonable compromise.

I have cochaired a coalition of folks who want to eliminate the death tax, but I am here to say this is a reasonable alternative, and Members should support it.

Mr. RANGEL. Mr. Speaker, I would like to yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY), a Member who really understands this problem.

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding.

To start out, let's have a little truth in labeling. The chairman of the Ways and Means Committee calls it a compromise bill. Compromise involves some give and take. This is a bill that he created, no consultation, no discussion with the Senate, no discussion with the Ways and Means Committee, no discussion with anybody. That is not negotiation, that is not a compromise.

A compromise involves meeting people halfway. If you look at the revenue lost here, fully considering the lost revenue between 2010 and 2020, it is virtual repeal. We have been able to cal-

culate it is roughly 80 percent of the cost of full repeal. Again, no compromise.

Let's put this in the context of the fiscal situation facing this country, because this House majority has voted to raise the debt limit of this country, voted to raise it in March, and because the deficits were so horrendous, they had to vote to raise it again in May. It now exceeds \$9 trillion.

With the revenue, the \$800 billion revenue lost in the next decade, it will all have to be borrowed. Who are we borrowing from to help under their bill? The shocking fact is 43 percent of those who we are borrowing from to help are estates over \$25 million, the richest few in this country.

There is another way. We can take the 2009 of \$7 million for joint estates. This is the compromise Democrats would be willing to go for. It takes care of 99.7 percent of the estates in this country. We will go one further. We will dedicate the estate tax revenue over that to the Social Security Trust Fund. Social Security actuaries tell us such a step would add 5 years to the life of the Social Security program.

So you have a very stark choice here, the majority bill which is going to hurt Social Security, or our bill which would add 5 years.

Mr. THOMAS. Mr. Speaker, it is a real pleasure to yield 4 minutes to a member of the Ways and Means Committee who has been a stalwart on this issue, who has been in the forefront and is one of those who not only knows this issue from an intellectual point of view, but who has lived it with his family, the gentleman from Missouri (Mr. HULSHOF).

(Mr. HULSHOF asked and was given permission to revise and extend his remarks.)

Mr. HULSHOF. Mr. Speaker, one of the interesting things about sitting through the debate and hearing all of the various points and wanting desperately to respond to each and every one of them, and not having the time to, I would say to my colleague from the Ways and Means Committee from the State of Washington who mentioned that he had taken a phone call from Mr. Gates, I wish the same gentleman would actually take a phone call from the owner of the major metropolitan newspaper from Seattle, Washington, who actually supports permanent repeal of the death tax.

Having said that, I listened to my friend from North Dakota who just spoke. I am mindful that I stood in this same spot on April 13, 2005, on rollcall vote 102 when we, Mr. CRAMER and I as lead or chief sponsors of H.R. 8, which was permanent repeal. We had the rollcall vote, and we had an extraordinary bipartisan vote: 272 Members of this body said once and for all it is time to kill the death tax.

There were 42, dare I say courageous, Democrats who voted for complete repeal. I hope my words get to those 42, and I urge that same steadfastness on

this compromise. It is my understanding there has been some intense political pressure put on my colleagues across the aisle from their leadership, and I certainly hope they would look at this compromise.

I would say to my friend from North Dakota, this is a compromise. As we debated this bill back in April 2005, he pointed out that H.R. 8, the complete repeal, did not include a step up in basis. This bill does, a complete step up in basis upon death.

The gentleman from North Dakota, when we debated this a year and a half ago, talked about there was no indexing. We fixed that in this bill. There is indexing so that the passage of time and the acceleration or accumulation of assets as they appreciate in value will not suddenly look squarely down the barrel of the death tax bill. And so indexing is part of this.

We heard from the philanthropic community as far as opposition to complete repeal of the death tax because there was a concern about charities and foundations not being fully funded. So this compromise accomplishes their goal to make sure that the philanthropic in this country can continue to provide for those churches, charities and synagogues.

And yet from the other side of the aisle, I think some folks just dusted off the talking points from a year and a half ago, because this is not the bill we debated then.

And my good friend from Georgia, and we are working together on a civil rights bill, to hear the word "greed," or to hear from my friend from California say that only 7,500 families will pay the tax, what about the tens of thousands of American taxpayers, family-owned businesses, that had the same experience that I had of sitting across the mahogany table from their longtime family accountant when my mother passed in 2004?

This 514-acre farm that she and my father had built, that my father had worked for nearly five decades, and I am sitting across the table from this family accountant, and he has an old adding machine with the tape on it, and he is punching in values for each of these assets. The acreage per value, the three tractors, the very used combined, the home that I grew up in, the modest life insurance policy, and suddenly as a Member on the Ways and Means Committee, I break out in a cold sweat because I know when he hits the total button, it is either going to be above an arbitrary line that Congress has set or below it. I know that if it is above that line, that I am probably going to have to sell off some of this family business, this farm I grew up on, just to pay the government.

What is ironic is if my mother had passed away 4 months earlier, I would have had to have sold a significant part of that farm just to pay the tax.

This is a very usable compromise, and I would say the fact we are here, of course, is that there is a determined

minority in the other body that has used the Senate's rules and procedures to deny that complete repeal that we have been working for. This is a compromise that deserves bipartisan support. I urge its passage.

Mr. RANGEL. What is the time? I think I would want the majority to catch up in terms of the time gap.

The SPEAKER pro tempore (Mr. REHBERG). The gentleman from New York (Mr. RANGEL) has 4¼ minutes. The gentleman from California (Mr. THOMAS) has 4½ minutes.

Mr. RANGEL. Mr. Speaker, I would like to yield for 2 minutes to the gentlewoman from Ohio (Mrs. JONES), a distinguished member of the Ways and Means Committee.

□ 1430

Mrs. JONES of Ohio. Mr. Speaker, I would like to thank the ranking member, Mr. RANGEL, for yielding me this time. And I want to compliment my colleague, KENNY HULSHOF, for those impassioned words about his family farms. But the good lawyer that I know KENNY HULSHOF is, I know he has come up with some resolve for his family in addressing some of the estate tax issues, short of changing the estate tax, be it who holds the farm, how long they hold it, et cetera et cetera.

But I rise this afternoon in opposition to this legislation. As we have all said earlier, those on this side of the aisle, this is no compromise. It will cost us so much money that many of us can't even count it. And most of the people who benefit from this estate tax have so much money, they far exceed the general everyday person who works hard making \$5.25 an hour and can't even think about an estate because, by the time they pay their light bill and their water bill and buy their kids some clothes, pay the gas bill, the estate that they always hoped for could never come into play.

Now, you are going to say, STEPHANIE, why are you comparing working making \$5.25 hour to an estate over \$5 or \$100 million? I am doing it because most of the people in America are making \$5.25 an hour at that other level.

We only have a certain amount of money that we operate in the United States of America, and I say it is time for the people at the lower end of the spectrum to have a benefit from the taxing policy of this Nation. I say it is time for the people at the lower end of the spectrum to know that the kids, and the bulk of their kids go to fight in Iraq, have enough armor, et cetera, to be covered; that those families know that their children have the ability to go to college. It is connected because it comes out of the same pot.

I, therefore, invite you, encourage you to vote against H.R. 5638.

Mr. THOMAS. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. CHOCOLA), a member of the Ways and Means Committee.

Mr. CHOCOLA. Mr. Speaker, I thank the chairman for his hard work on this.

Mr. Speaker, I just rise today to ask the question, Whose money is it anyway?

I think it is important to recognize that the Federal Government has no assets that didn't derive from the hard work of the American taxpayer. And that is what we are talking about today.

And it is not just the families that pay the tax that are impacted on this. I have worked in several family businesses, and every business that I have worked with is a family. Everyone that works there is a family. And when you put a business at risk by requiring it to be sold simply to pay taxes, you put every job in that company at risk. If you have 25, if you have 50 employees, you are putting every single one of those jobs at risk by selling the company to someone you don't know. They may live somewhere else and they may move the business or reduce it or do whatever when you lose control. If you really care about working families, you would not ever allow a business to be sold simply to pay the taxes.

And like many of my colleagues, I support full and permanent repeal. This is a step in the right direction. I urge my colleagues to support it.

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

Mr. THOMAS. Mr. Speaker, I believe I will be the last speaker.

Mr. RANGEL. Mr. Speaker, I yield myself 1 minute. There seems to be some confusion as to who the beneficiary is of this special legislation. I suggest to you that if you belong to the one-third of 1 percent of not working families, but families who have inherited an estate that is valued over \$3.5 million, or \$7 million if you are a couple, that in 2009 you will be the beneficiary.

If there is some confusion about the hundreds of millions of people who work every day, and those six million of them that are at minimum wage, then I suggest to you that you will get nothing from this. But if you are in doubt as to whether one side is just making it up as they go along, and the other side has any question about it, I suggest that you go to the Internet, www.house.gov/jct. That is the Joint Committee on Taxation, and you will be able to decide whether you hit the lottery. If your name is not there with the 7,500 families, then you are a loser in this enormously expensive legislation.

Mr. Speaker, I yield the remainder of my time to the outstanding leader of the Democratic Party and, indeed, our country, the Honorable NANCY PELOSI.

Ms. PELOSI. Mr. Speaker, I thank the gentleman from New York for yielding. I congratulate him on his, as always, excellent leadership on behalf of the middle-class working families in America. I salute him for his excellent presentation today.

Mr. Speaker, today the House is considering the ultimate values debate. The question before us today is, Do we

want to cut taxes for the ultra-superrich, or, instead, do we first want to give hardworking Americans a raise?

Do we want to live in an aristocracy, or do we want to live in a democracy?

Do we want to perpetuate wealth or reward work?

The estate tax is central to our democracy. It is rooted in our commitment to create a strong and vibrant middle class and to give every American the opportunity to achieve the American Dream.

After the Gilded Age, in which the elites of the time held power and wealth that far, far, far outstripped what the average American had, America decided to go in a new direction.

One of America's great Republican Presidents, Theodore Roosevelt, made the argument for an estate tax, saying that the "really big fortune, the swollen fortune, by the mere fact of its size, acquires qualities which differentiate it in its kind, as well as its degree from what is possessed by men of relatively small means." Therefore, President Theodore Roosevelt said, "I believe in a graduated tax on big fortunes properly safeguarded against evasion."

Democrats believe that we must create wealth. We recognize that, that we must reward entrepreneurship and risk, and we must encourage hard work. That is why Democrats supported a targeted estate tax relief for small businesses and farmers and families that would ensure 99.7 percent of all Americans don't pay any estate tax. This is in the spirit of Theodore Roosevelt, targeting the vast fortunes that differ not only in the quantity of wealth, but in the kind.

I salute Congressman EARL POMEROY for his leadership in giving Congress an alternative that is morally and fiscally responsible. Unfortunately, once again, the Republican leadership, just as they have blocked a vote on the minimum wage, are blocking Mr. POMEROY's option to bring his proposal to the floor, which is responsible, which is paid for, and which is fair to all Americans.

Under Mr. POMEROY's proposal, only the top .3 percent, that means 99.7 percent of Americans, most people in America, would not pay any estate tax. But it would leave that .3 percent, the very, very, superwealthy, to pay their fair share. There are very few people involved, but a great deal of money. We will have a chance to vote on it in the motion to recommit. Unfortunately, we will not have the time to debate it as an alternative.

We have these questions that have come before us when we are talking about this. We are talking about giving \$800 billion to a few families in America. Democrats stand for fiscal responsibility, pay-as-you-go budgets, and no new deficit spending.

Republicans, instead, have put forth the bill that will cost the American people, again, almost \$800 billion; \$800 billion that we don't have, that we are going to have to borrow.

Our national debt is becoming a national security issue. Countries that now own our debt, it is over \$1 trillion already, and this doesn't include this \$800 billion, those countries that now own our debt will not only be making our toys, our clothes and our computers, they will be soon making our foreign policy. They have too much leverage over us.

With this bill today, the Republicans are giving tax cuts to the wealthy and asking the middle class to pay for it by writing checks to China and Japan for the interest payments on the debt and, ultimately, the payment on principal. It is ridiculous. It is ridiculous.

Let me get this straight. We are at war in Iraq. Many of the same people who wanted to support the stay-the-course that the President is on in Iraq, which has around a \$400 billion price tag on it, that is off budget. They don't want to pay for that. And that is a huge figure. And now the Republicans are saying, not only that, not only are we not paying for the war, it is off budget. We will just heap that debt on to future generations. They are saying, we are going to give twice as much as that to a few families in America. It is so unfair, this same week that we are taking this up.

As I said earlier, this is the ultimate values debate. How can a person of conscience say to the Congress, we do not support an increase in the minimum wage. Instead we are going to give \$800 billion to the wealthiest people in America.

The minimum wage is \$5.15 an hour. It hasn't been raised in 9 years. This is a shame. It is a disgrace. It is unfair.

And what does the leader on the Republican side say about the minimum wage? Mr. BOEHNER says, I have been in this business for 25 years and I have never voted for an increase in the minimum wage. I am opposed to it, and I think the vast majority of the Republican conference is opposed to it.

So thank you, Mr. BOEHNER, for making a differentiation for us. You are for \$800 billion for the wealthiest families in America, and not an increase of over \$5.15 an hour for America's working families. So instead of giving 7 million Americans a raise by increasing the minimum wage, again, the Republicans are proposing \$800 billion, that is nearly \$1 trillion, as a gift to the wealthy. This is Robin Hood in reverse. We are stealing from the middle class to give to the wealthy.

Pope Benedict just recently put out his new encyclical, "God is Love." And in his encyclical, he quoted Saint Augustine when he wrote, this is in the Pope's encyclical. You can find it there. He talked about the role that politicians have and that a government should be just, and we should be promoting justice. And he goes on, Pope Benedict does, to quote Saint Augustine. He says: "A state that is not governed according to justice would be just a bunch of thieves." This is the Pope saying this in an encyclical,

quoting a saint. "A state which is not governed according to justice would be just a bunch of thieves."

I ask this Congress, is it justice to steal from the middle class to give tax cuts to the ultra-superrich?

It is not just. And it is an injustice we cannot afford. Americans can no longer afford President Bush and the Republicans. It is time for a new direction. We can begin by rejecting this estate tax giveaway to the wealthy and insist on a vote to increase the minimum wage. That would be a real values judgment.

Mr. THOMAS. Mr. Speaker, I rise in support of democracy and in opposition to aristocracy, and simply and humbly request I have the same clock that was just used.

How much time do I have remaining?

The SPEAKER pro tempore. The gentleman from California is recognized for his remaining time, which is 3½ minutes.

Mr. THOMAS. Mr. Speaker, I also want to be on record as being opposed to a theocracy. And I will tell you that today, shortly, democracy will be demonstrated when the House of Representatives determines whether or not it sends this compromise measure over to the Senate with a majority vote.

I know it is a mystery to some people. And I found it most revealing in a poll when Americans were being polled as to whether or not you supported either repeal or making smaller the estate or death tax.

□ 1445

One gentleman responded to the poll that he was in favor of repeal, and if he couldn't get repeal, he wanted it smaller. And given the location in which the question was asked, in the home which the gentleman lived, the questioner said, "But you aren't currently in a position to benefit from the estate tax, whether it's repealed or not."

And he said very simply, "But I want to have the opportunity to be able to."

That is really the American dream. It really is what democracy is all about. It really is keeping more of your hard-earned efforts at the end of your life, or, if this bill becomes law, the amount that is legally appropriate, \$5 million per individual, to be given while you are alive or after you pass or partially when you are alive or partially when you have passed. As one of my colleagues said, after all, it is your money.

The estate tax does deal with progrowth or antigrowth because it is simply a tax on capital and savings. The lower the tax on capital and savings, the greater the opportunity for growth.

We have heard the argument that this really is not a compromise. I believe it is a compromise. I said why. But I think the real test as to whether something is or is not a compromise is what I like to call the Goldilocks test. The Wall Street Journal thinks this is too cold. An individual representing

the richest people in America, Dick Patten of the American Family Business Institute, says, "We flatly oppose the Thomas plan. It just isn't good enough." The gentleman from North Dakota says, This is virtually repeal. It is just way too hot.

Well, for some it is too hot; for some it is too cold. It sounds to me like that we have got a compromise that has a chance to pass the United States Senate. We know it will pass the House of Representatives.

Mr. Majority Leader, you asked for a bill that should become law. Mr. Majority Leader, the House is sending you the bill you asked for.

I urge support of H.R. 5638. I urge the Senate to take up the compromise as soon as possible. And when that bill is sent to the President, the American people, those who work hard and expect to retain or pass on at the end of their lives a portion of their earnings during that life, will have achieved a significant victory, not in a theocracy, not in an aristocracy, but in a democracy.

Mr. DICKS. Mr. Speaker, the Chairman of the Ways and Means Committee has made a diligent and sincere effort to seek a compromise position on the estate tax issue, and he should be commended here in the House today. Many of the Members of the House have conceded that the threshold at which estates are subject to the tax is not realistic in today's economy, considering the assets many small businesses routinely accrue in this country. While I believe the full repeal of the tax is unjustifiable, because it would mean such a huge loss of revenue to benefit primarily the wealthiest portion of our population, I believe there is interest in making some adjustment, if the cost in terms of lost revenues is reasonable. So I applaud the effort that was made to seek this compromise, however I rise today Mr. Speaker to oppose the unfortunate result, H.R. 5638, because I believe it doesn't meet the test of being reasonable.

At a time when the annual budget deficit is now approaching \$400 billion and when there are so many urgent issues in our society that we simply cannot afford to address, I believe the compromise that has been reached raises that threshold far higher than it should be and thus it relinquishes far too much revenue in order to assist a very high-income sector of our population. When fully implemented, and assuming that the current capital gains tax rates are extended permanently, this bill will reduce revenues by an average of \$82 billion a year for the first ten years that it is fully implemented. To provide my colleagues with a frame of reference, \$82 billion is well more than twice as much as we appropriated earlier this month for the entire Department of Homeland Security. It is nearly four times as much as the appropriation we will consider for the entire Department of Justice for the upcoming fiscal year.

In addition, Mr. Speaker, the nation is now engaged in wars in Iraq and Afghanistan—for which too few Americans are being asked to sacrifice—and we face a compelling need for substantial federal investments that are required to secure our homeland from the threats of terrorist attacks. It seems to me, Mr. Speaker, that it is neither prudent nor fiscally

responsible to be adding such a large annual increase—another \$82 billion—to the national debt at this time. We are cutting back on programs that benefit seniors, poor and middle-class Americans, and we are reducing our investment in education, health care, infrastructure and the environment. At this time, Mr. Speaker, I cannot in good conscience support a bill that, by its very nature, provides such a large share of its tax benefits to the least-needy people here in the United States.

I regret that we could not reach a compromise position that was more fiscally responsible, because the Chairman did accede to our request to accelerate the passage of another important piece of legislation, H.R. 3883, by adding it to the compromise package. I appreciate the Chairman's personal interest in the passage of the Timber Tax bill, which I have cosponsored, in order to restore fairness to the tax code and allow regular corporations in the timber industry to compete on a level playing field with other "pass-through" entities that currently receive better tax treatment. Again, it is with great regret that I urge the House to defeat the entire estate tax bill, because I believe the Timber Tax language represents a modest and deserving provision that should be passed no matter what becomes of this legislation. We can defeat H.R. 5638 today and return to the attempt at reaching a reasonable, prudent and fiscally-responsible compromise that addresses the legitimate needs of small business owners and that includes that Timber Tax provision. I urge a "no" vote on H.R. 5638.

Mr. SMITH of Washington. Mr. Speaker, today the House is taking up an important piece of tax legislation, the Timber Tax Act of 2005. Unfortunately it is attached to a fiscally irresponsible tax cut that I cannot support. However, I do support the Timber Tax Act and hope that the House will bring this legislation to the floor for a separate vote.

In today's economy, the forest products industry is very important to Washington State with 8.5 million acres of privately owned forestland. There are more than two million people in the U.S. who make their living working for the forest products industry and more than 45,000 in Washington alone. This industry is the state's second largest manufacturing sector.

Timber is a unique and risky investment compared to other long term investments. It can take between 20 to 70 years to grow timber that is ready for harvest, which means significant upfront investments in forestry are also subject to risks of nature, clearly demonstrated by last year's hurricanes and wildfires. If passed, the Timber Tax Act would encourage reinvestment in forestland, which supports an industry that provides important jobs to many Washington State residents.

Mr. LARSON of Connecticut. Mr. Speaker, I am disappointed in the Republican leadership and their priorities in this House. Instead of moving forward with the minimum wage increase that was approved last week in the House Appropriations Committee, the Republican Majority places yet another irresponsible estate tax cut bill on the floor.

Let me make my position clear, I support tax relief to help small businesses and family farms. I have voted 5 times in the past six years for balanced reforms to the estate tax that would have virtually exempted all estates. However, again and again the Republican Ma-

majority has pushed legislation through this House that helps only the few and costs much more than we can afford. The underlying bill, H.R. 5638, would give tax relief to estates worth more than \$3.5 million, which will cost the American people \$762 billion over 10 years. Only half of the 1% of Americans affected by the current estate tax would benefit from this bill.

In comparison, the minimum wage increase opposed by the Republican Majority would help 7.5 million American workers earning between \$5.15 and \$8 an hour. Since Congress has not raised the minimum wage since 1997, its buying power is at its lowest level in 50 years. An increase from \$5.15 to \$7.25 over two years would help the workers most in need in this country.

Every day the American people are growing tired of the misguided priorities of this Republican Majority and Administration. In a time when the Nation is facing record deficits, a national debt of \$8.4 trillion, a gallon of gas is \$2.87 and a gallon of milk is \$3.23, the American people are looking for leadership in Congress. We need a new direction on economic policy in this country and not more of the same tired Republican proposals that explode the federal debt.

This Congress should help more Americans help themselves. Unfortunately, this Republican Majority has different priorities. Since the Republican Majority blocked the balanced Democratic substitute that would exempt 99.7% of estates from estate tax liability, I urge my colleagues to do better for the American people and oppose the underlying bill.

Mr. UDALL of Colorado. Mr. Speaker, I am disappointed with this bill and regret that I cannot support it.

I do not support repeal of the estate tax, but I have long supported reforming it.

So, I took hope when I heard that the Republican leadership had decided to abandon its misguided drive for its permanent repeal and to focus instead on its revision.

I hoped that at last we would have a chance to vote on a measure that would strike the right balance, protecting family-owned ranches, farms, and other small businesses while recognizing the need for fiscal responsibility in a time of war. But when I reviewed the details of the bill now before us—even to the limited extent that was possible—I realized that once again I had hoped in vain.

The bill would exempt the first \$10 million of an estate for a couple (\$5 million for an individual) and would link the estate tax rate to the capital gains rate, which is currently 15 percent, but which is slated to return to 20 percent after 2010. Under the bill, the value of an estate under \$25 million would be taxed at the capital gains rate, and the portion above \$25 million would be taxed at two times the capital gains rate.

While this is different in some ways from previous versions, it does not represent a true compromise. The Joint Committee on Taxation estimates the bill would reduce revenues by \$280 billion between 2007 and 2016, with a reduction of \$61 billion, or 75 percent as much as full repeal, in 2016. In other words, the revenue reduction from this bill would be greater—65 percent greater—than simply making the 2009 rates permanent.

And to make matters worse, the bill includes some unrelated provisions that are even less fiscally responsible, most notably a special

capital gains tax break for timber companies that well could result in profitable companies paying no tax at all.

Under current law, if a tree-owning company cuts and sells some of its trees, the income is taxable as regular corporate income. But this bill would allow those companies to exclude 60 percent of that income from tax.

The result would be to restore a loophole that was closed when President Reagan signed the landmark tax reform act of 1986. Before that, the largest paper and wood products corporations benefited from favorable treatment to a remarkable extent.

For example, one of those companies told its shareholders that for the period of 1981 to 1983 it made \$641 million in U.S. profits—but it not only paid no taxes but in fact had so many excess tax breaks it actually received \$139 billion in tax rebates. Another company reported \$167 million in pretax profits, yet instead of paying part of that in federal income tax, it got \$8 million in tax rebates. And another reported \$400 million in pretax profits, but instead of paying taxes, got \$99 million in tax rebates.

In 1986, recognizing the unfairness of this kind of legal tax avoidance, Congress closed the loophole. But this bill would undo that reform, bringing back an exclusion for timber income that strongly resembles the pre-1986 tax break.

The bill says this change would be temporary, sun setting at the end of 2008, and the Joint Committee on Taxation estimates that during that two-plus year period it would reduce revenues by \$940 million. But if this tax break is extended—and we can be sure its beneficiaries will lobby for its extension beyond 2008—the long-term cost to the Treasury will certainly be more.

I oppose these provisions, which I think should not be part of this or any other legislation.

My opposition to this bill does not mean I am opposed to reducing estate taxes.

I supported an alternative that would have raised the amount of an estate excluded from taxes to \$6 million per couple and increased this to \$7 million by 2009. This not only would have provided relief for small businesses and family farmers, but it would have done so in a much more fiscally responsible way, because it would have reduced revenues by much less than this bill. It also would have simplified estate-tax planning for married couples, who could carry over any unused exemption to the surviving spouse and so assured that the full \$7 million would be available.

Furthermore, that alternative would have transferred the revenue from the estate tax to strengthen the Social Security trust fund, a change that, according to the Social Security Actuary, would solve one quarter of the trust fund's shortfall. But, unfortunately, the Republican leadership actively worked against that alternative and so my hopes for that true, reasonable compromise were thwarted.

As a result, I have no responsible choice but to oppose this bill and to hope that as the legislative process continues it will be sufficiently revised that I can support it.

Time will tell whether that hope, too, will be in vain.

Mr. CANTOR. Mr. Speaker, today we are considering a bill that would move us a step closer to full repeal of the death tax, a goal which I fully support.

The death tax is one of the most egregious taxes in our system today and should be fully repealed. This tax is a punishment for people who have worked hard all their lives, who have built successful small businesses and who have succeeded in living the American dream.

It does not stand to reason that the United States, the most successful economy in the world, should punish its citizens with such a regressive tax. The United States has the second highest estate tax in the world at 46 percent, second only to Japan at 70 percent.

This tax penalizes farmers, ranchers and small business owners. These are people who work hard day in and day out to keep their businesses running and meet payroll deadlines. These are the businesses that produce jobs and provide healthcare for many Americans. When we cripple small businesses with inheritance taxes that force them to close, we not only punish the owner for being successful, we punish their employees as well.

Some of my colleagues on the other side of aisle don't want to pass this tax relief on to the American people. They would rather fund their special interest give aways than let Americans keep their own money. This is not the Government's money. Washington has already taxed these earnings once, twice even three times. Do we really need to go back for more when you die? Isn't death punishment enough?

Mr. Speaker, this tax is shameful, it is greedy and it is offensive and I support the efforts we are making here today to move towards a full repeal of the death tax.

Mr. MORAN of Virginia. Mr. Speaker, I rise today to oppose the Permanent Estate Tax Relief Act of 2006.

This legislation will exempt estates up to \$5 million for an individual and \$10 million for a couple; will tax the next \$20 million in assets at 15 percent and assets above \$25 million at 30 percent. According to the Joint Tax Committee, this measure will cost \$279.9 billion in lost revenue between now and 2016, and at least \$61 billion per year every year after.

This is unacceptable and is fiscally unsound. Not only will this add to the enormous budget deficits we are now facing, but it will also contribute to the increasing concentration of the Nation's wealth among a very small number of Americans.

Thirty years ago the richest one percent of our population owned less than a fifth of our wealth. According to a report by the Federal Reserve Board, that one percent now owns over a third of the Nation's wealth. Workers today are twenty four percent more productive than they were five years ago, but the median earnings of those workers have not risen in line with this, a distinct change from historical patterns. The average CEO pay is now 400 times that of a typical worker. Forty years ago it was 60 times that of an average worker. We are creating a new upper class, one that our country has not seen since the rise of the robber barons, and this legislation ensures that this gap will grow ever wider.

Right now, a couple can pass on four million dollars to their children tax free. The New York Times attempted to find a farmer who had been affected by the estate tax. It was unable to do so, even with the assistance of the American Farm Bureau.

I agree that we need to ensure that small businesses and family farms are able to be passed on to succeeding generations. This is

why during debate on a permanent repeal of the estate tax I was supportive of keeping it at its 2009 level. Doing so would ensure that 997 out of every 1000 people can pass their assets on to their children and pay no estate tax. According to the Urban Institute-Brookings Tax Policy Center, if this level was in place in 2011, only fifty farms and small businesses would owe any estate tax.

This legislation will not help the vast majority of our constituents. Instead it will help a small group of people maintain their enormous wealth and, in return, it will increase our country's deficit. As Members of Congress, part of our job is to ensure that the Nation's economy is strong for every person in the next generation. We don't do that when we give ourselves hundreds of billions of tax cuts and leave it to our children to find the tax money to pay for them.

Mr. SHUSTER. Mr. Speaker, in a letter to a friend, Benjamin Franklin wrote that "In this world, nothing is certain but death and taxes." The two will soon go hand in hand unless Congress acts to fully and permanently repeal the Death Tax. After a lifetime of paying taxes the Death Tax unfairly imposes a double tax on small, family-owned businesses and farms. Our family farmers appear rich on paper, but in reality are two poor growing seasons from bankruptcy. The Death Tax does not discriminate—it just forces the family to sell off the land to another larger farm in order to pay the tax. If Congress truly cares about the family farmer the best thing that can be done is to kill the Death Tax.

Mr. Speaker, most small business owners have the entire value of their business in their estate. With the Death Tax, the government immediately "inherits" a 37 to 55 percent piece of the estate, a blow that many family businesses and farms cannot survive. Taxing small business owner's hard work in death punishes their families and threatens family businesses across the country. The mere threat of the tax forces business owners to spend thousands of dollars on accountants, lawyers, and financial planners so that they can attempt to ensure the survival of their business after their death.

Mr. Speaker, I grew up on a family farm, and owned and operated a small business before serving in this House. The Death Tax is real and has tangible effects on real people. The Death Tax penalizes hard-working family farmers and business owners hoping to pass on their land or shop—their legacy—onto their children. The Death Tax is an insult to all those who spend a lifetime of hard work to ensure that their children can continue the family business.

Mr. CONYERS. Mr. Speaker, the House of Representatives is known as the "People's House." Instead of taking up legislation that will improve the lives of a wide range of people, we are debating a tax break that will benefit a measly 7,500 Americans, or in other words, only the super-rich.

This bill would increase the estate tax exemption to \$5 million for an individual and \$10 million for a couple. What is the cost of such a policy change? \$823 billion over 9 years. It is shocking that the Congress refuses to give poor working Americans a 70 cent increase in the minimum wage, but have no hesitation in rewarding the very wealthy a \$823 billion windfall.

Today, I received a letter from the UAW, who plainly argues that if we pass this legisla-

tion, it will exacerbate our enormous federal deficits and place additional burdens on future generations. With a federal debt of over \$8 trillion, a tax break for the wealthy is no way to bring our budget back into balance or to reduce the enormous deficit this Administration has presided over.

I also received a letter from the National Education Association that persuasively argues how this legislation would seriously jeopardize the ability to invest in our children and public education in the future. By draining federal coffers of much-needed revenue, we will be forced to cut much more than education. Funding for health care, veterans benefits, environmental protections, affordable housing, student loans, and homeland security are all at risk if we pass this irresponsible legislation.

With so many important issues facing our country—41.2 million Americans without health insurance, no minimum wage increases since 1997, and billions of dollars squandered in Iraq, it is a shame that the People's House has been hijacked by the narrow interests of the super-rich. Today's vote is another in a long list of votes to benefit the special interests of a few. The time is long overdue for the Congress to deal with the myriad of critical issues facing Americans today.

Mr. ENGEL. Mr. Speaker, as Ronald Reagan used to say—there you go again!

Our Republican friends are again taking care of the wealthy and ignoring the needs of the middle class. If they cared about middle class Americans, their priority would be to permanently fix the AMT that affects millions of Americans, not the estate tax that affects 1 percent of rich families. The Republicans in Congress are making sure the rich get richer instead of lifting all Americans up economically.

The Republicans would like us to believe that they are fiscal conservatives, but they are borrowing and spending like drunken sailors, abandoning all fiscal discipline.

As a result, we are leaving our children and grandchildren with mountains of debt for years to come. Of the millions of American families, this bill will allow 830 super rich families get a \$16 million tax break—what a disgrace!

History will not refer to us as the baby boomer generation but as the credit card generation, and we can trace it all back to the Republican mantra of cut taxes, borrow and spend!

Mr. GENE GREEN of Texas. Mr. Speaker, I rise in opposition to this legislation, which has been billed as a compromise proposal to legislation this chamber has passed to permanently repeal the estate tax. Instead of offering true compromise, this legislation simply muddies the water and would deal a devastating blow to our national debt.

Make no mistake about it, I do not want to see the children of family farmers or small business owners have to pay dearly for the success of their hard-working parents. Democrats and Republicans alike want American families to be able to preserve their legacies and pass down their farms and small businesses to their heirs. A true compromise would balance the goal of protecting these estates and keeping our country's fiscal house in order. This bill is no such compromise.

This bill would exempt the first \$10 million of a couple's estate from the estate tax—an increase from the current \$4 million exemption. For estates valued below \$25 million, the bill

would impose the capital gains rate—currently 15 percent—and would tax values above \$25 million at double the capital gains rate.

Americans should not be fooled by the complexity of this tax structure, because the result is still the same. This bill is a benefit to the wealthiest Americans and will give estates valued at more than \$20 million a \$5.6 million tax cut, on average. Unfortunately, tax cuts are not free. And this legislation would have all American taxpayers pay the \$762 billion ten-year pricetag that will result from lost revenue and interest on our national debt.

Estate tax reform is not a new issue for Congress. For years now, I've supported a sensible compromise that would protect families who have put their blood, sweat and tears into their businesses. Specifically, this proposal would exempt the first \$7 million of a couple's estate—an exemption level that would shield 99.7 percent of all Americans from the estate tax.

Faced with a federal budget swimming in a sea of red ink, we should be making the fiscal compromises necessary to shore up Medicare and Social Security and ensure the continued solvency of federal programs that the most vulnerable Americans depend on for their own shot at the American Dream. Americans shouldn't fall for our majority's latest attempt to give millions to the Americans least in need, while leaving those most in need high and dry.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition to the bill, H.R. 5638, the "Permanent Estate Tax Relief Act of 2006."

Mr. Speaker, I have voted for estate tax relief before but I oppose this bill because it is irresponsible to cut taxes for the wealthy when the Nation is at war and the national debt is over \$8 trillion dollars.

The Joint Committee on Taxation estimates that THOMAS's estate tax proposal will cost the Federal Government \$602 billion, plus an extra \$160 billion when interest is accounted for. Only 0.5 percent of the richest families in America currently pay estate taxes. Moreover, under current law in 2009, only 3 out of every 1,000 estates will pay a penny in estate taxes—all couples with estates up to \$7 million—99.7 percent—will pass on their entire estates tax-free. Any compromise proposal which deviates from 2009 current law—such as THOMAS' bill and KYL's older proposal—is therefore crafted entirely to benefit this tiny sliver of the richest estates.

American voters stand strongly against drastic estate tax legislation. According to recent polling data, nearly 60 percent of voters hold the initial, unaided view that estate tax should be left as is or reformed, and only 23 percent support repeal. When asked about the estate tax in the context of other budget priorities, voters rank repealing the estate tax as the last priority, and 55 percent of voters oppose repeal.

This so-called compromise, nearly as regressive and costly as a full repeal, is no compromise at all. Passing even this compromise legislation would constitute one of the most regressive tax cuts in the history of the United States. Middle- and lower-class Americans will be forced to shoulder the burden of radically decreasing the estate tax—both monetarily and through decreased public programs. In order to cover the monetary gap, the government will plunge further into debt, which will limit its ability to address the Social Security solvency gap and reduce the money available

for public programs. It will also have to tap other tax sources, like payroll taxes, which will overwhelmingly hinder lower-income families.

I urge my colleagues to uphold the core American values of fairness and belief in meritocracy by rejecting this tax cut.

If we really wish to help the most deserving American families, we should raise the minimum wage.

Mr. VAN HOLLEN. Mr. Speaker, I rise today in opposition to this so-called "Compromise" Estate Tax proposal. This bill does make compromises—it compromises our children's futures, it compromises the future of our Social Security system, and it compromises our working families.

We're facing real issues in this country. We have rising deficits and a Social Security system that needs to be further secured. And today we are debating a bill to effectively repeal a tax that affects only the largest one half of one percent of estates. In the first 10 years after it takes effect, it will cost more than \$750 billion, including interest on the added debt. That bill will have to be paid by the rest of America, including our grandchildren.

My colleague, Congressman POMEROY, offered a substitute to reform the estate tax and help shore up Social Security. We could increase the current estate tax exclusion to \$3 million per individual and \$6 million per couple after 2006 and \$3.5 million per individual and \$7 million per couple in 2009. This would exempt 99.7 percent of estates from tax liability. And we could funnel estate tax revenues into Social Security, solving a full quarter of the trust fund's shortfall.

Let me remind my colleagues that Social Security not only provides essential retirement security for our Nation's seniors, it also provides disability and life insurance for our troops. We had an opportunity to turn estate tax funds into a dedicated source of revenue for this vital program. We had an opportunity for real reform.

Unfortunately, the majority on the Rules Committee rejected this opportunity by rejecting the Democratic amendment. Now we are debating some very different priorities. Instead of guaranteeing a source of funding for Social Security for our Nation's seniors and military families, we're talking about guaranteeing a huge tax break to multimillionaires and billionaires. Instead of seriously facing our massive deficits, we're talking about adding to them. Instead of instituting real, clear tax reform, we are talking about a tax rate that is not even defined outright in this bill. I have been willing to consider certain creative proposals that would allow individuals to voluntarily prepay their tax, but this proposal is a non-starter.

If we pass this legislation, who will pay for the deficits? This bill will add \$750 billion to the national debt over 10 years. Who will pay that price? Certainly not those who can best afford it—they're the ones who are reaping the benefits. This bill gives a small portion of the richest people in this country a gift and asks the middle class and their children to pay for it.

Mr. Speaker, I urge my colleagues to reject this false compromise. It's time to stop passing special interest legislation like this and start focusing on real reforms that benefit all Americans.

Mr. STARK. Mr. Speaker, I rise in strong opposition to yet another tax break for the ultra-wealthy. This week, Republicans rejected

an increase in the minimum wage that would have enabled people making \$5.15 an hour to receive a \$2 raise. Yet today they're falling all over themselves to give every single person worth more than \$20 million a \$5.6 million tax break.

A cartoonist couldn't draw a clearer illustration of the Republicans' misguided priorities. Though 46 million Americans lack health insurance and millions of children are denied access to quality education, Republicans insist on enriching those who least need our assistance.

It is irresponsible and immoral to decrease revenue by \$800 billion. With this money, we could provide quality health care for every man, woman and child; make the dream of affordable college a reality for all those who can't now afford higher education; or fund groundbreaking scientific research. It took us less than a decade to go to the moon. With a similar effort, we might cure AIDS or cancer.

The Republican priorities are clear: \$5.6 million for each of their rich campaign donors and \$0 for hard working stiff trying to raise a family on \$5.15 an hour.

The Republicans are bowing down to 18 super-wealthy families who have spent nearly \$500 million lobbying for estate tax repeal. These families own everything from Amway to Wal-Mart and stand to gain billions of dollars from any so-called compromise.

Another quite wealthy man has a different view. Bill Gates, Sr., recently said: "Given the fact that we have an unacceptable deficit, undeniable and huge demands resulting from our foreign involvement, and tragedies occurring here at home that need support from the federal government, it seems just plain irresponsible to talk about dismissing this particular source of federal revenue."

I couldn't say it any better myself, and I urge all my colleagues to vote "no" on this bill.

Mr. TIAHRT. Mr. Speaker, I am disappointed the House today voted to pass a bill that would replace one arbitrary unjust tax with another arbitrary unjust tax under the guise of compromise. The House has overwhelmingly voted, with strong bipartisan support, to permanently repeal the death tax five times in the past 5 years. I have voted each time in favor of full repeal.

Some of my colleagues believe we will not be able to gain the Senate's support for full repeal of this egregious tax. And for this reason, the House should pass a compromise bill that would partially eliminate a tax that an overwhelming majority of this body and my constituents believe should be completely repealed.

Rather than partially doing the right thing in the name of compromise, the House should stand steadfast on this issue. When the House passed H.R. 5638 today, we sent a message of defeat on the willingness of this Congress to put this issue to rest. Once those who want to keep the death tax know the House is willing to compromise, it will be difficult, if not impossible, for this body to exert the political will to permanently and completely eliminate the death tax.

For this reason I opposed passage of the premature compromise bill.

My constituents in Kansas know the death tax is a duplicative tax on small businesses and family farms that, in many cases, families have spent generations building. Small business owners, farmers and ranchers should not

be taxed by the Federal Government when they die. This only forces their relatives to repurchase what rightfully should remain in the family.

Additionally, this tax forces family businesses to invest in Uncle Sam rather than the economy. When families are forced to repurchase businesses because of the death tax, that means less money is being invested in new jobs and capital expansion. The bottom line is that the death tax is a tax on the economy because it slows economic growth.

Now is not the time to compromise on the economy. Instead, we should be doing everything in our power to support long-term economic growth. Permanent repeal of the death tax will mean more high-quality, high-paying jobs for Americans.

When I voted against the compromise bill today, I did so to reassure my constituents I will continue fighting to permanently and fully repeal the death tax. Compromise is premature, and discriminatory against families who have been good stewards of what they have earned.

My position is unchanged: The American people deserve full repeal of the death tax.

Mr. CAMP of Michigan. Mr. Speaker, today I rise in support of a permanent solution to the "estate tax" or what many call the "death tax." Whatever name it goes by, it is a tax on the American dream.

This country was founded on, grew and has become the world's most powerful economic engine based on the entrepreneurial spirit of our citizens; the willingness to have an idea, invest in it and build a business around it.

America's history is replete with once small family operations that are now some of the world's largest and best in their fields: Levi Strauss and his San Francisco dry goods store; Eberhard Anheuser and his son-in-law Adolphus Busch and their first struggling brewery in St. Louis; J. Willard Marriott and his wife Alice started with a root beer stand here in DC; and the Houghton family and their Corning Glass Works, which provided the glass for Edison's first light bulb and now is a leader in fiber-optics, just to name a few.

Studies have shown that the death tax is the leading cause of dissolution for most small businesses. It is estimated that 70 percent of businesses never make it past the first generation because of death tax rates and 87 percent do not make it to the third generation.

Resources that could be better used to expand a business or hire new employees are instead used inefficiently to plan for the impact of the death tax. This tax costs the American economy between 170,000 and 250,000 jobs annually. The Joint Economic Committee noted that the death tax reduces the stock in the economy by \$497 billion.

By raising the base level and indexing it for inflation, we will give family operations a chance to grow. Just as Strauss, Houghton, Anheuser-Busch and Marriott grew and now employ over 210,000 people between the four companies.

Our failure to act today will put a cap on the American dream and will keep the small businesses and family farms of today from passing to future generations. A failure to index for inflation would mean smaller and smaller operations would be impacted every year, creating a virtual noose that is slowly drawing closed around our ability to create new jobs.

Mr. Speaker, the American dream is not a small dream, and our Tax Code should not

keep our families, our businesses or our farms from growing to their fullest extent.

Death should not be taxed at a rate of 55 percent. Make no mistake about it, if we do not pass this bill today that is exactly the rate families will face in 2011. The permanent solution within this legislation will ensure that small businesses and family farms are not subject to these unfair rates of taxation.

Mr. Speaker, I urge my colleagues to honor the American entrepreneurial spirit by joining me in voting in favor of this legislation.

Mr. BLUMENAUER. Mr. Speaker, in the face of a significant tax problem for a growing number of American families, the soon to be 30 million taxpayers who will be forced to pay the alternative minimum tax unless there is a significant effort to address tax reform, the Republican leadership is again fixating on the inheritance tax. This legacy from Teddy Roosevelt and the progressive era of over a century ago is a tax on significant wealth most often the bulk of which is accumulated capital which had never been taxed in the first place. The outright repeal has actually been opposed by some of America's wealthiest citizens, such as Warren Buffett. Indeed, Bill Gates, Sr., the father of America's richest person—Bill Gates—wrote a book about why the elimination of the inheritance tax was a bad idea.

Since I came to Congress 10 years ago I have been supportive of making sensible reforms to raise the exemption, adjust the rates so that they are more gently graduated like they used to be, and provide deferral for owners of closely held businesses that wanted to continue in operation. Instead of a compromise that would be overwhelmingly supported by Republicans and Democrats alike, the Republican leadership continues to play games with families and businesses with this current bill.

This bill is tantamount to full repeal and will add hundreds of billions of dollars to our national deficit. The cost of H.R. 5638, estimated at \$280 billion over 11 years, is 70 percent to 80 percent of the full repeal cost to the national treasury. Like previous legislative proposals to repeal the inheritance tax, this bill is a solution in search of a problem aimed at helping the most well-off Americans while deepening the Federal debt. This is the latest in a long string of fiscally irresponsible moves reflecting the misplaced priorities of this Congress.

Mr. ISSA. Mr. Speaker, I rise today in support of H.R. 5638, the Permanent Estate Tax Relief Act of 2006. Thank you for bringing this important issue to the floor.

I cosponsored and voted in favor of H.R. 8, the Death Tax Repeal Permanency Act of 2005, which overwhelmingly passed in the House last year. I still believe in the permanent repeal of the estate tax, because without permanent repeal businesses will die. This bill simply isn't good enough. It doesn't keep the promise that I made to the people in my district to end, once and for all, the double taxation of the dead.

I will vote for this bill today because it is the best we can do at this time. In my mind this is only a downpayment, and I will work with the Congress to permanently eliminate this unreasonable and unfair double taxation.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I have voted for estate tax relief before but I oppose this bill because it is irresponsible to cut taxes for the wealthy when the Nation is

at war and the national debt is over \$8 trillion. Indeed, Mr. Speaker, I think it is unconscionable to be considering voting another tax cut to the wealthiest 0.3 percent of Americans.

The Joint Committee on Taxation estimates that this estate tax proposal will cost the Federal Government \$602 billion, plus an extra \$160 billion when interest is accounted for. Only 0.5 percent of the richest families in America currently pay estate taxes. Moreover, under current law in 2009, only 3 out of every 1,000 estates will pay a penny in estate taxes—all couples with estates up to \$7 million, 99.7 percent, will pass on their entire estates tax-free. Any compromise proposal which deviates from 2009 current law—such as H.R. 5638—is therefore crafted entirely to benefit this tiny sliver of the richest estates.

American voters stand strongly against drastic estate tax legislation. According to recent polling data, nearly 60 percent of voters hold the initial, unaided view that estate tax should be left as is or reformed, and only 23 percent support repeal. When asked about the estate tax in the context of other budget priorities, voters rank repealing the estate tax as the last priority, and 55 percent of voters oppose repeal.

This so-called compromise, nearly as regressive and costly as a full repeal, is no compromise at all. Passing even this compromise legislation would constitute one of the most regressive tax cuts in the history of the United States. Middle- and lower-class Americans will be forced to shoulder the burden of radically decreasing the estate tax—both monetarily and through decreased public programs. In order to cover the monetary gap, the Government will plunge further into debt, which will limit its ability to address the Social Security solvency gap and reduce the money available for public programs. It will also have to tap other tax sources, like payroll taxes, which will overwhelmingly hinder lower-income families.

I urge my colleagues to uphold the core American values of fairness and belief in meritocracy by rejecting this tax cut.

If we really wish to help the most deserving American families, we should raise the minimum wage from \$5.15 to \$7.25 over 3 years. Mr. Speaker, did you know that today's minimum wage of \$5.15 today is the equivalent of only \$4.23 in 1995, which is even lower than the \$4.25 minimum wage level before the 1996–97 increase? It is scandalous, Mr. Speaker, that a person can work full-time, 40 hours per week, for 52 weeks, earning the minimum wage would gross just \$10,700, which is well below the poverty line.

A minimum wage increase would raise the wages of millions of workers:

An estimated 7.3 million workers, 5.8 percent of the workforce, would receive an increase in their hourly wage rate if the minimum wage was raised from \$5.15 to \$7.25 by June 2007. Due to "spillover effects," the 8.2 million workers, 6.5 percent of the workforce, earning up to \$1.00 above the minimum would also be likely to benefit from an increase.

Raising the minimum wage will benefit working families. The earnings of minimum wage workers are crucial to their families' well-being. Evidence from the 1996–97 minimum wage increase shows that the average minimum wage worker brings home more than half, 54 percent, of his or her family's weekly earnings.

An estimated 760,000 single mothers with children under 18 would benefit from a minimum wage increase to \$7.25 by June 2007.

Single mothers would benefit disproportionately from an increase—single mothers are 10.4 percent of workers affected by an increase, but they make up only 5.3 percent of the overall workforce. Approximately 1.8 million parents with children under 18 would benefit.

Contrary to popular myths and urban legends, adults make up the largest share of workers who would benefit from a minimum wage increase. Seventy-two percent of workers whose wages would be raised by a minimum wage increase to \$7.25 by June 2007 are adults, age 20 or older. Close to half, 43.9 percent, of workers who would benefit from a minimum wage increase work full time and another third, 34.5 percent, work between 20 and 34 hours per week.

Minimum wage increases benefit disadvantaged workers and women are the largest group of beneficiaries from a minimum wage increase; 60.6 percent of workers who would benefit from an increase to \$7.25 by 2007 are women. An estimated 7.3 percent of working women would benefit directly from that increase in the minimum wage.

A disproportionate share of minorities would benefit from a minimum wage increase. African Americans represent 11.1 percent of the total workforce, but are 15.3 percent of workers affected by an increase. Similarly, 13.4 percent of the total workforce is Hispanic, but Hispanics are 19.7 percent of workers affected by an increase.

The benefits of the increase disproportionately help those working households at the bottom of the income scale. Although households in the bottom 20 percent received only 5.1 percent of national income, 38.1 percent of the benefits of a minimum wage increase to \$7.25 would go to these workers. The majority of the benefits, 58.5 percent, of an increase would go to families with working, prime-aged adults in the bottom 40 percent of the income distribution.

Among families with children and a low-wage worker affected by a minimum wage increase to \$7.25, the affected worker contributes, on average, half of the family's earnings. Thirty-six percent of such workers actually contribute 100 percent of their family's earnings.

A minimum wage increase would help reverse the trend of declining real wages for low-wage workers. Between 1979 and 1989, the minimum wage lost 31 percent of its real value. By contrast, between 1989 and 1997, the year of the most recent increase, the minimum wage was raised four times and recovered about one-third of the value it lost in the 1980s.

Income inequality has been increasing, in part, because of the declining real value of the minimum wage. Today, the minimum wage is 33 percent of the average hourly wage of American workers, the lowest level since 1949. A minimum wage increase is part of a broad strategy to end poverty. As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase is likely to have a greater impact on reducing poverty.

Mr. Speaker, the opponents of the minimum wage often claim that increasing the wage will cost jobs and harm the economy. Of course, Mr. Chairman, there is no credible study to support such claims. In fact, a 1998 EPI study failed to find any systematic, significant job

loss associated with the 1996–97 minimum wage increase. The truth is that following the most recent increase in the minimum wage in 1996–97, the low-wage labor market performed better than it had in decades. And after the minimum wage was increased, the country went on to enjoy the most sustained period of economic prosperity in history. We had historic low levels of unemployment rates, increased average hourly wages, increased family income, and decreased poverty rates. Studies have shown that the best performing small businesses are located in States with the highest minimum wages. Between 1998 and 2004, the job growth for small businesses in States with a minimum wage higher than the Federal level was 6.2 percent compared to a 4.1 percent growth in States where the Federal level prevailed.

So much for the discredited notion that raising the minimum wage harms the economy. It does not. But it increases the purchasing power of those who most need the money, which is far more than can be said of the Republicans' devotion to cutting taxes for multimillionaires.

Mr. Speaker, Americans overwhelmingly side with progressive principles of rewarding hard work with a living wage. In a recent poll conducted by the Pew Research Center, 86 percent of Americans favored raising the minimum wage. In the 2004 election, voters in Florida and Nevada, two States won by President Bush, overwhelmingly approved ballot measures to raise the minimum wage. Even in Nevada's richest county, 61.5 percent of Douglas, where Bush received 63.5 percent of the vote, voters supported raising the minimum wage.

Forty-three percent of Americans consider raising the minimum wage to be a top priority. In contrast, only 34 percent considered making the recent Federal income tax cuts permanent and only 27 percent consider the passage of a constitutional amendment to ban same-sex marriage as top priorities.

Members of Congress have legislated a minimum salary for themselves and have seen fit to raise it eight times since they last raised the minimum wage. It is time we gave the Americans we represent a long-overdue pay raise by increasing the minimum wage to \$7.25 over 3 years. Even this amount does not keep pace with the cost of living. The minimum wage would have to be increased to \$9.05 to equal the purchasing power it had in 1968. And if the minimum wage had increased at the same rate as the salary increase corporate CEOs have received, it would now be \$23.03 per hour.

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

The SPEAKER pro tempore (Mr. PRICE of Georgia). Pursuant to House Resolution 885, the previous question is ordered on the bill, as amended.

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.

MOTION TO RECOMMIT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. RANGEL. Yes, I am, Mr. Speaker, in its present form.

Mr. THOMAS. Mr. Speaker, I reserve a point of order on the motion.

The SPEAKER pro tempore. The gentleman reserves a point of order.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Rangel moves to recommit the bill promptly to the Committee on Ways and Means with the following amendatory instructions: At the end of the bill insert the following:

(1) On June 21, 2006, the Committee on Rules of the House of Representatives met in an emergency meeting to provide a rule for the consideration of H.R. 5638, even though all of the estate and gift tax provisions contained therein do not take effect until January 1, 2010.

(2) The estate tax provisions in H.R. 5638 will cost more than \$800 billion (including interest) in the first 10 years in which the effect of the legislation is fully reflected in the budget deficit (fiscal years 2012–2022).

(3) More than half of that revenue cost will benefit only the wealthiest 0.3 percent of all decedents. Annually approximately 7500 estates nationwide will be the primary beneficiaries of these reductions in revenue.

(4) Under H.R. 5638, estates worth more than \$20 million (annually approximately 800–900 estates) alone will get a \$4.5 billion tax reduction, an average tax reduction of \$5.6 million per estate.

(5) All of that revenue cost will be financed through Federal borrowing, much of which will be from foreign investors.

(6) In contrast, the Committee on Rules of the House of Representatives has not met to provide a rule for the consideration of legislation reported by a Committee of the House of Representatives that would provide for an increase of the minimum wage.

(7) An increase in the minimum wage would benefit more than 6 million individuals, include 1.8 million parents with children under age 18. These numbers dwarf the numbers of individuals who would benefit from H.R. 5638.

(8) Congress has not increased the minimum wage since 1997. The minimum wage (on an inflation adjusted basis) is now at its lowest level in 50 years.

(9) Currently a person working full-time at the minimum wage will earn just \$10,700 annually, less than two-tenths of one percent of the average benefit provided by H.R. 5638 to estates worth more than \$20 million.

(10) The increase in annual income of a full-time minimum wage worker under the minimum wage legislation reported by the Committee of the House of Representatives would be less than one-tenth of one percent of the average benefit provided by H.R. 5638 to estates worth more than \$20 million.

(11) Enacting the estate tax reductions contained in H.R. 5638, while refusing to increase the minimum wage, amounts to placing the interests of 7500 of the wealthiest estates annually above the interest of 6.6 million individuals who would benefit from a minimum wage increase, based on the above the Committee shall report the same back to the House only after the House has acted on an increase in the minimum wage.

POINT OF ORDER

The SPEAKER pro tempore. Does the gentleman from California insist on his point of order?

Mr. THOMAS. Mr. Speaker, I make a point of order against the motion to recommit and believe the point of order is in order because this supposed motion to recommit is not germane.

The SPEAKER pro tempore. Does any Member wish to speak on the point of order?

Mr. RANGEL. Mr. Speaker, may I respond?

The SPEAKER pro tempore. The gentleman from New York is recognized.

Mr. RANGEL. Mr. Speaker, one may wonder how germane is it when we are considering a bill that 7,500 families will be the beneficiary at the cost of \$800 billion, as opposed to what I am raising in the motion to recommit, and that is the lives of 6.6 million working people that really are working at the minimum wage. So there is a difference in how we perceive what we are doing today, whether the hundreds of million of people that work every day should be sacrificed at a cost of close to \$1 trillion when, in fact, we are talking about 7,500 families that have not worked for the money but are going to inherit the money.

PARLIAMENTARY INQUIRY

Mr. THOMAS. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his inquiry.

Mr. THOMAS. Mr. Speaker, is the gentleman supposed to respond to the point of order, or is he allowed to make a partisan political speech which is not germane to the point of order?

The SPEAKER pro tempore. The gentleman is allowed to speak on the point of order and address the issue of germaneness.

Mr. RANGEL. Well, that was my point, that I am trying to show the significance of taxpayers; taxpayers, where one group is at the minimum wage, and people who, right now 99.7 percent of these people, do not pay taxes on their estate. So clearly we are talking in terms of who is suffering the liability of taxes.

The SPEAKER pro tempore. The gentleman will suspend. The gentleman must address the issue of germaneness, please. The gentleman may resume.

Mr. RANGEL. The germaneness is who is going to pay for this bill that is before us today? And the motion to recommit says that we should consider the millions of people who work every day that don't get this type of relief.

Mr. THOMAS. Mr. Speaker, I have a point of order. Beginning your statement with "this is why it is germane" is not addressing the germaneness question.

The SPEAKER pro tempore. The gentleman must address his comments to the issue of germaneness of the motion to recommit.

Mr. RANGEL. Well, I will yield to the Chair to determine what is fair and what is equitable as we talk about the lives of working people that pay taxes every day as opposed to having a trillion dollars to be disbursed to people who don't pay taxes.

The SPEAKER pro tempore. If no other Member wishes to address the point of order, the Chair is prepared to rule.

The gentleman makes a point of order that the amendment offered by

the gentleman from New York is not germane.

Clause 7 of rule XVI, the germaneness rule, provides that no proposition on a "subject different from that under consideration shall be admitted under color of amendment." One of the central tenets of the germaneness rule is that an amendment should be within the jurisdiction of the committee of jurisdiction of the bill.

The bill, H.R. 5638, was referred to the Committee on Ways and Means.

The amendment offered by the gentleman from New York in pertinent part addresses the minimum wage, a matter within the jurisdiction of the Education and the Workforce Committee. By addressing a matter outside the jurisdiction of the Committee on Ways and Means, the amendment is not germane.

The point of order is sustained. The motion is not in order.

PARLIAMENTARY INQUIRY

Mr. THOMAS. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his inquiry.

Mr. THOMAS. Mr. Speaker, under the rule in consideration of this bill, the minority was allowed a motion to recommit. A motion to recommit was offered. It was clearly on its face nongermane. The Chair has just ruled that that so-called motion to recommit was nongermane. However, under the rules, that nongermane bill was read. It amounts to a political pamphlet.

Mr. RANGEL. Mr. Speaker, I appeal the ruling of the Chair.

The SPEAKER pro tempore. The gentleman will suspend.

Does the gentleman have a parliamentary inquiry?

Mr. THOMAS. Yes. The offer of the motion to recommit would have been exhausted, and I would simply say if that is not the case, they could offer another 10 partisan tracts on the argument that it is a motion to recommit, make the same arguments, and never violate the rules, and that is not under the spirit of the rules.

The SPEAKER pro tempore. The gentleman has not stated a parliamentary inquiry.

Mr. RANGEL. Mr. Speaker, I move to appeal the ruling of the Chair.

The SPEAKER pro tempore. The question is, Shall the decision of the Chair stand as the judgment of the House? Those in favor say "aye." (Members responded by voice.)

Mr. THOMAS. Mr. Speaker, the gentleman was not timely in his request to appeal the decision of the Chair.

The SPEAKER pro tempore. The gentleman will suspend.

Mr. HOYER. Mr. Speaker, a vote is in progress.

The SPEAKER pro tempore. Members will suspend.

For what purpose does the gentleman from California rise?

Mr. THOMAS. The gentleman moves to lay the motion on the table.

Mr. HOYER. The House is in the process of a vote.

MOTION TO TABLE OFFERED BY MR. THOMAS

Mr. THOMAS. Mr. Speaker, I move to table the motion.

The SPEAKER pro tempore. The question is on tabling the appeal.

PARLIAMENTARY INQUIRY

Mr. HOYER. Mr. Speaker, parliamentary inquiry. I make a point of order that that motion is not in order. The Speaker called for a vote. The aye votes were taken. The next question is the no votes. We are in the process of a vote. And until such time as that vote is concluded, a motion is not in order.

The SPEAKER pro tempore. The gentleman from California was seeking recognition. The question is on the motion to table.

POINT OF ORDER

Mr. HOYER. Mr. Speaker, point of order.

The SPEAKER pro tempore. The gentleman will state his point.

Mr. HOYER. Mr. Speaker, you can run over us. We understand that. We do not have the votes. But you called the vote, Mr. Speaker, and we were in the process of a vote, and he had not been recognized at that point. Now, the fact that he was seeking recognition or not is irrelevant.

The SPEAKER pro tempore. Does the gentleman have a point of order?

Mr. HOYER. Yes.

The SPEAKER pro tempore. State your point of order, please.

Mr. HOYER. That the gentleman's motion is not in order because we were in the process of voting on the issue that was propounded by the gentleman from New York.

The SPEAKER pro tempore. When the Chair began to put the question, the gentleman from California was on his feet seeking recognition. The gentleman's motion was to table.

Mr. HOYER. I appeal the ruling of the Chair.

□ 1500

Mr. RANGEL. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore (Mr. PRICE of Georgia). The gentleman will state it.

Mr. RANGEL. First of all, when I asked for a vote, you asked for the votes for the ayes. It was my intention, in case we had lost, to ask for a vote on this because a quorum is not present.

What is happening here, and my parliamentary inquiry is, once you took the ayes, we never got an opportunity to find out the nays. So I am in the position now that I cannot challenge the Chair. After you asked for the aye votes, you never asked for the nay votes. How can we determine what the ruling of the Chair is?

The SPEAKER pro tempore. The gentleman is not stating a parliamentary inquiry.

Mr. HOYER. Mr. Speaker, I have appealed the previous ruling of the Chair. An appeal to the ruling of the Chair is pending.

The SPEAKER pro tempore. The gentleman will suspend.

For what purpose does the gentleman from California rise?

Mr. THOMAS. The gentleman from California rises, just as he did previously, to gain recognition to indicate that I move that we table the motion to lay the bill on the table of the objection of the gentleman from Maryland on the ruling of the Chair.

So I now have a lay on the table of two objections of the ruling of the Chair.

The SPEAKER pro tempore. The Chair has made a ruling on a germaneness point of order. An appeal has been taken. No further appeal may be erected at this point. The situation that the gentleman from Maryland seeks to appeal from is not appealable.

The Chair has recognized the gentleman from California and his motion to table, and that is the business before the House.

Mr. SABO. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. SABO. Mr. Speaker, I was sitting here waiting for time to expire so I could cast a vote, and I heard the motion made by the gentleman from New York.

The SPEAKER pro tempore. Does the gentleman have a parliamentary inquiry?

Mr. SABO. Then I heard the Speaker call for a vote.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. SABO. I am just curious, did the Speaker call for a vote, and did I hear some people vote aye?

The SPEAKER pro tempore. The gentleman is not stating a pertinent parliamentary inquiry.

The question is on the motion to table.

Mr. SABO. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. Does the minority whip seek recognition?

Mr. HOYER. I do. I make a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOYER. I would propound this parliamentary inquiry. Is it appropriate during the course of a vote, and after one side of the vote has been made and pending the request for the nays in this case, is it appropriate to stop that vote and then recognize someone at that point in time?

The SPEAKER pro tempore. The Chair began to take a voice vote, but then realized that a Member timely sought recognition for a proper purpose.

Mr. HOYER. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. HOYER. The Speaker's recollection is different than mine. The Speaker propounds and the Parliamentarian advises that apparently you began. Frankly, we were in the process. You

had called for the ayes, the ayes had been made, and you were then about to call for the nays.

So I would suggest it was not a question that you had begun and then saw that the gentleman from California had risen and then sought to recognize him. What you did was, after asking for the ayes, which were enunciated, you then stopped the vote and then recognized the gentleman from California.

My question to you, therefore, you did not respond to. Once the vote is in progress, and I suggest to the Speaker and those who might advise him that the RECORD will reflect that the vote had been called, it is in that context that I again ask you, Mr. Speaker, not if you had started, but, in fact, we were in the progress of a vote.

The SPEAKER pro tempore. The Chair made a ruling. An appeal was taken. The Chair first stated the question. The Chair next began to put the question but then realized that the gentleman from California was seeking recognition. The gentleman from California was recognized on the motion to table.

The business before the House is the motion to table.

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

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

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 229, nays 195, not voting 9, as follows:

[Roll No. 313]
YEAS—229

Aderholt	Crenshaw	Hastert
Akin	Cubin	Hastings (WA)
Alexander	Culberson	Hayes
Bachus	Davis (KY)	Hayworth
Baker	Davis, Jo Ann	Hefley
Barrett (SC)	Davis, Tom	Hensarling
Bartlett (MD)	Deal (GA)	Herger
Barton (TX)	Dent	Hobson
Bass	Diaz-Balart, M.	Hoeckstra
Beauprez	Doolittle	Hostettler
Biggert	Drake	Hulshof
Bilbray	Dreier	Hunter
Bilirakis	Duncan	Hyde
Bishop (UT)	Ehlers	Inglis (SC)
Blackburn	Emerson	Issa
Blunt	English (PA)	Istook
Boehkert	Everett	Jenkins
Boehner	Feeney	Jindal
Bonilla	Ferguson	Johnson (CT)
Bonner	Fitzpatrick (PA)	Johnson (IL)
Bono	Flake	Jones (NC)
Boozman	Foley	Keller
Boucher	Forbes	Kelly
Boustany	Fortenberry	Kennedy (MN)
Bradley (NH)	Fossella	King (IA)
Brady (TX)	Fox	King (NY)
Brown (SC)	Franks (AZ)	Kingston
Brown-Waite,	Frelighuysen	Kirk
Ginny	Gallely	Kline
Burgess	Garrett (NJ)	Knollenberg
Burton (IN)	Gerlach	Kolbe
Buyer	Gibbons	Kuhl (NY)
Calvert	Gilchrest	LaHood
Camp (MI)	Gillmor	Latham
Campbell (CA)	Gingrey	LaTourette
Cannon	Gohmert	Leach
Cantor	Goode	Lewis (CA)
Capito	Goodlatte	Lewis (KY)
Carter	Granger	Linder
Castle	Graves	LoBiondo
Chabot	Green (WI)	Lucas
Chocola	Gutknecht	Lungren, Daniel
Coble	Hall	E.
Cole (OK)	Harris	Mack
Conaway	Hart	Manzullo

Marchant	Platts	Simmons
McCaul (TX)	Poe	Simpson
McCotter	Pombo	Smith (NJ)
McCrery	Porter	Smith (TX)
McHenry	Price (GA)	Sodrel
McHugh	Pryce (OH)	Souder
McKeon	Putnam	Stearns
McMorris	Radanovich	Sullivan
Mica	Ramstad	Sweeney
Miller (FL)	Regula	Tancredo
Miller (MI)	Rehberg	Taylor (NC)
Miller, Gary	Reichert	Terry
Moran (KS)	Renzi	Thomas
Murphy	Reynolds	Thornberry
Musgrave	Rogers (AL)	Tiahrt
Myrick	Rogers (KY)	Tiberi
Neugebauer	Rogers (MI)	Turner
Ney	Rohrabacher	Upton
Northup	Ros-Lehtinen	Walden (OR)
Norwood	Royce	Walsh
Nunes	Ryan (WI)	Wamp
Nussle	Ryun (KS)	Weldon (FL)
Osborne	Saxton	Weldon (PA)
Otter	Schmidt	Weller
Oxley	Schwarz (MI)	Westmoreland
Paul	Sensenbrenner	Whitfield
Pearce	Sessions	Wicker
Pence	Shadegg	Wilson (NM)
Peterson (PA)	Shaw	Wilson (SC)
Petri	Sherwood	Wolf
Pickering	Shimkus	Young (AK)
Pitts	Shuster	Young (FL)

NAYS—195

Abercrombie	Green, Al	Murtha
Ackerman	Green, Gene	Nadler
Allen	Grijalva	Napolitano
Andrews	Gutierrez	Neal (MA)
Baca	Harman	Oberstar
Baird	Hastings (FL)	Obey
Baldwin	Herseth	Oliver
Barrow	Higgins	Ortiz
Bean	Hinchee	Owens
Becerra	Hinojosa	Pallone
Berman	Holden	Pascrell
Berry	Holt	Pastor
Bishop (GA)	Honda	Payne
Bishop (NY)	Hoolley	Pelosi
Blumenauer	Hoyer	Peterson (MN)
Boren	Inslee	Pomeroy
Boswell	Israel	Price (NC)
Boyd	Jackson (IL)	Rahall
Brady (PA)	Jackson-Lee	Rangel
Brown (OH)	(TX)	Reyes
Brown, Corrine	Jefferson	Ross
Butterfield	Johnson, E. B.	Rothman
Capps	Jones (OH)	Roybal-Allard
Capuano	Kanjorski	Ruppersberger
Cardin	Kaptur	Rush
Cardoza	Kildee	Ryan (OH)
Carnahan	Kilpatrick (MI)	Sabo
Carson	Kind	Salazar
Case	Kucinich	Sanchez, Linda
Chandler	Langevin	T.
Clay	Lantos	Sanchez, Loretta
Cleaver	Larsen (WA)	Sanders
Clyburn	Larson (CT)	Schakowsky
Conyers	Lee	Schiff
Cooper	Levin	Schwartz (PA)
Costa	Lewis (GA)	Scott (GA)
Costello	Lipinski	Scott (VA)
Cramer	Lofgren, Zoe	Sherman
Crowley	Lowey	Skelton
Cuellar	Lynch	Slaughter
Cummings	Maloney	Smith (WA)
Davis (AL)	Markey	Snyder
Davis (CA)	Marshall	Solis
Davis (IL)	Matheson	Spratt
Davis (TN)	Matsui	Stark
DeFazio	McCarthy	Strickland
DeGette	McCollum (MN)	Stupak
Delahunt	McDermott	Tanner
DeLauro	McGovern	Tauscher
Dicks	McIntyre	Taylor (MS)
Dingell	McKinney	Thompson (CA)
Doggett	McNulty	Thompson (MS)
Doyle	Meehan	Tierney
Edwards	Meek (FL)	Towns
Emanuel	Meeks (NY)	Udall (CO)
Engel	Melancon	Udall (NM)
Eshoo	Michaud	Van Hollen
Etheridge	Millender-	Velázquez
Farr	McDonald	Visclosky
Fattah	Miller (NC)	Wasserman
Filner	Miller, George	Schultz
Ford	Mollohan	Watson
Frank (MA)	Moore (KS)	Watt
Gonzalez	Moore (WI)	
Gordon	Moran (VA)	

Waxman	Wexler	Wu
Weiner	Woolsey	Wynn

NOT VOTING—9

Berkley	Evans	Serrano
Davis (FL)	Johnson, Sam	Shays
Diaz-Balart, L.	Kennedy (RI)	Waters

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised that there are 2 minutes remaining in the vote.

□ 1528

Mr. SMITH of Washington and Mr. GORDON changed their vote from “yea” to “nay.”

Mr. HALL and Mr. KINGSTON changed their vote from “nay” to “yea.”

So the motion to table was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

MOTION TO RECOMMIT OFFERED BY MR. POMEROY

Mr. POMEROY. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. POMEROY. Yes, I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Pomeroy moves to recommit the bill H.R. 5638 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Certain and Immediate Estate Tax Relief Act of 2006”.

SEC. 2. RETENTION OF ESTATE TAX; REPEAL OF CARRYOVER BASIS.

(a) IN GENERAL.—Subtitles A and E of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subtitles, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subtitles, and amendments, had never been enacted.

(b) SUNSET NOT TO APPLY.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

(c) CONFORMING AMENDMENTS.—Subsection (d) of section 511, and subsections (b)(2) and (e)(2) of section 521, of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subsections, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subsections, and amendments, had never been enacted.

SEC. 3. IMMEDIATE INCREASE IN EXCLUSION EQUIVALENT OF UNIFIED CREDIT.

(a) IN GENERAL.—Subsection (c) of section 2010 of the Internal Revenue Code of 1986 (relating to applicable credit amount) is amended by striking all that follows “the applicable exclusion amount” and inserting “the applicable exclusion amount” and inserting “the applicable exclusion amount is \$3,500,000 (\$3,000,000 in the case of estates of decedents dying before 2009).”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2006.

SEC. 4. UNIFIED CREDIT INCREASED BY UNUSED UNIFIED CREDIT OF DECEASED SPOUSE.

(a) IN GENERAL.—Subsection (c) of section 2010 of the Internal Revenue Code of 1986 (defining applicable credit amount), as amended by section 3, is amended to read as follows:

“(c) APPLICABLE CREDIT AMOUNT.—

“(1) IN GENERAL.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount.

“(2) APPLICABLE EXCLUSION AMOUNT.—For purposes of this subsection, the applicable exclusion amount is the sum of—

“(A) the basic exclusion amount, and

“(B) in the case of a surviving spouse, the aggregate deceased spousal unused exclusion amount.

“(3) BASIC EXCLUSION AMOUNT.—For purposes of this subsection, the basic exclusion amount is \$3,500,000 (\$3,000,000 in the case of estates of decedents dying before 2009).

“(4) AGGREGATE DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term ‘aggregate deceased spousal unused exclusion amount’ means the lesser of—

“(A) the basic exclusion amount, or

“(B) the sum of the deceased spousal unused exclusion amounts of the surviving spouse.

“(5) DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term ‘deceased spousal unused exclusion amount’ means, with respect to the surviving spouse of any deceased spouse dying after December 31, 2006, the excess (if any) of—

“(A) the applicable exclusion amount of the deceased spouse, over

“(B) the amount with respect to which the tentative tax is determined under section 2001(b)(1) on the estate of such deceased spouse.

“(6) SPECIAL RULES.—

“(A) ELECTION REQUIRED.—A deceased spousal unused exclusion amount may not be taken into account by a surviving spouse under paragraph (5) unless the executor of the estate of the deceased spouse files an estate tax return on which such amount is computed and makes an election on such return that such amount may be so taken into account. Such election, once made, shall be irrevocable. No election may be made under this subparagraph if such return is filed after the time prescribed by law (including extensions) for filing such return.

“(B) EXAMINATION OF PRIOR RETURNS AFTER EXPIRATION OF PERIOD OF LIMITATIONS WITH RESPECT TO DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—Notwithstanding any period of limitation in section 6501, after the time has expired under section 6501 within which a tax may be assessed under chapter 11 or 12 with respect to a deceased spousal unused exclusion amount, the Secretary may examine a return of the deceased spouse to make determinations with respect to such amount for purposes of carrying out this subsection.

“(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subsection.”

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 2505(a) of such Code, after the application of section 3, is amended to read as follows:

“(1) the applicable credit amount under section 2010(c) which would apply if the donor died as of the end of the calendar year, reduced by”.

(2) Section 2631(c) of such Code is amended by striking “the applicable exclusion amount” and inserting “the basic exclusion amount”.

(3) Section 6018(a)(1) of such Code, after the application of section 3, is amended by striking “applicable exclusion amount” and inserting “basic exclusion amount”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2006.

SEC. 5. VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS; LIMITATION ON MINORITY DISCOUNTS.

(a) IN GENERAL.—Section 2031 of the Internal Revenue Code of 1986 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (f) and by inserting after subsection (c) the following new subsections:

“(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this chapter and chapter 12—

“(1) IN GENERAL.—In the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092)—

“(A) the value of any nonbusiness assets held by the entity shall be determined as if the transferor had transferred such assets directly to the transferee (and no valuation discount shall be allowed with respect to such nonbusiness assets), and

“(B) the nonbusiness assets shall not be taken into account in determining the value of the interest in the entity.

“(2) NONBUSINESS ASSETS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘nonbusiness asset’ means any asset which is not used in the active conduct of 1 or more trades or businesses.

“(B) EXCEPTION FOR CERTAIN PASSIVE ASSETS.—Except as provided in subparagraph (C), a passive asset shall not be treated for purposes of subparagraph (A) as used in the active conduct of a trade or business unless—

“(i) the asset is property described in paragraph (1) or (4) of section 1221(a) or is a hedge with respect to such property, or

“(ii) the asset is real property used in the active conduct of 1 or more real property trades or businesses (within the meaning of section 469(c)(7)(C)) in which the transferor materially participates and with respect to which the transferor meets the requirements of section 469(c)(7)(B)(ii).

For purposes of clause (ii), material participation shall be determined under the rules of section 469(h), except that section 469(h)(3) shall be applied without regard to the limitation to farming activity.

“(C) EXCEPTION FOR WORKING CAPITAL.—Any asset (including a passive asset) which is held as a part of the reasonably required working capital needs of a trade or business shall be treated as used in the active conduct of a trade or business.

“(3) PASSIVE ASSET.—For purposes of this subsection, the term ‘passive asset’ means any—

“(A) cash or cash equivalents,

“(B) except to the extent provided by the Secretary, stock in a corporation or any other equity, profits, or capital interest in any entity,

“(C) evidence of indebtedness, option, forward or futures contract, notional principal contract, or derivative,

“(D) asset described in clause (iii), (iv), or (v) of section 351(e)(1)(B),

“(E) annuity,

“(F) real property used in 1 or more real property trades or businesses (as defined in section 469(c)(7)(C)),

“(G) asset (other than a patent, trademark, or copyright) which produces royalty income,

“(H) commodity,

“(I) collectible (within the meaning of section 401(m)), or

“(J) any other asset specified in regulations prescribed by the Secretary.

“(4) LOOK-THRU RULES.—

“(A) IN GENERAL.—If a nonbusiness asset of an entity consists of a 10-percent interest in any other entity, this subsection shall be applied by disregarding the 10-percent interest and by treating the entity as holding directly its ratable share of the assets of the other entity. This subparagraph shall be applied successively to any 10-percent interest of such other entity in any other entity.

“(B) 10-PERCENT INTEREST.—The term ‘10-percent interest’ means—

“(i) in the case of an interest in a corporation, ownership of at least 10 percent (by vote or value) of the stock in such corporation,

“(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

“(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

“(5) COORDINATION WITH SUBSECTION (B).—Subsection (b) shall apply after the application of this subsection.

“(e) LIMITATION ON MINORITY DISCOUNTS.—For purposes of this chapter and chapter 12, in the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092), no discount shall be allowed by reason of the fact that the transferee does not have control of such entity if the transferee and members of the family (as defined in section 2032A(e)(2)) of the transferee have control of such entity.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

Amend the title so as to read: “A bill to amend the Internal Revenue Code of 1986 to retain the estate tax with an immediate increase in the exemption, to repeal the new carryover basis rules in order to prevent tax increases and the imposition of compliance burdens on many more estates than would benefit from repeal, and for other purposes.”.

Mr. POMEROY (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

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

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from North Dakota is recognized for 5 minutes in support of his motion.

□ 1530

Mr. POMEROY. Mr. Speaker, I am going to be brief with the 5 minutes allocated for this side. I do not intend to use all of it, with the reason we are presenting this information and this alternative under the motion to recommit is because the Rules Committee, when offering this House a so-called compromise on the estate tax reform, only allowed one version and did not allow the minority even the opportunity to present a different level of compromise. So we have to use this motion to recommit, and I will tell you quickly what it does.

It would exclude all estates from taxation at the \$3 million level and \$6 million joint level beginning January of next year. In 2009, it would move as the present law affords to the \$3.5- and \$7 million, excluding all estates below that.

Many of us believe that the estate tax needs reform, and we think this reform at the levels \$7 million joint exclusion from 2009 and thereafter is very meaningful reform indeed, and, in fact, it makes the estate tax go away for 99.7 percent of the people in this country.

Yet it compares very favorably in cost impact to the Thomas proposal before the House; indeed, 40 percent of the costs of outright repeal for the motion to recommit compared to the Thomas proposal, which, when fully phased in years 2010 to 2020, costs 80 percent, maybe even more. We estimate at least \$800 billion will be lost, and we mean actually borrowed because we are in deep deficits.

It is a simple fact. You take the tax off some, somebody else is probably going to have to pick up the tab. So here you have got a tax that is of no consequence to 99.7 percent of the people in this country. We are going to repeal the tax on the wealthiest sliver. You know what it means. Everyone else is going to have to pick up the slack.

This is a House that has voted to raise the national borrowing limit in March, raised it again in May, all of this driven by out-of-control deficits, and here you are about to advance a proposal that would lose \$800 billion in the next decade, the very decade when 78 million Americans will move into that 65-year age group beginning the draw on Medicare, which goes out of balance in 2012, beginning to draw on Social Security, which goes out of balance in 2017.

We have got to take a breath here and ask ourselves what have we done to the revenue base of this country? We have got solemn commitments, the promise of Medicare and the promise of Social Security, and there is no way in the world we have the funding base, particularly if the Thomas alternative would become law, to meet those promises to the American people.

So I say this: Let us pass this motion to recommit. Let us give estate tax relief to 99.7 percent of the people in this country, and let us retain some ability of our great Nation to meet the promises of Medicare and Social Security to those counting on it.

Mr. THOMAS. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. THOMAS. Mr. Speaker, first of all, I want to apologize to the Members for the wasted time based upon the obvious partisan motion to recommit which was not germane.

The best thing I can say about this one is it is germane. It is an index. We have no score, nothing from the Joint Tax Committee. You will be pleased to

know I will yield back the balance of my time. Vote “no” on the motion to recommit.

Mr. Speaker, I rise in support of the Motion to Recommit and in favor of the Pomeroy Substitute to H.R. 5638, the “Permanent Estate Tax Relief Act of 2006.”

The GOP bill is fiscally irresponsible, costing \$762 billion over 10 years—heaping even more debt onto our children and grandchildren. At a time of record deficits, the bill would cost about \$290 billion from fiscal years 2006–2016. The estate tax provisions do not take effect until 2011. Thus, the actual cost of H.R. 5638 over the period from 2012 until 2021 shows the impact that the bill will have in the first ten years it is in effect. This more accurate 10-year cost would exceed three-quarters of a trillion dollars when interest payments on the debt incurred are included according to the Center on Budget and Policy Priorities’ estimates. Already, the GOP has squandered \$5.6 trillion in 10-year surplus and turned it into a \$3.2 trillion 10-year deficit. Congress just raised the debt ceiling to nearly \$9 trillion, in March—amounting to about \$100,000 of debt for each tax paying family.

The Pomeroy Substitute provides estate tax relief for 99.7 percent of all estates. The Pomeroy Substitute offers more estate tax relief sooner, and is a simpler and more responsible solution over the long-term—raising the amount of an estate excluded from taxes to \$6 million per couple and increasing this to \$7 million by 2009. Not only did this provide relief for small businesses and family farmers, but it would not have heaped more debt onto our children and grandchildren—costing only 60 percent of H.R. 5638. The Pomeroy Substitute is paid for by closing the gap in unpaid taxes, but Republicans are refusing to allow these provisions to be considered. It would also simplify estate tax planning for married couples who could carry over any unused exemption to the surviving spouse assuring that the full \$7 million would be available.

Furthermore, the Pomeroy Substitute transfers the estate tax revenue tax receipts to shore up the Social Security trust fund, and the Social Security Actuary has calculated that this action would solve one quarter of the trust fund’s shortfall. Last year, Democrats voted for a similar measure.

Almost no working farmers ever pay the estate tax. Under the \$3.5 million exemption to take effect in 2009, the number of family farms required to pay any taxes would have been just 65 in 2000, along with 94 small businesses. Support the Pomeroy Substitute. Vote “aye” on the Motion to Recommit.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

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

RECORDED VOTE

Mr. POMEROY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of passage.

The vote was taken by electronic device, and there were—ayes 182, noes 236, not voting 15, as follows:

[Roll No. 314]

AYES—182

Abercrombie	Gutierrez	Neal (MA)
Ackerman	Harman	Oberstar
Allen	Hastings (FL)	Obey
Andrews	Herseth	Olver
Baca	Higgins	Ortiz
Baird	Hinchev	Owens
Baldwin	Hinojosa	Pallone
Becerra	Holden	Pascarell
Berman	Holt	Pastor
Berry	Honda	Payne
Bishop (GA)	Hooley	Pelosi
Bishop (NY)	Hoyer	Pomeroy
Blumenauer	Inslie	Price (NC)
Boswell	Israel	Rahall
Boyd	Jackson (IL)	Rangel
Brady (PA)	Jackson-Lee	Reyes
Brown (OH)	(TX)	Ross
Brown, Corrine	Jefferson	Rothman
Butterfield	Johnson, E. B.	Roybal-Allard
Capps	Jones (OH)	Ruppersberger
Capuano	Kanjorski	Rush
Cardin	Kaptur	Ryan (OH)
Cardoza	Kildee	Sabo
Carnahan	Kilpatrick (MI)	Salazar
Carson	Kind	Sanchez, Linda T.
Case	Langevin	Sanchez, Loretta
Chandler	Lantos	Schakowsky
Clay	Larsen (WA)	Schakowsky
Cleaver	Larson (CT)	Schiff
Clyburn	Lee	Schwartz (PA)
Cooper	Levin	Scott (GA)
Costa	Lewis (GA)	Scott (VA)
Costello	Lipinski	Sherman
Crowley	Lofgren, Zoe	Slaughter
Cuellar	Lowey	Smith (WA)
Cummings	Lynch	Snyder
Davis (AL)	Maloney	Solis
Davis (CA)	Markey	Spratt
Davis (IL)	Marshall	Stark
Davis (TN)	Matsui	Strickland
DeFazio	McCarthy	Stupak
DeGette	McCollum (MN)	Tanner
Delahunt	McDermott	Tauscher
DeLauro	McGovern	Taylor (MS)
Dicks	McIntyre	Thompson (CA)
Dingell	McKinney	Thompson (MS)
Doggett	McNulty	Tierney
Doyle	Meehan	Towns
Edwards	Meek (FL)	Udall (CO)
Emanuel	Meeks (NY)	Udall (NM)
Engel	Melancon	Van Hollen
Eshoo	Michaud	Velázquez
Etheridge	Millender-Farr	Wasserman
Fattah	McDonald	Schultz
Filner	Miller (NC)	Watson
Ford	Miller, George	Watt
Frank (MA)	Mollohan	Waxman
Gonzalez	Moore (KS)	Weiner
Green, Al	Moore (WI)	Wexler
Green, Gene	Moran (VA)	Woolsey
Grijalva	Murtha	Wu
	Napolitano	Wynn

NOES—236

Aderholt	Brady (TX)	Dent
Akin	Brown (SC)	Diaz-Balart, M.
Alexander	Brown-Waite,	Doolittle
Bachus	Ginny	Drake
Baker	Burgess	Dreier
Barrett (SC)	Burton (IN)	Duncan
Barrow	Buyer	Ehlers
Bartlett (MD)	Calvert	Emerson
Barton (TX)	Camp (MI)	English (PA)
Bass	Campbell (CA)	Everett
Bean	Cannon	Feeney
Beauprez	Cantor	Ferguson
Biggert	Capito	Fitzpatrick (PA)
Bilbray	Carter	Flake
Bilirakis	Castle	Foley
Bishop (UT)	Chabot	Forbes
Blackburn	Chocola	Fortenberry
Blunt	Coble	Fossella
Boehlert	Cole (OK)	Fox
Boehner	Conaway	Franks (AZ)
Bonilla	Cramer	Frelinghuysen
Bonner	Crenshaw	Gallely
Bono	Cubin	Garrett (NJ)
Boozman	Culberson	Gerlach
Boren	Davis (KY)	Gibbons
Boucher	Davis, Jo Ann	Gilchrest
Boustany	Davis, Tom	Gillmor
Bradley (NH)	Deal (GA)	Gingrey

Gohmert	Lucas	Rogers (MI)
Goode	Lungren, Daniel E.	Rohrabacher
Goodlatte		Ros-Lehtinen
Gordon	Mack	Royce
Granger	Manzullo	Ryan (WI)
Graves	Marchant	Ryun (KS)
Green (WI)	Matheson	Sanders
Gutknecht	McCaul (TX)	Saxton
Hall	McCotter	Schmidt
Harris	McCrery	Schwarz (MI)
Hart	McHenry	Sensenbrenner
Hastert	McHugh	Sessions
Hastings (WA)	McMorris	Shadegg
Hayes	Mica	Shaw
Hayworth	Miller (FL)	Sherwood
Hefley	Miller (MI)	Shimkus
Hensarling	Miller, Gary	Shuster
Herger	Murphy	Simmons
Hobson	Musgrave	Simpson
Hoekstra	Myrick	Skelton
Hostettler	Neugebauer	Smith (NJ)
Hulshof	Ney	Smith (TX)
Hunter	Northup	Sodrel
Hyde	Norwood	Souder
Inglis (SC)	Nunes	Stearns
Issa	Nussle	Sullivan
Istook	Osborne	Sweeney
Jenkins	Otter	Tancred
Jindal	Oxley	Taylor (NC)
Johnson (CT)	Paul	Terry
Johnson (IL)	Pearce	Thomas
Jones (NC)	Pence	Thornberry
Keller	Peterson (MN)	Tiahrt
Kelly	Peterson (PA)	Tiberi
Kennedy (MN)	Petri	Turner
King (IA)	Pickering	Upton
King (NY)	Platts	Walden (OR)
Kingston	Poe	Walsh
Kirk	Pombo	Wamp
Kline	Porter	Weldon (FL)
Knollenberg	Price (GA)	Weldon (PA)
Kolbe	Pryce (OH)	Weller
Kucinich	Putnam	Westmoreland
Kuhl (NY)	Radanovich	Whitfield
LaHood	Regula	Wicker
Latham	Rehberg	Wilson (NM)
LaTourette	Reichert	Wilson (SC)
Leach	Renzi	Wolf
Lewis (CA)	Reynolds	Young (AK)
Lewis (KY)	Rogers (AL)	Young (FL)
Linder	Rogers (KY)	
LoBiondo		

NOT VOTING—15

Berkley	Johnson, Sam	Pitts
Conyers	Kennedy (RI)	Serrano
Davis (FL)	McKeon	Shays
Diaz-Balart, L.	Moran (KS)	Visclosky
Evans	Nadler	Waters

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes remaining.

□ 1551

Mr. CUELLAR changed his vote from “no” to “aye.”

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

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

PARLIAMENTARY INQUIRY

Mr. RANGEL. Mr. Speaker, parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state his inquiry.

Mr. RANGEL. Is at this stage a motion to adjourn in order?

The SPEAKER pro tempore. The motion to adjourn is not in order.

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

RECORDED VOTE

Mr. RANGEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 269, noes 156, not voting 8, as follows:

[Roll No. 315]

AYES—269

Abercrombie	Foxx	Neugebauer
Aderholt	Franks (AZ)	Ney
Akin	Frelinghuysen	Northup
Alexander	Gallely	Norwood
Bachus	Garrett (NJ)	Nunes
Baird	Gerlach	Nussle
Baker	Gibbons	Osborne
Barrett (SC)	Gilchrest	Otter
Barrow	Gillmor	Oxley
Bartlett (MD)	Gingrey	Paul
Barton (TX)	Gohmert	Pearce
Bass	Goode	Pence
Bean	Goodlatte	Peterson (MN)
Beauprez	Gordon	Peterson (PA)
Berry	Granger	Petri
Biggert	Graves	Pickering
Bilbray	Green (WI)	Platts
Bilirakis	Gutknecht	Poe
Bishop (GA)	Hall	Pombo
Bishop (UT)	Harris	Porter
Blackburn	Hart	Price (GA)
Blunt	Hastert	Pryce (OH)
Boehlert	Hastings (WA)	Putnam
Boehner	Hayes	Radanovich
Bonilla	Hayworth	Rahall
Bonner	Hefley	Ramstad
Bono	Hensarling	Regula
Boozman	Herger	Rehberg
Boren	Herseth	Reichert
Boswell	Hinojosa	Renzi
Boucher	Hobson	Reynolds
Boustany	Hoekstra	Rogers (AL)
Boyd	Hostettler	Rogers (KY)
Bradley (NH)	Hulshof	Rogers (MI)
Brady (TX)	Hunter	Rohrabacher
Brown (SC)	Hyde	Ros-Lehtinen
Brown-Waite,	Inglis (SC)	Ross
Ginny	Issa	Royce
Burgess	Istook	Ruppersberger
Burton (IN)	Jefferson	Ryan (OH)
Buyer	Jenkins	Ryan (WI)
Calvert	Jindal	Ryun (KS)
Camp (MI)	Johnson (CT)	Salazar
Campbell (CA)	Johnson (IL)	Saxton
Cannon	Jones (NC)	Schmidt
Cantor	Keller	Schwarz (MI)
Capito	Kelly	Scott (GA)
Cardoza	Kennedy (MN)	Scott (GA)
Carter	King (IA)	Sensenbrenner
Case	King (NY)	Sessions
Castle	Kingston	Shadegg
Chabot	Kirk	Shaw
Chandler	Kline	Sherwood
Chocola	Knollenberg	Shimkus
Clay	Kolbe	Shuster
Coble	Kuhl (NY)	Simmons
Cole (OK)	LaHood	Simpson
Conaway	Larsen (WA)	Skelton
Costa	Latham	Smith (NJ)
Costello	LaTourette	Smith (TX)
Cramer	Leach	Sodrel
Crenshaw	Lewis (CA)	Souder
Cubin	Lewis (KY)	Stearns
Cuellar	Linder	Sullivan
Culberson	LoBiondo	Sweeney
Davis (KY)	Lucas	Tancred
Davis (TN)	Lungren, Daniel E.	Tanner
Davis, Jo Ann		Taylor (NC)
Davis, Tom	Mack	Terry
Deal (GA)	Manzullo	Thomas
Dent	Marchant	Thompson (CA)
Diaz-Balart, L.	Marshall	Thornberry
Diaz-Balart, M.	Matheson	Tiberi
Drake	McCaul (TX)	Turner
Dreier	McCotter	Upton
Duncan	McCrery	Walden (OR)
Edwards	McHenry	Walsh
Ehlers	McHugh	Wamp
Emerson	McIntyre	Weldon (FL)
English (PA)	McKeon	Weldon (PA)
Everett	McMorris	Weller
Feeney	Melancon	Westmoreland
Ferguson	Mica	Whitfield
Filner	Miller (FL)	Wicker
Fitzpatrick (PA)	Miller (MI)	Wilson (NM)
Flake	Miller, Gary	Wilson (SC)
Foley	Mollohan	Wolf
Forbes	Moran (KS)	Wynn
Fortenberry	Murphy	Young (AK)
Fossella	Musgrave	Young (FL)
	Myrick	

NOES—156

Ackerman	Honda	Ortiz
Allen	Hooley	Owens
Andrews	Hoyer	Pallone
Baca	Insee	Pascarell
Baldwin	Israel	Pastor
Becerra	Jackson (IL)	Payne
Berman	Jackson-Lee	Pelosi
Bishop (NY)	(TX)	Pomeroy
Blumenauer	Johnson, E. B.	Price (NC)
Brady (PA)	Jones (OH)	Rangel
Brown (OH)	Kanjorski	Reyes
Brown, Corrine	Kaptur	Rothman
Butterfield	Kennedy (RI)	Roybal-Allard
Capps	Kildee	Rush
Capuano	Kilpatrick (MI)	Sabo
Cardin	Kind	Sánchez, Linda
Carnahan	Kucinich	T.
Carson	Langevin	Sanchez, Loretta
Cleaver	Lantos	Sanders
Clyburn	Larson (CT)	Schakowsky
Conyers	Lee	Schiff
Cooper	Levin	Schwartz (PA)
Crowley	Lewis (GA)	Scott (VA)
Cummings	Lipinski	Sherman
Davis (AL)	Lofgren, Zoe	Slaughter
Davis (CA)	Lowe	Smith (WA)
Davis (IL)	Lynch	Snyder
DeFazio	Maloney	Solis
DeGette	Markey	Spratt
Delahunt	Matsui	Stark
DeLauro	McCarthy	Strickland
Dicks	McCollum (MN)	Stupak
Dingell	McDermott	Tauscher
Doggett	McGovern	Taylor (MS)
Doolittle	McKinney	Thompson (MS)
Doyle	McNulty	Tiahrt
Emanuel	Meehan	Tierney
Engel	Meek (FL)	Towns
Eshoo	Meeks (NY)	Udall (CO)
Etheridge	Michaud	Udall (NM)
Farr	Millender-McDonald	Van Hollen
Fattah	Miller (NC)	Velázquez
Frank (MA)	Miller, George	Vislosky
Gonzalez	Moore (KS)	Wasserman
Green, Al	Moore (WI)	Schultz
Green, Gene	Moran (VA)	Watson
Grijalva	Murtha	Watt
Gutierrez	Nadler	Waxman
Harman	Napolitano	Weiner
Hastings (FL)	Neal (MA)	Wexler
Higgins	Neal (MA)	Woolsey
Hinchee	Oberstar	Wu
Holden	Obey	
Holt	Oliver	

NOT VOTING—8

Berkley	Johnson, Sam	Shays
Davis (FL)	Pitts	Waters
Evans	Serrano	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). There are 2 minutes left in this vote.

□ 1600

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. NUSSLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of H.R. 5638, the bill just passed.

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

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Evans, one of his secretaries.

LEGISLATIVE LINE ITEM VETO ACT OF 2006

Mr. NUSSLE. Mr. Speaker, pursuant to House Resolution 886, I call up the bill (H.R. 4890) to amend the Congressional and Impoundment Control Act of 1974 to provide for the expedited consideration of certain proposed rescissions of budget authority, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 886, the bill is considered read.

The text of the bill is as follows:

H.R. 4890

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Legislative Line Item Veto Act of 2006".

SEC. 2. LEGISLATIVE LINE ITEM VETO.

(a) IN GENERAL.—Title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621 et seq.) is amended by striking part C and inserting the following:

"PART C—LEGISLATIVE LINE ITEM VETO

"SEC. 1021. (a) PROPOSED RESCISSIONS.—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any dollar amount of discretionary budget authority or the rescission, in whole or in part, of any item of direct spending.

"(b) TRANSMITTAL OF SPECIAL MESSAGE.—

"(1) SPECIAL MESSAGE.—

"(A) IN GENERAL.—The President may transmit to Congress a special message proposing to rescind any dollar amount of discretionary budget authority or any item of direct spending.

"(B) CONTENTS OF SPECIAL MESSAGE.—Each special message shall specify, with respect to the budget authority or item of direct spending proposed to be rescinded—

"(i) the amount of budget authority or the specific item of direct spending that the President proposes be rescinded;

"(ii) any account, department, or establishment of the Government to which such budget authority or item of direct spending is available for obligation, and the specific project or governmental functions involved;

"(iii) the reasons why such budget authority or item of direct spending should be rescinded;

"(iv) to the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission;

"(v) to the maximum extent practicable, all facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority or item of direct spending is provided; and

"(vi) a draft bill that, if enacted, would rescind the budget authority or item of direct spending proposed to be rescinded in that special message.

"(2) ENACTMENT OF RESCISSION BILL.—

"(A) DEFICIT REDUCTION.—Amounts of budget authority or items of direct spending which are rescinded pursuant to enactment of a bill as provided under this section shall be dedicated only to deficit reduction and shall not be used as an offset for other spending increases.

"(B) ADJUSTMENT OF COMMITTEE ALLOCATIONS.—Not later than 5 days after the date

of enactment of a rescission bill as provided under this section, the chairs of the Committees on the Budget of the Senate and the House of Representatives shall revise levels under section 311(a) and adjust the committee allocations under section 302(a) to reflect the rescission, and the appropriate committees shall report revised allocations pursuant to section 302(b), as appropriate.

"(C) ADJUSTMENTS TO CAPS.—After enactment of a rescission bill as provided under this section, the Office of Management and Budget shall revise applicable limits under the Balanced Budget and Emergency Deficit Control Act, as appropriate.

"(c) PROCEDURES FOR EXPEDITED CONSIDERATION.—

"(1) IN GENERAL.—

"(A) INTRODUCTION.—Before the close of the second day of session of the Senate and the House of Representatives, respectively, after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of each House shall introduce (by request) a bill to rescind the amounts of budget authority or items of direct spending, as specified in the special message and the President's draft bill. If the bill is not introduced as provided in the preceding sentence in either House, then, on the third day of session of that House after the date of receipt of that special message, any Member of that House may introduce the bill.

"(B) REFERRAL AND REPORTING.—The bill shall be referred to the appropriate committee. The committee shall report the bill without substantive revision and with or without recommendation. The committee shall report the bill not later than the fifth day of session of that House after the date of introduction of the bill in that House. If the committee fails to report the bill within that period, the committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

"(C) FINAL PASSAGE.—A vote on final passage of the bill shall be taken in the Senate and the House of Representatives on or before the close of the 10th day of session of that House after the date of the introduction of the bill in that House. If the bill is passed, the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, shall cause the bill to be transmitted to the other House before the close of the next day of session of that House.

"(2) CONSIDERATION IN THE HOUSE OF REPRESENTATIVES.—

"(A) MOTION TO PROCEED TO CONSIDERATION.—A motion in the House of Representatives to proceed to the consideration of a bill under this subsection shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

"(B) LIMITS ON DEBATE.—Debate in the House of Representatives on a bill under this subsection shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion further to limit debate shall not be debatable. It shall not be in order to move to reconsider a bill under this subsection or to move to reconsider the vote by which the bill is agreed to or disagreed to.

"(C) APPEALS.—Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

"(D) APPLICATION OF HOUSE RULES.—Except to the extent specifically provided in this section, consideration of a bill under this section shall be governed by the Rules of the