I encourage Congress and the American people to spend the month of May absorbing the legacy, culture and achievements of the Asian Pacific American community.

AMERICA FACES LARGEST TAX INCREASE IN HISTORY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Pennsylvania (Mr. SHUSTER) is recognized for 60 minutes as the designee of the minority leader.

Mr. SHUSTER. Mr. Speaker, coming to the House floor as I have for the past 4 months to talk about the great concern that I have and to draw attention to what is going to happen in the United States Congress if the new Democratic majority does not act, in just 1,335 days, the American people are going to see the largest tax increase in American history. I also believe, although I haven't been able to verify this, it is probably the largest tax increase in the history of the world. And the Democratic majority doesn't have to even vote on it, all they have to do is run out the clock and allow the tax reductions, the tax cuts that occurred in 2001 and 2003 to expire. And only in Washington, and I have heard this said, that the majority party is not going to raise taxes because they won't vote on raising taxes, but because they are going to expire and people's taxes are going to go up, that is not really a tax increase. Well, if you are sitting out there in middle America and you are making $40,000 a year and you have two children, your taxes will go up approximately $2,000. That is a tax increase. Everybody in America knows that. And everybody that knows how to add and subtract knows that if your taxes go up $2,000 or if anything goes up $2,000, that is an increase. And as I said, the majority, the Democratic majority will not have to vote on it, they can just, as I have said, run out the clock.

In 2001 and 2003 and every year in the Republican majority, we cut taxes; we cut some tax over the 12 years in majority. And the new Democratic majority, it took them about a week, maybe less than 10 days to have their first tax increase. They passed it back in January. And fortunately it hasn't become law because they haven't been able to pass anything of substance that passed the House and the Senate and gone to the President. So, as I said, we haven't seen that first tax increase, although the Democratic majority did in fact vote on a tax increase and it passed here in the House.

I hope my friends on the other side will take a lesson from history and look back to the 1960s to President John F. Kennedy and what he did in his term as President. One of the first things he did was to cut taxes. And what happened in the 1960s? The economy grew, revenues to the Federal Government grew because of those tax cuts. And then look back just into the 1980s when President Ronald Reagan came to Washington, and with the help of a Democratic majority, he cut taxes. And what happened? The economy grew, the revenues to the Federal Government grew, and that was a positive thing.

The same thing occurred in 2001 and 2003 and continues. We cut taxes, allowing the American people to keep more of their hard-earned dollars, and the economy is growing. Revenues to the Federal Government are at record levels coming into the Federal Government. And the facts are there. Since 2003, 7.5 million jobs have been created. That is more jobs that the European Union and Japan combined have created. Our economy has now added jobs for 43 straight months.

Just last month, in April, 88,000 new jobs were created in the United States. Folks that had been unemployed or happen to find themselves unemployed are finding much shorter duration of unemployment than they had in the past. The national unemployment rate remains at 4.5 percent, which is well below the 5.1 percent rate which was in 2005, and below the average of each of the past four decades.

□ 2045

The U.S. has grown faster than any G–7 industrialized nation over the past 4 quarters. Wages have increased, and tax relief has helped spur economic growth by keeping over $1.1 trillion in the pockets of Americans. As I said, if the Democratic majority doesn't act by January 1, 2011, all those tax cuts, tax reductions we put in place for small businesses, for families, for individuals, will expire.

In my State of Pennsylvania alone, the average worker, the average taxpayer, will see about a $3,000 increase in his taxes. My good friend from Florida, RIC KELLER, informs me that the average taxpayer in Florida will see an increase of $3,000, if we don't act and extend those tax cuts.

Once again, that is what we are going to do tonight, is talk about this countdown. We call ourselves the Countdown Crew, because in 1,335 days, if the Democratic majority doesn't act, the average American and average small business in this country, the individual in this country is going to see their taxes increase.

That money will come out of their pockets, will come to Washington, and they will not have an opportunity to spend it as they see fit. They won't have an opportunity to save it for their retirement, or their children's college education or future education. So it is important that we draw attention to what is going to happen here in Congress.

The Democrats won a majority in the election and they said first of all that they were going to have ''6 for 06.'' They have passed all six of those in the House, but nothing of what they passed, none of those six have made it into law. As I said earlier, very few things we have passed here on the floor have made it into law. We have named a couple of post offices and Federal buildings, but nothing substantial has been able to pass this Congress and become law.

As I said, I think it is extremely important that the American people are aware that just by running out the clock, the taxes for every American, every small business, every business in America, will go up, without action in this House.

With that, I am joined here tonight by my good friend from Kentucky, a former business owner and a father of several children, I can't keep count, five or six.

Mr. DAVIS of Kentucky. Six

Mr. SHUSTER. Six. I would like to yield to the gentleman.

Mr. DAVIS of Kentucky. Mr. Speaker, I thank the gentleman from Pennsylvania. I just want to say I appreciate the leadership you have shown since the beginning of this Congress on being the lead sponsor of the Countdown Crew.

Both BILL SHUSTER from Pennsylvania and I were small business owners. We have lived out in the real world. We are not attorneys. We come from an environment of working and manufacturing and distribution and logistics with real people. We know the burdens on making sure our employees are covered with health insurance. We know the impact of tax increases and tax cuts.

For those of you joining us right now, we would love to hear your stories, the impact on being able to keep more of your own money, what it has meant to you and the ability to invest in your children's future, to build a future for yourself, to build a nest egg, to start a small business, to expand the small business that you have.

BILL and I have heard literally hundreds of stories since the first of the year. We would like to hear yours. You can communicate with us directly at Countdowncrew@mail.house.gov. That is Countdowncrew@mail.house.gov.

At the end of the day, I believe that the key principle that we have shared over and over and over again is that our focus and the focus of the government is that the government cannot create value or wealth for people. What the government can do, done rightly, is create a playing field and a framework to unleash the creativity in the American people, to give them the opportunity to pursue their dreams, to pursue a future, to build a future for themselves, and ultimately we start that process by making sure that people can keep more of what they earn.

When you have control over your money, you are going to invest it in such a way that it makes a difference for you, your family, ultimately for your community and the country. That is why we say we want to create taxpayers, not raise taxes.

It has been a few weeks since we were able to get together here on the floor as we have been counting the days since our first session the second week of January when we began sharing what was ahead. We predicted at that time that there would be tax increases coming.

Much of the change in the election was not driven by fiscal policy. It was driven by anger or resentment or emotion related to the national security situation. But as people are waking up, I am traveling in different parts of my district, many folks upset about that said, ''I didn't realize I was voting for a tax increase.'' In fact, what was voted on in the House last month with was the largest tax increase in American history.

My friends, that is not a solution to the country's challenges. By raising taxes, we limit opportunity. By raising taxes, money comes out of our communities, it comes out of working families' pockets, it comes to bureaucrats in Washington.

When some of my colleagues on the other side made comments about wanting to reduce the deficit and spending, they didn't want to reduce spending. What in fact they wanted to do was reduce defense spending, but not reduce spending on other programs. Indeed, that spending has increased under this budget. What we are looking at over 5 years is an estimated $900 billion tax increase. That is going to be devastating to the economy.

In Kentucky alone, I come from a district that is very diverse with agriculture, manufacturing, distribution, logistics. We have river industries. We have the largest inland port in North America with the Port of Ashland-Huntington, where much of our Nation's energy supply transits. Our average working family in Kentucky is going to see a tax increase of $2,563, right off the bottom line. When I think what we could do with that, I have got my second child going into college now, I think of what we could do with $2,500 is immense.

We look at the counterpoint, I look to the gentleman's point earlier regarding what happened when taxes were cut by President Kennedy, what happened when taxes were cut by President Reagan, what happened when taxes were cut by President Bush and the Republican Congress at that time, at a very difficult period in this Nation's history as we entered into war, just prior to the 9/11 attacks. There was a recession in 2001 that was inherited from the prior administration.

What we have seen is record revenues to the Federal Government by reducing taxes. By raising the ceiling, in fact pushing the burden upward on taxes and reducing the burden on working class families, taking millions of people off the tax rolls, by creating a 10 percent tax bracket, has resulted in the creation of 7.5 million jobs, record revenues to the Federal Government, and that done in a time of war. What that tells me is that these principles work; that Republican, conservative fiscal principles work by allowing people to keep more of their own money.

My question in fact to folks is if you had to write that $2,500 check, what do you want to get in return for that? At the end of the day, we want to get something that is going to make a difference for our family, our community and our country, and not fuel empty rhetoric, particularly spending on programs that aren't necessarily going to add any value.

180,000 jobs were created in March alone. As we travel throughout our districts, I hear stories in a wide variety of industries, many of them I have shared here on various evenings as we have come back to Washington, D.C., the successes that people have had by being allowed to keep more of their own money and build a future in their hometown, in the heartland, and not send it to bureaucrats far away.

I would like to invite my colleagues from Texas, Congressman CONAWAY and Mr. SHUSTER, to continue the dialogue with some of these examples. But if you just joined us again, we are the Countdowncrew@mail.house.gov. We would like to hear your stories. We would like to hear your testimonials, how it has made a difference for you in creating jobs and small businesses in our local communities where 88 percent of all new jobs created in this country come from.

It is not going to come from giant corporations. It is certainly not going to be created from liberal policies of the folks on the other side of the aisle. It comes by you producing your future, chasing your vision and investing your dollars to build that.

With that, I yield back to the gentleman.

Mr. SHUSTER. Mr. Speaker, I appreciate the gentleman talking about this tonight. I think it is important that you point out that it is not the government that creates jobs, it is small businesses. We do want to hear your stories. We want to hear what you have been able to do with that tax cut that you received, either in your business or your family, and those stories, we would like you to e-mail them to us at Countdowncrew@mail.house.gov.

If you don't want to send them to us, send them to your Member of Congress. Let your Member of Congress know how important it is that this Congress acts to extend those tax cuts before they expire. They are going to expire anywhere from the end of this year in 2007 to the end of 2010, and if we don't act, run out the clock, we are going to see this huge tax increase and you are not going to have that money in your pocket. It is going to be spent to Washington and the bureaucrats and politicians are going to spend it.

It is a great privilege to have with us here tonight a colleague of ours from Texas, who more importantly than that is a CPA. He understands the Tax Code better than most of us, although I don't know that anybody understands the Tax Code, as large and complex as it is. But we appreciate his coming down and being able to walk us through some of what is happening in the Tax Code and the burdens it is placing on businesses and families.

With that, I yield to a good friend from Texas, Mr. CONAWAY.

Mr. CONAWAY. Mr. Speaker, I thank my good friend from Pennsylvania and good friend from Kentucky for coming down here tonight to talk about what the Countdown Crew has been talking about, and that is the pending tax increase that is looming large on the horizon.

Part of the problem as I toured District 11 during the Easter break was that because the actual tax law change is still years away, many people in the district are not paying as much attention to it as I think they should. It is kind of like the fellow who fell off the 10 story building. As he passed the 5th floor, he was heard to say, ''so far, so good. So far, so good.''

We have fallen off the building. January 2, when the Democrats took over the House, we fell off the edge. It took them 14 days to raise taxes on the oil business, the first tax increase, and we are much like that gentleman who was in midair headed to an abrupt halt when he hit the ground, and that is the misguided idea that so far, so good; so far, so good.

Back in March, these chambers heard an incredible amount of rhetoric about the budget and if you had just tuned in, you didn't really know which side was which. Basically what you heard was a schoolyard squabble in which our side said yes, you are, and their side said no, you're not, and yes, you are; no, you're not. We went back and forth, and I don't know that any of us really adequately explained to the people listening, Mr. Speaker, why both sides claimed the exact same set of facts with two totally different interpretations. Let me try to be a little instructive on that tonight, as best I can.

The current tax law says that in 2011 most of the tax breaks as we refer to those that were enacted in 2001 and 2003 will expire on their own. Back in 2001 and 2003, the Senate, the Democrats particularly in the Senate, invoked the Byrd amendment or the Byrd rule, I guess, which restricts tax law thinking to a 10-year window. In other words, we handcuff ourselves with respect to tax policy in some artificial time frames that may or may not make sense.

It is unfortunate that we do it that way, but that is kind of the ground rules we have. We could spend nights and nights talking about how we could reset the ground rules and have a much better way of developing tax policy in this House that would make much more sense.

But, nevertheless, that 10-year window restricted the elimination of the death tax, the tax rate decreases, the marriage penalty, the earned income credits, that we wanted to make permanent that left this House. The bill that left the House would make all of those things permanent. But the compromise in the Senate, in order to get it out and passed the obstructionist Senators, Democrat Senators at that time, we were limited to 10 years.

We are now coming on to the end of that time frame and existing law says that on January 1, 2011, tax rates, as an example, the top rate, which is now 33 percent of earned income, will rise to 39.6 percent, a 20-plus percent increase. The bottom rate, which is currently 10 percent, goes to 15 percent, a 50 percent tax increase on the folks who make the least amount of money in our society. So what is happening is that the Democrats are hiding behind the operation of law as it currently exists to say that they are not raising taxes.

But the proof is in the pudding, because in their 5-year budget window that they have presented and passed through the House and that we will appoint conferees on tomorrow, spends the money that gets raised in the budget window of 2011 and 2012. So the Democrats actually let it work as it is supposed to, as it is going to, without intervention by the Republicans, and the Federal tax collection scheme will collect an extra $400 billion in 2011 and 2012.

Our colleagues on the other side of the aisle say they are not intending to allow the tax increases on those 10 percent brackets, et cetera, et cetera, to actually happen. That we need to trust them. That their intent is to not allow that to happen before this 2011 timeframe.

But the problem is, they spent the money that is raised. So in order to offset under their definition of PAYGO, that they invoke from time to time, and they change this definition, by the way, from time to time.

□ 2100

Mr. DAVIS of Kentucky. You might want to share about the idea of PAYGO which means something to us as Americans and means something very different in this Congress. It is not how you balance your checkbook at home.

Mr. CONAWAY. Yes. We recently passed the D.C. Voting Rights bill which is a separate conversation. It had a modest amount of money in terms of D.C. modesty. In terms of District 11, there aren't very many people out there who have a deposit slip big enough to deposit the $14 million that it is going to cost. It will cost $14 million to add two additional Members of Congress.

The bill that was passed violated PAYGO on its face. They had a convoluted rule that said even though that bill has passed the House, if we don't pass the fix, the PAYGO fix, then neither bill will actually pass. So they winked at themselves on the first bill, saying we are going to fix the $14 million hole.

Then the next bill that came forward to fix their PAYGO issue did not raise taxes on anyone to pay for it. They did not cut spending anywhere, and it didn't raise the taxes necessary to do that.

The manager of the time that afternoon actually said from the microphone right over there in the middle, we are not raising taxes on any American. What they are doing, though, is basically taking an advance on next month's salary. What they did was said taxpayers who have an adjusted gross income of more than $5 million, which is a relatively small group of people and not a crowd that draws much sympathy among folks, we are going to insist that they advance their tax payments a little quicker than they would have otherwise. The overall tax that they are going to owe is not going to change, but we want them to pay in an amount a little quicker.

However the CBO scored that cash flow, they scored it as a positive which allowed them to wink and say yes, we now have conformed with our own PAYGO rules.

So the Blue Dogs have to explain to us how their new version or definition of PAYGO works where they can simply advance moneys out of next month's salary, in effect, and that somehow meets the PAYGO standard.

Tomorrow we will debate this issue that the tax rates happen on their own. We intend to not let it happen. But in order to do that, they have to raise taxes somewhere else. So they have to take that 39.6 new rate in 2011 and raise it even higher in order to make up for reducing taxes on the folks at the bottom of the deal.

Republicans have said that this is a tax increase. You allow it to happen. You have the choice to not allow it to happen. You allow it to happen and you spent the money. So both sides have got arguments that have some substance of truth, some version of truth in them, and you have to look at the total package.

But at the end of day, at the end of their 5-year budget window that we will be debating tomorrow, good Americans will pay in another $400 billion in taxes. And guess what, our colleagues on the other side of the aisle found a place to spend it. They didn't reduce the deficit. They didn't reduce the national debt or put it into a rainy day fund, or save it. They spent it. Their rhetoric to the contrary that they are not raising taxes is hollow at best given the action that their budget will actually do.

I want to talk a little bit about overall tax policy in this country, if I can. I pose this idea. We tax capital gains, dividends and interest at rates that are less than the rate we tax earned income. So what we are saying is as a policy of this government, we think that hardworking people who sweat should pay higher taxes than our money does when it is working for us in the capital markets. Now that is an interesting philosophy and one that has been accepted around these halls for a long, long time, and we can have a debate whether or not that makes sense.

But what is the correct tax rate on capital gains? I know what the Tax Code says, but what should that rate be? What should we tax earnings from capital gains and interest and dividends? What should the tax rate be? What is magic about the current number? Should it be twice that, half that?

It is not like math classes where you went to the back of the book and the even or odd-numbered questions had the answers. There is no back of the book. I will pose the same question about earned income. A person working for Parker Drilling Company in West Texas or UTI Patterson Drilling Company, folks who work hard and understand what work is, what you and I do here, we call it work but it is not work in the tradition that I understand hard work is. What should we tax that guy or that woman for their earned income, their work? What should we tax accountants and doctors and lawyers for the work that they do day in and day out, providing the services and goods we want? What is the correct rate?

We have rates in the code. We think the rates that have been in place for the last 7 years may or may not be right, but they have helped produce an economy that has boomed and is continuing to grow.

Now Ronald Reagan said the stuff you don't like, you ought to tax it. If we don't like people working, we raise taxes.

As we have this debate night after night and year in and year out, let us talk about the idea what should the correct rate be. Regardless of the Byrd rule and regardless of the 10-year plan and regardless of the budget act nonsense that we have to tie our hands with, what ought to be the rate? Is there a better tax collection scheme than the one we currently have? Should we go to a national sales tax or flat tax? Let's begin to have those discussions.

I have spent 30-plus years helping clients comply with this incredibly difficult Tax Code. No, I am not an expert in it. I have some background and some depth, but this thing is incredible. We have narrow experts in the accounting world who take on various segments of it who don't know the full deal. It is incredibly complex. Let's begin to discuss how should we collect money? How should we collect the minimum amount of money needed to fund this Federal Government in ways that are fair, simple, straightforward, easy to comply with, and don't cost the estimated $260 billion a year that Americans spend complying with this incredibly complex code.

This code has all sorts of winners and losers. As we begin to talk about PAYGO, and you look at the tax increases that the Democrats will propose, every one of those have winners and losers. Every one of those pit some segment of society against the other, some level of wealth against another, and I don't think that makes for a good way to do things, to create this constant tension between taxpayers. We are in this all together. We all want the Federal Government to work as efficiently as we can.

Mr. DAVIS of Kentucky. I go back to Yogi Berra's old saying about deja vu all over again. You talk about what the right tax rate is and how do we explain it to the American people. I think it would be helpful if the Democrats would simply tell the truth.

The reason I lay this out, as a former small business owner, I remember in 1992 being told stories by then-candidate Bill Clinton how he was not going to raise taxes. President Bush at the time made the statement that Clinton ran saying he wouldn't raise taxes, and then turned around and made a deal that raised taxes, damaged his credibility and hurt the economy at the time.

I was getting ready to step out into the entrepreneurial world and leave the software industry to start my own business. I had manufacturing clients that wanted me and eventually some of the folks that I hired to work with me and assist them in improving their competitiveness nationally. We started that business in late spring of 1992, getting it up off the ground. We managed to feed our families that first 6 months and do all right in that time, but our real opportunity was going to come in 1993.

All of a sudden after Mr. Clinton became President, he came before the American people and he didn't say I am going to keep my promise and cut those taxes because we know that allowing people to keep more of their own money creates a future for them. He offered me a new alternative as a new small business owner with employees, with health plans to pay for, with taxes to pay for, with regulatory fees to pay for, dealing with workmen's compensation and disability and costs that I had never known in the large corporate world, and he invited me to invest in the United States Government.

I looked at this as a small business owner and a former military officer. I thought my investment in the United States Government should be first in providing for the national defense, how was I going to promote the general welfare as the Constitution would ask us to do, I would hope in infrastructure, in projects that were going to be seed money to create more jobs and to stimulate the economy in our area. But what did we get, the largest tax increase in American history at that time, actually a fraction of the one that was passed in this recent liberal Democratic budget.

We reduced the size of our military and we weakened national defense by taking several divisions out of the standing Army, reducing the size of the Marine Corps, reducing the size of the Navy, reducing the airlift capability in the Air Force.

We increased spending in social programs. We increased the mandatory spending rate in social programs to nearly twice the rate of inflation while shorting our men and women in uniform in the mid-1990s as an administration priority.

Then radical Islamic extremism intruded itself upon the United States on 9/11. We had been dealing with it before then, but like the old saying of the Purlator man commercial, ''you pay me now or you pay me later.''

Now we are in a big catch-up situation from a national security standpoint of things that could have been handled 10 years ago.

I think back as a small business owner, what were the costs that were taken away when I invested in the government? Well, the additional tax money, we saw no benefit of that. I saw my clients hurt. I saw manufacturing companies hurt, and I saw other machine tool companies hurt by increased environmental compliance and the increased cost of regulation. And the attempts to manage health care from a national perspective actually drove costs up. In Kentucky, by doing a plan that was called Hillary-lite, something that was a lesser plan of the Democrat health care proposals of that same year of 1993, we drove 45 of 47 insurance carriers out of the State, quadrupled the cost of health care for small business owners in a relatively short period of time. To me that was the opposite of the original intent.

If I invest in something, I would like to see a return. If we spend money in our community, we would like to see a benefit accrue for our community and it certainly didn't happen there.

Just on the taxes that we paid, and we don't know where they went to support all of these programs with this increased investment, we could have hired probably three more consultants or nearly a third larger workforce which would have created more taxpayers and which would have been helping more businesses to compete and would have been putting more dollars into the Federal treasury.

But on the other hand, now we found ourselves at the end of the Clinton administration needing to come out of a recession. We have reduced taxes and we have moved to simplify regulation. But because of the actions last November, I believe that my colleagues on the other side of the aisle sincerely but incorrectly have interpreted that election as another opportunity to affirm their desire to have small business owners invest.

And the truth of the matter is that if 88 percent of our jobs are created by small businesses owners, the last thing we want to do is tax those who are going to be starting those companies and starting those family enterprises.

Again, in 1,335 days from now the average family in my State will have a $2,563 tax increase. You mentioned the 50 percent increase that is coming for those in the 10 percent tax bracket. That benefited 1.2 million people in my State, but let's look at senior citizens.

My mom lives on a fixed income right now. She draws Social Security and her retirement. Fortunately, she has a supplemental Medicare insurance plan to help offset some of the additional cost.

But if you take an elderly couple with a $40,000 income, their tax bill is going to rise 156 percent in 2011 from $583 to $1,489. So we have helped them reduce the average cost of their prescription medication by $1,200, but we will increase their taxes by $1,400 by what the Democratic Congress intends to do by simply not doing anything.

They are going to allow these cuts which have had so much positive impact on the communities and the country expire.

Mr. SHUSTER. I think it is extremely important to point out that only in Washington, D.C. and the accounting we use here, and I know that the Democratic majority when they were the minority would say that we were cutting spending on programs when we were in the majority when actually it would go up by 2 or 3 percent instead of the 4 or 5 percent that they wanted it to, and they would say that is a cut when it is not a cut.

□ 2115

Now, they are saying that it is not going to be a tax increase because we did not vote on it, but all of us know that those of us balancing checkbooks at home and people who run small businesses, people that are trying to save money, know if the Federal Government takes an average $2,000 more out of your paycheck a year, that is a tax increase.

As I pointed out earlier, in my State of Pennsylvania, the average taxpayer will pay $3,000 more in taxes, and that is a tax increase. Whether the United States Congress votes on it or does not vote on it, if you pay $3,000 more in taxes, that is a tax increase.

This PAYGO rule, which I always thought PAYGO meant that if you are going to increase spending, you have got to find a way to fund it, and that is increase taxes or offset it by cutting spending elsewhere. Quite frankly, I do not know what PAYGO means under the Democratic majority anymore because they find loopholes and exceptions and make changes to it. So, once again, this funny accounting in Washington, DC continues to proliferate under the Democratic majority.

I think it is important that, as my friend from Kentucky talked about his experiences with small business, that we get Americans to e-mail us at the countdowncrew@mail.house.gov. E-mail us what you have been able to do over the past couple of years with those tax cuts, whether you are putting it back in your business and increasing your workforce or making it more efficient, selling more products by expanding markets; or if you have a family and you are able to save $2,000 or $3,000 because of the elimination of the marriage penalty or the doubling of the child tax credit, how were you able to take those dollars and employ them in your household and your business to make your lives better.

I think that is extremely important that we hear those kinds of stories. Once again, I want to point out if you are unable to or do not want to e-mail them to the countdowncrew@mail.house.gov, send them to your Member of Congress; let them know what you were able to do with those funds.

Again, I know all across America we hear those stories. My good friend from Florida and I were talking, RIC KELLER, and talked about what the seniors in Florida, how they have been able to improve their housing, invest that money in a nicer house, a bigger house, a different house because of those tax cuts.

So I know that, once again, we are joined by our colleague, the CPA, from Texas, and it is always educational to hear him talk about some of these tax issues. I think he wants to talk a little about the ATM.

I went to my accountant a month or so ago. He was talking to me about how it is catching people in this web. He said in Pennsylvania, a household where there is two teachers, they are now approaching and some of them have surpassed that level where two teachers, modest income, are getting caught up in the ATM, paying more taxes.

So, with that, I yield to the gentleman from Texas (Mr. CONAWAY).

Mr. CONAWAY. Mr. Speaker, I thank my good colleague from Pennsylvania. It is actually the A-M-T. ATM is a money machine. It is an ATM for the Federal Government.

Mr. SHUSTER. It is confusing to me because you put the card in and you get money out.

Mr. DAVIS of Kentucky. One point of order here to point out. The ATM right now is going to be the American people for the Democrat tax program. They are going to have the largest tax increase in history.

Mr. CONAWAY. There is plenty of truth in the ATM issue, but the alternative minimum tax is AMT.

Mr. SHUSTER. I apologize. Like I said, it is confusing to me because they just keep on take, take, take just like the cash machine at the banks.

Mr. CONAWAY. That is exactly right. I thank my colleague.

The Internal Revenue Code, 1986, as amended, is incredibly complicated, as we have already talked about. If you look at most of the provisions in there, many of the provisions in there, they have a history. They have a reason for being. We are trying to manipulate our economy. We are trying to manipulate conduct. We are trying to do something, manage something. If you look at the alternative minimum tax, there is actually a story there. There is a history there.

Back in the late 1960s, Congress discovered that there were 155, no commas, 155 taxpayers who made more than $200,000 in 1966, but they did not pay any taxes. So, in an attempt to get at those deadbeats making all that money, and now in all likelihood those folks hired folks who will say this argument, I have talked about that, but nevertheless in an attempt to get at 155 taxpayers, Congress created what is now known as the alternative minimum tax. In other words, Congress was offended that you could have people so structure their compliance with the tax code in existence at that point in time that they did not owe any tax. So they set in place an alternative minimum tax which started with your taxable income and then it added back certain preferences that folks, quote, unquote, took advantage of so that everybody paid some taxes. There is some value in that.

In 1969 that went into effect. Thirty-eight years later, millions, literally millions, of taxpayers are now caught up in what is known as the alternative minimum tax. Now, today's alternative minimum tax is not your daddy's alternative minimum tax. This is a separate computation. So most taxpayers who are in this wreck have to keep a regular tax set of computations and an alternative minimum tax set of computations. You have got different basis on your assets. You have got different basis in your stock if you bought a set of stock options, all kinds of things that you have to do separate under alternative minimum tax. You have got an alternative minimum tax net operating loss that is different from your net operating loss on your regular tax. So two schemes trying to get at how much money you owe the Federal Government.

Mr. SHUSTER. If I can interrupt the gentleman for a minute, if I am going to my CPA or the person who does my taxes, because she has to calculate two different sets, it costs more money to calculate your taxes.

Mr. CONAWAY. Oh, absolutely. When you turn on a television program that is going to have some adult content in it, most of them say, viewers, give you a warning that this next program may not be suitable for young children. Well, I am going to give a warning that what I am about to go through may not be suitable for young children.

This is Form 6251. Form 6251 is a 2-page form that every taxpayer who is caught up in the alternative minimum tax has to complete. Internal Revenue Service agents, when they audit you, if you have not put this form in your tax return, they will fill one out for you, thinking that maybe you screwed up and did not fill it out. It is in the instructions on how you audit taxpayers.

It is a 2-page form. There are 10 pages of instructions to Form 6251, and it is relatively mind numbing to go through these instructions. I want to just kind of walk you through the first 28 lines quickly on this form. So hang on for dear life.

It starts off: Line 1, ''If filing Schedule A (Form 1040), enter the amount from Form 1040, line 41 (minus any amount on Form 8914, line 6), and go to line 2. Otherwise, enter the amount from Form 1040, line 38 (minus any amount on Form 8914, line 6), and go to line 7.''

Mr. DAVIS of Kentucky. Our tax dollars pay for somebody to actually write this, too.

Mr. CONAWAY. ''If less than zero, enter as a negative amount.'' That is line one.

Line 2, ''Medical and dental. Enter the smaller of Schedule A (Form 1040), line 4, or 2½ percent of Form 1040, line 38.''

Line 3, ''Taxes from Schedule A (Form 1040), line 9.''

Line 4, ''Enter the home mortgage interest adjustment, if any, from line 6 of the worksheet on page 2 of the instructions.''

Line 5, ''Miscellaneous deductions from Schedule A (Form 1040), line 26.''

Line 6, ''If Form 1040, line 38, is over $150,500 (over $75,250 if married filing separately), enter the amount from line 11 of the Itemized Deductions Worksheet from page A–7 of the instructions for Schedule A (Form 1040).''

Line 7, ''Tax refund from Form 1040, line 10 or line 21.''

Line 8, ''Investment interest expense (difference between regular tax and AMT).'' Here is where we get that two scheme thing going.

Line 9, ''Depletion (difference between regular tax and AMT).''

Line 10, ''Net operating loss deduction from Form 1040, line 21. Enter as a positive amount.''

Line 11, ''Interest from specified private activity bonds exempt from the regular tax.''

Line 12, ''Qualified small business stock (7 percent of gain excluded under section 1202).''

Line 13, ''Exercise of incentive stock options (excess of AMT income over regular tax income).''

Line 14, ''Estates and trusts (amount from Schedule K–1 (Form 1041), box 12, code A).''

Line 15, ''Electing large partnerships (amount from Schedule K–1 (Form 1065–B), box 6).''

Line 16, we are halfway there, folks. ''Disposition of property (difference between AMT and regular tax gain or loss).'' Again, two separate computations.

Line 17, ''Depreciation on assets placed in service after 1986 (difference between regular tax and AMT).''

And line 18, ''Passive activities (difference between AMT and regular tax income or loss).''

Line 19, ''Loss limitations (difference between AMT and regular income tax or loss).''

Line 20, ''Circulation costs,'' that is not physical circulation. I think that is newspapers. ''(Difference between regular tax and AMT).'' Here they reverse the order. Previously it was alternative minimum tax versus regular tax.

Mr. SHUSTER. They claiming a circulation off of my brain.

Mr. CONAWAY. Line 21, ''Long-term contracts (difference between AMT and regular tax income).''

Line 22, ''Mining costs (difference between regular tax and AMT).'' They keep switching back and forth.

Line 23, ''Research and experimental costs (difference between regular tax and AMT).''

Line 24, ''Income from certain installment sales before January 1, 1987.'' Glad you are keeping up with that.

Line 25, ''Intangible drilling costs preference.''

Line 26, ''Other adjustments,'' you have always got to have other, ''including income-based related adjustments.''

Line 27, ''Alternative tax net operating loss deduction.''

And finally, line 28, you get to ''Alternative minimum taxable income.'' And there are some instructions, though. ''Combine lines 1 through 27. (If married filing and line 28 is more than $200,100, see page 7 of the instructions).''

That is just Part I. We will save Part II and III for a future date to work you through that.

Mr. SHUSTER. I do not know if I can take it. You have just made the case on why we need to scrap this tax code and start with something new. I do not know.

Mr. CONAWAY. This is the alternative. The regular tax code is much simpler. It is straightforward.

Mr. DAVIS of Kentucky. I think the one thing that gets lost in all this, too, I remember when I was young and I did a little work on the side when I was first in the aerospace industry and I thought it was so great to make a little bit of extra money basically to pay for Christmas, and when I went in to do my taxes the following spring, I found out that at the very low-income level I was at, because it was independent contractor work, that heralded the alternative minimum tax and almost made it not worthwhile to have expended the many hours that I did on the project.

I think what gets lost, what Mike was reading here, I still am marvelling that our tax dollars paid to create such a behemoth, that we were investing in something like that, which gave me a headache just listening to it. Although I could see the goose bumps there.

But other than being a job creation program for accountants, most of whom do not like the complexity of many of these rules because of what it does to their clients, I think we need to look at a more human side of the impact that regressive taxes have. By reducing taxes, by allowing people to keep more of their own money, it created jobs, over 7 million jobs. It has kept our money local.

I think that one of the things I would like to point to for folks here who are watching the Countdown Crew, and you can contact us at countdowncrew@mail.house.gov, we want to create taxpayers, not raise taxes. By creating taxpayers, there will be more revenues that go for all of our communities.

But at the local level, oftentimes the question comes up and I hear it from children a lot in the schools who go around talking with my own kids, Daddy, where do the police come from, where do the school teachers come from, where does the library come from. Ultimately, that comes from our local communities, from taxes. It is property taxes in the vast majority of our taxes that pay for our schools.

My oldest daughter is about to graduate from college soon, and she is going to become a schoolteacher and getting ready to move out into the economy and very excited on the one hand, but also concerned about the tax structure that is going to be facing her and the incentives to advance her education, the burdens that are going to be placed upon her just from what she has seen in the workforce. The quality of our schools is largely funded by local jobs in our communities that pay those property taxes, people who can buy homes, and if you do not have a job, it becomes very difficult to make that investment in a home.

If we do not have small business owners creating jobs, we are not going to have those local taxes to be able to make the investments that are necessary in public safety, in public works, that keeps the water running in our house, that keeps the electricity moving, that keeps our roads paved and being able to expand and ultimately to be able to invest in quality of life in our communities.

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This is one of the reasons we have this 1,335-day countdown to the largest tax increase in history, that the American people need to know that when they can keep more of their own money, there are results. I don't want to see the average Kentucky family have an unnecessary tax increase of $2,563. We will find the benefit, not in complex tax documents like that, but simply by allowing people to keep their money to invest in the future to follow their vision and ultimately to build that nest egg for their children.

Mr. SHUSTER. I am getting ready to close. The gentleman from Texas seemed pretty worked up about getting something out. Do you have something else you want to get out here?

Mr. CONAWAY. The IRS on some of the forms gives an estimate of how much time they think it takes taxpayers to comply with a particular form. I was looking through the instructions real quickly to see if they had this made that estimate.

Mr. SHUSTER. I have the time estimate, if you are filling out your own taxes it's anywhere from 8 hours to 27 hours, if you did it yourself, which is a considerable amount of time for an individual.

Mr. DAVIS of Kentucky. I think it was 6.4 billion hours were taken this year.

Mr. SHUSTER. Right, $265 billion.

In closing, I just wanted to point out, as the gentleman mentioned, the importance of keeping your own money, being able to invest it, being able to save it. I think a lot of times Americans feel helpless, hopeless over this tax situation.

You get that paycheck, and as my 18-year-old daughter just got a paycheck, came home, showed it to me and said, why did they take so much out? I said, well the good news for you is they are going to give you most of most of it back, because you're not going to make the minimum.

But as I said, Americans feel helpless or hopeless in a tax situation, but they're not. Americans really have to pay attention to what's going on here in Washington. As we said tonight send us your stories at CountdownCrew@mail.house.gov or send them to your Member of Congress and tell them what you have been able to accomplish with those dollars that you get to keep in your pocket because they are not coming to Washington.

Make sure you are talking to your Member of Congress, communicating with him, telling them that you don't want to see taxes go up. You don't want to see the largest tax increase in American history. You want them to keep their tax rates low. Although many Americans are looking at those tax rates today, think they are high, they are lower than they were 4, 5, 6, 7, 8, 10 years ago.

This Congress has to act. This Congress has to act before all those tax cuts expire by December 31, 2010, and the gentleman is signaling me. We want to make sure that the American people are communicating to their Members of Congress that they want us to stop this tax increase that's going to occur, a tax increase that the Democratic majority is saying, they are not going to increase taxes because they are not going to vote on it, which is just hogwash. The taxes are going to go up for individuals across this country, businesses across this country, if this Congress fails to act in just 1,335 days.

HEALTH CARE IN THE UNITED STATES

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Texas (Mr. BURGESS) is recognized for 60 minutes.

Mr. BURGESS. My colleagues filled the last hour with discussion of what is sublimely intuitive to the most casual of observers of the American scene, the IRS code.

Now we are going to go to something a little more complex and that's health care in the United States.

The question I get asked a lot of times, because I spent my precongressional career as a physician, how did we get into this situation? How did we get the health care system that we have today? More importantly, where are we going within our current system?

We currently have a system that is based upon both the aspects of the public-provided system, the government-