here at home and in Iraq, and we stand in support of our men and women in uniform, and we demand accountability for them to ensure that these resources are going to them to support them, to keep them safe, and to return them home to their families. May God bless our troops and their families.

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SPACE). Pursuant to clause 8 of rule XX, postponed votes on motions to suspend the rules with respect to House Resolution 51, House Resolution 57, and H.R. 476 will be taken tomorrow.

DEMOCRATS MUST ACT TO AVOID TAX INCREASES

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, I rise tonight, as I have for the past couple of weeks, to remind the American people that if this Congress does not act over the next 2, over the next 4 years, in just 1,440 days there will be a tax increase in this country. It is going to happen as I said over the next 4 years if the Democrats do not extend the tax cuts that the Republicans have put in place over the last several years.

It is going to amount to about $200 billion that the American people will pay more in taxes. And I appreciate my colleagues from the Blue Dog Democrat Coalition coming down to the House floor and talking about fiscal responsibility. They talk about the budget. But I hear very little about taxes and keeping taxes low on the American people.

And one of the Blue Dogs mentioned in his remarks that he believes in smaller and efficient government and that we have to make tough choices. And that is true. We have to make very tough choices. But it is not our money.

We need to make sure that one of the decisions is to not raise the taxes on the American people, because when we were here in the final hours of the Democrats' 100 hours, on that Friday morning, right after they finished the 100 hours, we were in session for all of about 45 minutes, from 10 to 11 a.m. and most Americans did not see that 45 minutes.

So that is why I think it is important that I come to the floor and remind the American people what this Congress is doing and what we have done in the last couple of weeks or the 100 hours that the Democrats ran their six bills. And I have a number, 1,440. That is again January 1, 2011, when our taxes will finally get up to that $200 billion tax increase if we do not act. All the Democrats have to do is run the clock out, they do not have to pass legislation, and those tax cuts that we put in place that have benefited this economy so greatly will expire.

There is another number that you can put up, and that is how many days since the Democrats' last tax increase. And it has been just 4 days. Now, little did I know and little did I think that it would take only 14 days of the Democrats being in the majority party in Congress, they worked for 13 years to win back the majority, and in 14 days the first tax increase passed this House and is going to move on to the Senate. I hope the Senate does not pass it.

Because that is a tax increase on the American people. Now, the Democrats say that it is the oil company, the big oil companies that are going to receive this increase in taxes. And that is true. The big oil companies will pay about $6.5 billion of taxes over the next several years. But the reality is, corporations and businesses do not pay taxes in this country; consumers pay it. The tax increase will be passed along. And it will be passed along in the form of higher energy costs.

We will pay more at the pump when we go to fill our cars up. Oil companies, they will have a competitive disadvantage. They will have to pay more when they go out to explore for oil. It will be the Venezuelan oil company, Citgo, or it will be the Iranian or some other foreign oil company that is going to be in a better position to be able to spend money to find oil, to sell it to the American economy, sell it to America, less expensive than our own domestic energy producers.

Ladies and gentlemen, I just think if you are watching tonight that is not the right thing to do, especially in this time of high energy costs. We have got to make it more cost efficient, give our companies a better footing to compete, not only in energy but in manufacturing. And raising taxes on business is the wrong thing to do.

And as I said, it has only taken the Democrats 14 days until this first tax increase has come down the road and has passed this House of Representatives. And that should not surprise anybody in America, because during the campaign, the new chairman of the Ways and Means Committee, the Representative from New York, he told the Bloomberg News that he cannot think of one tax cut passed under President Bush that merits renewal.

There is no question about it, he said, everything has to be on the table. And what we have seen already is a tax increase just 4 days ago. And as I said, I believe that is going to trickle down into the American public, and they will be paying that through higher energy costs, higher fuel costs.

As I said, it is important that I think the American people, if you are watching this evening, are reminded that you are getting exactly what the Democrats said during the election. They said that they would raise your taxes. Once again, I hear the Blue Dogs come down here night after night talking about fiscal responsibility. I do not hear them, though, talking about taxes, making sure they keep the taxes low on the American people.

I do not hear them talking about the biggest spending programs that our government has, and that is Social Security, Medicare, Medicaid. How are we going to improve and strengthen, reform those important programs important to the American citizens, important to our seniors in this country?

So those are things that I do not hear them talking about. I am very interested to see what the Blue Dog Democrats will propose when it comes to the budget. We will come into budget season here I believe in March. And I know that when the Republicans were in the majority, the Blue Dogs offered a budget every time. There was a Democrat budget, there was a Blue Dog budget, and there was the Republican budget. So I am very, very interested in seeing what the Blue Dogs propose if in fact they are even allowed to propose a budget, because I think it will be different than their elected leadership will put on this floor.

But back to the tax cuts and what it means to the American people. Over the last 4 years we have seen 7.2 million jobs created in this country from those tax cuts. Our economy is creating jobs month after month. Just in December 167,000 jobs were created in this country. The unemployment rate is down to 4.5 percent. It is the lowest average it has been in four decades. That is directly attributable to the tax cuts we have put in place over the last several years.

Now, if we do not extend them, if we do not do the responsible thing, the American taxpayers are going to be penalized for their hard work by us taking money out of their pockets. When you look at a family of four that earns over $40,000, if we allow the child tax credit and the marriage penalty to expire, they will pay about $2,000 more that will come out of their pockets.

That is money that they could use to save for college, to pay for health care insurance, to buy a new washer and dryer, or put a down payment on a new car. That is their money. They should be able to spend that money as they see fit. And the way to do that is to keep the tax rates low so that they can continue to determine how to use that money best.

Small business owners, same situation. If we allow some of these tax cuts to increase, our small businesses in this country will be hurt. And I hope the Democrats take a lesson from history. President Kennedy, back in 1960, did just that. He cut taxes. And when he cut taxes, revenues to the Federal Treasury rose as they have today.

Ronald Reagan did it in 1980. He had to fight a Democratic majority, but finally was able to cut taxes. And what happened was the economy grew, one of the greatest expansions of our economy in history, and revenues to the Federal

Government grew as well. That is the same thing we did in 2001 and 2003, cut taxes, the economy rebounded, it was coming out of a recession, coming out of the terrible attack of 9/11, and now our economy is growing very strong. And we do not want to turn that back.

I do not think the Americans, although they did vote in many part of this country for a change, they did not vote to change to slow this economy down. They did not vote to increase taxes. I know that none of my constituents is coming up to me and saying we voted for a change, increase our taxes. That is not what they voted for.

I think it is very important that we in Congress have a very clear voice talking about the need to maintain these tax cuts that as I said we put in place in 2001 and 2003.

I see I am joined tonight by my colleague from Kentucky, a former Army Ranger and a great Kentuckian and also a small business owner who has six kids. So he knows the effects of when you are running a small business how important it is to have a low tax rate so that you can invest back in your business, and also with six children the importance of having money to be able to raise your children and save for their college and make sure that they have a better tomorrow than we have today.

So with that I yield to the gentleman from Kentucky (Mr. DAVIS).

□ 2145

Mr. DAVIS of Kentucky. Mr. Speaker, I thank the gentleman from Pennsylvania. One of the things I do want to share is I appreciate his leadership on this critical issue that often gets lost in much of the noise that we hear in politics of the moment.

As you and I have shared before, what happened on election day, unbeknownst to the vast majority of Americans, is that with the change in majority, every working family in the United States of America voted themselves, or what was voted for was a tax increase of over $2,000 a year for families making between $30,000 and $50,000 a year.

We have been in the business world and worked out there creating jobs, and we understand the issues relating to health care. In fact, when we look at the bigger picture from the standpoint of job creation, I think about my oldest daughter who is in her third year of college and has started her practicum now as an education major. She is working 2 days a week in a local high school in our home county teaching. Where is the revenue going to come from to pay for her health insurance, to provide for her future as she teaches students in the generation coming behind? Ultimately, it is going to be job creation and economic growth that comes from policies that will stimulate that and focus on making our economy more competitive for the long term.

One of the things that I think you have emphasized is that the government is the best steward of money. The American people should be able to keep more of their own money, and we have proven time and time again, by allowing people to keep more of their own money and creating taxpayers instead of raising taxes, we actually get more revenue into the Federal Government.

One of the things I would like to read into the record tonight which is very important for some of these policy discussions was an editorial in the Wall Street Journal regarding surging revenues, and I think it is important to note when we create taxpayers and don't raise taxes, government will have the revenue that is necessary to function. There is a fundamental world view difference between the parties on the role of government. Liberal Democrats believe the government needs to be paternalistic in telling us how to run our lives to make these decisions.

The reality is that by allowing people to keep more of their own money, which is a bedrock Republican principle, we will make sure that people can make the decision on the spot, they understand the impact of that.

I look back at the time when I started my business. I look back on the decisions we had to make, and we understood everything in terms of the cost that we had, the obligations that we had to our employees, the commitments that we made to each other to keep that money, moving forward to keep us employed to strengthen the business. At the same time, that was when President Clinton in 1993, our first full year in business, allowed us to make an investment in the government that dramatically increased the taxes not for me and the company, but for every member of our team. I think about all of those literally hundreds of thousands of dollars over the following decade. Had those been allowed to stay there, that would not have been simply revenue that the government lost, it would have been more employees, more people who would have been out there generating revenue and creating jobs and helping to keep our economy strong.

This editorial that appeared in the Wall Street Journal on January 17 highlights this and talks about the surging of revenues. What we need to do from the standpoint of Congress is to empower people, not to constrain them.

It says, ''The myth persists in some media circles that the Federal budget deficiency is surging or ballooning or something terrible, all of which is served up as ammunition for those in Congress who want a tax increase.''

As an aside, I make a parenthetical statement and say we are now a little over 1,400 days away from a very, very large tax increase that will happen unless Congress takes action.

''At the risk of being drummed out of the guild, we thought you'd rather have the real story.

''The deficit has in fact declined by some $165 billion over the last 2 fiscal years, and according to the most recent data has continued to fall in the first quarter of fiscal 2007. The latest Treasury estimates for January show that tax receipts in December were $18 billion higher than a year earlier, helping to boost the budget surplus for the month to $40 billion, up from $11 billion a year ago. December is typically a good month for revenues due to year-end tax payments.

''Meanwhile, for the first 3 months of fiscal 2007 through December, revenues climbed 8.1 percent, building on double-digit revenue increases in the previous 2 years. Corporate income taxes were up a remarkable 22.2 percent in the first fiscal quarter, showing that the government continues to grab a nice chunk of rising business profits that so many of our politicians like to deplore. Individual income taxes rose 8.8 percent, thanks to strong wage and salary growth. Much of this revenue comes from 'the rich,' believe it or not.

''In the most surprising budget news, Federal spending was nearly flat in the first fiscal quarter. This was despite a 22.1 percent increase in Medicare spending due largely to the new prescription drug benefit, and a 10.7 percent increase in defense spending. Those increases were offset by lower spending for flood insurance and disaster assistance compared with the peaks of post-Katrina payments a year ago. So the first quarter deficit was $85 billion, down sharply from $119 billion a year earlier.

''All in all, despite huge outlays for wars in Iraq and Afghanistan, the Nation's fiscal picture is brightening. We hate to ruin the press corps's day with such cheerful news, but there it is.''

That article shows clearly this contrast between the perception that is created with the politics of fear, the politics of class warfare, and what I would like to call the politics of reality and truth. The one thing that we need to remember is the ultimate key to the economic success to our children and their children in the future is not going to be big government, it is not going to be large solutions and increases in taxes, taking away that extra benefit that working families have, but it is going to be allowing them to keep more of their own money.

I think it is critical that we do this. It is critical to funding many of the programs that we do, be it defense, be it education, ultimately comes from somebody who has a job who is not a government employee, somebody out there in the economy creating a job to make that difference and provide that revenue by adding that value that funds all of the critical infrastructure.

Our goal must be to create taxpayers, not raise new taxes. And I think the one thing that we see, and it is one thing that I appreciate my colleague from Pennsylvania taking great leadership on this issue, is to shine a light of truth onto the fact that the Democrats are going to raise taxes. They are committed to that. We are a little over 1,400 days away from that taking place if Congress does not act, and it is critical that we act to preserve this one thing that has generated so much revenue for the government that allows us to bring the deficit down and control spending and ultimately provide a future for our children.

Mr. SHUSTER. I would just remind the gentleman, it has only been 4 days since the Democrats raised taxes because of their repeal of section 199 for oil and gas which was enacted in 2004 to help manufacturing companies. It took them 13 years to win the majority, and in only 14 days they raised taxes.

What you are talking about in that article, this is what is going to happen. It is wrong for us to raise taxes, those tax increases that they put in place just 4 days ago, placed squarely on the domestic energy production which will encourage companies to move jobs overseas. When you raise taxes, when you raise the regulatory burden, that is what companies do, they want to go someplace where they can make a profit. And they are going to encourage the domestic energy industry, which employs 1.8 million Americans who have an average salary of $30 an hour with great benefits, this is going to cause these companies to look to go offshore to produce their product, in this case energy.

Shifting the energy industry and facilities overseas will make America more dependent on foreign oil, not less, as the Democrats claim. So the refining of fuels and, again, exploration is going to occur off the coast of America and not on the coast of America, driving jobs out of this country.

The higher taxes on the oil companies will hurt retirement security because as I have found out in some of the research we have done, 41 percent of the shares of oil and gas companies are in retirement accounts and pension funds. So when Democrats are helping to drive their profits down to make less money to drive them offshore, it is going to hurt those folks who are retired today. Again, 41 percent of the shares of oil and gas companies are owned by pension funds and retirement funds. Once again, this is a wrongheaded plan. It only took them 14 days.

I see the CPA from Texas joins us to remind me of that. It is only 4 days since the Democrats last raised taxes, and we see it is going to come. We talked the past couple of weeks about how they made it easier to raise taxes with the PAYGO rules going from three-fifths majority to a simple majority to raise taxes.

Now the Speaker and her party want to give the vote to the American Samoa here in Congress. They want Guam and the Virgin Islands, they are territories of the United States and wonderful people, but they don't pay taxes. They are going to allow them to vote, so these folks that don't pay taxes are going to have the ability to raise taxes on Americans.

American Samoa has a population of 60,000, which is 91 percent of the average congressional district. My district is 650,000. The delegate from the American Samoa is going to have the ability to vote to raise taxes.

Mr. DAVIS of Kentucky. And I would add one point on that. We have 10 times that number of folks in my district in Kentucky. I think there is a bit of a double standard on Samoa, too. Though they would be given the vote on the ability to raise taxes, they were denied the fairness on the minimum wage that the Speaker had programmed in for a large company in her district to ensure there would be a double standard.

I think one of the things that is important to understand from somebody who worked in manufacturing after my military life is, and I have talked to many workers in the energy industry in my own district, they are dismayed, regardless of their party, be they Republican, Democrat, union, nonunion, to find out that this legislation that the Democrats passed last week, I would say forced through without regular order and debate, without discussing the impact on working families, to find that the energy industry is not manufacturing.

Mr. CONAWAY. If the gentleman would yield, not only did they kick them out, but they have now defined all workers in the oil and gas industry as foreign workers. Isn't that the effect? Every one of these jobs are no longer American manufacturing jobs, but get the same treatment that the jobs for foreign workers. I know my colleagues in the oil business in West Texas are not excited about that.

I yield back.

Mr. DAVIS of Kentucky. To the gentleman from Texas' point, my constituents, who are members of the International Boilermakers, from a bipartisan standpoint, we have a positive and proactive relationship with our boilermakers and our professional trades in the Fourth District of Kentucky. But it is my boilermakers, my pipe fitters, my millwrights and steelworkers, ironworkers, my operating engineers, my Teamsters, anybody who is affiliated in the energy industry is no longer considered in manufacturing.

What that means for the average working family is a hidden tax increase, because the tax credits that would go for training and professional development, that would relate to a provision of health care, nearly 80 percent of manufacturing employees are covered with full health benefits. In my company we covered every single family with health benefits. The economic incentives are now removed, and it is no different than treating those in our critical bedrock base industry that drives not only manufacturing, drives the automotive industry, drives utilities, drives the transportation infrastructure of this Nation, is now being told they are not manufacturing, they are not value added. Somehow they are a nemesis.

Again, I come back to the fact of this issue of class-warfare politics. Who gets affected by the tax increases that are buried in that bill? It is not a simple issue of trying to say these are tax breaks for some nebulous, super-rich oil executives. Here is what happens: The entire supply chain is affected. This does not hurt the large international global energy producers, the international oil companies. Who does it hurt? It hurts our wildcatters for natural gas, our small natural gas producers, our small oil producers, the investors. It hurts the supply chain of manufacturing and fabrication industry that supports the oil industry.

Outside of any refinery, one will find a very large base of welding, fabrication, machine tool operations, toolmaking, maintenance. Then we have around that circle there the provision of parts, the supply chain of manufacturers' representatives for components that come into the industry. And then who else is affected by that? It is the small business owner. It is the distributor of gasoline and oil and energy products. It is the parts manufacturer for vehicles. It is the convenience store operator who is affected by that.

And ultimately all of these people who I have mentioned so far in the chain are taxpayers. They are contributing to the public welfare and public infrastructure. Who is going to be lost when we lose those taxpayers because we eliminate those jobs by what seems to be a good thing on the surface but is very hurtful? We are eliminating funding, in effect, that provides for law enforcement, provides money for education, and provides money to deal with transportation and infrastructure, that funds the operation of government. And ultimately it is a regressive issue and it comes back it your fundamental point: When we leave money in the hands of taxpayers, they will invest it, they will save it, or they will spend it in such a way that we create taxpayers and we don't need to raise taxes, and I think the numbers bear that out.

Mr. SHUSTER. The gentleman is correct. All Americans want to pay less at the gas pump and less for heating oil. As we have seen in the last month alone, prices have come down to about $50 to $52 a barrel.

□ 2200

But the answer is not to increase the cost on the oil and gas producers. The answer is to have more supply. The answer is for us to conserve more, to use it in more efficient ways. The answer is to come up with alternative fuels, which I hope to hear the President talk about that initiative tomorrow night.

But when you talk about the oil industry and you talk about dollars and cents, there is nobody better to talk about it than the gentleman from Texas, our resident CPA, who can keep us on the dollars and cents.

And with that I would like to yield to the gentleman from Texas.

Mr. CONAWAY. Mr. Speaker, I appreciate the gentleman from Pennsylvania's hosting tonight and allowing me to participate in it.

Let me kind of flesh out what our good colleague from Kentucky said about the mechanics of those impacts on tax increases. He talked about a variety of manufacturing and some service industries who may or may not be directly impacted by section 199, but here are the mechanics of what happens:

The small E and P companies, the exploration and production companies, those companies that are out there trying to find crude oil and natural gas, on average in 2005 spent 617 percent of their profits. In other words, for every dollar that they earned, they spent $6.17 reinvesting in the ground. And here is how they are able to do that: if you are a successful oil and gas finder, you find reserves in the ground that have a value. The value is based on the price and the length of time you expect it takes to get that crude oil and natural gas out of the ground; the lifting costs, depending on what that costs; lease operating expenses. All those expenses go into that, and they make a reasonably scientific guess as to the future value today of those reserves in the ground. Proved oil and gas reserves.

In other words, you take the life of that well, those cash flows. You discount that back to today's number, and that creates a value that in many instances these E and P companies go to the bank. They take the reserve report that shows that they have got a cash flow stream over the next 10 years, as an example, to their banker, and they say, Mr. Banker, we want to borrow against those reserves because we want to replicate what we have done. We want to put those dollars that we borrow from you back into the ground to find additional reserves for oil and gas or develop additional wells that are currently in the proved undeveloped category that they will continue to expand our reserve base, in other words, continue to expand the cash flow stream that we are going to earn as that oil and natural gas is produced over the next 30, 40 years, whatever the life of the well is, 10 years, 5 years, whatever the economic life of that well may be.

The large companies, to my recollection off the top of my head, reinvest about 175 percent of their profits. So everybody in the exploration and production food chain spends more money than they make going back in the ground.

So this tax increase that this Congress, and some of our good colleagues on the Republican side joined in, passed last week, a mere 4 days ago, what that does is it reduces the cash flow, reduces the profits of all of these companies. And as you reduce those dollars, like in the small E and P company, if you reduce them a dollar, you have really cut expenditures in the oil business by $6. So for every dollar of taxes that are increased as a result of this action, we have eliminated $6 out of the reinvestment in the ground. And it is that reinvestment that my good friend from Kentucky was talking about, because that money goes to all of these suppliers, goes to all these subcontractors, goes to all the folks who actually do the work and try to find this business.

So when that doesn't happen, then there is less work for them to do. There is less need for employees, less of everything. So just the mechanics of the tax increase has that effect.

Here is the twisted logic that our colleagues on the other side have used, and I have been thinking about this for all of last week when we found out what that bill was going to do, as well as over the weekend. I think one of the things we can all agree on is that we want to be less dependent on foreign sources of crude oil and natural gas, sources that we pay our good hard-earned money for. These are foreign sources. So all of us agree on that. The road forward or how we get that done is a multidecade journey.

While we are on this journey, it would make sense to me that the more domestic production we can produce, the more domestic barrels, the more domestic Mcf of natural gas that we produce means that that offsets or reduces in and of itself the crude oil and natural gas that we are importing. So the logic that our good colleagues used last week was if we can reduce the domestic supply of crude oil and natural gas, then we have also reduced our dependency on foreign crude natural gas.

Well, that doesn't make any sense. I grew up in Odessa, Texas, and I am just a country boy from west Texas and grew up in the oil fields. That is twisted logic. It does not make any sense whatsoever.

It would seem that we would want to promote the production of domestic supplies so that we could increase the domestic supply and therefore offset, in some small way, the need for foreign imports. Now, that does make sense. So a bill and a mechanics that reduces directly the domestic production seems awfully weird to me and a convoluted logic that I have been unable to kind of work my way through that.

Now, you and I and many of our colleagues have stood at these microphones and bemoaned the fact that that happened. Will we be able to point specifically at last Thursday's vote 5 years down the road and say, okay, had we not had that tax increase, had we not abrogated those contracts, if we hadn't done the things that the Democrats decided were in the best interests of this country, production would be some percentage greater than it currently is? We will not have that analysis. We just won't be able to do it, partly because the industry that we hit upside the head with a big old stick last week is incredibly resilient.

These are tough, independent, self-sufficient folks, and whatever hand they are dealt, they are going to go back to the drawing board and try to find domestic crude oil and natural gas. That is what they do. We have just simply made their job harder. We are going to force them to do a little bit less of it, or we are going to force them to go to other sources for their backing. But whatever it is we did, it will have an impact on the volume of crude oil and natural gas produced in this country over the next decades.

The bad news is we won't be able to quantify that. We won't be able to come to these microphones and say, as many of our colleagues did over the last 2 years, I told you so, Monday morning quarterbacking. We are telling you ahead of time that this will happen, and we will be more dependent on foreign sources of crude oil and natural gas than we would have otherwise been, and that is really the differential here. We didn't have to be that dependent. We are going to be dependent on it, but we could have helped ourselves just somewhat by every increased barrel of crude oil produced and every increased Mcf of natural gas produced domestically and whether those restrictions come and where we can explore for crude oil and natural gas, the resources that companies have available to them after they comply with all of the regulatory schemes and the tax schemes that we have put in place.

And just to whine the most, the contracts we abrogated last week, you saw some of the estimates of why that is important to the folks on the other side, which is that money stolen from those oil companies is big dollars. The leases signed in 1998 and 1999 when the price of crude was 10 bucks a barrel, when that seemed to make sense, if it did at that point in time, it takes 5 or 6 years to get that crude oil to market, as it were. By the time you get the rigs put in place and all the things that have to go on when you drill in deep water, it takes awhile. And now we are beginning to see the fruit of all that hard work, the fruit of the risks taken by those companies.

There is a particular company I am aware of that, along with one of the major oil companies, has recently discovered what looks to be a very large oil discovery in the gulf, and it is off of one of those leases in which they were incented to buy and pay the lease bonus on at a time when it really didn't make a lot of economic sense, 10 bucks a barrel. They are estimating the cost to themselves, if this process that went through last week is sustained, that it will cost that one company $1 billion. And as you mentioned earlier, 41 percent of the stock is in individual retirement accounts. But I wonder if you picked up in addition to retirement accounts mutual funds owned outside of retirement accounts, individuals who owned stock directly in these oil companies.

□ 2210

My guess is the percentage ownership would be much higher than the 41 percent.

Mr. SHUSTER. Retired folks that have mutual funds.

Mr. CONAWAY. That is right, separate and apart.

Mr. DAVIS of Kentucky. If the gentleman would yield on one point to emphasize this. Again, I come back to the issue of the politics of fear versus the politics of hope and a practical and truthful vision of what the future is.

Again, I come back to my real-world experience in manufacturing, which wasn't as a Democrat or a Republican, it was simply as an operations person. The average manufacturing company in this country, gross profit is about 7 percent per year if they are successful. That is an important thing to understand, if they are successful.

The oil companies who right now are achieving record profits and are being portrayed as these great robber barons, and I am going to come back to my district here in just a minute, are making slightly over 8 percent gross profit. So they are 1 percent higher than the average manufacturing company in terms of truthful and real numbers versus the hype, versus the rhetoric and the emotion.

Who actually gets hurt by this foolish bill that was passed last week on a motion without regular order? Democratic friends of mine shared privately they are extremely upset about the fact of adverse economic impact that it had on their districts. I can tell you the impact on our district. One of our larger employers in the Fourth District of Kentucky, the Marathon refinery, which has many, many first- and second-tier vendors that do work with them, this was a huge tax increase on their ability to refine and produce oil that directly affects our transportation industry. Their largest customer in Kentucky is the worldwide air hub of United Parcel Service, a great job creator in the Louisville area. It is one of the largest employers in the Commonwealth of Kentucky, really in the tristate area.

So what was done by this seemingly well-meaning issue to support energy independence has actually hurt a local job-producing entity and affected the entire supply chain. And I think the one thing that to me the reality is not the hype, not the emotion, not the class warfare, but it is the old comment: Do the numbers. What are the real numbers? What is the impact?

A job-creating manufacturing entity, a job-creating technology entity will have a 3–1 multiplier for its community on average. That is the convenience stores, the retail outlets, the personal service companies. It is the other types of businesses that supports the public infrastructure, law enforcement, education, transportation and public works.

Mr. CONAWAY. The property tax base.

Mr. DAVIS of Kentucky. The property tax base that pays for the schools. In my home county, which has got a growing and thriving manufacturing industry, that payback is 7–1. One of the reasons we have some of the top schools in the Commonwealth of Kentucky is the fact that we have a tremendously powerful economic engine that ironically is directly affected by energy prices and access.

One of the issues in this so-called bill, which was really a tax increase. Calling it energy independence is not only disingenuous, and maybe that points back to the discussion which took place earlier this evening in the House, but it really misrepresents the entire reality of what is happening.

BARACK OBAMA from Illinois, someone that would not be considered a strong conservative by the standards of human events, but is a very committed Senator, and JIM BUNNING, who is the junior Senator from Kentucky, cosponsored a bipartisan bill for energy independence that focused on an alternative source which is one we really have; instead of building lots of windmills and solar generators in the colder areas, was to use the resource that we have. And coal is environmentally friendly, it is a proven technology, and he was attacked from the left from environmental groups that strongly supported this bill that hurts jobs for being bad on environmental issues because he would support this very thing that he sees the facts on that would create a second industrial revolution in this country.

And it all comes back to the reality of what the role of government would be here in the long run, missing the truth that we need to allow people, those who create the jobs, to keep more of their own money, to allow working families to keep more of their own money to invest.

Mr. SHUSTER. And you look at another measurement when you look at investments and profitabilities. In 2004, a 10-year period ending in 2004 shows that the return on investment the refining marketing segment of the oil companies are in was 7.7 percent return on investment, which was well behind the 13.9 average of the S&P 500. So I think, as our friend from Texas was talking about, huge investments, huge investments. They are certainly making returns, and they are certainly making profits, but it is far behind what many of the other manufacturing and the other companies in the S&P 500 are making.

So this is a capital investment industry. We have got to encourage them to keep on going out and looking and looking and finding the reserves. But it is also important, I think, as you pointed out, coming from Kentucky, I come from Pennsylvania, the importance of that other natural resource we have from coal and how we utilize that to truly make us energy independent or move toward energy independence, not this wrong-headed tax increase.

And, again, I believe that it is just the first of many we are going to see, statements by the chairman of the Ways and Means Committee over the last several months, the rules that the Speaker and the Democrats put into place to make it easier to raise taxes, not harder, to make it easier. And I think the American people need to know that the Democrats, the majority in the Congress, are going to raise your taxes. And when it happens, as it happened 4 days ago, this was a targeted tax increase, they think, just to one industry, but it is going to flow down through the economy, and every American is going to feel it. But we are going to see tax increases. They are not going to control spending, they are going to continue to increase spending. And they said they are going to pay for it, and they are going to pay for it by taking away hard-earned dollars from Americans.

I was talking today, I went to see my accountant to prepare myself for tax season this year. And I wonder if the gentleman from Texas would comment on it. My accountant told me that just the sheer difficulty, the complexity, of keeping up with the Tax Code, he said to me that he thinks he produces a reasonably correct, he can't assure anybody that it is correct because it is so difficult. We passed the extenders last year, and he told me that the IRS has informed him he cannot file electronically until February 1. So he is going to have a backlog; he is trying to figure it out, but he doesn't get an extension from April 15 to May 15 because he doesn't file electronically.

So I think that the time has not only come to continue to keep tax rates low, but to change our Tax Code. He had on his wall, I am going to get a copy of it, 1913 was the first year that we had the income tax. It was three pages long, it was pretty simple, and basically it was a graduated flat tax. And, again, I am going to bring that in here next week and have it blown up to see how simple it was, and I think the time has come that we go to some different kind of tax.

But if the gentleman CPA from Texas would like to comment on that.

Mr. CONAWAY. I thank the gentleman.

I think it is Money Magazine every year or so runs a contest where they will present a set of facts, the same set of facts to a variety of tax preparers. And it is interesting the variety of taxes due number that comes up. You would think, the same facts because everybody is working off the same codes, the same set of regulations, that all these tax return preparers would come up with the same answer. But it is very rare that even two out of the group come up with the same answer because of the complexity of the code.

I spent 32 plus years of my professional career helping clients comply with the code or a company that I was working for and attempting to do my own tax return, because most folks really wouldn't understand a CPA screwing up his own tax return. So if I couldn't do mine right, why would I hold myself out for doing somebody else's right? And every time you signed one of those returns, it gives you a pause, because this is complicated stuff. And the legend at the bottom where you sign doesn't say, I have got this as close as I can to the right answer, sign your name; it requires you under penalties of perjury to say you have got it right. And that does give you some pause, because it is an incredibly complex code, unnecessarily complex.

And we will have hopefully another night where we can talk about ways that we ought to be looking at how we collect the minimum amount of money needed to fund this Federal Government in a fair, straightforward, easy-to-comply-with way that most Americans would buy into, because I think our voluntary compliance in that arena would be far greater than it currently is with this incredibly complicated code.

If you want to file manually, your client, you can file manually. I am trying to remember, I was reading one of those tax credits that was extended.

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There is no line for it on the form, and so the services said if you want to claim this credit or deduction, one of the two, since we did not put a line item on the return for it, stick it on a different line and tell us what that is. So you can go ahead and file manually if you would like to, but you are right. I thought it was February 4 maybe.

Mr. SHUSTER. Beginning of February.

Mr. CONAWAY. Electronic filing before the IRS will have their computer systems ready to be able to receive that information coming in as a result of the late-breaking changes that we Republicans made in December to extend many of the tax credits that some had already expired and others that were set to expire with the close of business in 2006.

Mr. SHUSTER. My accountant also told me that he believes this year the AMT that is starting to catch more and more people in the AMT to pay higher tax. He said he believes next year he will see for the first time dual income husband and wife that are teachers that are making in central Pennsylvania about 110, 120 combined income, he thinks for the first time they are going to be caught up in the AMT and they are going to pay several hundred to a thousand dollars or more in taxes.

Mr. CONAWAY. Could I give the gentleman a quick history lesson?

Mr. SHUSTER. Absolutely.

Mr. CONAWAY. The alternative minimum tax was put in in 1969 at a point in time where our marginal tax rate, upper marginal tax rate was like 70 percent, and it was a point in time where there were a lot of gimmicks and tax loopholes, not loopholes because the code was written that way, but there were a lot of deductions and a lot of activities that folks could deduct against that 70 percent number.

So consequently you had a lot of folks incented to do that, to take risks they might not have otherwise taken. So, as a matter of fairness and equity, the Congress put in an alternative minimum tax. In other words, they felt like everybody in America ought to pay something and that these folks were taking advantage of tax shelters in a way that was keeping them from paying any tax at all. Congress and the President, Johnson I guess, at that point in time felt like everybody ought to pay a little something.

This was targeted at the really larger tax returns, really big investors, the big folks who made a lot of money. It was never intended to catch those two teachers who make together, what did you say, about $110,000, $120,000. The spirit of that was never intended to catch them in this loop.

In the interest of full and fair disclosure, I had to pay the alternative minimum tax this year which irritated me.

So the AMT is something that we did not do a good job of it. As Republicans, we kind of kicked the can down the road for a couple of years, a year at a time. This Democrat-led Congress is going to have that issue wrapped around their neck, and we will see how they go about trying to propose a fix for it, but it is an issue that is going to catch millions and millions of new taxpayers through the alternative minimum tax scheme each year that we move forward.

Mr. SHUSTER. We seem to be wrapping up, so if the gentleman from Kentucky has any closing remarks.

Mr. DAVIS of Kentucky. I think one thing to put into perspective is the real question, what I like to do is come back to the facts and the numbers.

There is a lot of talk about, again, the politics of fear, the politics of class warfare, who actually will be rewarded or hurt by these tax cuts or tax increases. Here is the reality in a practical sense.

The tax cuts that have been put in place have created record revenues for government because of job creation. Millions of people were taken off of the tax rolls all together. The floor for tax payments was pushed upward. The 10 percent tax bracket was created for those who are just starting out, those who are just in transition, so their burden would not be unduly high. All of that goes away. What are some other things that go away?

One of the things that I think is kind of interesting, as somebody who is the grandson of a teacher, the husband of a teacher and the father of a soon-to-be-certified teacher, how does it impact education? Well, let us look at this.

We passed an extension in the last Congress, carrying on above-the-line deduction for higher education expenses. The provision allows taxpayers to deduct up to $4,000 depending upon their income for higher education expenses to improve their lives in lieu of claiming the hope or lifetime learning tax credits. The deduction can be claimed by all individual taxpayers regardless of whether they itemize and use specific deductions or do not itemize, and it is extended for 2 years through 2007.

The incoming chairman of the Ways and Means Committee put this, along with an entire bushel basket of tax incentives for working families, for people to improve their lives, and that goes away. For teachers, we passed an above-the-line deduction that became law for teacher classroom expenses.

I remember when I was a young officer in the Army and my wife was teaching school. She paid for a tremendous amount of classroom expenses out of her own pocket because she cared about her students and wanted to invest.

What is the response of the Republican Congress to that was to give them the incentive to invest and to know that that will not be a personal penalty for them to make that investment in their children, to make that investment in their future. It is a provision that allows teachers to deduct up to $250 of out-of-pocket costs incurred to purchase books, supplies and other classroom equipment. It is available to all individual taxpayers, regardless of whether they itemize their deductions or not.

This provision was extended for 2 years through 2007. That is in that bushel basket of things that go away when we enact these tax policies, these tax cuts that ultimately will be in full force in 1,440 days.

As a former small business owner who helped companies to create jobs in the manufacturing industry and operations, we dealt with many entry-level people. People would come in with difficult tasks or in transition. We passed a welfare-to-work tax credit that would incent small business owners and employers to create jobs, to give people a leg up, to give them an opportunity to create value, to become a taxpayer, not a burden on the system, to create a future for their children.

Employers can claim that welfare-to-work tax credit if they hire individuals who receive public assistance to help them move from a receiver to a giver. The maximum credit is $3,500 during an employee's first year and $5,000 during the second year. That incentive for small business owners goes away with this.

All of these small things, these numbers that are hidden from the American people out of this politics of fear get lost in this whole issue, and ultimately, we need to allow people to keep more of what they earn to create that future.

I appreciate your leadership on this issue greatly.

Mr. SHUSTER. I thank the gentleman for joining us tonight. The gentleman from Texas, if he has any closing remarks?

Mr. CONAWAY. I do. I wonder how many words have been spoken from these microphones over the almost 160 years that we have been just in this chamber.

Mr. SHUSTER. Too many.

Mr. CONAWAY. Too many, clearly. There are not a lot of lines created or spoken here that many people quote. The inaugural address produces great lines. It is not what you do for your country, all those kinds of lines that come out. I do not know of anything spoken here that many people quote.

Lincoln said, and I will butcher this, but I think he said in his Gettysburg Address, the world will little remember what is said here. As it turns out, he was wrong, but I think that is exactly what happened here.

In West Texas, I suspect, and in central Pennsylvania as well as Kentucky, talk is cheap, but what we do here is important and it is remembered. When we vote, as we did last week, to abrogate contracts with the Federal Government, when we vote, as we did last week, to tell people who have business deals with this Federal Government you really cannot trust the contract because if it begins to look like you are making a little money off this contract, some Member of Congress will think that is a bad idea and they will convince a party, maybe both parties, to take and redo that contract.

When we vote, as we did two weeks ago, to say there are some lives in this country, they are not particularly important, lives on the front end of creation, that is remembered. That is important. That has an impact on what we do.

When we vote here to do things to protect America, as I suspect over the next coming couple of weeks we will vote as to how we think this Congress ought to be commander-in-chief, that is important what we do.

The good is important and the bad is important just as well. It is long remembered and long noted by the people of this country, the people in West Texas in District 11, and many instances, the people around the world.

As I hear tonight our good colleague from Maryland talking about flaws in the bill that we will vote on tomorrow with respect to pensions, that I think all of us would love to support, when he says, well, guys, do not worry about it, this is just the House version; we will fix it in conference or we will fix it in the Senate.

Mr. DAVIS of Kentucky. Heard that before.

Mr. CONAWAY. We said it, our guys said it, but today was a particular one where our good colleague from Maryland just seemed to pooh-pooh the idea that there were some flaws in this bill that we did not need to worry about because we are the House of Representatives. I challenge that. We are the House of Representatives, and what we do here is important. I do not know that what we say here is of particular importance, but what we do here is important.

I appreciate being with you tonight.

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Mr. SHUSTER. Mr. Speaker, I think the gentleman is absolutely correct. What we did here in 2001 and 2003 by reducing the tax rate on American people, it is going to expire in 1,440 days, unless this Congress acts.

You need to look at the numbers that the gentleman from Kentucky pointed out. Record revenues are flowing into the Federal Government. Since August of 2003, we have created 7.2 million jobs. In December alone, 167,000 jobs were created. The October and November numbers increased by 29,000 jobs. In 2006 alone, there was an increase of 1.8 million jobs. In the 2003 period to today, 7.2 million have been created. That is more jobs than the European Union and Japan combined have created.

Our economy has added jobs for 40 straight months, and I believe it is going to do that with an unemployment rate of 4.5 percent. That is well below the 5.1 percent rate of 2005, and below the average of the past 4 decades. So these tax cuts have worked.

We need to make sure that we act in this Congress and not run out the clock. The American people need to know that if this Congress does not act, if it just sits on the ball and runs out the clock, come 1,440 days, January 1, 2011, the American people will have seen a $200 billion tax increase, and that is not good for America.

TAKING CREDIT FOR RISING GAS PRICES

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

Mr. GOHMERT. Mr. Speaker, friends from this side of the aisle have been talking tonight about the tax increase we had last week.

One of the things that I have observed in my 2 years that I have been here is sometimes people take credit for things that maybe they had an effect on, and maybe they didn't. But over the last couple of years, one of the things we have been doing is we have tried to provide for drilling for gas.

There are trillions of cubic feet of natural gas in the Gulf Coast. It is a fact, we have trillions of cubic feet of gas. You can go along the Outer Continental Shelf along both coasts, and many States do not want any drilling out there. They want all the energy, they want it cheap. They don't want any of it drilled where they may have to look at it, but they want the energy. People fight that. They don't want any drilling out there.

Then we have this area that is tundra, as we were taught growing up in public school, tundra, where there is just not much of anything. Yet people don't want to allow drilling in that area, even though it could provide 1½ million barrels of oil a day.

The OCS and ANWR, those are not be-all-end-all solutions to our energy needs, but they are a small part of the solution. Alternative fuels, bioethanol. We have biomass in East Texas, where I am from, and we have oil and gas as well. We have coal. We have all these things. There are projects to produce energy with zero emissions from coal. All of these great things are going on that we are trying to push, and so much of it met with opposition.

Then we came along last week, and we end up having the incentives to do domestic drilling in the United States or off our coasts to provide additional energy and to do it with domestic people, domestic companies, domestic jobs to help the economy, as well as provide fuel that we don't have go overseas to get, and yet those incentives, it was voted by the majority as pushed by our Democrat friends across the aisle to remove those incentives.

The thing that struck me over the last couple of years as we fought against Democrats who didn't want to drill the Outer Continental Shelf, didn't want to drill ANWR, they fought like crazy against having incentives for new refineries. We are realistic enough. We know that the big oil companies are not going to build more refineries here. They do it in other places where it is cheaper. But it was to encourage independent oil companies to drill here in America, and also to refine here in America, because we need the gasoline to keep things going until we get sufficient alternative fuels.

But after fighting against us to allow those things to bring down the prices of gasoline, as gasoline skyrocketed, I was amazed. People on the other side of the aisle blamed Republicans for the skyrocketing gas prices.

The thing that struck me, and I just wanted to leave my friends in the House with this thought, if you are going to fight against the things that make for cheaper fuel, then when the price of gasoline skyrockets, at least have the decency to take credit for it. ''Yes, we got the high gas prices. America, you ought to love us. We drove up the price of gasoline, and now it is way up and you ought to love us for it.'' Instead, we got blamed because gasoline got high.

So I hope as a result of what we saw what happen last week, as it ends up in the next year or so causing a spike in the price of gasoline, that our friends across the aisle that caused this spike that they have put in the pipeline now to generate a skyrocketing gasoline price, that when that occurs, they will go ahead and stand up and say, ''You bet gasoline is high; and we Democrats, we proudly caused it.''