

from lenders. He said aggressive action by lenders would help stressed homeowners and help ensure the health and well being of the broader U.S. economy.

Well, we Republicans have been saying the same thing about Congress's response to the housing crisis for 2 weeks. The Democratic plan for stressed homeowners is to raise monthly mortgage payments on those who buy new homes or refinance existing ones. We have a different view on this side of the aisle. We want to expand the family budget, not the Federal budget, by helping homeowners with targeted assistance and homebuyer tax credits that will make the problem better, not worse. We have a concrete plan to foster the conditions that lead to more homeownership by protecting existing jobs, creating new jobs, increasing wages and keeping taxes low.

Among the things we can do to keep taxes low is to patch the loophole that threatens tens of millions of middle-class Americans with a giant AMT tax this year. There is no reason we cannot come together now and remove any doubt Americans have about paying a tax that threatens to cost them, on average, \$2,000 more in taxes this year.

We patch the AMT every year, and because it was never meant to hit middle-class taxpayers in the first place, we patch it without creating new taxes somewhere else. In the current economy, we should spare taxpayers the political theatre of waiting until the last minute to go through this annual charade.

Last night the Budget Chairman said the Democratic budget proposal this year will include an AMT patch without an accompanying tax hike. I think that is certainly good news. I commend him for that decision, and it is one more reason we should not put off passing the AMT fix. If this is what the chairman intends, we should follow through on it now to give taxpayers added certainty. We should remove the doubt about the AMT now so Americans who are worried about the economy have one less thing to be concerned about.

Last year a Democratic-led standoff over passing an AMT patch threatened to delay tax returns for 50 million taxpayers, totaling about \$75 billion in refunds. In this economy, we cannot afford to play these kinds of games. We know we will patch the AMT at some point this year. We should give some comfort to taxpayers by doing it now. It is time to put American families' budgets in front of the ever-expanding Federal budget.

Mr. President, I share the view of the majority leader that we are making good progress on the underlying bill, and hopefully that will continue today. I yield the floor.

The ACTING PRESIDENT pro tempore. The majority leader.

Mr. REID. Mr. President, I think it is important I respond to my distinguished counterpart. We did not pull

the bill. We were unable to go to the bill. We moved to proceed to the bill and had to file cloture. We could not get 60 votes because we had 1 Republican vote with us to move so we could legislate on housing.

As I have said so many times, if the Republicans were serious about legislating on housing, they would have moved to the bill. I pulled the bill? That is as Orwellian as this conversation could be. I did not pull the bill. I tried to go to the bill. Republicans would not let us go to the bill.

We have five simple things in our housing package that are extremely important to the housing industry. Transparency is JACK REED's provision that all of these agreements should be transparent, they should be understandable.

No. 2, the President asked, and we proceeded to do what he asked, to have revenue bonds to take care of some of the distressed properties. No. 3, we have large segments of—we were in a meeting that is still going on with faith leaders. The head of the Baptist Convention says in his neighborhoods, one, two, and three houses are going into foreclosure every week. They have neighborhoods that are in trouble.

We have CDBG grants in our bill to allow States to step in and take care of some of those troubled properties. We also have something that the homebuilders care about a great deal, and that is a loss carryforward. It is something they want that would be helpful to the economy, that would be helpful to the housing market.

Finally, we have a provision that says: If you have a home, you should be able to go to bankruptcy court and have the loan rate adjusted, just as you can if you have a vacation property that you need to have readjusted. Those are the five things, very simply.

But I say if my Republican colleagues think there is a housing crisis, let us legislate the housing crisis. Come here, offer amendments and deal with it.

But remember, they held a press conference on the same day, on the same day they stopped us from going forward on housing. What did they do in the press conference? Here is what they wanted to do to solve the problems of housing around our country: tort reform. Now, you can imagine what a laugh that is, tort reform to solve the housing crisis in America today.

Secondly, they want to lower taxes. Now try that one on. They are not serious about the housing crisis or they would allow us to move forward. No, we did not pull the housing bill; they would not let us go to the housing bill. That is the record. Vote No. 35, 110th Congress, cloture, motion to proceed, cloture motion was rejected because we did not get 60 votes.

So all we want are the facts. When you look at those nasty facts, it indicates the Republicans do not want to legislate on housing. They want, as the President suggested in his press con-

ference last week, to let us see what happens in June when the rebates come back.

This is not a wait-and-see, this is a problem we have to address immediately. What the President has done is voluntary in nature. It helps less than 3 percent of the homes in foreclosures now. Reports yesterday said it was basically worthless.

#### MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will now be a period of morning business for 1 hour with Senators permitted to speak for up to 10 minutes each, with the time equally divided and controlled between the two leaders or their designees, with the Republicans controlling the first half and the majority controlling the final half.

The Senator from Idaho.

#### THE BUDGET

Mr. CRAPO. Mr. President, I wish to use my time by following up on the comments our leader has made with regard to the budget. It is budget time in Washington right now. Although many people are focused very heavily on the President's budget submission, the reality is that the budget is a uniquely legislative responsibility. The President makes a recommendation, but it is this Congress, the Senate and the House of Representatives, that establishes the budget for our Nation.

The budget that was announced yesterday and reviewed, which we will be evaluating in the Budget Committee today, in my opinion, is not responsible. In fact, it is an embarrassment.

We often talk about the fact that we want to avoid tax-and-spend politics in Washington. But this budget plunges headlong back into the very tax-and-spend policies of the past that have put us in the dire fiscal position we are in today.

The budget is a failure on the spending policy, it is a failure on the tax policy, and it is a failure on the additions to our national debt that are monumental, which it contemplates. It is a failure because it does not do a single thing about the most significant fiscal problems facing us, namely the entitlement problems and the entitlement portion of our budget.

Let me go through all those briefly. To do so, I am going to explain—this may be a little bit basic to those in the middle of budgeting, but I am not sure the folks who pay attention to those understand exactly how the budgeting process works.

This year we will have the first budget that exceeds \$3 trillion in Federal spending. In rough approximation, that budget is approximately two-thirds entitlements and spending on the interest on the national debt. The other remaining third is made up of what we call discretionary spending.

Again, approximately half of that is our national defense budget, and the

remaining half is the rest of our non-defense discretionary spending; basically the rest of everything in Government more than our entitlement programs, interest on the national debt, and defense spending.

The problem, the most significant problem we face in our budget today, is the fact that the two-thirds portion I talk about, the entitlements and the interest on the national debt, are out of control. I often say they are on auto pilot, this spending in that two-thirds of our budget. That is growing at a rate that has often doubled, sometimes more than doubled, even tripled or quadrupled the rate of the growth of our economy.

It grows without a vote in Congress. Previous Congresses have passed legislation, and previous Presidents have signed the legislation into law that has established our entitlement programs.

Entitlement programs grow regardless of what we do in Congress. We could never vote again here in Congress and this spending would continue at rates that have nothing to do with the health or strength of the economy and which, as I have said, far outpaces our economy. What does the budget before us propose to do about this? Nothing. Yet again we have no opportunity proposed in the budget that we will be battling over to try to address this incredible fiscal problem our Nation faces.

What does the budget do instead? It increases spending dramatically in the discretionary part of the budget as well as allowing the entitlement section of the budget to rage uncontrolled. We are looking in this budget at a \$350 billion deficit, and that doesn't count war spending except for a small portion. It doesn't take into account the fact that we just passed a stimulus package that put another \$150 billion of debt on the backs of our children and grandchildren without paying for it under the pay-go rules we are required to live by in Congress—in other words, \$150 billion of new spending with no offsets against any other spending immediately put on the backs of our children and grandchildren in the form of national debt which they will pay back at a much higher rate as interest compounds on it over the years.

What does this budget do in order to try to deal with this increased rush for spending? It raises taxes. It raises taxes over \$700 billion in the next 5 years. How does that happen? By the way, this tax increase America will face under the assumptions of this budget will occur with no vote in Congress. How does that happen? To explain that, I need to explain how the budget works.

As most people in America are becoming aware, there is a filibuster in the Senate that requires, on major policies where there is disagreement, essentially that in order to move forward, 60 votes are needed to get past the filibuster, to get cloture. Because of that 60-vote requirement on filibusters, it is difficult to either increase

taxes or cut taxes because there is usually opposition to either move, and it requires 60 votes to move forward. But there is one bill each year on which we don't have to have 60 votes. It is called the reconciliation bill. It is a part of our budget process. Because of the way the law is set up, we can have a 50-percent-plus-one vote on that reconciliation bill each year. That is how the tax cuts of 2001 and 2003 were put into place.

Those tax cuts, as a reminder, were reductions in the income tax marginal rates for every American, with the largest percentage of those reductions in the lower and middle-income categories, reductions of the capital gains tax, reductions of the dividends tax, and a number of other very important tax policies that in 2001 and 2003 reduced taxes because we were able to use the reconciliation bill to do so. The problem is that the reconciliation process requires a sunset.

People around the country must wonder why we are facing a sunset of these tax cuts. It is because in order to avoid the filibuster and get the tax cuts put into place, the reconciliation process was used, which itself carries a sunset. So over the next 3 or 4 years, the tax cuts of 2001 and 2003 will expire. Once they expire, taxes will go back up in nominal amounts on every American.

All we have to do is to extend those tax cuts to keep tax rates at their current levels, to be responsible about tax policy. But what does this budget do? In order to facilitate the explosion of new spending this budget contemplates, it assumes there will be no vote in Congress to extend those tax rates cuts. What does that mean?

Let's look at the first chart. Over the next 5 years, that means taxes are going to go up by \$1.3 trillion. The lower income tax rates people are paying today are going to go back up. The child tax credit, the marriage penalty elimination, the estate tax reductions, and the small business tax relief all go back up. One year of AMT fix is contemplated, but the alternative minimum tax which is now slamming the middle class will not be accommodated in any year of this budget except for the first year. There are other extensions of other types of R&D tax credits and other things that are important for our economy that will go up. When you have totaled it all up, this budget contemplates and provides for \$1.3 trillion of new taxes.

Over a 10-year period, the number is even more phenomenal: \$3.9 trillion of new taxes. That is how we are facilitating the increased spending contemplated in this budget.

As I indicated, we are now facing a situation where Washington has returned to the tax-and-spend policies of the past. If we do nothing, which is what this budget contemplates, entitlement spending will continue to rage, driving up our debt. Discretionary spending will be accelerated, driving up the debt. Taxes will explode. When

those tax rates go up, remember, it is going to happen with no vote in Congress. We are simply going to sit back and let America have the hugest tax increase it has ever had by taking no action to protect the American taxpayer.

I was elected to the House of Representatives back in 1992 or 1993. Ever since that time, we have tried to reduce taxes to accommodate a better tax policy and tax structure in this policy. Every time we have proposed a tax cut, that tax cut was attacked as a tax cut for the wealthy. That simply is not true. As our leader said, whether you look at the alternative minimum tax, the marriage tax penalty, the small businesses, the child tax credit, or the reductions of income tax rates across the board for every taxpayer in America, these taxes squarely hit the middle class and every income category across the board. We often talk about that typical family of four and the several thousand dollars of taxes they are going to be asked to pitch in for this. But it really is not just that typical family of four; it is a single mother, a single man, a family with children, a family without children, a married couple. Everybody who pays taxes is going to see their taxes go up dramatically.

This budget is not responsible. It is not responsible on spending policy. It is not responsible on taxing policy. It is not responsible because it provides for no action to deal with the entitlement reform so pressing in our Nation.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Minnesota.

#### JOHN MCCAIN

Mr. COLEMAN. Mr. President, I would like to take a few moments to talk about one of my colleagues, the Senator from Arizona, Mr. MCCAIN.

Last night, he secured the nomination of the Republican Party to be President of the United States. I must admit that about 6 months ago, I was one of those who questioned whether Senator MCCAIN would be successful in this quest. While his passion for our Nation has never been in doubt, my sense was that his campaign for the Presidency was flickering to a close. What you saw last night is a reflection of character, the character of JOHN MCCAIN, the character that allowed him to persevere through the terrible torture of tiger cages in Vietnam.

JOHN MCCAIN has never, ever given up on this Nation. In the end, at a time when there is so much cynicism in the body politic and the public about politicians, it is uplifting, not just for this party or for this body, because the next President of the United States will come from this body, but for this country to have as our candidate a man whose character has been tested in a furnace that has burned hotter than any one of us could possibly understand.