

income components of AGI. For example, a married taxpayer filing jointly with \$2 million of AGI including \$500,000 of net business income would have one-half of the taxpayer's \$54,000 surtax liability under the "Affordable Health Care for America Act" attributed to the taxpayer's net business income.

We estimate that one-third of the \$460.5 billion estimated to be raised in fiscal years 2011-2019 from the 5.4-percent AGI surtax under the "Affordable Health Care for America Act" is attributed to business income.

Mr. GRASSLEY. Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. KIRK). The Senator from Indiana.

START TREATY INSPECTIONS LEGISLATION

Mr. LUGAR. Mr. President, I rise to speak on S. 2727, the START I Treaty Inspections and Monitoring Protocol Continuation Act of 2009, which I introduced yesterday.

This bill provides authority that would allow the President of the United States to extend, on a reciprocal basis, privileges and immunities to Russian arms inspection teams that may come to the United States to carry out inspections permitted under the Strategic Arms Reduction Treaty or START I.

This bill is necessary because, on December 5—1 month from today—the START I treaty will expire. This treaty, signed in 1991, is obscure to many in the Senate. Only 26 current Senators were serving at the time we voted on the resolution of ratification in October 1992. But the START I treaty has been vitally important to arms control efforts up to the present day because it contains a comprehensive verification regime that undergirds every existing United States-Russian treaty that deals with strategic arms control.

It is essential to understand that a successful arms control regime depends on much more than mutual agreement on the numbers of weapons to be eliminated. Arms control agreements also must provide for verification measures, including seemingly mundane details, such as delineating the privileges and responsibilities of verification teams operating in each other's countries, as well as the procedures for conducting those inspections.

These details require legal authorization that minimizes disputes and reinforces reciprocal expectations of how the verification regime will function. If the legal authorization for strategic arms control verification lapses, as it will in 1 month, we will be creating unnecessary risks for the national security of the United States and our working relationship with Russia.

It had been my hope that the previous and current administrations would have made substantially more progress in ensuring the continuity of the START I verification system so the legal authorities I am proposing would not be necessary. But we have reached the point where both the United States and Russia must take steps to ensure

the continuity of verification mechanisms.

In 2002, the Senate considered the Moscow Treaty governing strategic nuclear forces. That treaty contained no verification mechanisms. Instead, it relied on the verification regime established in the START I treaty. During Senate consideration of the Moscow Treaty, I asked Secretary of State Colin Powell and Secretary of Defense Donald Rumsfeld about the apparent gap in verification that could occur, given that the Moscow Treaty extends to 2012, while the START I verification provisions were set to expire on December 5, 2009, this year.

Secretary Powell stated:

It did not seem to be something that was pressing at the moment.

He said that during negotiations on the Moscow Treaty, consideration was given to extending the START verification regime past 2009 in a separate negotiation or that the transparency measures under the Moscow Treaty could be maximized in some way to provide for enhanced verification. But Secretary Powell said, in 2002, that we had "some 7 years to find an answer to that question."

Likewise, Secretary Rumsfeld was questioned about the verification gap created by the 2009 expiration of START. He stated:

There is [a gap], from 2009 to 2012, exactly. But between now and 2009 . . . there is plenty of time to sort through what we will do thereafter. . . . Will we be able to do something that is better than the START treaty? I hope so. Do we have a number of years that we can work on that? Yes.

I was pleased to play a role in securing ratification of the Moscow Treaty on March 6, 2003. But, at that time Senators were led to understand the Bush administration would begin work with Russia on codifying a verification regime under the Moscow Treaty, either by continuing the START verification regime past 2009 or through other measures. Neither was accomplished.

The START treaty itself provides that the parties must meet to extend the treaty "no later than one year before the expiration of the 15-year period" of its duration. In 2008, we witnessed the conflict in Georgia. December 5, 2008, was the date by which the United States and Russia would have to meet to satisfy the treaty's requirements. Many worried that the atmosphere created by the Georgia situation would prevent the United States and Russia from conducting such a meeting. But to the Bush administration's credit, a meeting was held that provided us the possibility of extending the treaty. But the clock kept ticking.

I noted during Secretary Clinton's confirmation hearings, on January 13, 2009, it was vital that the START treaty be renewed. At that time, she assured the committee that "we will have a very strong commitment to the START Treaty negotiation." I do not doubt that commitment. I am hopeful the capable negotiators we have de-

ployed to Geneva will achieve a new treaty in the remaining 30 days before expiration. But even if that happens, the time required for a thorough Senate consideration of the treaty ensures that it will not be ratified before START I expires.

At the core of the START treaty rests its verification regime—a system of data exchanges and more than 80 different types of notifications covering movement, changes in status, conversion, elimination, testing, and technical characteristics of new and existing strategic offensive arms. This data is further verified through an inspection regime. The START I treaty inspection protocol permits no less than 12 different types of inspections pursuant to the treaty.

According to a fact sheet released by the Department of State in July 2009, the United States has conducted more than 600 START inspections in Belarus, Kazakhstan, Russia, and Ukraine. Russia has conducted more than 400 inspections in the United States. These intrusive, onsite inspections permit the United States to verify the kinds and types of Russian weapons being deployed, as well as to examine modified versions of Russia's weapons. It is this ability, in addition to our own national technical means, that gives us the capabilities and confidence to ensure effective verification of the treaty.

Some skeptics have pointed out Russia may not be in total compliance with its obligations under START. Others have expressed opposition to the START treaty on the basis that no arms control agreement is 100-percent verifiable. But such concerns fail to appreciate how much information is provided through the exchanges of data mandated by the treaty, onsite inspections, and national technical means. Our experiences, over many years, have proven the effectiveness of the treaty's verification provisions and served to build a basis for confidence between the two countries when doubts arose. The bottom line is, the United States is far safer as a result of these 600 START inspections than we would be without them.

Testifying before the Foreign Relations Committee on the INF Treaty in 1988, Paul Nitze provided the definition of "effective verification." He stated:

What do we mean by effective verification? We mean that we want to be sure that, if the other side moves beyond the limits of the Treaty in any militarily significant way, we would be able to detect such a violation in time to respond effectively and thereby deny the other side the benefit of the violation.

In a similar vein, Secretary of Defense Bob Gates testified in 1992, when he was Director of Central Intelligence, that the START treaty was effectively verifiable and that the data it provides would give us the ability to detect militarily significant cheating.

The Senate has repeatedly expressed confidence in the START I verification procedures. It approved the START I treaty in 1992, by a vote of 93 to 6. In

1996, it approved the START II treaty, which relied on the START I verification regime, by a vote of 87 to 4. Likewise, the Moscow Treaty was approved by a vote of 95 to 0.

The current administration has employed a capable team in Geneva. Just last week, National Security Adviser Jim Jones went to Moscow to underscore the importance of achieving agreement on a successor to the START treaty. The administration has publicly stated it seeks a new treaty that will “combine the predictability of START and the flexibility of the Moscow Treaty, but at lower numbers of delivery vehicles and their associated warheads.”

This predictability stems directly from START’s verifiability.

So far, most of the public discussion surrounding a potential successor agreement has focused on further reductions in strategic nuclear weapons. Scant attention has been paid to the verification arrangements for such a follow-on agreement. Informally, we understand that we will yet again be relying on START’s verification regime in the new agreement. For me, this will be the key determinant in assessing whether a follow-on agreement that comes before the Foreign Relations Committee and the Senate furthers the national interest.

For the moment, we know only the outlines of such an agreement. What is certain is that after December 5, no legally binding treaty will exist that provides for onsite inspections.

My bill is not a substitute for a treaty, but without it, it is unclear how we can permit and by extension carry out any inspection activities. This might not appear troubling to some, but allowing a break in verification is not in the interests of the United States or Russia. Such a break could amplify suspicions or even complicate the conclusion of the START successor agreement.

I believe it is incumbent upon the United States and Russia to maintain mutual confidence and preserve a proven verification regime between December 5 and the entry into force of a new agreement. If we are to do so, the legal tools that are contained in the bill I have introduced are essential. There is nothing in my bill that requires the administration to admit Russian inspection teams in the absence of reciprocity by Moscow, nor does the bill expand verification beyond those already conducted under the START protocol. The authorities in the bill would terminate on June 5, 2010, or on the date of entry into force of a successor agreement to the START treaty.

We must ensure that needed verification tools will exist in the period between START’s expiration and entry into force of a new treaty. I am hopeful that Congress will take action on S. 2727 in the near future and that both the Obama administration and the Russian Government will take steps to maintain inspection until ratification

of a START successor agreement is completed.

I thank the Chair, and I yield the floor.

The PRESIDING OFFICER. The Senator from Nebraska.

HEALTH CARE REFORM

Mr. JOHANNIS. Mr. President, I stand today to highlight the tax hammer, as I would describe it, that is being brought down on the American people relative to the health care bills that are making their way to the floor of the Senate and literally are about to be debated on the House side.

In the Finance Committee bill, there are over \$500 billion in additional taxes and fees and fines and penalties. In the House bill, there are over \$750 billion in new taxes, et cetera. If you shrug your shoulders thinking: Well, that is a tax on those wealthy people; I don’t have anything to worry about; I am not one of them—you are missing something. Actually, nothing could be further from the truth.

In my judgment, these taxes will stifle small business. They are going to shock families who think there is no way their modest income could possibly be taxed more by the Federal Government.

The House bill, let me start there. The first tax is a 5.4-percent surtax on what are referred to as the high-income earners. It raises taxes by about \$460 billion. This is a gigantic tax increase. But supporters of it make the case that, again, this is the rich people, creating the feeling that somehow you don’t have to worry about that if you are not making a lot of money. But what they don’t want to acknowledge is that this is a tax on business and small businesses. In fact, I would suggest if you wanted to be fair in this debate, you wouldn’t call it the millionaire tax; you would call it by the proper name—the small business tax.

The Joint Committee on Taxation released a letter yesterday. It found that one-third of the tax—one-third of the tax—will be from business income. The Wall Street Journal has said this recently, and I am quoting:

The burden will mostly fall on small businesses that have organized as Subchapter S or limited liability corporations, since the truly wealthy won’t have any difficulty sheltering their incomes.

In the United States, there are over 6 million small businesses. Last count, the last available information I could get my hands on, there were over 41,000 small employers in my home State of Nebraska. I have walked through many of these small businesses. I have visited with the people who are trying to keep these businesses going, and they are facing challenges to make the payroll.

Many of these small businesses exist in small communities in my State, and their employees are not just faceless people, people without names. These are people with whom they went to high school. These are people with

whom they worship on Sunday, they see at the grocery store. Our small businesses don’t want to lay off these people.

Now, what would a 5.4-percent tax do to their bottom line, to their employees, to any potential of hiring in the future, to the communities they support? Well, one can see the impact it will have.

Shawne McGibbon, a former Small Business Administration official, said it very well and, again, I am quoting:

Nebraska depends on small businesses for jobs and economic growth. During this time of financial stress and economic instability, policymakers need to remember that the State’s small businesses provide the economic base for families and communities.

Maybe to some from big cities or States that are mostly urban, the loss of 50 jobs is not a big deal. I can tell my colleagues it is a big deal to me. It is a big deal to my State. Fifty jobs in a community of 1,000 people is absolutely devastating. Those paychecks no longer spent on Main Street can literally bring Main Street to its knees.

Making matters worse, this tax is not indexed for inflation, so what can we predict? What is the most certain thing we can predict about this tax? It is going to have the AMT problem all over again. Each year it is going to creep down, every year capturing more and more people in the middle class.

The second tax I wish to talk about today is the 8-percent penalty on employers who don’t offer insurance. Eight percent of their payroll or pay, at least 72.5 percent of workers’ premiums, that is what they are faced with. Again, no matter how one sugarcoats it, this is going to cut into wages. For those who pay the 8 percent, that is going to total \$135 billion more in taxes taken out of our economy.

The Wall Street Journal, again, I think said it very well recently:

Such “play or pay” taxes always become “pay or pay” and will rise over time, with severe consequences for hiring, job creation, and ultimately growth.

I look over there at the House and they sure seem very determined to throttle the backbone of our economy—our small businesses. I will just tell them as somebody who has represented my great State as a Governor and now as a Senator: You take those jobs out of small communities and you will bring those small communities to their knees.

I pay attention to the wisdom conveyed back home. That is why we do our townhall meetings and we walk in parades and we do everything we can to listen to the people.

A constituent from Pierce, NE, a small community, a great community in our State, said it very well:

With my husband self-employed, around 30 percent of our income is required to pay income taxes. If these income taxes weren’t so high, we would be able to afford and choose our own insurance coverage. More taxes for public health care is not the answer.