

This budget reinstates the death tax, making it harder to keep the family farm, the family ranch, or the family business in the family.

This budget simply taxes too much. I heard lots of complaints from Wyoming ranchers about the President's tax increase. Many of our ranches and farms are structured as S corporations or limited liability corporations, and this tax hike would hurt them.

The President will say his proposal to let some 2001 tax cuts expire will affect only 3 percent of all taxpayers, but this statistic obscures the fact that these taxpayers employ the most number of workers and generate the most economic activity of all small business entities.

According to a 2007 Treasury Department report, over 30 percent of all business income comes from passthrough entities, such as S corporations, partnerships, and limited liability companies. That means it goes right back in to take care of the business.

Last weekend, I was in Wyoming. I visited Sanford's restaurant in Gillette, WY. They started with one restaurant and now they have eight different locations. At the location I went to, one of the owners happened to be there. He said proudly, and he should: We started this business on \$2,000. Now we have eight stores, and we still only have \$2,000. That is because everything has been plowed back into the business, which results in more jobs for more people.

That is what we are talking about. We want this economy to grow. Small businesses are the ones making this grow. It is the guys and women with an idea they can take their last \$2,000 and put it into something productive and they can grow it. The problem is, when they grow it, they pay the taxes on it immediately. They pay the taxes as though it actually flowed into their pocket. But it doesn't. As a result, some of these people who have been successful who are creating all these jobs make more than \$250,000 a year. They don't get to keep it. That is the important part. They don't get to keep it. They have to pay taxes on it right away. That puts them into this new higher tax bracket.

It is going to have a devastating effect. Suddenly, the house they own—they are not going to have the same kind of house deduction, as if they didn't have a business at all.

Charitable contributions—it is the small businesses that keep the towns going. It isn't the big corporations that buy the ads in the yearbooks. It isn't the big corporations that make a donation when somebody comes around because there has been a fire. It is those little businesses that want to grow. They are growing, but they have to put everything they have back into it. I know small businessmen who have been able to pay everybody who works for them but not themselves.

We are not talking about the big corporations with the big bonuses. We are

talking about the little corporations that are family. By "family" I mean every employee who works for them understands how difficult the business is, how close to not succeeding the business is, and because they want their job, they help the business to succeed. As a result, they are included in "the family." All of those people are going to suffer.

Because 30 percent of all business income that comes through these passthrough entities, such as S corporations, partnerships, and limited liability companies, these small businesses that are hiring people—they are hiring people; they are not laying them off. The unemployment would be tremendously higher if it were not for this 30 percent of all business income that gets passed through and back into the business.

Over 70 percent of that income is concentrated in the top two marginal income-tax rates. They pay the highest rate we have because they did business and because the business is making money. But it isn't money they get to put in their pockets; it is money they put back into the business. So nearly a quarter of all business income would be subject to higher taxes under this budget.

Let me repeat that. Nearly a quarter of all business income would be subject to these higher taxes under this budget. According to a 2007 survey completed by Gallup for the National Federation of Independent Businesses, 50 percent of all businesses that employ between 20 and 499 workers will face higher taxes if the 2001 rate reduction in the top two rates is allowed to expire. Fifty percent of all businesses that employ between 20 and 499 workers will face higher taxes if we do not change that, if we allow it to expire. And the plan, according to the budget, is to let it expire, to shove these taxes off on these small businesses, the ones that are still doing well, the ones that have not succumb to the greed, the ones that have been doing the right thing, particularly with their community. Raising taxes on our Nation's job creation engine at any point in the business cycle is just bad economic policy.

The key to our Nation's economic growth and our ability to recover from a crisis such as this one is the flexibility and the vibrancy of our non-corporate sector. Small business is the incubator for entrepreneurship, and we should protect it and nurture it, not tax it.

For example, many in the companies that fueled the economic growth of the 1990s and beyond started as passthrough entities: For example Yahoo and Microsoft, just to mention a few that the President mentioned earlier in the week when he was talking about the importance of helping out small business and said all the right things about small business.

I am encouraged by what he said. I am encouraged by the differences he is

going to make in the way the Small Business Administration works. But it is going to come back again in the way of higher taxes for those same people. We need to encourage, not discourage, those people.

When I was in Wyoming, I had a procurement conference. That is where the Federal Government comes to Wyoming and talks to my businessmen to see if small business can't provide for some of the Government contracts. Every year it is a huge success. People from all over the Nation, not just Wyoming, are able to take advantage of that sort of thing.

At that conference, a guy in Montana was talking about the need for some liquidity so he could get a loan—a loan, not a bailout—a loan so he could grow his business. As we learned at the White House summit on Monday, the banks do not have a secondary market for their loans. That means when they make the loan, they cannot turn around and sell the loan to free up the capital to make another loan. When that happens, these small businesses cannot get loans, and a lot of them need short-term credit.

You have to order your inventory a year ahead of time often. When it gets there, you have to pay for it, and then you sell it. A lot of them need just a kind of cashflow loan, one that will pull them through that time when all the inventory hits and gets paid off and the time the inventory gets sold.

A guy in Montana talked to a guy in Wyoming who talked to me and proposed several different ways that I have passed on to the White House and to Secretary Geithner that money could be freed up for these businesses to grow. I am encouraged and hope that will happen. I hope it is not reversed by these new taxes.

I will fight to preserve low taxes for our Nation's small business, and I am prepared to offer an amendment to any legislation that attempts to raise taxes on small business income.

I have pledged to work with the White House to fix housing, to reform our financial markets, and to help every citizen get access to high-quality, affordable health care. My question today is: Will the White House work with me to protect small business from the harmful effects of this budget's tax increase?

This budget taxes too much, spends too much, and borrows too much.

I yield the floor.

The PRESIDING OFFICER (Mr. PRYOR). The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I ask the Chair to let me know when 9 minutes has elapsed.

The PRESIDING OFFICER. The Chair will so notify the Senator.

IT'S THE ECONOMY

Mr. ALEXANDER. Mr. President, we have an impressive new President of the United States. He has proven without a shadow of a doubt that he is capable of doing many things at once.

I was privileged to go to one of the summits he had. That one was on health care. He had another one on entitlements. He has been to a wind turbine factory. He was in California yesterday. He has overruled some of President Bush's environmental decisions. And yesterday he did what many Americans are doing: he picked his bracket in the NCAA basketball tournament, and he picked North Carolina, which predictably caused their rival, the coach of Duke, Coach "K," to say the following:

Somebody said we're not in President Obama's final four, and as much as I respect what he is doing, really, the economy is something that he should focus on, probably more than the brackets.

That was our U.S. Olympic coach yesterday. There is some truth to that. The President is very impressive and is capable of doing many things at once. But, we don't need a lot of things done at once right now. We have one big issue—it's the economy, Mr. President.

While all of us have our role to play in this—Senators, businesspeople, all of us across the country—there is only one person who can do what the President of the United States can do. He is the agenda setter. He is the mobilizer. If the President of the United States focuses on one single big issue and throws everything he has into it for as long as he can, he will wear everybody else out and he will solve the problem, if it can be solved. I am confident in this country the problem can be solved.

He has been there for 4½ months now. We still have a big economic problem. It was going on before he came in, correct. Some people say Americans don't pay attention to history, but I am not so sure about that. In October of 1952, General Eisenhower was running for President and said: I shall go to Korea. He was elected. The Korean war was a big problem then.

On November 29, he went to Korea, and said he would concentrate his attention on the job of ending the Korean war until it is honorably ended. There were a lot of other things going on in 1952 and 1953 that needed to be solved. But President Eisenhower focused on the Korean war, ended it, and the country was grateful.

It is time for President Obama to focus on fixing the banks and getting the economy moving again. He can do that. The country needs for him to do that, and the country would be grateful if he did.

There are other issues, but we only have one President; we have one big issue. Mr. President, it's the economy. That is where the focus needs to be.

We are currently debating the President's budget, and we have some differences of opinion. As the Senator from Wyoming said, we believe on the Republican side it spends too much, it taxes too much, and it borrows too much. It is a blueprint for a different kind of country. It is an honest blueprint, in my opinion. It is a 10-year picture of where America would go under

the President's proposed budget. It will bring much more Government, add much more debt, and it will be turning over to our children a country that they will have a hard time affording and in which they will have fewer choices. It is not the kind of country I want to see.

The new higher tax rates would raise taxes by \$1.4 trillion over 10 years. It is the largest tax increase in history.

Going back to history a little bit, we can learn lessons from history. President Hoover in 1932, as we were entering a recession, raised taxes. He raised taxes on the wealthy people. The top tax rate rose from 25 percent to 63 percent. What were the effects of the 1932 tax increase? Tax revenue decreased, the Federal deficit increased, and the Great Depression continued for a number of years. The middle of a deep recession is no time to be raising taxes on anyone. I know the President is saying: Well, this only goes into effect later. But everybody makes plans today based on what happens tomorrow. We also know that if they say we are only going to tax the rich people, we have heard that said before. In 1969, everybody became concerned because there were 155 people in America who didn't pay any taxes. So we had what was called the millionaire's tax to catch them. We put in a new tax rate 40 years ago. If Congress had not acted, that tax rate that was set to capture 155 people who didn't pay taxes 40 years ago would have captured 28 million Americans this year.

In this country, you rise. You make more money and you rise into the higher tax rates. So if you put a high tax rate to capture 155 people, what we find 40 years later is that you capture 28 million Americans who are paying higher taxes, and many of those individuals are making incomes of \$60,000, \$70,000, and \$80,000 a year.

President Kennedy and President Reagan both lowered taxes when they became President and were in economic slowdowns. When President Reagan came in, we had a serious economic slowdown. I was Governor of Tennessee at the time, and unemployment was higher then than it is today. Inflation was a lot more then than it is today. Interest rates were terrifically high then. President Kennedy and President Reagan decided to lower taxes during the economic slowdowns. President Obama is proposing the largest tax increase in history, and the tax especially goes on the engine that creates the most new jobs.

In America, all businesses are important for creating jobs. In my home State, we have Federal Express. It employs almost 300,000 people around the world. On the Republican side of things, we would like to have immediate expensing of all the big airplanes Federal Express buys, or the software Microsoft buys—which is not based in my State. Because if these companies can deduct those expenses in the first year, they will make more money, they

will hire more people, and Tennessee will do better. Jobs are what we are talking about. But most of the new businesses come from small businesses.

Secretary Geithner, the Treasury Secretary, says this tax they want to impose only affects the rich people, and only 2 or 3 percent of the small businesses are affected. Well, I checked into that a little bit. If you work for a company with 20 or more employees—up to 500 employees is a small business—chances are 50-50 that you are working for somebody whose taxes are going to be raised by this proposed tax increase in the President's budget. If those taxes go up in the half of the small businesses that create most of the new jobs, then there is no money to buy new equipment, there is no money to hire a new person, there is no money to raise salaries, there is no money to pay health care benefits and there might not be enough money to pay employees and jobs may be at risk. Raising taxes on owners of small businesses in the middle of a recession is not the way to create new jobs.

Then there is the national sales tax on electric bills and energy. Clean air and climate change is an important issue with me, especially clean air. I live at the edge of the Great Smoky Mountains, where we have unhealthy air that's polluted with nitrogen, sulfur, and other pollutants. I have introduced legislation to have higher clean air standards. I have also, every Congress since I have been here, introduced legislation to have caps on carbon that comes out of the coal-fired powerplants. Not caps on the whole economy, just the powerplants, which produce about 40 percent of the carbon. Some other Senators would like to have what is called a cap-and-trade tax on the entire American economy.

THE PRESIDING OFFICER. The Senator has used 9 minutes.

Mr. ALEXANDER. I thank the Chair very much.

Mr. President, the recession is no time to impose a \$600-plus billion tax on everybody's electric bill. This is not the time to do that, if the time is ever right to do that. MIT suggests a bill such as the one the President has proposed would cost each American family \$3,100 a year. In the middle of a recession, that is not a good idea.

In conclusion, I think Coach K's advice to our impressive new President is good advice. We know he can have summits, make trips, and deal with a lot of different things. He has smart people dealing with him. But we have a tough economic problem, and it is the economy, Mr. President. We need the President to focus on the economy and concentrate on it, until the banks are fixed and the credit is flowing. We need a budget that doesn't spend so much, tax so much, and raise debt so much. Otherwise, we will deliver a country to our children and grandchildren that they can't afford.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CORNYN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mrs. GILLIBRAND). Without objection, it is so ordered.

Mr. CORNYN. Madam President, I ask unanimous consent to speak for up to 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. WYDEN. Madam President, I ask unanimous consent to speak after Senator CORNYN.

The PRESIDING OFFICER. Is there an objection to the request as modified?

Mr. CORNYN. No.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Texas is recognized.

AIG

Mr. CORNYN. Madam President, I rise to speak about the public's outrage over the revelations that senior executives at AIG have received bailout bonuses. This company received \$173 billion in taxpayer money, including tens of billions of dollars through the Troubled Asset Relief Program. The American people do deserve to know where their money is going.

I confess that last year I supported the first round of TARP money based on the representation from what I thought were the smartest people in the country that it was absolutely necessary to unfreeze the frozen credit markets in our country. But I did not support additional money for the TARP funding when it was requested—the second tranche, so to speak—because the accountability and the transparency we were promised by the Treasury Department the first time around never materialized. We were told this money was necessary to prevent a crisis in our country. Now, we do have a crisis, but that crisis is a crisis of confidence in this administration and in the leaders of this Congress.

The American people have legitimate and urgent questions about these bailout bonuses, and these questions demand answers. First of all, they want to know how this happened. A lot of people are pointing fingers over these bailout bonuses, and right now there is a lot we do not know.

I appreciate the fact that President Obama said: You know what, people are trying to find fault. I accept the blame.

I appreciate the gesture, but that is simply not good enough. We do not know when the administration became aware of these bonuses. Secretary Geithner says he learned of the bonuses last Tuesday. President Obama said he learned about them on Thursday. Yet the Federal Reserve Bank of New York

says it notified Treasury in February. And Edward Liddy, the CEO of AIG, testified that everyone knew about these bonuses for months and that he and Secretary Geithner spoke about the bailout bonuses 2 weeks ago. What is clear is that the administration should have known about these bonuses a lot earlier and they should have taken action before they sent AIG another \$30 billion this month.

We also know how these bailout bonuses got legal protection in the stimulus bill. I voted against the stimulus bill for reasons too numerous to mention here. Yet the bill that passed out of this Chamber had two amendments that addressed bailout bonuses: One amendment, sponsored by Senator WYDEN and Senator SNOWE, would have taxed these bonuses; another, sponsored by Senator DODD, the Senator from Connecticut, would have banned the bailout bonuses altogether. These amendments were in the bill that passed out of the Senate, but something happened in the conference. The Snowe-Wyden amendment disappeared completely and the Dodd amendment was changed so that it grandfathered in all the bailout bonuses in place on or before February 11. No one admits to knowing how this happened. None of the conferees admit to knowing. There have been conflicting reports about who knew what when. But the American people need to know who protected these bailout bonuses in a law that was signed by President Obama—one among those who claim outrage at the revelation that now these bonuses are going to be received. He signed the law into effect that actually protected these bonuses in the stimulus plan.

The American people deserve to know who proposed these changes in the stimulus bill, who knew about these changes, and who approved these changes. The American people deserve to know who is responsible and how they intend to fix this problem and get the bailout bonus money back in a constitutional and legal way.

How do we assure this does not happen again? As those responsible scramble to come up with an explanation, we must also understand what we must do to ensure this type of thing never happens again. I would like to offer a few suggestions.

First, Congress needs to stop passing bills without reading them, finding out what is in them, and preparing for their implementation. During the transition, the then-incoming administration said they didn't want to waste a crisis, and Congress complied. Yet their leadership has taught us a different lesson: Treating everything like a crisis actually leads to waste.

Second, it is clear the administration needs to get its team in place. Better oversight by the Treasury Department could have avoided this problem. Yet, as Paul Volcker observed, Secretary Geithner "is sitting there without a deputy, without any under secretaries, with no assistant secretary responsible

in substantive areas at a time of obviously very severe crisis." I appreciate that President Obama has completed his March Madness tournament bracket. Yet the organization chart for this administration still has far too many open slots.

Third, the President needs to shelve his plans to grow the size of Government. His plans to raise more taxes can wait until the administration proves they can be good stewards of the tax dollars we are already spending. His plans to nationalize health care, energy, and education can also wait until he addresses the problem of toxic assets in our financial system and gets our economy moving again.

Fourth, the President needs to fulfill his pledge to promote transparency and accountability and bipartisanship in Washington—something I agree with. The President won the support of the American people because he promised to be a different kind of leader. Yet we see that the more things change, the more they seem to be the same here in Washington. Lack of transparency in Congress helped protect these bailout bonuses in law—passed by the Senate without my vote and signed by the President of the United States. Lack of accountability at the other end of Pennsylvania Avenue speeded this money out the door.

If the President's efforts at bipartisanship had been substantive—more than photo ops and press releases—then we might have delivered a better stimulus bill and not squandered the trust of the American people.

I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

REVOLUTIONARY WAR AND WAR OF 1812 BATTLEFIELD PROTECTION ACT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of H.R. 146, which the clerk will report by title.

The legislative clerk read as follows:

A bill (H.R. 146) to establish a battlefield acquisition grant program for the acquisition and protection of nationally significant battlefields and associated sites of the Revolutionary War and the War of 1812, and for other purposes.

Pending:

Bingaman amendment No. 684, in the nature of a substitute.

Coburn amendment No. 682 (to amendment No. 684), to protect scientists and visitors to Federal lands from unfair penalties for collecting insignificant rocks.

Coburn amendment No. 677 (to amendment No. 684), to require Federal agencies to determine on an annual basis the quantity of land that is owned by each Federal agency and the cost to taxpayers of the ownership of the land.

Coburn amendment No. 683 (to amendment No. 684), to prohibit funding for congressional earmarks for wasteful and parochial pork projects.