that business. But the bottom line is, Mr. Speaker, that today, Tax Day, is a big deal in America.

It's the day that we can stop and think about how lucky, how we have benefited by being in this great country of ours, where we have a great Constitution that protects our liberties. We have great public employees who work hard every day to make sure Americans have good services, teachers, firefighters, police officers, people who work in Head Start every day to try to help the children, people who really get out there and give all they have to help Americans.

It's a great day to just think about how lucky we are as Americans to have the Medicare system to help our seniors, TRICARE to help our soldiers, and now we are going to have over 32 million Americans get health care under the newly passed health care bill. These things, our taxes go to these things, and I am proud that they do.

It means that we live in a society that has compassion, it means we have a society that is responsible, that is going to meet the needs of all Americans, and it means that it is going to be done in a responsible way. Not the way the Republican caucus has done in the past, which is just cuts taxes for the wealthiest Americans and then creates massive deficits, but in a responsible way that's paid for and that broad cross-sections of Americans benefit from.

This is the kind of tax cut that we need. This is the kind of help that we need. Not the Bush-type tax cuts but Obama tax cuts, which go to benefit large percentages of Americans.

Every congressional Republican voted against a tax cut for 95 percent of American families, Mr. Speaker. These 95 percent of Americans, I betcha they are going to be remembering that come November.

Anyway, the fact is that this is a very important day. This is Tax Day. This is the day that we think about our investment in our country. This is the day that we say, you know what? Not everything the government spends money on I agree with, but I am happy that I am in America and can benefit from living in this great country.

Being an American is not free. If you have the income to help pay the dues, to pay the costs of this society, you should help. There is nothing wrong with it. It's not a punishment. Some of our Republican caucus friends will say it's a punishment or taxes are evil or they are bad or something like that. They shouldn't be higher than they are supposed to be, but they ought to be high enough to pay for the needs of the government so we don't have massive deficits.

□ 2115

And yet they have created these massive deficits that Democrats are trying to dig us out of right now.

So let me just say, as I begin to wind down—and just signaling to my Republican Caucus folks that if they're going to take the rest of the time, it might be a good time to think about getting up—the fact is that under Democratic leadership we passed a bill that would promote hiring incentives. We passed health care legislation that would promote health care and small businesses to be getting a tax credit in order to cover Americans to offer them health care. We have offered tax cuts to 95 percent of Americans.

Democrats believe in middle class tax cuts that are responsible and paid for. Democrats believe that it is progressive to put money in the hands of Americans when it doesn't explode deficits and when it does help spur demand and when it does help Americans meet their daily expenses. We're not in favor of huge tax cuts for people who don't really need them—and didn't even ask for them—but we are in favor of responsible tax cuts to middle class Americans.

So on tax day, I joined with you just the other day this weekend in signing my tax form. I owed this year, but as I said goodbye to my money, I knew that if it was going to take care of a kid who needed a meal or give a young soldier the equipment they need in defending our country or to help this country do better and be more effective, well, I'm willing to do that because I think it's my duty as an American to do so.

So with that, I yield back and thank the Speaker for the time.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. TEAGUE). Members must address their remarks in debate to the Chair and not to a viewing audience.

TAX DAY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Texas (Mr. BURGESS) is recognized for 60 minutes as the designee of the minority leader.

Mr. BURGESS. I thank the Speaker for the recognition. I thank the leadership on my side for allowing me to talk this hour.

Mr. Speaker, it is April 15. It is the day that we file our taxes, or in some cases we submit a request for an extension. In the interest of full disclosure, I did submit a request for an extension, not because—well, I will tell you, when I was practicing medicine when I was a physician, my taxes were a great deal more complicated than they are today. But even today it is difficult to keep up with all of those various pieces of paper that you must collect after a year's worth of living and deliver to your accountant in order that they may accurately and correctly assess your taxes. That is one of the things that has always bothered me. It is one thing to pay taxes. The previous gentleman said it's one of our obligations for living in a free society; I don't dispute that—I may dispute the level at which he wants to see us taxed—but at the same time, I don't see why it always has to be so hard. I would like to give people another option, and that's what I want to talk about this evening, Mr. Speaker.

But, actually, first, I do need to talk a little bit about what we just heard over the past hour because it was a wonderful story; but, Mr. Speaker, maybe if we're going to tell stories we ought to start out with, ''Once upon a time'' and end up with, ''And they lived happily ever after.''

The gentleman was quite correct in quoting a poll that said only 12 percent of Americans believe that President Obama has cut taxes. But what do you think is the reason for that? Maybe it's because in the last 15 months taxes in this country have increased by $670 billion and counting, according to the Committee on Ways and Means. Many of these tax hikes include taxes on people whom the President said during his campaign for the Presidency that people would not see a tax increase. And what are some of those? Well, the previous gentleman alluded to the fact that we just passed and the President just signed a massive health care bill. But, really, if we were honest in our discussion about that bill, we would call it a massive tax increase bill because honestly that's what it was. It didn't really have that much to do with health care, but it sure had a lot to do with taxes.

There is going to be a new tax on individuals who don't purchase government-approved insurance. And guess what? That tax will fall on Americans, some Americans who earn less than $200,000 a year, violating the pledge made by President Obama when he was campaigning for the highest office in the land. Now, for most people that's not a great surprise because there were so many promises made that were not kept during that campaign.

Oh, remember things like, I'm going to take public financing for my Presidential campaign. Remember the great transparency hoax that was played upon the American people: oh, sure, we'll create a health care bill and I'll have everybody in around a big table and we'll invite C–SPAN in so you can see who's standing with the special interests and who's standing with the American people. Well, guess what? You didn't get to do that, did you, because that was another promise that wasn't kept.

Well, promises to not raise taxes on Americans earning less than $200,000 a year unfortunately were one of the first casualties of this administration, and the sad thing is it continues to be a casualty of this administration.

What about the new tax on employers who fail to fully comply with the government health insurance mandates? That might fall on some people who earn less than $200,000 a year. It's not going to happen for a couple of years because they did stretch some of these things out in the health care bill; but what about the 40 percent excise tax on some health plans that cost over a certain amount of money? That's the health care plan that costs over a certain amount of money, but it may belong to someone who earns under $200,000 a year or a married couple that earns under $250,000 a year.

What about the ban on the purchase of some over-the-counter drugs for people who happen to have a health savings account or a health reimbursement account? What about the increase in Medicare tax on wages and self-employment income and the imposition of a 3.8 surtax on certain investment income for individuals who earn over certain amounts of money? These are significant changes that occurred in our Tax Code, but they were passed in a health care bill. That's why you didn't know about them; they were hidden in this bill that we passed last month.

Now, for some people, not for all, but for some people with high medical expenses, there is a threshold that has to be met. Your medical expenses have to be more than 7.5 percent of your adjusted gross income before those expenses are tax deductible. Now, to be sure, if someone's medical expenses are over 7.5 percent of their adjusted gross income, that's an individual who spent a good deal of money on medical care that year. You would think that we wouldn't want to punish that person further, but in fact that's just what we did in this health care bill. We raised that threshold to 10 percent. So that means people who have a lot of medical expenses will now have to spend 10 percent of their adjusted gross income before they can begin to deduct those expenses from their income tax.

We've imposed a new $2,500 cap on people who contribute to their own flexible spending accounts. There is going to be a new annual tax on some health insurance policies. There's going to be a new tax on some pharmaceuticals; some of those taxes will fall on people who earn under $200,000 a year.

How about this? A new excise tax on medical devices, a 2.3 percent tax on medical devices. These are class 2 and class 3 devices as defined by the Food and Drug Administration. So, okay, tongue depressors and Band-Aids will not be taxed, but syringes will be. Well, who's going to pay that tax on the syringes? Well, in all likelihood in that instance it is going to be the doctor in the doctor's office because doctors have very little way of passing charges onto the patient because most of their arrangements are contractual with insurance companies or with Medicare and Medicaid, and they're not going to pay the tax. It will be difficult to pass the charge onto the patient because those charges are capped. So, actually, that will be the physician's office that gets to pay those taxes. In fact, Mr. Speaker, everything from lasers to leaches are taxed under this new excise tax that's coming on certain medical devices.

What if you earn under $200,000 a year and happen to go to a tanning salon? Well, guess what? A 10 percent tax on that activity for you even though you earn under $200,000 a year. And there will be a new tax on some self-insured health plans; and, yes, some of those may fall on people who earn under $200,000 a year.

There will be new penalties for nonqualified health savings account distributions. Now, people shouldn't take money out of their health savings accounts unless it's for a health expenditure; but rather than just having that money then convert to taxable income, there is actually going to be a double penalty on those types of purchases. And the list goes on.

The other gentleman did this, so I'll do the same thing. As you can see, there is a significant amount of writing on this page of paper. No, you can't read it from your distance, but I did read many of the things that are contained on this page. And get this, get this: all of these additional taxes, and what did we hear the other day?

Someone floated the notion of a value-added tax, a VAT tax, as a way to deal with the deficit and some of the increase in Federal spending that's going to occur as a consequence of this health care bill that we passed. We heard it a couple of times last spring when we first started talking about this health care bill. Some people came on the Sunday shows and talked about—some people from the administration came on the Sunday shows and talked about a value-added tax, and then all of that talk was tamped down pretty quickly when that trial balloon was met with so much disfavor. But now that the bill has passed, maybe we will need that VAT tax in order to pay for it. That will be a tax increase on some individuals who earn under $200,000 a year.

There is no question that unless this Congress takes some action before the end of the year—and quite honestly, I don't know where the time and energy will come for this Congress to do this, but the tax policies that were enacted in 2001 and 2003 expire at the end of this year. Many of those tax policies will affect people who earn under $200,000 a year. The expiration of a tax policy means we revert to tax levels that were present in 2001. Guess what? That's going to be a tax increase on some people who earn under $200,000 a year.

And what are we going to do about the inheritance tax, the appropriately named ''death tax''? We haven't even talked about that. That is one of those other things that will have to be tackled before the end of the year. Time is running out. It's an election year. People aren't willing to do difficult things during an election year, so it becomes problematic as to whether or not those things will be fixed.

Mr. Speaker, it's often said that there is nothing certain in this life except death and taxes. And I will tell you from the standpoint of a physician that sometimes death is less complicated than our tax system. Let me just give you an example here.

Most of us are familiar with the name Sam Rayburn because, after all, that's who the Rayburn Building is named for. Sam Rayburn was, in fact, my Congressman when I was a small child in the north and northeast Texas area. He served for a long time. When he first came to Congress back in 1913, he was part of a Congress that enacted the Federal income tax. Back in 1913, it was a bill by standards in those days, it was 400 pages. But look what's happened over time. By the end of the Second World War, it was 8,200 pages; by the time a man landed on the Moon it was 16,500 pages. In 1979, when Ronald Reagan won his second term, it was 26,300 pages. When the Republicans took control of Congress, it was over 40,000 pages. In 2004, 60,000 pages. And here we are today, 2010, and it is 71,684 pages long. That's a lot of Tax Code for people to keep up with. And as the complexity has increased, the cost for individuals to comply with their obligations under the Tax Code has increased as well.

And why has this happened? Whose fingerprints are all over all of these pages of the Tax Code? Well, it's the fingerprints of people here in the House of Representatives because under the Constitution all revenue bills have to originate with the House of Representatives.

The Committee on Ways and Means is charged with that tough duty and, as a consequence of trying to appease one constituency or punish another, we've added pages and pages and pages of complexity to the Tax Code. I dare say in various committees today there have been proposals discussed that would either punish or reward American citizens because, in trying to drive a certain type of behavior—maybe towards green jobs or renewable energy as we did in our Committee on Energy and Commerce today—we're going to drive things in a direction where we want the social transformation to occur, and we're going to do that with the Tax Code. Any time we want to punish a special interest group or reward a stakeholder, we add a new credit or a new law to the Tax Code.

□ 2130

The result is a Federal law that is literally fraught with opportunities for avoiding taxes. There are loopholes within the law that people will try to exploit, and some will do it quite successfully. For everyone who exploits a loophole and avoids taxes, some other honest American is going to have to make up that difference or is going to be added to the deficit, and that honest American's children or grandchildren are going to pick up the difference. So, these are things that are not done without consequence and that are not done without penalty. Now, think of this:

The Internal Revenue Service for fiscal year 2010, the current fiscal year, was appropriated an amount of money of almost $12 billion—$11.6 billion, so almost $12 billion—to administer the activities of that Federal agency.

What is a comparable amount?

Well, I'll tell you that is more than what this country spent in defending itself with the missile defense program. Arguably, as to what may become our first line of defense against a rogue state or a nation that means us ill, we spent more on administering the Internal Revenue Service. Guess what? That is only going to increase under the health care bill that passed out of this House a mere 3 or 4 weeks ago.

In fact, within the health care bill, there are provisions for hiring—I do not remember the number exactly, but I think it was over 16,000 new agents for the Internal Revenue Service. We didn't really do much for hiring or for training new doctors or new nurses, but we did add a ton of new IRS agents to administer and to force the new Tax Code changes that were incorporated into that bill. As a consequence, you may have to go to H&R Block for your prenatal care.

The current Tax Code is a significant burden on all Americans. We spend billions of hours and billions of dollars complying, and that doesn't even count the billions of hours that we spend complaining about the Tax Code. The average taxpayer loses about 30 percent of his or her income to Federal, State, and local taxes. That is a greater share of income than is spent on food, clothing, and housing combined. According to the National Taxpayers Union, in 2009, American families and businesses spent almost 8 billion hours complying with the Tax Code. That is 8 billion hours that they weren't spending with their families or engaged in some productive activity. The cost of all of that time spent on complying with the Tax Code is estimated in excess of $110 billion.

In addition to the lost time, last year, Americans paid nearly $30 billion for help in preparing their taxes, using either software programs or tax preparation professionals. That is a little more than $200 for the average taxpayer in the course of the year. Per person, that $200 to comply with the Tax Code doesn't sound like a great deal, but we are in a recession, Mr. Speaker. Americans are struggling to make ends meet. Who wants to be in favor of making Americans waste money that they can ill afford?

The National Taxpayer Union estimates the cost for Federal tax compliance by corporations was nearly $160 billion, which was 54 percent of the corporate income tax collected in fiscal year 2008. In other words, we are spending just as much to comply with the Tax Code but are collecting half as much. The time and money should be spent by families and businesses who are growing the economy and creating jobs.

I mean, after all, what is the one thing the American people want us to do this year? They really weren't so interested in health care. They were interested in national defense, but it still falls pretty low on the scale. The one thing they want us to do is to create a climate, to create an atmosphere, where small businesses feel comfortable about creating jobs and about adding employees. That's our number one charge this year—to grow the economy and to create jobs. It's so simple. I wonder why we can't remember that.

A Gallup Poll out today, Tax Day 2010, shows that 63 percent of Americans believe their taxes will increase in the next 12 months. Again, 63 percent believe their taxes will increase in the next 12 months. That's right. They're not buying that stuff that President Obama cut their taxes, because, as we know, he did not. Only 4 percent expect a change that will reduce their taxes. The tax climate is unsteady and unpredictable for Americans. In addition to not being right, that instability is one of the things that is responsible for the very poor showing we have had with job creation in the last 15 months.

Now, this is some polling done by a group called American Solutions. It is from last year, but I think it is still apropos to the discussion at hand.

Sixty-nine percent of people think that the Federal income tax system is unfair; 70 percent favor tax incentives for companies that keep their headquarters in the U.S. That is not a surprising figure, but look at this: 82 percent of Americans think the option of a single-rate system would give taxpayers the convenience of filing their taxes with just a single sheet of paper. That's 82 percent. As Ronald Reagan used to say, those 80 percent issues are ones that he likes to get behind.

The fact is, if the system were fair and simple, you probably wouldn't have such a high number of people thinking it's unfair. The fact is, if the system were fair and simple, you wouldn't have those billions of dollars spent in tax compliance. It would be pretty straightforward. Now, I talked a little bit about it with that opening list that I went through; but again, it is important to sort of underscore some of the changes that people are going to see this year, not 4 years from now but this year, as a result of the health care bill that was passed last month.

Beginning January 1, 2012, according to the Joint Committee on Taxation, ObamaCare will limit the medical expense deduction, which will raise taxes by $15 billion over 10 years. Under current law, if out-of-pocket medical expenses, including health insurance premiums and medical procedures, are not covered by health insurance and if they exceed 7½ percent of adjusted gross income, these expenses are fully deductible, but it will increase to 10 percent under the bill that we passed. Some of the most expensive and comprehensive health insurance plans don't cover some high-cost medical procedures, such as in vitro fertilization where the cost for the procedure and for the prescription drugs can run as high as $20,000 per treatment cycle, and some families can have multiple cycles within a year. Those are the people who are going to be hit by this change from 7½ percent of adjusted gross income to 10 percent on most Americans. The Joint Committee on Taxation estimates this new limit will affect 14 million taxpayers—or 14.8 million taxpayers, 14.7 of whom will earn less than $200,000 a year at the time that it is put into effect.

There are some things I would like to point out which Steve Forbes wrote in a book a couple of years ago, in a book on the flat tax. It's called the ''Flat Tax Revolution.'' It's probably still available on Amazon. There are some interesting facts that he relates in the book of how Washington really just doesn't get it when they write tax law.

Quoting from the book, in 1989, Senator Bob Packwood requested a revenue forecast from Congress' Joint Committee on Taxation on a hypothetical tax increase, raising the top rate to 100 percent on incomes over $200,000.

So, just as a study, just as an exercise, let's just see what their projection is if we just take all income, every scrap of income, away from people who earn over $200,000. The Joint Committee on Taxation responded by forecasting increased revenues of $204 billion in 1990—and again, these figures are somewhat old—$204 billion in 1990 and increased revenues of $299 billion in 1993.

Essentially, the Joint Committee on Taxation predicted that people would continue to work even if the government taxed them out of every penny they earned. It doesn't sound like they're living in the real world, does it? If you take every penny that people earn, why are they going to set their alarm clocks and go to work the next day? It's likely not going to happen.

A second point that they quoted in the book is that the Congressional Budget Office predicted that the 1986 corporate tax rate increase would raise government revenues from $89 billion to $101 billion. So this is over $10 billion because of the increase in the corporate tax rate. Yet what actually happened is that corporations altered business practices, and revenues decreased to $84 billion. So, instead of getting an additional $10 billion, they actually scored $5 billion less than they would have had they left the tax rate alone.

It's tough because Americans get that. They understand that. If you tell the average American, Hey, next year, your taxes are going to be 100 percent of everything you earn, they're going to say, Fine, I'm not going to work. See ya.

When we think about it, in our committees here in Congress, we say, Well, if you tax everybody at 100 percent, yeah, you're going to bring in some additional revenues. In fact, it will be significantly increased next year and the year after that. Well, that's nonsense. That's not taking into account fundamental human behavior. If you take away everything from people, they're not going to show up for work the next day.

Now, we know what works when it comes to changing the Tax Code. We got a glimpse of it in Ronald Reagan's administration when he cut the taxes in half in 1986. As a result of that reform, the economy grew; revenues increased, and jobs were created.

Nina Olson, in writing in 2007 the National Taxpayer Advocate, talked about simplifying the Tax Code as one of her recommendations, and I'm quoting here: The complexity of the code increases the likelihood that honest taxpayers will make inadvertent mistakes. It creates opportunities for taxpayers to avoid paying their fair share of taxes and makes it difficult for the Internal Revenue Service to administer the tax system. Simplifying the tax law could improve the audit process and allow less of a taxpayer burden.

Well, what a phenomenal idea, simplifying the tax law. Now, who could be against that?

In 1981, there was a simple concept put forth by Robert Hall and Alvin Rabushka. This was revisited in 1995, 15 years ago, by my predecessor in this body, who was former Majority Leader Dick Armey, and most recently in the book that Steve Forbes published on the "Flat Tax Revolution." All of those authors were calling for the same type of tax reform in our Tax Code—that it be flatter, fairer, and more simple.

So what would it look like if we were to do something like that, flatten the tax and broaden the base? Okay. I want everyone to close their eyes and visualize that shoe box or that suitcase full of receipts you took down to your accountant, and then visualize the sheets of paper you're going to get back from your accountant that you're going to have to file unless you file online.

What if it were a great deal more straightforward? What if it were a great deal simpler?

That blueprint would be the flat tax. In fact, there has been legislation that was introduced early last year—H.R. 1040 for the individuals who want to look it up on Thomas. H.R. 1040 allows for a person to opt into a single-rate tax system, to opt into a flat tax.

Why would you have it as an optional? Why would you have it as an opt-in?

Well, we have created this Tax Code, remember, of many, many thousands, tens of thousands of pages, and we've done that to drive behavior in a certain way. So one of the things you wouldn't want to do is change things suddenly. After all, we've encouraged people to comply or to live these very complicated tax lives in order to get the benefits of the tax system. You can't very well just say, well, we're going to change everything overnight, but we could allow people to opt in to a single-rate system. I, for one, would gladly do that. Even if it meant I paid more taxes, I would gladly do that and give up that shoe box full of receipts that I've got to sit down and go through every year with my accountant.

Now, a lot of people are concerned about the home mortgage deduction on things like a flat tax, but if it's an optional flat tax, then you make the decision. You know, the home mortgage deduction in some markets doesn't really amount to as much as it does in other markets. In some areas in Texas, the home mortgage deduction really may be as little as $1,000 a year in real dollars saved by itemizing and going through that exercise with your taxes. In other markets, where real estate prices are quite, quite high—and there are still some of those markets in this country—then it may be prudent to continue with taking that mortgage deduction.

Let's give people the option. Let's give them the choice. If someone has constructed their finances around being in the IRS code, fine. They may stay there. Yet, if someone wants the freedom to get out from beneath that code, we ought to allow them the freedom to do so. We ought to trust Americans to be able to make up their own minds on what would work best for them.

□ 2145

Well, how would this form work? It's really pretty simple. Yes, you are going to need a little personal information. I know the sensitivities to that with the census right now, but some personal information so that the taxes can be properly allocated to the proper individual. Income on one line: wages, tips, compensation. But this does exclude interest, dividends, and capital gains. Interest and dividends would be taxed at the point of origin, not at the point that they are received by the individual. Personal exemptions.

This form was drawn up a couple of years ago. These numbers, in fact, depending upon how incomes have grown, may change a little bit. But essentially the first $36,000 for a family of four would be exempt from income taxes. Married, filing jointly, $25,580. Single head of household, $16,330. Number of dependents multiplied by $5,510. Add those all up. Taxable income, line 1, all income; minus deductions, line 3; line 4, calculate the tax; multiply line 4 by .19; taxes already withheld, subtract that, get a refund or the taxes you owe.

What did that take? Thirty seconds? Forty-five seconds? I read fast. The print was large. How different is that from what you just went through with your accountant? How different is that from what you have been doing with the Tax Code?

If we gave the people the option of simplifying their lives or continuing the Tax Code, I think that over time you would see so many people leave the Code and opt for a simplified system as their lives became more simple, and you would no longer have the need for this great behemoth of an agency we now know as the IRS. It would just simply be a collection, a clearinghouse, for receiving these forms and tallying up the bills.

Now, I went through some of the calculations on the number of hours, the number of dollars. There is no way to calculate, no way to calculate, the hours of stress that the current IRS Code imposes on average, law-abiding Americans. It's impossible to calculate or quantify the number of migraine headaches or tension headaches that are caused by trying to keep up with the IRS forms.

One of the things that people tell me repetitively is, yes, they want to save money where they can, but one of the things they really want is they want some time back in their lives. How important would that be to give that time that is now devoted to compiling and going through check stubs at the end of the year and keeping receipts and keeping up and chasing papers all over the house and trying to run down expenses that you didn't keep up with and now you're trying to go back and recreate those trails—how about giving all that time back to Americans who would prefer to be under a flat tax?

You really do eliminate the special preferences. No double taxation of interest and dividends. This bill creates a single-rate structure. No taxes on dividends. No taxes on savings. We are told all our lives we have got to save money, and how insulting is that when passbook savings rates are extremely low but, on top of that, you have got to pay 25, 30 percent of that in income taxes? It erodes the incentive for saving.

I will give you an example. When I was in the practice of medicine, I thought at one time I need to keep 3 months of what it would cost me to run my practice. I need to keep 3 months in cash where I could get to it quickly if I needed to in order to keep the wolf from the door, if things weren't going well financially.

So I did that, and I got through the year, and everything went okay. And what I found was I was paying the business tax then on that money that I had kept in the business, and when that money was eventually distributed to the partners, the doctors, it was taxed again. So we were doubly taxed on that money.

I didn't do that very long because there's no reason to do that. Tax the money only one time when it's distributed to the partners. Otherwise, there's no reason to keep the money in the business and have to pay taxes on it twice, once when you earn it and once when it's distributed.

But the behavior behind wanting to keep 3 months of operating income, operating capital available to me, that was a good concept. It that was a sound concept. But the Tax Code punished me for doing that. The Tax Code punished me for sound thinking. The Tax Code punished me for being reasonable.

Now, doing the tax via a flat tax would also remove the Clinton tax on Social Security earnings. And one of the things that really got me thinking about the flat tax when Congressman Armey wrote the book in 1995 and introduced the legislation, the tax year 1993, just out of pure serendipity, out of pure coincidence, Bill Clinton's first year in office as President of the United States, he and I earned about the same amount of money. I think I earned just a little bit more, but I may have had a better year.

Of course, the President's income tax filing and the amount of income taxes the President paid were public knowledge. That was printed in a story in the newspaper. So I did a very simple calculation. His salary was X. This was the amount of money he had paid in taxes. So what percentage of his salary did he end up paying in taxes? And the number was within a percentage point or two of around 20, 21 percent. I did the same for my taxes, and I paid 31 percent.

So that led me to a conclusion that there was within our Tax Code the Clinton paradox. Why should two people who earn essentially the same amount of dollars pay a substantially different tax rate?

A flat tax would make a great deal more sense. There would be no reward for perhaps a questionable deduction from your income tax; and, at the same time, we could give people back a significant amount of their time and energy during the course of the year with keeping up with receipts and that quality time that we all spend with our accountant every year. So I credit President Clinton with making me a believer in the concept of a flat tax, because it really came home at that point.

What would happen with a flat tax? You think savings would increase if we stopped punishing people for saving money? It might. Businesses also would be taxed at a flat 19 percent with deductions for goods and services, materials, wages, salaries, and pensions and the purchase of capital equipment, structures, and land. And those capital outlays would be immediately expensed. We saw the power of that in 2003 when the tax policy of 2003 was enacted.

You know, in 2003, a lot of people don't remember it now but we were having trouble with the unemployment rate being high. I think it was up to 6 or 7 percent. And it was a terrible thing that it was that high, and President Bush was to blame for this, and we really needed to hold him accountable for this high unemployment rate.

So, okay, he did something about it. He did something about it with a change in the Tax Code, and that was passed in May of 2003. It was a contentious vote when it happened. But after it passed, by July of 2003, job creation started on an upward trajectory; and really, until September of 2008, every quarter there was an increase in the number of jobs created in this country.

We have got to create between 120,000 and 150,000 jobs every month in this country just to keep up with people that are entering the workforce. So that was an extremely important change in the Tax Code, and one of the things it did was it allowed for immediate expensing of capital outlays rather than a long depreciation schedule in businesses, that the cap on capital outlays was increased significantly, from $10,000 to $30,000. The result was businesses did go out and make that capital investment, did improve their businesses; and, as a consequence, the tax receipts really increased. Jobs increased. And it appeared to me that that was a sound way to go about dealing with a downturn in the economy.

And, Mr. Speaker, I frankly do not understand, do not understand why we will not undertake similar policies today with our unemployment hovering around 10 percent. And one of the most pernicious aspects of that is young people just completing their education are ending up in the ranks of the unemployed and they are losing those early productive years, which may have a deleterious effect on the remainder of their productive lifetime.

It seems like almost any group with whom you speak, regardless of the age demographic, the beginning of the working years in the late teens and early 20s, the pre-retirement age, or those in between, everyone is having difficulty. Every one of those demographic groups is having trouble finding work. And, as a consequence, we are creating what may well turn out to be a longitudinal problem that, should we take the time to solve it now, would really be to our great benefit.

The long-term unemployment numbers are startlingly high. The unemployment numbers for minorities are startlingly high. The unemployment numbers for people who are in their late teens and early 20s are startlingly high. Why wouldn't we consider something that worked as recently as 8 or 9 short years ago? In fact, those policies are going to expire, and we may well make things worse rather than better.

One of the things that I do want to address, and we heard this in the last hour, on Tax Day 2010, are you better off this Tax Day? The little cartoon here says, ''I'm sorry, sir, but you can't claim Citibank, Goldman Sachs, AIG, Bank of America, Wells Fargo, Fannie Mae, Freddie Mac, GM, and Chrysler as dependents.'' So are you better off this Tax Day? You answer the question.

There is an option that we could take to fundamentally transform the tax system in this country, and it would be liberating for individuals and businesses alike. Fundamental tax reform in this country is something the American people are crying for. Eighty percent, according to the American Solutions Study from a year or two ago, want us to do something about that. Through both Democratic and Republican majorities, we have talked about it, but we haven't taken that work on. President Bush convened a tax panel during his second term. The result of that was disappointing. The recommendations were all over the place, and no one really proposed legislation as a consequence of that tax reform panel.

It is incumbent upon this Congress, the next Congress. Regardless of which party is in the majority, it is incumbent upon them to come to some realistic conclusions about simplifying the Tax Code. For too long we have put this burden on our citizens in order to get them to comply with what the previous speaker said was our obligation for living in a free society, and that is the payment of income taxes. For too long we have made that too difficult. We have made that too onerous. And, as a consequence, we have had a deleterious effect on our economy. Right now, our economy is suffering. We would do people a great service by simplifying the Tax Code, unleashing the power of the American economy.

Look, this economy is too vibrant to keep down for too long. Even the United States Congress is not capable of keeping this economy suppressed. The economy will recover. But the recovery will be more robust and more prolonged if we will create a sensible tax policy to go along with that recovery.

□ 2200

THE DIRECTION THAT THIS NATION NEEDS TO GO

The SPEAKER pro tempore. Under the Speaker's announced policy of January 6, 2009, the gentleman from Iowa (Mr. KING) is recognized for 60 minutes.

Mr. KING of Iowa. Mr. Speaker, it's a privilege and honor to have the opportunity to address you here on the floor of the House of Representatives. And having listened to my colleague, Doctor and Congressman BURGESS, speak in the previous segment in the previous hour, I'll pick up on some things that are on my mind and see if we can clarify the direction that this Nation has taken and the direction that this Nation needs to go.

This is tax day, April 15. This is the day that there are a lot of bleary eyes from people that have stayed up way into the night trying to do their own taxes. We have some people out there that have borrowed the money to pay the tax preparer so that they can file their taxes on time. And we have people that have paid the tax preparer to file an extension because they couldn't get their paperwork in on time.

We have a huge amount of American dollars that are invested in paying tax preparers and doing tax preparations. And I often think about this economy that we have and ask the question, you know, what about these sectors of the