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Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable KIRSTEN E. GILLIBRAND, a Senator from the State of New York.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

O Lord, our God, ever living and ever giving, strengthen us to enter into Your purpose and to bring blessings to our world. Kindle such flames of sacred love within the hearts of our Senators that they will be motivated by their passion to please You. Amid all that is transient and temporal, keep them loyal to the transcendent and determined. May they test their actions by their conscience and by their wisdom of Your word and spirit. Lord, strengthen them in every endeavor, empowering them in all that pertains to that righteousness which exalts a nation. Bind them together in the oneness of a shared commitment to You.

We pray in Your sacred Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable KIRSTEN E. GILLIBRAND led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. INOUYE).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 25, 2012.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable KIRSTEN E. GILLIBRAND, a Senator from the State of New York, to perform the duties of the Chair.

DANIEL K. INOUYE,
President pro tempore.

Mrs. GILLIBRAND thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

MIDDLE CLASS TAX CUT ACT—MOTION TO PROCEED

Mr. REID. Madam President, I now move to proceed to Calendar No. 467, the Middle Class Tax Cut Act of 2012.

The ACTING PRESIDENT pro tempore. The clerk will report.

The assistant legislative clerk read as follows:

Motion to proceed to Calendar No. 467, S. 3412, a bill to amend the Internal Revenue Code of 1986 to provide tax relief to middle class families.

SCHEDULE

Mr. REID. Madam President, we are now in the midst of another Republican filibuster. So the time until 2:15 today will be equally divided and controlled between the two leaders or their designees. The Republicans will control the first 30 minutes and the majority will control the second 30 minutes. At 2:15, there will be a cloture vote on the motion to proceed to the Middle Class Tax Cut Act that was just outlined by the clerk.

MEASURE PLACED ON THE CALENDAR—S. 3429

Mr. REID. Madam President, I understand that S. 3429 is at the desk and due for a second reading.

The ACTING PRESIDENT pro tempore. The clerk will report the bill by title for the second time.

The assistant legislative clerk read as follows:

A bill (S. 3429) to require the Secretary of Veterans Affairs to establish a veterans job corps, and for other purposes.

Mr. REID. Madam President, I would object to any further proceedings with respect to this legislation.

The ACTING PRESIDENT pro tempore. Objection having been heard, the bill will be placed on the calendar.

MIDDLE CLASS TAX CUT ACT OF 2012

Mr. REID. Madam President, for the third time in as many weeks, Republicans are poised to kill a tax cut without ever debating it on the Senate floor.

Two weeks ago, Republicans filibustered legislation to cut taxes for small businesses. Last week, they filibustered a bill to end tax breaks for corporations that ship jobs overseas and cut taxes for companies that move jobs back to America. Now they are filibustering our plan to cut taxes for 114 million middle-class families. Not one of these bills has gotten a debate on the Senate floor. So let's look at what led to this latest Republican filibuster.

Two weeks ago, Senator MCCONNELL came to the Senate floor to ask for two votes, one on the Democratic plan to cut taxes for 98 percent of American families and reduce the deficit by about $1 trillion. The other vote he wanted was on the Republican plan to raise taxes by $1,000 each for 25 million middle-class families while handing out tax breaks to millionaires of $160,000 each.

That afternoon, I told the minority leader that Democrats were willing to give Republicans what they said they wanted—those two votes. But although it had been only a few short hours since Senator MCCONNELL asked for those two votes, my offer was refused. He said he had to see our proposal first.

It seemed like a thin excuse at the time. He hadn't seen our proposal when he asked for the votes in the first place, but others within his caucus had seen it, and the staff had seen it, of course. But I took the minority leader at his word.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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So Democrats produced legislation in legislative form, and we offered once again to vote on our bill and on the Republicans' plan to hike middle-class taxes. Again, they refused the up-or-down votes they had asked for. This time they wanted a third vote now, on a different plan, we are told.

We have President Obama's tax plan before us. I am not going to make up some tax plan of the President that they said they are going to do. We have President Obama's tax plan. We have worked hand in glove with him now for months to come to the body with what we have today. So this third vote is again a charade.

The Presiding Officer has a couple of small children. My children aren't so small anymore. But small children being small children, it is very often they have a bedtime tactic that has been used forever. I am sure the Presiding Officer's children—and I know my kids—when they needed to get to sleep always wanted one more story. They would ask for one more story and then one more story. But parents learned and saw this bedtime story for what it is, a delaying tactic to stave off bedtime.

Americans see the Republicans' hollow request for one more vote, a made-up vote, for what it is, an excuse to put off a simple majority vote on the Democrats' plan to cut taxes for the middle class. Of course, we know why Republicans are filibustering our plan to protect the middle class: They know it would pass if we held an up-or-down majority vote on that today.

Our bill has the support of President Obama, it has the support of the Democratic caucus, and it has the support of the American people. A majority of Americans—including a significant majority of Republicans—agree taxes should remain low for the middle class and that the top 2 percent should pay their fair share to reduce the deficit. As I said, the majority of Republicans agree. The only place there is no agreement is with the Republicans in Congress. They once again have decided to obstruct rather than to legislate. So the Senate may not even get to debate the merits of our plan to cut taxes for 98 percent of American families.

There is still time for Republicans to reverse course and drop their filibuster. They owe the American people a serious debate on this proposal.

CYBERSECURITY

Madam President, I hope my friends on the other side of the aisle will allow us to debate a crucial cybersecurity bill before the end of this month. We hope to have a vote on this as early as tomorrow or the next day.

Cybersecurity—a new word, but there is nothing more important to national security than doing something about cybersecurity. If we do not pass this legislation that is now before the Senate, if we don't do something about this, we are told by the experts it is not a question of if; it is a question of when. This legislation is extremely important.

National security experts from the left, the right, and center say weaknesses in our cyber defenses are among the greatest threats facing our Nation—and some say it is the greatest threat facing our Nation. So Congress must act rapidly to address this issue.

The House and Senate must also act before Congress leaves for the August recess to pass the final version of legislation initiating new Iran sanctions.

This past year, the Senate conference has been hard at work to complete this agreement. I have been clear that I expect the negotiations to conclude soon so we can further tighten these sanctions against Iran. Sanctions are critical. It is a critical tool to help stop Iran's nuclear weapons program and ensuring the security of our ally, the State of Israel.

I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

ORDER OF BUSINESS

Under the previous order, the time until 2:15 p.m. will be equally divided or controlled between the two leaders or their designees, with the Republicans controlling the first 30 minutes and the majority controlling the second 30 minutes.

Mr. JOHANNS. Madam President, I come to the floor to discuss a wholly predictable and foreseeable economic disaster. I ask why the Senate continues to waste valuable time while we continue barrelling toward a fiscal cliff.

In a little more than 5 months, the current tax rates are scheduled to expire for every single American, resulting in the largest tax increase in history.

It is hard to imagine this massive tax increase is what the President wants. Just 2 years ago, he warned that we absolutely should not raise taxes in a poor economy. Yet today the economy is actually in worse shape.

So what does the President do? He calls for raising taxes on job creators, on small business owners filing as individuals, on investment income, on all those things that actually drive economic prosperity and hiring.

Their favorite talking point claims that all those making more than $250,000 should just be taxed more. While those families reporting income of more than $250,000 may only make up about 2 percent of all tax returns, it is these citizens who are the owners of small businesses that employ 25 percent of America's workforce. These are the same small business owners that created two-thirds of the net jobs in the last decade.

I hear from small business owners in Nebraska every day, and they tell me if faced with a more expensive tax bill, they will be forced to cut costs elsewhere.

In fact, according to the global accounting firm Ernst & Young, the Democrats' tax plan would result in 710,000 fewer jobs compared to simply keeping the current rate the same for all Americans.

The economic wreckage resulting from the tax hike doesn't stop there. In the same study, Ernst & Young estimates these reckless policies will drive wages of hardworking Americans down by 1.8 percent.

Furthermore, investment is estimated to decrease 2.4 percent as the tax on dividends increases. Well, what is apparent here? What is apparent is that less investment means less economic activity, which means fewer jobs, and it is really that straightforward. It is really that simple.

The President and the Senate Democrats apparently disagree over just how much to increase our taxes on dividend income. It is one of the few areas where their plans are not in lockstep, but both plans increase the dividend tax rate nonetheless. While their rhetoric continues to lambaste the ultrawealthy, make no mistake, this tax increase will affect the vast majority of the middle class. When examining historical IRS data, it is revealed that 68 percent of all tax returns showing dividend income are from those Americans with incomes below $100,000.

While adding insult to injury, the President has proposed to increase taxes on the estate of deceased loved ones as well. My friends on the other side of the aisle not only pick up the President's proposal but they make it worse. Believe it or not, they want to tax even more estates at even higher rates than the President. It is astonishing, and unfortunately this reversal on the death tax will disproportionately impact agricultural States such as Nebraska.

In their opposition to the Democratic bill, the Nebraska Farm Bureau and the Nebraska Cattlemen state that allowing the estate tax exemption to fall to $1 million would subject the typical full-time farm or ranch to the increased estate tax rate of—get this—55 percent.

Madam President, I ask unanimous consent that the letters from these two groups be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NEBRASKA FARM BUREAU FEDERATION,
Lincoln, NE, July 24, 2012.

Hon. MIKE JOHANNS,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR JOHANNS: On behalf of the over 56,000 members of the Nebraska Farm Bureau Federation, I am writing today to inform you that congressional action to extend current tax law is urgently needed to provide stability to our nation's farmers and ranchers. Now is not the time to raise taxes on an industry that is struggling with high production costs and extreme weather uncertainties. Farm Bureau opposes S. 3412, the Middle Class Tax Cut Act because of the tax increase it will impose on our industry.

Estate taxes are especially troublesome for farmers and ranchers. S. 3412 fails to provide any estate tax relief which would allow a $1 million per person exemption and 55 percent top rate to be reinstated on January 1, 2013. A $1 million exemption is not high enough to protect a typical farm or ranch able to support a family from estate taxes and, when coupled with a top rate of 55 percent, will make it especially difficult for farm and ranch businesses to transition from one generation to the next.

Capital gains taxes also have a significant impact on farming and ranching, impeding new farmers wanting to enter agriculture and discouraging operations from upgrading and expanding. Extending lower rates for taxpayers making under $250,000 does not mitigate the damage since the sale of farm assets tends to produce a one-time income surge likely to push a farmer or rancher over the threshold.

Farm Bureau believes that estate taxes should be repealed and capital gains taxes permanently lowered. We support passage of S. 3423, the Tax Hike Prevention Act of 2012, to temporarily extend tax relief for all Americans and to put Congress on a path toward fundamental reform.

Thank you for your consideration of our position and the work you continue to do on behalf of Nebraska agriculture.

Sincerely,

STEPHEN D. NELSON,
President.

NEBRASKA CATTLEMEN,
Lincoln, NE, July 24, 2012.

Hon. Senator MIKE JOHANNS,
Russell Senate Office Building,
Washington, DC.

DEAR SENATOR JOHANNS: On behalf of the members of Nebraska Cattlemen, I write to you to encourage you to support the generational transfer of Nebraska farms and ranches. One of the highest priorities of the men and women who raise Nebraska beef is to ensure that their land, cattle and other business assets are passed on to their children as easily as possible.

It is our understanding that the Senate will be considering a tax bill tomorrow that ignores farmers and ranchers by proposing that the estate tax revert back to pre-2001 levels. These hurdles of a one million dollar exemption and a 55% tax rate will trip farmers and ranchers causing many to fall out of the race of producing quality food.

We encourage you to vote ''no'' on this detrimental piece of tax language and hold to your commitment to make the estate tax recognize the importance of family agriculture.

Sincerely,

MICHAEL KELSEY,
Executive Vice President.

Mr. JOHANNS. According to the Tax Policy Center, the Senate Democrats' estate tax plan would hit over 48,000 estates with a $40.5 billion tax bill compared to an extension of the current rates. While an extension of current estate tax rates is not perfect—I believe it should be repealed permanently—it is far better than putting over 48,000 families, a large percent of them farmers and ranchers on the death tax rolls. I have said over and over again that death should not be a taxable event. Families should not have to sell the family business and lay off their employees to pay Uncle Sam a 55-percent tax rate on the value of the estate.

All of these ill-advised tax policies taken together add up to bad news for our economy and our country, bad news for our workers, and bad news for every American. The National Federation of Independent Business estimates that the tax increases would result in a U.S. economy that is 1.3 percent smaller than it is today, and that is an outcome for which none of us should strive.

So what is the alternative? Just last week the senior Senator from Washington laid out the Democrats' plan if they don't get their way on raising taxes: Hold the economy hostage and go over the fiscal cliff; make sure everybody's taxes go up by the largest amount in the Nation's history; let the $110 billion sequester for this year strip our military of the resources it needs to keep us safe and impact domestic programs; let the alternative minimum tax wreak havoc on our middle class, with the exemption actually falling below the median household income.

In Nebraska alone, the nonpartisan Congressional Research Service estimates for 2012 there will be over 134,000 potential AMT tax returns compared to 16,000 in 2009. All told, this fiscal cliff will cost us between 3 percent and 5 percent of our entire gross domestic product, trillions of dollars in destroyed wealth, and a CBO-predicted economic recession. That is the plan, and it is astonishing to me that the Democrats would go to these lengths just to raise taxes on our country's economic engine.

My friends on the other side of the aisle will claim that taxes must be raised to address the mammoth deficit. Make no mistake, attacking our deficit should be job No. 1. However, on actual analysis we see that the Democrats' claim is nothing but a mirage. According to the nonpartisan Joint Committee on Taxation, the difference between the Democrats' plan to increase taxes and a simple extension of all the current tax rates is not even enough to cover 5 days of our government spending. It is only three-tenths of 1 percent of our crushing $16 trillion national debt. This simply is not about our national debt or about deficits; it is about an ideological statement and nothing more.

After today's failed vote on these tax increases, it is my hope that we can get together and practice some common sense. Common sense would tell me, let's not raise taxes in a struggling economy. That used to be the President's position before he was up for reelection. Let's not punish our job creators and small business owners, let's not punish our senior citizens and other savers who rely on dividend income, and let's not hinder passing down family farms and ranches from one generation to the next. Let's extend the current rates for as long as it takes to get to work on comprehensive tax reform and actually solve the problems of our Tax Code. Let's get serious and start working on the business that Americans sent us here to do. A massive tax increase will drive our economy to its knees and bring about another recession. We can't afford that.

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

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

The ACTING PRESIDENT pro tempore. The Senator from Nevada.

Mr. HELLER. Madam President, I ask unanimous consent that the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HELLER. Madam President, Reagan once joked that if anyone wants to understand Washington, DC, just look at how they designed the roads—it is full of circles. We don't have too many roundabouts in Nevada, but in Washington, DC, it seems to be part of the culture. Unfortunately, today Washington is going around in circles again. This time it is about whether Congress should raise taxes on small businesses at a time when our economy is struggling to grow.

The sad reality is that we all live in a country with a temporary tax code. Right now there is no certainty for an entrepreneur to start a new endeavor. There is no certainty for a small business that wants to hire a new employee. There is no certainty for businesses to invest in new equipment or in new buildings.

What makes the situation worse is that the American public is now hearing from the majority party that they are willing to take our country off the fiscal cliff, regardless of the economic damage it may cause, by raising taxes, resulting in a smaller economy, fewer jobs, less investment, and lower wages.

President Obama said in 2009:

> You don't raise taxes in a recession . . . because that would just suck up, take more demand out of the economy and put businesses in a further hole.

I agreed with that statement in 2009, and I agree with that statement today.

Let me give my colleagues another quote from President Obama after he supported extending all of the tax rates for 2 years in 2010:

> The bipartisan framework we have forged on taxes . . . will provide businesses with incentives to invest, grow, and hire.

I supported this bipartisan framework as a Member of the House of Representatives. Yet, today, in a complete 180-degree turn, raising taxes and going over the fiscal cliff seems to be the new economic agenda.

The plan the majority party and the President are offering will cost Nevadans more than 6,000 jobs and will shrink the State's economy by $1.7 billion. Let me repeat that. The plan of the majority party and this President will cost Nevadans 6,000 jobs and shrink the economy $1.7 billion. Nationwide, this plan will hurt more than 700,000 jobs. Is this really the economic strategy Washington should be embracing? My home State of Nevada leads the Nation in unemployment at 11.6 percent. We cannot afford to lose another 6,000 jobs.

Divisive, partisan politics does a great disservice to every American who is either out of work or has taken a pay cut. Those who stay up late at night are wondering how they are going to make their mortgage payments, put food on their tables, or clothe their children. While people across our country are struggling to get by, the Senate majority is pushing legislation that will actually hurt job creation.

Congress should do everything within its power to encourage economic growth, and that begins with providing America with tax certainty. It is true that our current Tax Code is too costly, too complex, and too burdensome. There is no question that the Tax Code is unfair and needs an overhaul. But the best this President and the Senate majority can do is push a tax hike designed for nothing more than perceived campaign sound bites.

Instead of election-year campaign gimmicks, let's have an honest discussion on fundamental tax reform. Last summer I reached out to President Obama to offer to work with him to fundamentally reform the Tax Code in a way that would broaden the tax base by eliminating and closing loopholes and reducing the marginal tax rates both on individuals and businesses. This was an issue I worked on in the House as a member of the Ways and Means Committee and I continue to advocate here in the Senate. Yet here we are today, and instead of debating fundamental tax reform we are taking another show vote on a tax proposal that would raise taxes on small businesses and cost jobs. Again, it will cost Nevada 6,000 jobs.

The Senate was created by our Founding Fathers to be the deliberative body. Yet once again we find ourselves in a situation in which we will be unable to have an open debate on an issue that will affect every single American taxpayer.

The Senate should be debating all tax proposals on a bipartisan basis and working to find consensus on areas to increase American competitiveness. Yet instead of providing our Nation's job creators with clarity and economic certainty, some of my colleagues would rather engage in messaging for a perceived political gain. Raising taxes will do nothing to create jobs in Nevada or this Nation.

As the fiscal cliff draws nearer and nearer, the job growth remains stagnant. Congress should focus on long-term economic solutions that provide businesses the certainty they need to create jobs.

Thank you, Mr. President. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BENNET). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

RECOGNITION OF THE MINORITY LEADER

The Republican leader is recognized.

THE ECONOMY

Mr. MCCONNELL. Mr. President, for nearly 4 years now, Democratic leaders in Washington have claimed to want what is best for the economy but done just about everything you can think of from a policy perspective to actually undermine the economy.

Whether it is overwhelming businesses with redtape, burdening them with costly new health care laws or punting on major economic decisions until after the election, Democrats have done everything you would expect of a party more focused on centralizing power in Washington than reviving a weak economy.

And, of course, we have the results to show for it. As a result of the Democrats' policies, we have fewer jobs today than the day the President took office, more signed up for disability assistance last month than got jobs—more people signed up for disability assistance last month than got jobs—and the percentage of Americans who actually can work but are not is at the lowest point literally in decades.

This is the sad legacy of this President's economic policies. And later today we will have a chance to cast a vote for more of the same or for a plan that will help us get off of this hamster wheel we have been on for the past 3½ years.

I am referring, of course, to the very different proposals we will vote on today for dealing with a looming tax hike coming in January: the Republican plan, which gives every American not only the certainty that their income taxes will not go up at the end of the year but that Congress will deliver meaningful tax reform within a year, and the Senate Democratic plan which raises taxes on a million small business owners at a moment when we are counting on them to create jobs, raises taxes on thousands of family farmers and small business owners grieving the loss of a loved one, leaves a middle-class tax hike in place, and reforms absolutely nothing.

We would also like to vote on the President's plan, though it appears our Democratic friends will deny the President his vote.

I will leave it to others to explain the finer points of these plans. But one thing stands out. As I have indicated, the thing that stands out is the Democratic proposal to raise the death tax. This is one of their bright ideas to revive the economy: to raise the death tax. It dramatically lowers the exemption level, so more families actually get hit by it, and dramatically increases the amount of the tax itself. Under their plan, family members who inherit a farm or a ranch would have to write a check for 55 percent—55 percent—of the value of the property and equipment above $1 million, all but guaranteeing that tens of thousands of small and mid-size family businesses across the country will be broken up and handed over to the government instead of passed on to the next generation.

Look, I know some Democrats will try to justify their vote on this stunningly bad proposal by saying they will deal with the assault on family farms later. Wrong. The Democratic bill we will vote on today, by not addressing the problem, makes the tax liability for these families even worse. A vote for the Democratic plan is to vote to put these farms and ranches literally out of business. There will be no standalone bill signed into law on the death tax, and anyone who says otherwise is not being straight with the American people.

But there is one big difference between our plan and theirs. The most important difference is this: Only ours is aimed at helping the economy; only ours is aimed at helping the economy; only ours is meant to help struggling Americans in the midst of a historic jobs crisis. Theirs is meant to deflect attention from their continued failure to reverse this economic situation.

Throughout this entire debate, not a single Democrat has come forward to claim that raising taxes on job creators will help the economy. Nobody is claiming that because they cannot. The real motives are based on an ideological agenda, not an economic one.

Ordinarily, Republicans would do everything we can to keep a plan as damaging as the Democrats' plan from passing, and the only reason we will not block it today is we know it does not pass constitutional muster and will not become law because it did not originate in the House. If the Democrats were serious, they would proceed to a House-originated revenue bill, as the Constitution requires.

That said, the potential consequences of inaction on this issue are so grave that the American people deserve to know where their elected representatives really stand—truly stand—on this issue.

That is why I am announcing this morning Republicans will allow a simple majority vote—a simple majority vote—on the two proposals I have described, and that is why we are also calling for a simple majority vote on the President's plan. He is the leader of the Democratic Party. He has been calling for a vote on his plan. I for one think we ought to give the President what he is asking for: a vote on his plan.

So what I am saying here this morning is, we will have a simple majority vote on the Senate Democratic plan, on the Republican plan, to make sure no one's income taxes go up at the end of the year, and I would also recommend we have a simple majority vote on the President's plan.

The only way to force people to take a stand is to make sure today's votes truly count. By setting these votes at a 50-vote threshold, nobody on the other side can hide behind a procedural vote while leaving their views on the actual bill itself a mystery—a simple mystery—to the people who sent them here. That is what today's votes are all about: about showing the people who sent us here where we stand.

We owe it to the American people to let them know whether we actually think it is a good idea to double down on the failed economic policies of the past few years or whether we support a new approach, whether we think it is a good idea to raise taxes on nearly a million business owners at a moment when millions of Americans are struggling to find work or to do no harm and commit to future reform.

Three votes, two visions. Three votes, two visions. The American people should know where we stand, and today they will.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. BEGICH). The Senator from Connecticut.

Mr. LIEBERMAN. I thank the Chair.

Mr. President, I suppose Senator MCCONNELL, the leader, has given a preface as to what I want to say. I think the American people should know where we stand on these important questions. That is why I come to the floor, to indicate that I will vote in favor of proceeding to debate on S. 3412, Senator REID's proposal to amend the Internal Revenue Code of 1986. But if the matter does come to a full discussion and debate on the floor, as I hope it will, I will not vote for it in its current form, and I want to explain why.

I feel strongly that the first thing the American people want us to do is get the economy going again so that the economy is creating jobs. I am convinced the best thing Congress can do to restore economic growth and job creation is to enact a comprehensive, bipartisan plan to balance our budget along the lines of the Bowles-Simpson Commission recommendations.

Unfortunately, S. 3412, which is the so-called middle-class tax cut—which would extend the existing reduced tax rates on couples making less than $250,000, but would raise taxes on others making more than that—does not represent such a plan. In other words, it is not a bipartisan plan to balance our budget in a way that will create job growth.

Its enactment at this time, in my opinion, would only serve to preclude debate and action on exactly the broader type of reforms we need to fix our broken Federal Government fiscal system. Just imposing across-the-board tax increases for individuals and small businesses that make over $250,000 a year is neither tax reform nor the balanced deficit reduction agreement our country needs right now.

I do not hesitate, and I will not hesitate, as part of this kind of balanced, bipartisan debt reduction—hopefully, debt elimination—plan to vote to increase the amount of taxes that the wealthiest Americans are paying. But I will not do that as part of a scattershot approach. It has to be part of a program that reduces spending, that reforms spending on our entitlement programs—which are the fastest growing element of our Federal budget—and that reforms our tax system. The bill before us is not such a plan.

I have said over and over that there is plenty of time this year to get a bipartisan, balanced budget program passed in Congress, and that I would vote against both the President's partial repeal of the so-called Bush tax cuts and the Republican plan to extend all the cuts for another year. I think we can do better this year, and I think we must do better. I know that is exactly what our constituents want us to do.

We can cut spending, adopt tax reform, and entitlement reform. While that hope is alive, I am going to vote against both partial measures and proposals to put off the tough decisions about our economic future that our constituents elected us to make. I think both the Democratic plan, which is the subject before us right now in this motion to proceed, and Senator HATCH's plan do not make it. They are partial, and they basically kick the can down the road again without solving our economic problems. Giving the private sector the confidence about our future to invest the trillions of dollars in cash they are sitting on now—which is the only thing that will get our economy growing and creating more jobs; and the private sector businesses will not do that today because they do not know where this government of ours is going—they do not have a sense of certainty and confidence.

So as I said, if for some reason the process that the Senate is facing today changes, and both the Democratic plan to raise taxes on people over $250,000 comes up for a vote and Senator HATCH's Tax Hike Prevention Act, which extends all the tax cuts for another year, comes up, I will vote against both of them because I do not think they do what our country needs to be done.

There is plenty of time, as I said, left this year to do what we have to do.

Why am I going to vote to proceed to debate on either or both of these if I am opposed to each of them as they are drafted? It is because I think there is nothing more important we could do in this Congress than to begin to confront and debate the challenge of our time, which is to get our Federal Government back in balance, to make the tough decisions that will do that, and thereby get our economy going and creating jobs again.

Debate, yes. Let's not hide from debate. Let's confront it and deal with it as quickly as we can. But these two proposals, in my opinion, do not do what our economy needs to be done.

I will say a final word about the deep hole we are in and about the idea of raising taxes on everybody making more than $250,000, but raising no taxes on people making less than $250,000. The truth is we are in a deep hole in this country. We are heading toward what has now begun to be popularly called the fiscal cliff. The challenge to our government is whether we are going to have the courage, the honesty, the leadership qualities to come together across party lines and protect our economy and our country before we begin to go over the fiscal cliff.

I know that requires us to make difficult decisions. Maybe it is easier for me to say because I am not running for reelection this year, but I honestly believe what the American people would most like us to do is to do what we think is right, to do something that does not seem like conventional politics, to have the guts to enact tax reform, entitlement reform, and cut spending. That is really what they want us to do because that is what they know the country needs us to do.

Let me come back to this $250,000. I know it is politically appealing, but the truth is to balance our budget again we are going to have to ask most every American to give a little something so our country will grow and everybody will benefit. Sure, the people who are making the most should pay more in revenue, but I think we are at a point where we cannot simply say to what we generally describe as the middle class that they do not have to give anything else. I think that would be wrong. That is not consistent with the revenue system we have now, which is a progressive and fair system. I want to build on that, reform it in some ways to make it more constructive and make it more likely to incentivize growth in our economy. But let's not take anything off the table. Our economy, as precarious as it is, as it faces very uncertain effects from economic troubles in Europe and even in China now, I think we have to be very careful about raising anybody's taxes in the short run; that is, next year.

What we need is a long-term balanced debt reduction program for America. So that is why I will vote to proceed to vote for debate on these subjects we desperately need, but neither the Democratic or Republican approaches do what this country needs. Therefore, if they come to the floor and we have a debate, I will try to amend them with something like the Bowles-Simpson recommendations. If that fails, I will vote against them because we can do better than that, and the American people have a right to expect that we will.

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

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

Mr. COONS. Mr. President, I rise to speak to the issue on the floor before the Senate, the vote we will take later today on two competing plans for our path forward. As the Presiding Officer and I and all of the Members of this Chamber know, our national debt and our deficit are enormous. They are unsustainable. Last week an array of our colleagues on the other side of the aisle came to the Senate floor one after the other to make exactly that point.

Members of both parties agree excessive debt hurts our competitiveness, that it causes interest rates to rise, and it crowds out critical investments in our country's future. My own experience in the private sector and 6 years of tough budget balancing as a county executive in my home State of Delaware taught me how important it is to have responsible budget processes in place to manage our way through difficult financial times, to create opportunity for our communities while still reducing our deficits and debt.

There is no question that high debt levels lead to lower growth in the long run, and it can restrain or starve or strangle the dreams of our communities, our children, for our future. Our deficit and debt is a ticking time bomb, and everyone—Republicans and Democrats, Independents, economists, experts, working families, small business owners, the American people—knows that we want to and have to deal with it. But the key, in my view, is to deal with this problem responsibly and fairly and in a way that reflects America's best.

Our debt is neither a Republican nor a Democratic problem but a shared and structural problem. It took both parties to get us into this mess, and it will take both parties working together to dig us out. Each Member of this body must take responsibility and look at what is best for the next generation not just for winning the next election.

For my part, I am going to continue to fight for balanced and responsible deficit reduction. If the American people can share in the sacrifice in our cities and counties and States all over this country, as they are already doing in my home State of Delaware, then Republicans and Democrats have to show that we too can come together and find a way to compromise.

It is time we recognize a sobering realty: If we are going to plug the hole in national balance sheets, if we are going to avoid the fate of Europe—and it is a big hole in the bottom of America's balance sheet—while still continuing to invest in our future and in the strength and promise and opportunity of our communities, we have to find a more responsible, more fair balance between spending cuts and revenue increases.

We simply cannot achieve the level of savings we need through spending cuts alone. Drastic cuts, dramatic cuts, across-the-board cuts violate our very values and will drive down the possibility of recovery and growth in the future. Spending cuts must be a central part of the solution to our budget problem. But the fact is revenue must also play a meaningful role. We need balance. That is the only way to provide the economic certainty necessary to sustain a recovery and, in my view, the only way to sustain investments that are critical for our future.

Let's be clear about some rhetoric we have heard both out in the country and in this Chamber. The United States does not begrudge success. We, as Democrats, in this Chamber do not resent those who have achieved, who have succeeded. In fact, that is the engine that for generations has drawn people from around the world to this country and has pulled people forward: the hopes and dreams of those who see reason to the work in this country because of the promise of opportunity, the very real history of entrepreneurship, of risk taking, and the very great rewards this country provides those who succeed beyond their wildest dreams through hard work, through innovation, through creativity.

No, we do not resent or reject wealth and success in this Chamber or in this country. In fact, we admire it and want to create the groundwork for a whole new generation of Americans to achieve the successes of the last generation. If we are going to do right by the next generation of Bill Gateses or Warren Buffetts, that requires us to find solutions that make our tax system fairer and to prevent burdening the next generation of Americans with a crushing national debt.

President Lyndon Johnson once said:

> It is not just enough to open the gates of opportunity, all of our citizens have to have the ability to walk through those gates.

The ability of future Americans to walk through those gates, I believe, requires sustainable investments in our future, in our schools and teachers so our children can compete in the global economy and we can keep improving public education and infrastructure; so our businesses can move their products and ideas as fast as our competitors can on our roads and rails and broadband, in research and development; so America can continue to be a world leader in innovation and scientific breakthroughs.

We all know health care costs are among the greatest drivers of our mounting national deficits and debt. We have two paths forward: One, where we cut and constrain and reduce spending, and another where we invest in basic science and research, where we innovate and where we cure our way out of these challenges. I think this latter way of investing in our schools, our infrastructure, our innovation, and in finding path-breaking cures is more true to the American spirit.

Cuts to essential services and programs are already deep. Although this is not broadly known throughout the country, sacrifices have already been made here, and pennies are already being pinched from programs that, in my view, serve the people who can least afford them.

In my home State of Delaware, due to choices we have made here, we have already seen cuts to critical programs such as heating assistance to low-income families and programs such as the community development block grants. Home programs were cut roughly 30 percent in last year's budget, programs that for so long have supported affordable housing for the disabled, for seniors, and for low-income families.

We must continue to make cuts across the board to move our way toward a sustainable Federal deficit. But cuts alone cannot responsibly make our path forward, and we have seen proposals in the other Chamber that would decimate vital safety net programs such as Medicare and Medicaid, shifting the burden of deficit reduction to our most vulnerable citizens. We need to bring balance back to how we solve these problems. We need to do it in a way that puts a circle of protection around those who are most vulnerable in our society.

In previous generations that served in this Chamber, when they came together and reached the resolutions that solved our country's fiscal problems, in 1983, for example, they put a circle of protection around the most vulnerable Americans. They chose not to slash or cut or eliminate those programs that were focused on the most vulnerable in our society: the disabled, low-income seniors, and children in the earliest stages of life.

I think it is important that we remember those values as we look at the choices we make today and as we come together in the months leading up to the election—and, hopefully, after the election—to craft a solution to our structural problem.

Today on the floor the Senate is considering the other piece of the equation from cuts, revenue. We have a stark choice between us today. We have two plans: a Reid plan and a Hatch plan. We have a Democratic proposal and a Republican proposal. Let me put this in some context that I think has been missing in some of the speeches I have heard on the floor earlier today.

In both cases these are plans that make choices about which of our existing tax cuts, which of the existing tax expenditures we will allow to expire and which we will extend. There is a lot of talk about the coming taxmageddon, about the greatest one-time tax increase in American history. But let's be clear. What we are talking about is tax cuts that were enacted in

2001 and 2003 and other tax cuts that were enacted in 2009, 2010, and whether they should be extended or whether these temporary tax cuts should be allowed to be that and expire.

We have two starkly different plans. In one, the Republican plan, they extend all of the Bush tax cuts, even for the highest income earners, even on the marginal rates of the highest income earners. The Democratic plan extends and does not allow to expire critical tax cuts: the earned-income tax credit, the tuition tax credit, and the child tax credit that 25 million Americans—the working poor, working families with children—rely on to get through this difficult recession.

The Republican plan allows all three of those to expire, and thus, to use their language, raises taxes on 25 million of the working poor. It should be an obscenity for there to be people who are working full time and get poor in this country. This is a country, as I said before, of opportunity; the place to which millions have come over generations from around the world seeking the opportunity of this country.

Yet, today, and especially in this economy, ''working poor'' has real meaning, as the rate of poverty has risen to alarming levels, where one in six is poor today, which is the highest since the 1960s. The economic inequality and lack of opportunity and justice for those who are the poorest is at an alarming rate.

We also have, as I said before, a structural challenge before us, a deficit and debt that we must deal with. So the Democratic plan that is on the floor today, which we will vote on today—on whether this body wants to proceed to take a deciding vote on it—would allow the marginal tax rate above $200,000 for individuals, $250,000 for couples, to return to the Clinton era.

Let's be clear because I think this is often lost. Under the Democratic tax plan, we would continue tax breaks for all Americans who earn income and for all small businesses that are revenue-earning but just on the first $200,000 of individual income or $250,000 of couple income. So even the millionaires and billionaires would continue to get some of the benefit of the tax breaks first enacted in 2001 and 2003. What would be raised is the tax rate on income above $250,000 per couple. So everybody continues to get some tax advantage, but the excessive—the highest reductions in tax burden on the very wealthiest Americans we would allow to expire.

What would the impact be on our deficit and debt? It would be $850 billion over 10 years, which, with the interest savings, is nearly $1 trillion in deficit and debt reduction. These are significant savings. If we ask the wealthiest 2 percent of Americans to take on that burden, to go back to the interest rates on marginal income that they lived through in the Clinton era, what might that do? It will significantly reduce the deficit and debt and make it possible for us to sustain the earned-income tax credit, the tuition tax credit, and the child tax credit, and, frankly, it will reflect our values.

This recession has brought an alarming rise in the rate of poverty. I believe our faith traditions—and we come from a very broad range of faith traditions—speak to us and challenge us to show our values. As the Vice President, who held the seat in Delaware before me, has so often said, his father once said to him: Show me your budget, and I will show you your values.

Psalm 72 teaches us that to defend the cause of the poor and to give deliverance to the needy is one of our highest callings. It is repeated throughout the books of the Torah and the New Testament—in many faith traditions all across this country. To reject this deliverance to the needy, to reject the circle of protection for the neediest in our society and instead say that we will extend ad infinitum the tax breaks for the wealthiest Americans defies American values and our greatest tradition of creating and sustaining opportunity while protecting the most vulnerable among us.

I think our belief in the American dream and our commitment to basic fairness and responsible problem-solving calls us forward to vote for the Reid plan.

This bill is not a substitute for the comprehensive tax reform our Nation truly needs. We need tax reform that simplifies the Tax Code and closes many unsustainable and costly loopholes while lowering rates and broadening the base. In the current political environment, I believe this bill, to which I hope this body will turn, is the best chance we have at retaining these important tax credits and opportunities for the working poor while bringing some sanity to the rates at the highest end and asking those who benefited the most to contribute to solving our problems.

Last week I got a letter from Judith in Talleyville, Delaware, who wrote my office saying this:

> Millionaires and billionaires must be asked to pay their fair share toward economic recovery.

Judith puts her finger on the crux of the issue. If we are going to address our deficit crisis and resolve the hole at the bottom of America's balance sheet in a way that reflects our core values, I believe we must move to and consider and pass the Reid plan in this Senate this day.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. HATCH. Mr. President, today we are debating the proposal of the Senate Democratic leadership to raise taxes on the American people. Pursuit of this tax hike strategy is clearly being instigated by the President's reelection efforts. I suspect that many of my friends on the other side are very uncomfortable with this strategy. I can think of a number of Senate Democrats whose constituents would be surprised to learn their Senator supports tax increases on small businesses, an increase in the alternative minimum tax, and hikes in the death tax.

With the economy still on the ropes, I think they would be surprised to learn their Senators supported a tax hike strategy that might win some votes but at the risk of sparking a recession. That is what the President wants. We will see if that is what he gets. He has pitched his tax hike plan as a way to be fiscally responsible. That could not be further from the truth. One need only look at the treatment of the House budget by my friends on the other side. That budget received more votes than any other budget considered by the Senate, including the phantom budget advanced by the Senate Democratic caucus. The House budget provided $180 billion more in deficit reduction than the President's budget for 2013. The House budget's extra deficit reduction of $180 billion exceeds the differences in deficit impact between the proposal I introduced with my friend and colleague, the Republican leader, and the proposal advanced by my Democratic friends. That is true even if you apply the other side's distorted and misleading accounting of the differences between the two proposals. More on that in a moment.

When we hear our friends on the other side say they must risk going off the fiscal cliff for deficit reduction, consider this: They rejected out-of-hand spending restraints that provided more deficit reduction than is at stake here today.

Not only are the deficit reduction numbers phony, but the President and his Democratic allies in the Senate have repeatedly suggested that they are willing to intentionally drive our economy off what Fed Chairman Ben Bernanke has called the fiscal cliff in order to make a political argument about the top marginal tax rates.

The President thinks he has struck political gold with this argument. He will be able to run for reelection on a platform of raising taxes under the mantle of deficit reduction. Now, this might be politically advantageous, but I doubt it.

I do know that from a fiscal and economic perspective, the President's signature proposal threatens serious damage to our already fragile economy. The President's tax increases on those he deems ''the rich'' in fact represent a massive tax hike on the small businesses that are necessary for economic and job growth. Moreover, until he gets his way on raising taxes on these small businesses, he is threatening every single American taxpayer with a tax hike. Like a petulant child, he is insisting that it is his way or the highway. We have had far too much of that. He will get his way on raising taxes on the small businessmen and entrepreneurs—who find no shelter in today's Democratic coalition of unions, lawyers, and government employees—or he will let the current tax relief expire, raising taxes on all Americans. This is the antithesis of statesmanship at a time when our economy requires serious direction. It is the political equivalent of a temper tantrum. I expect that American voters will have about as much patience for this as they would a similar fit from their children. The American people want a grownup in the White House, but on tax policy we appear to be dealing with adolescence.

I have said before that the President's proposal is the policy equivalent of Thelma and Louise intentionally driving their convertible off a cliff. The difference is that there is at least some ambiguity left about the fate of Thelma and Louise. If the President gets his way and either raises taxes on small businesses or denies relief to all American taxpayers, there will be no ambiguity about whom to hold responsible when our economy crashes.

When a liberal Democratic President has lost the New York Times, he has lost America. Even the Times understands what is coming if the President continues to put the pedal to the floor and drive us over the fiscal cliff. The Times wrote that ''with the economy having slowed in recent weeks, business leaders and policy makers are growing concerned that the tax increases and government spending cuts set to take effect at year's end have already begun to cause companies to hold back on hiring and investments.''

That is 100 percent right. The election is not for another 3 months, and already the President's lack of direction and the threats emanating from Democratic leadership about letting the tax relief expire are leading businesses to slow down. How can businesses plan for next year and how can they make hiring or investment decisions when they have no idea what their tax rates are going to be? They simply can't. And the President and Senate Democratic leadership, with their delay and confusion about how to extend this tax relief, are doing absolutely nothing to inspire confidence in these job creators.

Rather than address the expiration of the 2001 and 2003 bipartisan tax relief, we have been debating campaign commercials masquerading as serious legislation. Last week the Senate wasted its time on yet another piece of legislation that had absolutely no chance of becoming law and zero prospects for creating jobs. It is worth comparing the puny impact of the bill considered last week to the size of the coming tax hikes—tax hikes so large that the Washington Post has referred to their impending arrival as ''taxmageddon.''

Referring to this chart, look at the impact of the 20-percent credit versus taxmageddon over the next 10 years. The Bring Jobs Home Act would only cost about $87 billion. Taxmageddon is going to cost us $4.538 trillion.

Make no mistake, our small businesses and our economy face an existential threat at the end of 2012. Yet the majority leader schedules votes that generate campaign fodder rather than jobs or lasting economic growth.

Facing a fragile recovery and a weak jobs market, President Obama seems content to sit idly by and allow the scheduled $4.5 trillion tax hike to occur just to make a populist political argument about the need for the so-called rich to pay what he thinks is their fair share. Congress needs to act now in order to prevent this tax hike on America's families, individuals, and job creators.

Look at this chart again—the difference between the Bring Jobs Home Act and taxmageddon. It is clear that they are driving us off the cliff, and they are willing to do it for political reasons.

It is critically important for our economy and the American people that we act now to extend the bipartisan tax relief originally signed into law by President Bush and extended by President Obama back in 2010.

As you can see on the chart, the tax legislation to-do list, nothing was done on tax extenders, although we are willing to work on that with our committee chairman in the Finance Committee; nothing was done on the AMT patch, but we are willing to work on that in the overall scope of things; and nothing was done on death tax reform. In fact, the suggestion by the Democrats is to increase it so that all the small farms—or many of them—will get hammered with taxes, along with a lot of small businesses. Nothing was done to prevent the 2013 tax hikes. No, no, no, no on everything.

This is the most crucial piece of legislation Congress can address this year. If we allow this tax relief to expire as scheduled, almost every Federal income taxpayer in America will see an increase in their rates. Yet that is what our friends on the other side said they are going to do if they don't get their way—like petulant children. Some will see a rate increase of 9 percent. Others will see a rate increase of as much as 87 percent.

Because the vast majority of small businesses are flowthrough business entities, any increase in tax rates for individuals necessarily means that those small businesses will get hit with a tax increase. This tax increase lands on these small business owners even if they do not take one penny out of their business. That is what the Democrats are going to do to them. They are willing to go off the cliff and do this. Our economy simply cannot afford to take on such a fiscal shock.

It was just in 2010 when the President said the economy was so fragile we needed to carry over the 2001 and 2003 tax cuts.

We are in worse shape today than we were in 2010, but unfortunately—or fortunately—we are in an election year. Unfortunately, the President is playing games with these very serious matters.

Our economy simply cannot afford to take on such a fiscal shock. Economists estimate if these current tax rates are allowed to expire, the economy could contract by approximately 3 percentage points. Considering the first quarter GDP growth was 1.9 percent and that expectations are even lower for the second quarter growth—that will be reported this Friday—going over the fiscal cliff would almost certainly throw us into a recession.

I don't know many economists who would disagree with that. Certainly the Fed doesn't disagree. We are going to go into a recession if the Democrats get their way. We could even slip into recession in the second half of this year, given reluctance of businesses to hire and invest due to fiscal uncertainty.

For the President and others who argue we should raise the top two tax rates in the name of fiscal responsibility, I would just like to point out a few things. The Senate majority leader introduced his tax bill—one that largely mirrors the President's proposal—under the auspices of deficit reduction. It closely adheres to the Democratic talking point that the only thing standing between our deficits and fiscal stability is the current top marginal tax rates. We have heard this argument for a year and a half, with the President and his Democratic allies insisting it is not their out-of-control spending that got us into this mess but the Republicans' refusal to allow for tax hikes on the so-called rich.

That is laughable. This argument sounds nice, but it is belied by the actual facts. According to the Joint Committee on Taxation, an apples-to-apples comparison of the Democrats' tax proposal and the proposal I introduced with my friend the Republican leader shows a difference of $54.5 billion. The Democrats' bill—which raises the top rates and expands the death tax, while patching the AMT for 1 year—is scored at $249.7 billion, and the score of my bill—without the 2013 AMT patch—is $304.2 billion.

So we have a debt that is fast approaching $16 trillion. Taxes are set to go up by $4.5 trillion, and Senate Democrats are crowing about their fiscal responsibility, threatening to drive the economy off the cliff, over $54.5 billion worth of tax relief? I believe this is called missing the forest for the trees. In order to satisfy their urge to redistribute $54 billion of taxpayer dollars, they are willing to risk a recession and see taxes go up by $4.5 trillion.

The President recently claimed we need to raise the top two tax rates because ''it's a major driver of our deficits.'' The numbers show this is plain and simple nonsense. The real difference between the Democratic and Republican plans is only $54.5 billion—or about 5 percent of the deficit. That represents .34 percent of our national debt. To put it another way: The Democrats' tax hike proposal would only provide enough additional revenue to pay for 5 days of Federal Government spending—5 days of Federal Government spending.

It is also worth noting what exactly the Democrats' refusal to provide 2 years of AMT relief means for their constituents. If Senate Democrats do not patch the AMT in 2013, their AMT will take away over 40 percent of the tax relief they claim to be providing with their bill. This is their prerogative, but I hope the hometown papers in northern Virginia, New Jersey, New York, Florida, and Colorado are paying attention. I hope they are paying close attention to what a lack of AMT relief will mean for middle-income families in those States.

These tax proposals, in the end, have nothing to do with sound tax policy that maximizes economic growth, and they have nothing to do with deficit reduction. They have everything to do with pursuing an antique economic philosophy that is principally concerned with running down the economy's job creators and entrepreneurs.

The explicit tax policy is only the half of it. We learned yesterday from the Congressional Budget Office the true tax bill for ObamaCare is over $1 trillion. We were promised there wouldn't be any tax increases. It is the biggest fiasco I have seen around here in almost the whole time I have been here. In fact, I can't think of anything bigger.

All the new ObamaCare regulations will cost McDonald's franchisees alone more than $400 million in health care costs. The President might think Ray Kroc did not build McDonald's, but this is delusional. He might view the small businessman who took a chance and opened those franchises as not especially smart, not responsible for his own success, but this is a view that could only be embraced by an academic and activist who has no experience in the private sector.

The Joint Committee on Taxation tells us that 53 percent of all flowthrough business income in the United States would be subject to the President's proposed tax hikes. Take that, small business. The President is saying: We don't care about you, I guess. I do, and Republicans certainly do.

The President's proposal would take the marginal tax rate on small businesses from 33 percent and 35 percent to 39.6 percent and 41 percent, respectively. Look at this chart. This is the increase to small business—the top marginal rates. As we can see, it goes up from 33, 35 to 40 and 41 percent. How could that not help but ruin our economy? This is the kind of economic thinking we are putting up with around here, and it is all coming from the White House. Our friends on the other side apparently don't want to take the White House on. It is an increase of 17 to 24 percent on the marginal tax rates for small businesses.

Ernst & Young recently released a study showing these proposed tax hikes—on top of ObamaCare's 3.8 percent tax increase—on dividends, interest and capital gains would reduce our economic output by 1.3 percent. The Ernst & Young study also found that real aftertax wages would fall by 1.8 percent as a result of President Obama's policies.

Not surprisingly, the study noted 54 percent of the entire private sector workforce is employed by flowthrough businesses, such as S corporations and partnerships, the majority of which would see their taxes go up under the President's plan.

That is where the jobs are. What kind of thinking are they willing to accept on the other side of the aisle? It is hard for me to believe. There isn't a person over there I don't care for. It is hard for me to believe they are not willing to stand up to this President and say: Hey, the game is over.

The truth is many of the people targeted by Democrats as wealthy are, in fact, middle-income, small business owners who spent their whole lives building up a business, then selling it and falling into the top bracket just for the year of the sale.

Consider a real-life example provided by the Associated Builders and Contractors. A husband and wife from Pennsylvania who retired to Florida owned an S corporation. In 2009, the couple paid no Federal income tax because they did not have enough taxable income to owe any tax. In 2010, when they sold their business, their adjusted gross income was about $780,000, and they paid $170,000 in taxes. If they had not sold their business in 2010, they would have paid no taxes. So the onetime sale of the business, built up over many years, caused these small business owners to be in one of the two top brackets for just 1 year, after years of building their business and then having to sell it and have this catastrophe fall on them.

Yet the President would have the American people believe this couple is part of some rich elite who are refusing to pay their fair share. That is not all or, as Ron Popiel would say: But wait, there is more.

Last week, before the ink was even dry on the Democratic leader's small business tax hike legislation, the bill was changed to substantially increase—get this—the death tax. Why was that? Because they found there was only $28 billion difference between the Democratic bill and our bill, and they wanted to find a way to get it up to $50 billion, which is, as I said, 5 days of spending around here.

It might be hard to believe, but this proposal is even worse than President Obama's. The proposal by the Democratic leader would impose the death tax on 15 times the number of estates than under current tax policy, according to the Joint Committee on Taxation—the nonpartisan Joint Committee on Taxation. It would increase the number of estates hit by the death tax from 3,600 estates to 55,200. According to the Joint Committee on Taxation, 24 times more farming estates would be hit by the Democrats' death tax proposal.

What is going on over there? These are intelligent people—our friends on the other side. How can they possibly live with this?

According to the Joint Committee on Taxation, 24 times more farming estates would be hit by the Democrats' death tax proposal which they wrote in here. I have to believe they just did it so they could raise the difference between the two bills from $28 billion—3 days' spending by the Federal Government—to a little over $50 billion—5 days' spending. Let's call it 8 days' spending. The number of small businesses hit by this death tax spike would grow by 13 times.

What would that do to the incentives for people to build small businesses, small businesses that could become big businesses and employ thousands of people? This proposal would subject 2,400 percent more farms and 1,300 percent more small businesses to the death tax.

Farmers work all their lives hoping to leave their farm to their children. They will have to sell the farm to be able to pay the death taxes our friends on the other side have written into this bill. They can't be serious. But they are. I would like to be a fly on the wall when some Members of this body go home and attempt to defend their support for a proposal effectively designed to hobble small businesses and family farms.

The President might think it is no big deal. I am sure he has never been on a farm, other than since he has been President. I am not sure he has ever worked with a small business. He has been a community organizer. That is important, but that doesn't necessarily qualify someone for President. After all, according to the President, those farmers and businessmen were not responsible for their success anyway.

I am going to give the President the benefit of the doubt on that one. I think maybe he misspoke. But I sometimes believe, in the President's view, he thinks these folks aren't very smart; they owe it all to the bureaucrats stationed at the Departments of Agriculture and Labor and their helpful investment-creating regulations. We all know about those, don't we? The sweat and tears and sacrifice of the families and individuals who create and run small businesses have nothing on the hard work and commitment of the mid-level bureaucrats who make their success possible.

But my guess is that some Members of this body have a slightly more nuanced understanding of the importance of these farms and businesses to their communities, on both sides of the aisle. They have to.

There is a limit to what this President should ask of my Democratic friends, and he is asking way too much. They should stand up and say, We have had it. We are not going to do this.

It seems clear what the agenda of the Senate should be. We should be focused like hawks on preventing

Taxmageddon. We should be focused on job creation. Yet instead of addressing these important matters, President Obama and his Democratic allies are spinning their wheels trying to raise taxes on politically unpopular groups. Even the Democrats' treasured Keynesian economics says you do not raise taxes in a weak economy if you want to create more jobs.

The President is devoting his entire reelection campaign toward tax hiking in the name of fairness. We have voted twice on proposals to raise taxes on oil and gas companies for no other reason than that Democratic pollsters found the President's base does not like oil and gas companies. Then a few months ago, we voted on the silly Buffett rule. This was not serious tax policy. It was a statutory talking point—and not a very good one at that. Then there was last week's bill on overseas investment that was little more than a campaign advertisement with cosponsors.

The American people are tired of these political stunts. They are tired of the Senate doing nothing. They are tired of the Senate bringing up bills that aren't going to go anywhere. Every minute Democrats spend playing politics is a minute we fail to prevent the largest tax increase in American history. But instead of working to prevent this massive tax hike on small businesses, the President and the congressional Democratic leadership have doubled down on their tax hike strategy.

Believe it or not, while doubling down on their tax hike strategy, our friends on the other side are pushing the canard that the Hatch-McConnell proposal is a tax hike. Yesterday, one of our colleagues—who I won't name, though he named me—said the following:

> Republicans claim not to want to raise taxes, but the Republican tax bill would let very popular lower and middle-class provisions expire that would cost 25 million Americans an average of $1,000 each. Under the Republican bill, 12 million families would see an end to the—a smaller child tax credit. Six million families would lose their earned income tax credit and 11 million families would lose their American opportunity tax credit.

A little over 11 years ago, one-fourth of the Democratic caucus supported the bipartisan 2001 relief plan which is the foundation of the policy underlying the Hatch-McConnell bill. At that time, the Joint Committee on Taxation showed that the bill distributed an across-the-board tax cut which made the Tax Code more progressive. The 2003 bill was passed on a narrower bipartisan basis and extended on a broader bipartisan basis in 2004 and 2006—bipartisan. The Joint Committee on Taxation data showed that, against current law, the fiscal cliff my friends are threatening is, not surprisingly, basically the same as it was in 2001, 2003, and 2006.

In other words, the Hatch-McConnell proposal provides across-the-board tax relief benefiting virtually every income tax payer, yielding a tax system that is more progressive than we would face if we went over the fiscal cliff. Let me repeat that.

The Hatch-McConnell proposal provides across-the-board tax relief benefiting virtually every income tax payer, yielding a tax system that is more progressive than what we would face if we went over the fiscal cliff. The Joint Committee on Taxation analysis indicates a similar result today.

To be sure, if you count continuous stimulus checks issued by the government to folks who do not pay income tax as tax cuts, the Democrats' proposal does more of that than the Hatch-McConnell proposal. There is no question about that. But when is it going to end? Is the upper 49 percent going to have to continue to carry everything in this country?

Under Federal budget law, those continuous stimulus checks are counted in the main as spending. I would say to the colleague I referred to a moment ago that if the Democrats want to use that talking point—one at odds with conventional budget accounting—it is a free country. But if Democrats are going to make that strained and tortured charge, then they should also answer for the failure of their bill to patch the AMT for the year they claim to be delivering middle-income tax relief.

Their plan exposes 28 million middle-income families to a stealth tax increase of over $3,500 per family. So while they claim that our bill raises taxes by cutting stimulus spending, they are mum on the massive tax increase on 28 million American families implicated in their own bill. I think we might have a case here of folks in glass houses throwing stones.

Make no mistake, Taxmageddon is coming. The only good news is that Congress can prevent this historic tax increase from happening. As I mentioned, I have a bill I have introduced with Senator MCCONNELL—S. 3413, the Tax Hike Prevention Act of 2012—which will prevent this historic tax increase and will pave the way for tax reform in 2013. That is where my focus will be until Taxmageddon is averted. I hope my colleagues will join me in preventing this looming tax increase from being imposed on the American people.

Forty of my colleagues on the other side of the aisle voted to temporarily extend this tax relief in 2010, recognizing that we were in financial difficulty—we are in worse difficulty today—and they should do so again. At that time, President Obama said it would be foolish to raise taxes during an economic downturn, and he acted accordingly. I respect him for that. But he is not acting that way now. This is an election year.

Our economy remains weak today. In fact, it is weaker in terms of growth in GDP than it was at the end of 2010, and incoming data clearly point to even more slowing in the economy as uncertainty from the fiscal cliff has begun to strangle hiring and investment. My friends on the other side have got to wake up to these facts. The only thing that appears to have changed is that President Obama has apparently chosen the path of class warfare and is pursuing a politics-driven tax agenda.

I remember days in the past when my friends on the other side would rise up against even their own President when it came to good economics. I hope they will again, but it appears that it is not so today. My hope is my colleagues, who have supported this tax relief in the past, will put the President's shortsighted and self-interested partisanship aside and vote on behalf of their constituents in favor of S. 3413 to extend this tax relief to America's families and small businesses.

For the sake of the more than 12.7 million unemployed Americans, my hope is that we act to prevent the President's campaign drive to malign small businesses and raise their taxes, and that it does not get in the way of sound tax policy and job creation. To put us through this for a difference of a little more than $50 billion between the two bills is amazing to me. That amounts to about 5 days of Federal spending. And to do this because the President wants it done? Sometimes it is good for this body to stand up and say, Mr. President, you are going too far.

What have I proposed? I proposed that since it is even worse than 2010, when the President thought it was the wise thing to do in a fragile economy that we put over the 2001, 2003 tax cuts for 1 year—1 year—and that we strike out a new force in this Senate and in the House to do tax reform in that year on a bipartisan basis.

I don't believe that is an unreasonable request, especially under the circumstances that we have seen with the potential of Taxmageddon. I actually believe it would be very wise on the part of all Senators to do exactly that. And wouldn't it be wonderful if we could work together for a change over the next year, knowing that year is devoted to tax reform.

Madam President, I ask unanimous consent to have a letter dated July 25, 2012, from the Associated Builders and Contractors printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ASSOCIATED BUILDERS
AND CONTRACTORS. INC.,
Arlington, VA, July 25, 2012.

U.S. SENATE,
Washington, DC.

DEAR SENATOR: On behalf of Associated Builders and Contractors (ABC), a national association with 74 chapters representing 22,000 merit shop construction and construction—related firms, I am writing to express strong opposition to the Middle Class Tax Cut Act of 2012 (S. 3412), an ill-considered measure that would amount to a massive tax increase on business income, capital investment, and succession.

Per the National Federation of Independent Businesses, 14 percent of small business employers will see a double-digit rate increase under this bill, foisting a large tax hike on nearly one million job creators at the worst possible time. According to a new study by Ernst & Young, these tax increases would cost more than 700,000 American jobs and reduce the economy by 1.3 percent while diminishing wages and capital investment. With roughly 80 percent of commercial contractors paying business income taxes at the individual level, this scenario would disproportionately harm the construction industry.

Worse yet, the resurgent estate tax burden enabled by this bill will harm family businesses across the spectrum. Absent explicit congressional action, uncertain business owners would be faced with an escalated 55 percent rate with a severely diminished $1 million exemption. According to the National Small Business Association, one-third of all small business owners would be forced to sell outright or liquidate a significant portion of their company to pay this punitive tax. In a capital-intensive industry such as construction, with a large proportion of closely-held and family-owned businesses, a reversion to pre-2001 estate tax levels would be nothing short of disastrous.

Rather than exposing nearly one in seven job creators to a perilous fiscal cliff, Congress must act swiftly to extend current tax policies as a bridge to comprehensive tax reform. The Hatch-McConnell alternative plan would do just that, continuing the 2001 and 2003 rates while abiding by the bipartisan estate tax compromise reached in 2010 and providing for a path to reform the code.

ABC strongly opposes the small business tax hikes contained in S. 3412, and urges a NO vote for cloture on the motion to proceed.

Sincerely,

GEOFFREY BURR,
Vice President,
Federal Affairs.

Mr. HATCH. Madam President, I yearn for the day when we can see both sides come together and work together—work together in the best interests of the country.

We know this Presidential election is close. We know they are virtually in a tie right now. Let that play itself out, but let's do what is right here. Let's not hammer small business. Let's not have the biggest tax increase in history. Let's not put this country into a recession—and maybe even a depression. It was irresponsible, in my eyes, for any Democrat or any Republican to say that if you don't give us what we want, we are going to allow Thelma and Louise to go off the cliff. And we are Thelma and Louise in this situation.

We can work together on an economic program that hopefully everybody in this body—or at least the vast majority—can support in a bipartisan way.

I hope we can get through this. I am very concerned about our country and very concerned about the way these types of things are being brought up in this election year.

I will make one last comment. The Senate is not being run like the Senate. We are not going according to the regular order. We are not going through the committees. It is pure politics. I expect a little bit of that, but I don't expect everything to be pure politics. When our side isn't even given a chance in many circumstances to bring up amendments in the greatest deliberative body in the world, you can see why there are some bad feelings around here. And it is all being done to protect some Members here rather than doing what is right for the economy and for our country. We have got to wake up and start doing things in a little better fashion around here. I hope we can.

I hope my colleagues on the other side will accept my suggestion here. It is done in good faith. I believe we can dedicate next year to tax reform, and I believe we can get it done if we work together. I believe we can bring this country out of the morass it is in. And I suspect if my colleagues on the other side will support what I have suggested here today, the economy will start to turn around almost immediately. It seems to me it would be to their benefit in this Presidential election year, even though I don't trust what some have done in the past.

Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Alaska.

Mr. BEGICH. Madam President, I am going to deviate for a moment from my prepared comments. I listened to my good friend and colleague from Utah, Senator HATCH. I respect him greatly. As perhaps the only person who actually runs a small business, I wish to comment on a few things and comment on this important piece of legislation we have in front of us.

Small business is defined not by the SBA, which is 500 and below. When I talk to small businesspeople, they wish they had 500 employees. It would be a dream, but it is not a fact. We have to be careful about the numbers, and there are a lot of numbers being thrown around.

There was the story about the gentleman from Florida who sold his business and paid more taxes. I will be corrected if necessary, but when someone sells their small business, they pay capital gains tax, which is about 15 percent. So when they make more money when they sell their business—I have sold several of my small businesses over the years, and if someone doesn't reinvest, they pay a certain rate, and when they reinvest, they can bypass it through an exchange afforded through the Tax Code.

My friend from Utah sits on the Finance Committee. I am guessing the small businessperson had a pretty good rate, 15 points, which isn't bad. Let me also make sure and be very clear, again, there are a lot of numbers thrown around. The bills are very simple. They both cost money. One costs $930 billion over the next 10 years and one costs $250 billion. The proposal my friend from Utah suggested costs $930 billion over 10 years. That is how the Congressional Budget Office scores these things. We can argue if we agree or disagree. It is amazing on days they like the numbers they agree, on days they don't like the numbers they disagree.

The Congressional Budget Office is the Congressional Budget Office. I don't like the group. I like the people. I think they have a black magic box there and come up with numbers. The fact is, those are the numbers. That is the bipartisan organization that is selected by this body jointly to determine these numbers. We can argue over them after the fact. For example, when this extension that my friend talks about over there that in just 1 more year—how many times have we heard that? I have heard it twice since I have been here. It was a 10-year deal when it was first passed that would bring this relief and this growth and this economy beyond our belief. In the last 3½ years, I don't know, the economy crashed. It is recovering now and struggling.

When I came here, they said: We need to extend it for just 2 years to help the economy. So we extended it. I voted to extend them all for 2 years. I am not doing that again. We can't afford it. For 2 years, we had this extension that was supposed to boom the economy. We have had a slow-growth economy. The people growing this economy are the small businesspeople. These are the people who have 25 or less employees. They are the real small businesspeople.

As a matter of fact, this bill—and I heard the number. Again, I ask people to listen to the numbers and the twisted commentary that everybody gives on both sides. In Alaska, we say it how it is. Here are the facts, and we saw them in the documents, whatever may be presented to us. Ninety-seven percent of the small businesses in this country will not see a tax increase because they are real small businesspeople.

When we walk out of this building and we go down the street for lunch and see the restaurateurs that are operating, there are not 500 employees. There are 10 or 15 employees. I talked to the owner at the Alaska Growth Company today. He has 15 employees. The largest SBA lender, bigger than Wells Fargo, bigger than Key Bank, bigger than all of them, has 15 employees. That is a small business. Those are the people we are talking about.

I respect my friend. He has been a lawyer all his life. I am not a lawyer. No disrespect to lawyers. I am a small businessperson. That is where I made my living, that is where I make my living, and that is where our family makes our living. Let's make sure it is clear what we are talking about.

When the Senator talked about—I can't remember the exact percentage—but 54 percent of these dollars are passed through. He talked about dollars. Yes, because the 3 percent or the employers who have over 25 or 50 employees have huge revenue streams. The small businesspeople in this economy, 97 percent of them make less than $250,000 net income. That is what we are talking about. I think every small business would love to have net income over $250,000. They strive for it every day. I know I do in my small business. I hope every day we achieve these numbers. As the public listens carefully to the debate and as the minority leader said earlier today, there is a difference, a clear difference. We cannot afford their bill. The taxpayers cannot afford their bill. It is $930 billion over the next 10 years, plus interest costs. I heard over and over from the other side, 40 percent of what we borrow is—we have to borrow to pay our bills. Forty percent of everything we pay, we have to borrow. Where are they getting the $930 billion? Where is that coming from? It costs money, it costs interest, and we don't have it because over the last decade and a half Democrats and Republicans spent like there was no tomorrow. Tomorrow is here.

We have to determine what our priorities are. Despite the fear tactics being laid out, I support small businesses 100 percent. Many bills I presented and supported over the last 3½ years were about protecting and growing our small business. Define a real small business. There are people who have to take their credit cards and figure out how to get capital because banks will not give them the money. They have a dream of an opportunity and people look at them and say: How much money do you have in the bank? You can mortgage your two homes or one home or you can put everything up that you have as collateral, plus maybe your first born. I have been through this.

My wife started her small business with a small investment out of her retirement funds, her own funds, and a small $30,000 SBA loan. Just as a side note, I get so frustrated when I hear these ads, everyone is going to exaggerate what they hear and see. I am sure, whatever I say today, in 2 years they will take a couple words and use them against me. I expect that. They will say whatever they want. That is what opponents do in campaigns. It is too bad we can't talk about the issues.

I am not here to defend the President. The President gets to defend himself. That is what he does. I have disagreed with the President more than once. I have disagreed with my national party more than once. His point is when we build a business, there are other elements that help build it.

For my wife's business, it was an SBA loan. I had a vending business. When I had those trucks on the street, those roads were built by a collective group of taxpayers who helped to build those roads. It is a combination of those things. Don't get me wrong. It is the blood, sweat, and tears of small businesses and the people who come up with the dreams and ideas that create these businesses and push it forward.

So I sat here patiently. As I was presiding, I listened. The numbers are simple. One costs more, one costs less. The taxpayers can't afford it. As I said, 2 years ago, I supported the extension because I was told we were going to invest. We were going to grow this economy significantly. We have grown it on the backs of small businesspeople. That is on whom we have grown this economy. That is where the fastest growing population of new employees are coming from.

To my friend on the other side of the aisle, we gave that idea a shot. It didn't perform. I have to say as to Thelma and Louise—a scene I hear about all the time—thank God they were driving an American car. My bet is they landed safely on the other side wherever they went. But the fact is, it was in this body—and I heard the same arguments on the other side: We can't help our auto industry; we can't help them out of what they are struggling with—we took a calculated risk to support those businesses that manufacture and employ people and today they are thriving because this body said we are going to take a risk. Again, Thelma and Louise, thank you for driving an American car.

This is simple. It is about making sure 98 percent of Americans today continue to have tax relief. It is about 97 percent of the businesses continuing to have tax relief—small businesses. It is important that we do this not only for the economy but for these families who are struggling. There are 300,000 families in Alaska alone who will benefit from this relief.

There is a comment that I think Senator LIEBERMAN said earlier, and I recognize his point. His point is we should have real tax reform. I agree and that is why I sponsored a bill with Senator WYDEN and Senator COATS on real tax reform. We are moving down the path, but we have to keep doing some things here. We have to do some things that keep the economy moving forward in the right direction.

A typical family of four in Alaska, if not without this relief, will pay another $2,200 a year in taxes. A married couple making $80,000 with one teenager at home and another in college will see their taxes go up by $2,250. A couple earning $130,000 with one child will see their taxes go up $4,000. I could go on and on. We have choices to make, and they are not going to be fun. Those days are gone. They did that in the last decade and a half when they had all kinds of money to spend. We are in a different situation. We have to make choices of whom we invest in to grow this economy.

I will invest in the small business community, the 97 percent that will continue to receive tax relief under this bill and the 98 percent of Middle America who are working every day to try to make ends meet. These are the folks I am focused on.

I recognize my colleagues on the other side want to again see massive tax reform. We have not had it since the early 1980s. I have not been here since then. I know a lot of these guys have been here a long time and sit on the Finance Committee and other committees. Do it. I am all game for amendments on the floor. I am all game for that. We did it on the farm bill. I believe we had 80 amendments. We had a ton of amendments on the Transportation bill. It doesn't bother me one darn bit. Vote on whatever we need to and move on. Let's move this economy forward and keep moving forward on the legislation that is critical.

Let me end on one point. I respect my colleagues on the other side. We agree many times and sometimes we disagree. Today we disagree on this issue. We don't have the money. We have to limit where we can put our resources and target them in the best way we can.

As I said, I voted a couple years ago for this extension on everything and more layoffs occurred in these big companies and certain things happened that didn't show the economy growth. One thing did happen. Small businesses did grow. For the first time in 5 years, home prices reported last week are up. New home starts are up for the first time in many months. Why are those up? Because the small business community and Middle America are starting to put money into those areas. That is important because that will grow this economy and grow it beyond our belief over the next decade, plus.

But for us to say we can still have the train moving at the speed we were moving at before the crash, we can't do it. We can't extend these tax rates for everyone. They want us to give a little, so we are asking the top 2 percent to give a little bit. At the end of the year, my guess is we are not going to extend the payroll tax. We can't afford it, so that means people on the other end will have to give a little bit. As my friend Senator LIEBERMAN said, everyone needs to give a little bit. Yes, we are going to do that.

From my end, I see the give and take and tough decisions that are necessary. That is what we were elected for, and that is why we are here. To keep business as usual and say: Just for 1 more year, we will do tax reform someday, well, that day is here. There is no tomorrow, and we have to make tough calls. So why not give the relief to the real 97 percent of small businesses?

Again, I have to clarify. I have a sub S. I have an LLC. I understand this. One comment my friend said was even if the owner didn't take a dime—I have a small business where I didn't take a dime. My LLC made money. I paid not corporate, but I paid a passthrough through me because I get a sub S, which is a combination of corporations.

The point is everyone needs to give a little to make it happen and make it work. Today we are asking one group to give a little but making sure the bulk of our economy continues to move forward. We want to make sure the 300,000 Alaskans whom I see on a regular basis still get the relief; for the small businesses that are creating jobs and creating a dream where they have to put a max on their charge cards to build the businesses because they can't get capital from the banks, or spending time cashing out their retirement because they believe in their dreams, that this might be their opportunity, these are the people I want to support.

So, again, I appreciate the time. I wish we had more than what happens when we come down, we speak, we leave; we come down, we speak, we leave. There is no real give-and-take. I wish my friend from Utah was still here. We could have a great conversation about the data he used. But here is one simple point: One costs about $1 trillion, one costs about $150 billion. We can afford the lower cost option which protects 98 percent of the people in this country, giving them relief, and 97 percent of our small businesses.

Thank you, Madam President. I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Minnesota.

Mr. FRANKEN. Madam President, I wish to thank the Senator from North Dakota, Mr. HOEVEN, for his courtesy of allowing me to speak now so that I may take the Chair and listen to his speech.

I rise today to urge my colleagues to support our economic recovery, endorse fiscal responsibility, and bolster the middle class by voting to extend tax cuts on income up to $250,000.

Minnesotans are still struggling, and we need to act now so people making under $250,000 can keep their tax cuts. Middle-class families need every bit of help they can get. At the same time, we need to make sure the richest 2 percent of Americans are paying their fair share so we can pay down the deficit. It would be irresponsible not to.

Thanks to the policies of the Recovery Act, we emerged from one of the worst recessions in generations and actually stopped it from becoming the second Great Depression. That being said, too many working families are still struggling to find work, pay their rents or their mortgages, find affordable childcare, and send their kids to college. By extending tax cuts to these families, we will be putting money in their pockets and, in turn, they will likely go out and spend that money in their communities, at their local small businesses, and further bolster recovery.

My colleagues on the other side of the aisle look at this a bit differently. They have put forward a proposal that would extend tax cuts on income over $250,000 for a year as well, which would cost us over $800 billion in revenue over 10 years. They argue if we let taxes go up on the richest 2 percent of Americans, we are inviting another recession and we are stifling growth. They can make that claim over and over, but there is no evidence of this. It would be more helpful to examine the facts and what recent history has taught us.

First, it is essential to clarify who exactly would get a tax cut under the Democratic proposal. Luckily, the answer is easy: essentially everyone. If we pass the bill proposed by the majority leader and extend the tax cuts on the first $250,000 of income, everyone who currently pays income taxes will get a tax cut extension.

If a person makes $50,000, our bill preserves that person's entire tax cut. If a person makes $100,000, this bill preserves their entire tax cut. If a person makes $250,000, it preserves the person's entire tax cut, and their tax cut is also a lot bigger than the guy making $50,000 or $100,000. That might not be clear from some of the rhetoric we have been hearing lately, but it is true.

People making over $250,000 would still get a tax cut worth thousands of dollars, and it would be larger than anybody else's tax cut. The only portion of their taxes that would increase—or it would stay the same as under the law we have now, which is to not extend the Bush tax cuts—would be on any additional income above $250,000. If a person makes $250,000 plus $1, that person pays 39.6 percent on that extra $1. That is a difference of 4.6 cents, a little less than a nickel. So for those people under this plan, they get the benefit of thousands and thousands of dollars in tax cuts, minus a nickel.

Secondly, claims that not extending the extra tax breaks for the richest 2 percent will cause harm to the economy are not supported by history. Let's take a look at President Clinton. When he proposed his deficit reduction plan in 1993, every Republican in the House and every Republican in the Senate opposed it. And what was their claim? Their claim was that it would hurt businesses and cause a recession. Every Republican voted against it.

What really happened in the ensuing years? Not only did we have an unprecedented expansion of our economy for 8 years, creating more than 22 million new net jobs at the very tax rate we are talking about now for people over $250,000, but, at the same time, we turned the biggest deficit in history into the biggest surplus in history. President Clinton handed President George W. Bush a record surplus. So the only time in the last 30 years in which we actually had the budget in balance was after we raised taxes on those at the top—the very level we are talking about now.

Between 1993 and 2001, this country created an unprecedented number of jobs—22.7 million net—and did so while benefiting everyone up and down the economic ladder. Not every individual but every quartile. There was economic growth in every quartile. We witnessed a decrease in the number of Americans in poverty, and we saw the creation of more millionaires and billionaires than ever before. President Clinton's deficit reduction plan not only reduced the deficit as planned, it eliminated it entirely. So not only did we create all that prosperity, President Clinton then handed off a record surplus. I think this needs to be said. He handed off a record surplus to incoming President George W. Bush.

In fact, when President Bush took office, we were on track to completely pay off our national debt with $5 trillion of surpluses projected over the next 10 years. In other words, we would have zeroed out our national debt last year—zero, no debt. But he cut taxes in 2001, and he cut taxes in 2003, after we went to war—unprecedented in our Nation's history.

The decision before us today is a fundamental one: Should we extend these tax cuts on income up to $250,000, preserving tax cuts for everyone, with the largest tax cuts going to those with incomes of $250,000 or more—they would get the largest tax cuts—or should we ask the richest 2 percent to pay their fair share, to pay 4.6 percent extra on income over $250,000, which has been shown historically to create jobs? It poses a question about choices: We can choose to do the economically responsible thing or we can choose to provide additional tax cuts for people who least need them.

When everyone pays their fair share, our Nation can get back on a path to fiscal responsibility and, at the same time, invest in quality education, in infrastructure, in R&D for high-tech industries. These are the things which create prosperity. We can create good jobs in our manufacturing sector and other emerging industries.

In fact, investing in the middle class is a win for everyone. The buying power of the middle class is what sustains our economy, makes it grow. Our economy doesn't grow from the top down. If our experience over the last 30 years teaches us anything, it is that. It grows from the middle class out. President Clinton understood that and so does President Obama.

I have friends who have been very successful in the business world. I have enormous respect for them and what they have accomplished, and I do for almost every American who has been successful in building their businesses. There are some people who have taken some shortcuts and maybe don't deserve our approval, but they are a very small fraction. We honor, we celebrate people who have been successful.

This is what my friends who have been successful tell me. They say when the middle class is strong—when they have customers—they grow their businesses and can make more money. Believe me—I have had friends tell me exactly this—they would rather pay a 39.6-percent marginal rate on $2 million of income than pay 35 percent on $1 million of income. That is the difference between a booming economy and a stagnant one. How many times have we heard that the deficit is what is hurting our economy? We are talking about a difference of almost $900 billion to get our deficit under control. All this is just common sense. It is common sense and taking a little bit of a look at history over the last 30 years. Policies that support and grow the middle class benefit everyone and increase prosperity all along the economic spectrum.

So, in the end, we have a big decision to make today. Do we stand for our economic recovery and for middle-class families and for addressing the budget deficit with the Democratic proposal or do we continue to give extra tax breaks to the richest 2 percent of Americans instead of extending improvements in the child tax credit and earned-income tax credit affecting more than 13 million working families while adding hundreds of billions of dollars to the deficit?

Let's be clear. The Republican plan would raise taxes on 13 million middle-class and working-class families and get rid of the expanded earned-income tax credit to people who are working so we can pay for tax cuts for millionaires and billionaires. I hope we can show the American people that common sense still prevails in the Senate by acting in unison across the aisle to do what is responsible.

I urge all of my colleagues to extend the middle-class tax cuts and to vote for the majority leader's bill.

Thank you, Madam President. I thank my colleague from North Dakota, Senator HOEVEN.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from North Dakota.

Mr. HOEVEN. Madam President, I rise to speak on the need for progrowth tax reform rather than a tax increase.

President Obama has proposed raising taxes. He says that we should raise income taxes on individuals and small businesses, that we should raise capital gains taxes on investments, and that we should raise the estate tax, meaning raise the death tax on American families.

For example, take the estate tax. You have a farmer. Right now, if he wants to pass his farm on to the next generation, for any value over $5 million, he has to pay the estate tax. Generally, families may be able to do that. They may be able to borrow the dollars required and pass the family farm on to the next generation. But under this proposal, that changes. Instead of paying the estate tax on anything over $5 million, now that farm family would have to pay the estate tax on anything over $1 million. So think about a farmer in my home State of North Dakota or maybe in Minnesota or anywhere else throughout the Midwest. How do they pass on that family farm when they are going to have to pay taxes on any value over $1 million? So now they are looking at a situation where they are going to have to sell that farm rather than have their children continue farming an operation that may have been in that family for generations. That is a real problem for our farmers, for small businesses, and for families across this great country, and it certainly is not going to help our economy. In fact, it will hurt our economy.

The President himself has said that we cannot raise taxes in a recession. He has said repeatedly that doing so would hurt the economy and would, in fact, hurt job creation.

So let's review our situation right now. Our situation right now is that we have 8.2 percent unemployment. We have more than 41 months in which unemployment has been above 8 percent. We have 13 million people out of work, and we have another 10 million people who are underemployed. So you are talking about 23 million people in this country who are either unemployed or underemployed.

Middle-class income, since this administration has taken office, has declined on average from approximately $55,000 to $50,000.

Food stamps use. Food stamp recipients have increased from 32 million recipients, when this administration started in office, to 46 million food stamp recipients today.

Home values have dropped on average from $169,000 to $148,000.

Economic growth. Economic growth in this recovery is the weakest of any recovery since World War II. For the last quarter, our growth was 1.9 percent versus the prior quarter—1.9 percent.

Job creation last month: 80,000 jobs. But it takes 150,000 jobs gained every month just to hold even with our population growth, just to start reducing that 8.2-percent unemployment rate.

Those are the facts. They speak for themselves. You can draw your own conclusion.

The President's approach to our economy is making it worse. His failure to join with us in extending the current tax rates and engage in progrowth tax reform rather than raising taxes is sitting on our economy like a big wet blanket. But we can change that, and we can change that right now. We do it by extending the current tax rates, the tax rates that have been in effect for 10 years—not raising them but extending the current tax rates for a year—by engaging in comprehensive, progrowth tax reform, and also, of course, by getting control of our spending. Business investment and economic activity would respond immediately.

Look at the latest information from the Congressional Budget Office. The CBO projects that the economy will contract—will contract—by a 1.3-percent annual rate for the first 6 months of next year if the fiscal cliff is not addressed, meaning the current tax rates, which go up at the end of the year unless we address this, an increase in taxes and the sequestration.

Now, if those things are addressed with the approach we have put forward, instead of an overall one-half percent of growth next year, you are looking at 4.4-percent growth for our economy. Those are the CBO's statistics. Think of the difference—think of the difference—that would make for those 13 million people who are looking for a job. It just stands to reason because business needs certainty to invest, to grow, and to hire people, not higher taxes. With legal, tax, and regulatory certainty, businesses in this country would invest and grow.

Right now, there is more private capital on the sidelines than at any other time in the history of our country. Private investment capital that businesses would otherwise invest and get this economy growing and get people back to work is sidelined because of the regulatory burden, because of the government spending and the deficit and because of plans like this to raise taxes. It is that situation which is sidelining private investment and private capital. That means slow economic growth. That means higher unemployment. That means more people without jobs. That means less revenue to reduce our deficit and our debt.

So clearly raising taxes is not the way to go. But President Obama says: Now, wait a minute, everybody needs to pay their fair share. Right? You hear him say that all the time: Everyone needs to pay their fair share. Well, of course everyone needs to pay their fair share, but the way to do it is with progrowth tax reform and closing loopholes. That is exactly what we have proposed, not raising taxes on more than 1 million small businesses in this country—the very job creators in this country—as the President has proposed.

Let's take a look at tax rates for just a minute. We talk about this all the time. Let's take look at these tax rates. According to the National Taxpayers Union, for the tax year 2009, the top 5 percent of taxpayers paid almost 60 percent of the taxes. One more time. The top 5 percent of taxpayers paid almost 60 percent of all the income taxes paid. The top 10 percent paid 70 percent of all income taxes, and the top 50 percent paid 98 percent. The top 50 percent of taxpayers paid 98 percent of all income taxes.

So what we are proposing is progrowth tax reform, closing loopholes. Let's extend the current tax rates for 1 year and set up a process to pass comprehensive, progrowth tax reform that lowers rates, that closes loopholes, that is fair, that is simpler, and that will generate revenue from economic growth rather than higher taxes. The reality is that, along with controlling government spending, is the only way we are going to balance our budget, that is the only way we are going to get on top of our deficit and debt, and that is the only way we are going to get these 13 million people back to work. Because that is how this American economy works—when we stimulate that private investment, that entrepreneurial activity of small businesses across this county that has made our economy the envy of the world.

To be successful, this effort has to be bipartisan. We have to join together in a bipartisan way to make it happen. So let's get started. Let's give small businesses in this country the legal, tax, and regulatory certainty, the business climate, the environment they need to encourage private investment and innovation and job creation. That is the

American way. That is the real American success story. We can do it, we need to get started, and we need to make it happen now.

With that, I yield the floor.

The PRESIDING OFFICER (Mr. FRANKEN). The Senator from Virginia.

Mr. WEBB. Mr. President, I would like to take some time at this point to talk about some events in Asia. I think we all need to be paying very close attention to them. Before I do that, I would like to clarify my position on the vote we are going to be taking this afternoon.

First, I wish to emphasize that I agree with all those comments that have been made by my Democratic colleagues about needing to keep these tax cuts in place for our lower income workers, our middle class; I just happen to believe we need to keep them in place for everyone who is making their income through what we call ordinary earned income.

Earned income, ordinary earned income, is the strongest indicator that a person in this country is actually accumulating wealth, which is the American dream, and it is not necessarily that you have wealth—whatever the amount may happen to be. Passive income, which is income from capital gains, such as investment in stocks or dividends, is one of the best indicators that you actually have accumulated a certain amount of wealth—you have enough money to set aside and invest it.

So my long belief has been that if we are going to raise taxes on income, in addition to these other things we have been talking about with respect to tax loopholes and subsidies and those sorts of things, we really ought to be doing so in the fairest place, and the fairest place is from passive income, not ordinary earned income. I have said since the day I announced for the U.S. Senate years ago that I will not vote to raise taxes on ordinary income of any amount. I gave a rather detailed set of floor remarks several months ago about this issue.

I would like to share this particular chart with my colleagues today before I begin speaking on the situation in the South China Sea. This shows sources of income for the top 0.1 percent. We keep talking about these people at the top who are not paying their fair share. Well, two-thirds of the money that is being made by the top 0.1 percent in this country—that is 140,000 taxpayers—is being made from passive income. It is being made from capital gains and dividends, which are taxed at a much lower rate than ordinary income—right now, 15 percent.

So in addition to fixing the larger Tax Code, I would like to say again to my colleagues that this is the area where we really should have the courage to make some decisions.

I was reading an article in the Economist—this week's edition—pointing out that American profits, corporate profits as a percentage of GDP, are actually higher now than they were at the high point before our economic crisis. In other words, corporate profits have gone up to a point where they are now about 15 percent of our GDP at the same time our wages have stagnated and gone down. They made one point in here where they said there is an irony that a high share of GDP for profits automatically results in a low share for wages. Why? Because the people who are making the money by running these companies—the executives—are selling their stocks, their stock options, taking the lower percentage on capital gains in order to make their money.

So I am not going to vote for raising taxes on ordinary earned income. But, again, I will renew my suggestion to this body that we take a good, hard look at this because this situation is creating the greatest disparity among our people.

SOUTH CHINA SEA

Mr. President, for many years, since well before I came to the Senate, I have had the pleasure to work and travel inside East Asia in many different capacities—as a marine in Okinawa and Vietnam, as a journalist, as a government official, as a guest of different governments, as a filmmaker, as a business consultant.

What we have been able to do, I think, in the last 5 or 6 years in order to refocus our country's interest on this vital part of the world is one of the great success stories of our foreign policy. But at the same time, we have to always be mindful that the presence of the United States in Southeast Asia is the guarantor of stability in this region.

If you look up here at the Korean Peninsula, you will see that for centuries there has been a cycle where the power centers have shifted among Japan, Russia, and China. This is the only place in the world where the geographical and power interests of those three countries intersect, and they intersect, with the Korean Peninsula being right in the middle of it.

We saw earlier, actually in the middle of last century, what happened when Japan became too aggressive in this part of the world. The Japanese fought Russia in the early 1900s. They defeated them. This is when they moved into Korea, occupied Korea, moved into China.

This resulted in our involvement in the Second World War. And since the Second World War, our presence has been the guarantor of stability. We have seen blowups, the Korean war when we fought China in addition to North Korea, the Vietnam war, in which I fought. But generally the long-term observers of this region, people such as Minister Mentor Lee Kuan Yew of Singapore, will say that the presence of the United States in this region has allowed economic systems to grow and governmental systems to modernize. We have been the great guarantor of stability.

The difficulty we have been facing in the past 10 to 12 years has been how to deal with the economic and international growth of China in this region. Before China's expansion, when I was in the Pentagon in the 1980s, we had seen the reemergence of the Soviet Union. When I was in the Pentagon at that time, on any given day Russia's dream of having warm-water ports in the Pacific had been realized, to where they would have about 20 to 25 ships in Cam Ranh Bay, Vietnam, at the end of the Vietnam war. But for the past 10 to 12 years, the challenge has been for us to develop the right sort of relationship with China so we can acknowledge their growth as a nation but maintain the stability that is so vital in this part of the world.

The last few years have been very troublesome. There have been a number of issues out here in the South China Sea that for a long time our military leaders assumed were simply tactical engagements where Chinese naval vessels and fishing vessels would be involved in spats with the Philippines off the coast of Vietnam. But it became very clear—and also in the Senkaku Islands near Japan.

It became very clear after a while, though, that what we are seeing are sovereignty issues. People were talking for many years about solving the situation in Taiwan, the sovereignty issue in Taiwan. It was clear—I was speaking about this for many years—that there are many other sovereignty issues once Taiwan is resolved: the Senkaku Islands, which Japan and China both claim, the Paracels, which China and Vietnam both claim, the Spratlys, which are claimed by five different countries, including China, Vietnam, and the Philippines.

So we started seeing a resurgence of incidents that became military confrontations over the past couple of years. Our Secretary of State and this administration were very clear 2 years ago, almost to the day, that these situations were not simply Asian situations, that they were in the vital interests of the United States to be resolved peacefully and multilaterally.

We have been struggling on the Foreign Relations Committee to try to pass the Law of the Sea Treaty where these sorts of incidents—which, by the way, are more than security incidents, they involve potentially an enormous amount of wealth in this part of the world. We have had a very difficult time getting a Law of the Sea Treaty passed where most of the countries around the world recognize the basic principles of how to resolve these international issues through multilateral involvement.

In the absence of a Law of the Sea Treaty, and, I think, with the resurgence of the Chinese—a certain faction of the Chinese tied to their military, China has become more and more aggressive. This past month has been very troublesome. On June 21, China's State Council approved the establishment of what they call the Sansha City

Prefectural Zone. This is literally the creation from nowhere of a governmental body in an area that is claimed also by Vietnam.

Unilaterally on Friday, July 13, because of disagreements over how to characterize the South China Sea situation, ASEAN—the Association of East Asian Nations, a 10-nation body, which has been very forthcoming in trying to solve these problems—failed to issue a communique about the South China Sea issues, a multilateral solution of the South China Sea issues.

On July 22, the Central Military Commission of China announced the deployment of a garrison of soldiers to the islands in this area. The garrison will likely be placed in the Paracel Islands right here, as I said, claimed by Vietnam, within the exclusive economic zone of Vietnam.

July 23, China officially began implementing this decision. It announced that 45 legislators are now to govern the approximately 1,000 people who are occupying these islands. They have elected a mayor and a vice mayor. They have announced that a 15-member standing committee will be running the prefecture. They have announced that this city they are creating will administer more than 200 islands, sandbanks, reefs, covering 2 million square kilometers of water.

In other words, they have created a governmental system out of nothing. They have populated with a garrison an island that is in contest in terms of sovereignty, and they have announced that this governing body will administer this entire area in the South China Sea.

China has refused to resolve these issues in a multilateral forum. They claim these issues will only be resolved bilaterally, one nation to another. Why? Because they can dominate any nation in this region. This is a violation, quite arguably, of international law. It is contrary to China's own statements about their willingness to work with ASEAN, to try to develop some sort of code of conduct. This is very troubling. I would urge the State Department to clarify this situation with China and also with our body immediately.

I yield the floor.

Mr. ROBERTS. Mr. President, I rise to share my concerns over the proposed changes in the estate and gift tax provisions of the current Tax Code that will be considered within hours on the floor.

Similar to much of the Tax Code, the estate and gift tax provisions are terribly complex, costly to comply with, and have very serious negative consequences. These negative consequences disproportionately harm farmers and ranchers and worry their lenders.

Visiting with farmers and stockmen today—livestock producers—one had better stand back. They are upset, they are frustrated, they are angry, they are concerned, and they are worried.

All across farm country, we are suffering from a severe drought—which is a real emergency, historic in scope and damage, particularly for our livestock industry. Congress should respond. At the same time, they are facing a farm bill that is in limbo, regulations that defy any commonsense cost-benefit yardstick, and no farmer or their lender can plan in this environment. In farm country, there is no certainty.

But just to split the shingle, now we have proposed changes to the current estate tax—the infamous death tax—all based on a select few in Washington deciding who is wealthy, what is a fair share people should pay in a tax and how they should pay that tax, playing again with the politics of envy and class warfare. I think we ought to quit this business. The classic example is that under current law, the Federal estate tax is set at 35 percent on estates over $5 million.

If nothing is changed, on January 1, 2013—or if Senators vote for a particular version of the two tax bills we are going to be considering in just about 1½ hours—if nothing is changed, the estate tax exemption will drop from $5 million to $1 million and the estate tax rate will jump from 35 percent to 55 percent.

If we do not act to extend the current death tax structure—I would like to eliminate it; I would like to repeal it but at least extend it—the Joint Committee on Taxation reports that over 10 years, the number of small businesses subject to the death tax will increase from about 1,800 folks to 23,700, and the number of farming estates subject to the death tax would increase from about 900 farmers and ranchers to 25,200. That is more than 20 times additional farming estates that would be hit with this massive death tax hike, a 2,000-percent increase.

It is not just farmers and ranchers who would be affected. Nine times more small businesses would be hit with this massive death tax—a 900-percent increase. Twelve times more taxable estates would be hit—a 1,200-percent increase. While I support permanently repealing the death tax, if we cannot achieve that goal, how we structure this tax in particular has immediate real-world implications for folks in Kansas and across the country.

The looming 2013 change to the estate tax law would be a huge disservice to agriculture because it is a land-based, capital-intensive industry with few options for paying estate taxes when they come due.

The current state of our economy, coupled with the uncertain nature of estate tax liabilities, makes it tremendously difficult for family-owned farms and ranches to make any sound business decisions. They are on the sidelines of our economy. They are not on the economic playing field. Again, there is no certainty.

Obviously, raising the estate tax burden will strike a blow to farm and ranch operations trying to transition from one generation to the next. A $1 million exemption sounds like a lot. To some people in this Chamber—and obviously to some people within this administration—at $1 million a person is rich, they are wealthy, with no consideration as to what the personal situation is for that individual, but somebody just determining what a fair share is and then taking from that individual and redistributing to those whom they think deserve it.

But a $1 million exemption is not high enough to protect a typical farm or ranch able to support a family. When coupled with a top rate of 55 percent, that is going to be especially difficult, if not impossible, for farms and ranches and businesses to pass on their wherewithal to the next generation.

Yet our Nation's estate tax policy is in direct conflict with the desire to preserve and protect our Nation's family-owned farms and ranches. Individuals, family partnerships, and family corporations own 98 percent of our Nation's 2 million farms and ranches. When estate taxes on an agriculture business exceed cash or other liquid assets, many surviving family partners will be forced to sell land, buildings or equipment needed to keep their businesses operating.

With 85 percent of farm and ranch assets illiquid, producers have few options when it comes to generating cash to pay the estate tax. Recent increases in agricultural land values—on average, 25 percent from 2010 to 2011—have greatly expanded the number of farms and ranches that now top the estate tax exemption. How on Earth can farmers, ranchers, and small businesses even plan for this?

In order to keep farm or ranch businesses operating after the death of the owner, families must plan for the estate tax. But under the majority party bill we will vote on shortly, many more farmers and ranchers will face increased filing, paperwork, and other hassles in planning for succession, not to mention lawyers, CPAs, and estate planners. In fact, if we don't extend the current estate tax, estates required to file paperwork with the IRS rise from about 8,600 to 107,500. That is a lot of time and cost that could be avoided.

The planning costs associated with this tax are not only a drain on business resources but also take money away from the day-to-day operations and investing in the business. Even with planning, uncertain tax law combined with changing land values and family situations make it impossible to guarantee that an estate plan will protect the family farm or ranch. This not only can cripple a farm or ranch operation, but it hurts all throughout our rural communities, up and down Main Street, every business that agriculture supports.

The death tax is one of the worst offenders in bringing real complexity to the Tax Code, and I believe it is one of the most distortive provisions in our system.

Some believe and will point out that the estate tax is an instrument of social justice; that it is designed to limit wealth accumulation and to spread that wealth around, something I think that is contrary to what this country is all about.

Why do you work? You work hard to make a difference, and you work hard because you enjoy the work and hopefully you get paid for it—and, hopefully you get paid for it enough that you can at least have enough wherewithal so your kids and their kids can continue that kind of endeavor if they so choose. But some people say we want to spread that wealth around.

Even if someone holds what I consider a socialistic view—a tough word; it is a pejorative, I know, but I think that applies here—the estate tax, which distorts no end of economic decisions, isn't the most efficient method to redistribute wealth. If you are a wealth redistributor, if you will, in this body, clearly taxpayers facing the death tax respond to the tax by cutting back on investments, consuming more of the capital and other assets that could be passed on to build businesses.

So the disincentives the death tax creates in the end lead to lower growth, fewer jobs, and less savings. How do we redistribute that? There is nothing to redistribute. In a troubled economy, this forced outcome does not make sense.

Being able to plan for the future is critical. The current uncertainty leads to the repeated provisions of wills and trusts, which burdens taxpayers and advisers alike. I don't care what farm organization I am talking to, what commodity group, what small business group, wherever I go in my State of Kansas—and I think it is the same in regard to other States that Members are privileged to represent—over and over, I have been asked again what Congress will do with these provisions: What should a rancher do? How can they pass farms on to their children?

I have even been asked, for planning purposes—I am not making this up—if this is a good year to die. That is astounding, if not outrageous. It may be a good year to die because this egregious change is going nowhere.

These two bills we are considering in just a few moments are not going anywhere. We will vote in a little while, but they are both subject to a point of order—not having originated in the House, they will be blue-slipped. That is a fancy word, a parliamentary word, saying they are going nowhere because bills on taxes have to originate in the House. Talk about a real income redistribution—a nothing burger. That is what we are considering. But it is indicative of what is being considered in this Chamber and indicative of what we have to take care of in true tax reform.

Folks in Kansas should not have to make such important decisions on a tax law that is changing all the time. We need to repeal or permanently reset the death tax. If this tax cannot be repealed, it needs to be set in stone—hopefully, not a gravestone—and at a rate and in a manner that provides certainty.

While it is important to permanently eliminate this very punitive tax, until this can be accomplished, Congress should at least extend the current $5 million exemption, indexing it to reflect land values and continuing the spousal transfer and maintaining the top 35-percent tax rate.

We pay taxes all of our lives. It just doesn't make sense to be taxed again when we die.

I suggest the absence of a quorum, although I note that my colleague from Illinois is perhaps ready to speak. I will be happy to yield back any time I have.

The PRESIDING OFFICER (UDALL of New Mexico). The Senator from Illinois.

Mr. DURBIN. Mr. President, in a short time we are going to vote on a tax measure that gives the Senate a very clear choice, and here is the choice: At the end of this year, a whole battery of tax cuts that were enacted into law years ago will expire, on December 31. The question is, What is going to happen next? If we do nothing, a very good thing will happen but also a very bad thing will happen. The good thing is that if the taxes go up on virtually all Americans for 10 years, we will reduce our deficit by $5 trillion—more than any group has been able to suggest or come up with a plan to achieve in any of the meetings in which we have been involved. That is $5 trillion in deficit reduction. It is an amazing reduction. There is another side to the ledger. On the other side of the ledger it says: If we start taxing families now while this economy is in recovery, it is going to slow down the recovery. Well, that is natural. People have less money to spend, and many working families living paycheck to paycheck will face a new hardship they don't have today. They reduced their spending, the economy contracts, and we see this recession hang on with high unemployment and businesses failing.

So it really is a very Faustian choice, a difficult choice—reduce the deficit dramatically, on one hand, by letting all the tax cuts expire but risk going into a deeper recession and maybe repeating what happened a few years ago, which devastated our economy.

The President said: Let's try to strike the right balance. When all of the tax cuts expire on December 31, let's focus on restoring the tax cuts for that portion of American families and workers who need a helping hand to continue. But let's not go all the way. Let's not restore the tax cuts for those in the highest income categories.

So the President says: We can have both. If we follow my plan, we will reduce the budget deficit because we don't give tax cuts to the wealthiest, and we will still help working families, and we will keep the economy moving forward.

He tries to strike that balance. The balance he strikes is that everyone will get a tax cut on the first $250,000 of income, even millionaires, but not beyond that.

The Republicans have a different approach. They will offer an amendment—extend all the tax cuts for everyone to the highest levels of income, well beyond $250,000, not just to the 98 percent of the Americans who make $250,000 or less but 100 percent, everybody. Well, their approach, by extending those tax cuts, will mean no deficit reduction. In fact, their approach would add about $900 billion to the deficit compared to the President's approach. So they are really basically throwing a bucket of red ink on this conversation and saying: We are prepared to add $900 billion to the deficit so that the top 2 percent of wage earners can get a tax break.

That isn't all. The Republican approach, which will be offered by Senator HATCH, the ranking Republican on the Senate Finance Committee, goes a step further. I don't understand this part of it. He wants to extend the tax cuts to the highest income categories, but then he very carefully excises or eliminates some of the basic tax breaks working families use.

Let me be specific. The Hatch-McConnell bill does not extend the earned-income tax credit, child tax credit provisions, and as a result here is what happens: The Hatch provision, which protects the wealthiest in America by saving their tax cut, would increase the tax on 11 million working families in America who currently are able to deduct the college tuition expenses for their kids. So while the wealthiest in America will get a break all the way through with the Hatch-McConnell Republican approach, 11 million American families will find their tax bills going up if they have kids in college.

What kind of message is that? Here the students are struggling to get through school, families are incurring debt, and we create a tax benefit to help those families get through, but the Republicans say: No, we are going to raise the taxes on 11 million working families.

That is not all. They also raise the taxes on 6 million other families, working families with three or more children, by $800 each on a change they refused to make on the earned-income tax credit and then turn around—and I think this is one of the worst—and increase the taxes on families with children. The child tax credit currently in the law allows a break for families with kids, a helping hand, because kids can be expensive. This is part of the Tax Code that helps these families.

So about 25 million American families will see their taxes go up with the Hatch-McConnell Republican tax approach that protects those at the highest level of income categories. I don't think that is sensible.

I have spent a lot of time in the last couple of years talking about this deficit. It is serious. I guess I come from the Democratic side of the spectrum, the left side of the spectrum. That is what my values reflect, and that is what my voting record reflects. But I will say this: This Democratic Senator understands that deficits are for real. We cannot continue to borrow 40 cents of every dollar we spend, even for the programs I love, let alone the programs I am not so crazy about. So we have to reduce spending, but we can't balance the budget with millions of Americans out of work. We need to get this economy growing, moving forward, and creating jobs.

People who are working and paying taxes make this a strong country and start to solve some of our deficit problems just by virtue of the fact that they are working, paying their taxes, and raising their families. So when it comes to these tax cuts, let me say that I am passionate about making certain working families get the break they need.

Pew Trust did a survey last year. Here is what they asked working families across America: If you had a family emergency and you needed $2,000 in 30 days, could you get it? Could you come up with $2,000 if there was a major car repair or a pretty routine trip to the hospital or to a doctor's office? That can run to $2,000 in a hurry if you have a broken arm. Consider the possibilities. So they asked all the working families how many of them could come up with $2,000 in 30 days. The answer was half of the working families. That means the other half can't. It tells us how close to the edge many people are living.

That is why the President's proposal—the Democratic proposal here—that gives the tax cuts and tax breaks to the working families makes a difference. Ninety-eight percent of Americans will benefit from the President's approach; 2 percent will pay more. I think 2 percent will pay their fair share.

The Republican approach means, for a person making $1 million in a year—and just some quick math: that is $20,000 a week in income—it would give them a $250,000 annual tax break. Come on. At this moment in time, when we are dealing with the deficit and calling on Congress for more spending cuts and saying we have to get it together as a nation, $250,000 a year in additional tax cuts for millionaires? I don't get it. I don't begrudge them their wealth. This country is based on successful people who have led us in business and so many other endeavors. But I also think those people, when you talk to them, are darned appreciative to live in this country and willing to help it move forward.

Then they make the argument that, well, wait a minute, if we raise taxes on people making $1 million a year, we are going to hit a lot of the ''business creators.'' Well, we looked at that. Ninety-seven percent of small business owners are exempt if we draw the line at $250,000 of income. I will concede that there are professional corporations and S corps, investment fund managers, some accountants, some lawyers, and some doctors who may be job creators. I don't doubt that. But are we really asking a great sacrifice from someone making $1 million a year not to get a tax break to the full extent they did before?

I think what we understand is that if we are going to help the middle-class and working families in America and if we are going to move the economy forward, we need a sensible tax policy.

I happen to be of the school that maybe not all the Democrats agree with. On the Simpson-Bowles Commission, I was the one who said that the only way to deficit reduction is to put everything on the table, including the programs that I think are critically important for America's future.

Medicare makes a difference in the lives of 40 million-plus Americans, and I want it to be there. I know it is going to run out of money in 11 years. Think about that. If we don't do a thing here and if we get caught in political gridlock, the Medicare Program that 40 million-plus Americans depend on is going to run out of money. What excuse are we going to come up with? There is no excuse. We need to sit down, look at this program, make sure that works, and make sure it is affordable for seniors. We have to do it sooner rather than later.

We hear so much about Social Security. Let's get the facts out. For at least the next 22 years, Social Security is going to make every promised payment to every retiree in America, with a cost-of-living adjustment, no questions asked. We can't say that about many, if any, Federal programs. But in the 23rd year, we will be in trouble. We will have a dropoff in revenue in the Social Security trust fund, and the payments would have to be cut about 30 percent.

If you are wealthy in retirement—and some people are—your Social Security check is like a little extra dividend, but for some people, it really determines whether they are going to get by for another month, and a 30-percent cut is unacceptable.

We need to look at Social Security. It doesn't add a penny to the deficit, but the Social Security trust fund needs to be stronger longer. We need a bipartisan approach to this. We did it 50 years ago, and we can do it now. We need to sit down and make sure it works. We shouldn't decide that this is out of bounds. That is something we need to consider.

It won't be voted on today, neither Medicare nor Social Security. We are just dealing with the tax side of this conversation. I happen to believe all of these things need to be discussed. When it comes to taxes, we are pretty basic on that. I want to make sure working families have a tax code that helps them.

Think about this for a second. Last week we had a bill on the floor of the Senate, and here is what it said. Currently the Tax Code creates incentives and rewards American businesses that want to ship jobs overseas. American businesses that want to outsource and ship jobs overseas, the Tax Code says, we will give you a break. They will pay less taxes if they send jobs away. That makes no sense at all. Why would we reward the export of American jobs? Why would we provide for the deductibility of moving expenses and other expenses related to moving their business out of America and hiring people in another country?

So last week Senator DEBBIE STABENOW of Michigan and Senator SHERROD BROWN of Ohio came to the Senate floor and said: Let's eliminate the tax incentive to move jobs overseas, and let's turn it around. Let's create a tax incentive for businesses that want to bring jobs back to America. Sounds right to me, doesn't it, that we are creating jobs in this country and discouraging them from going overseas? In the end, we had all the Democrats voting for it and only 4 out of the 47 Republicans voting for it. That is not enough to break the Republican filibuster.

When we talk about a tax code, I not only want to help working families, I want to provide an incentive and reward for those good, home-based American corporations that are trying to keep good-paying jobs right here in the United States of America. Honest to goodness, if we want to walk into a store, pick up a product, flip it over, and see ''Made in the U.S.A,'' we better wake up.

Currently what is going on is unacceptable. This notion on the Republican side of the aisle that we shouldn't get in the way of business when they want to make their decisions, I may not argue with that premise, but I don't think we ought to incentivize it, subsidize it, provide something in the Tax Code to encourage it, particularly when it costs American jobs. But last week, only 4—4—of the 47 Republicans would join us in that effort, so we came up short. This week, we have to get it right when it comes to our Tax Code in the future and tax cuts for the families across America.

One of the things that has worried me greatly as I consider the challenges facing families is their inability to provide for their kids the way they want to. I think we all know the expenses of raising children. We all know what families face when the kids are off to college and we know some of the challenges they face after college. We have come up with an approach which I think is sensible: a child tax credit for the young kids; a deduction of college education expenses for those who made it to that level of education; and then part of what some call derisively ObamaCare, which says that families can keep their kids on their own family health insurance until those young men and women reach the age of 26. That makes sense. How many young people coming out of college today struggle to find a job and, if they find one, struggle to find a job with health care benefits?

I can tell my colleagues that many times I would call my daughter or son after they got out of college and ask them about health insurance, and my daughter used to say, Dad, I don't need that now. I will get it later. I feel fine. Well, she never knew and I didn't know what tomorrow would bring.

So if we are going to give peace of mind to families, let's make sure we think along the spectrum, along the continuum. Why would the Republican proposal today want to raise taxes on families with children, raise taxes on some 15 million families across America, including those with kids? If they can find room for a tax break for the wealthiest, shouldn't they be able to include those families with kids? They may not be the wealthiest, but they are, in many cases, the neediest, and they are, in many cases, the most important for our future. Yet the Republican approach—the Hatch approach—is going to raise taxes on middle-income families with children. That is something we should never allow to occur.

Let me say, this should be a simple vote for everyone in the Senate, across the political spectrum. We ought to agree on two things. First, we need to cut taxes for middle-income and working families. Second, we should be responsible stewards of the Federal budget and not leave a mountain of debt for our kids. Giving tax breaks to the wealthiest people and adding $900 billion to our national debt is not responsible.

Let's take this vote and show the American people we stand with them and their values. We stand for cutting middle-class taxes and putting our debt on a sustainable path to recovery.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. CARDIN). Without objection, it is so ordered.

Mr. REID. Mr. President, I now ask unanimous consent that at 4 p.m. the cloture motion with respect to the motion to proceed to S. 3412 be withdrawn; the Senate adopt the motion to proceed to S. 3412, a bill extending the 2001, 2003, and 2009 tax cuts for 98 percent of Americans and 90 percent of all small businesses; that the only amendment in order to the bill be a substitute amendment offered by Senators MCCONNELL and HATCH, which is identical to the text of S. 3413; that the amendment not be divisible; that the time until 4 p.m. be equally divided between the two leaders or their designees prior to a vote on the McConnell-Hatch amendment; that upon disposition of the McConnell-Hatch amendment, the Senate proceed to vote on passage of the bill, as amended, if amended; that there be no motions, points of order, or amendments in order to the amendment or the bill; that there be 2 minutes equally divided between the votes; finally, that when the Senate receives a companion bill from the House providing for the extension of tax cuts, as designated by the majority leader, it be in order for the majority leader to proceed to its immediate consideration; strike all after the enacting clause and insert the text of S. 3412 as passed by the Senate in lieu thereof; that the House bill, as amended, be read a third time, a statutory pay-go statement be read, if needed, and the bill, as amended, be passed with no intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Mr. MCCONNELL. Mr. President, reserving the right to object, I ask unanimous consent that the request be modified to strike the last paragraph and, further, that it also be in order for a second amendment, the text of which will be at the desk and is the President's small business tax hike; further, that it be considered under the same terms of my amendment, and that after the vote on that amendment the Senate proceed to a vote on the McConnell-Hatch amendment as the original request provided for.

The PRESIDING OFFICER. Is there objection?

Mr. REID. Mr. President, reserving the right to object, the President's bill is the one that is before this body that I asked unanimous consent on. We have a Statement of Administration Policy. It is the President's bill. So I respectfully object to my friend's suggested modifications.

The PRESIDING OFFICER. Objection is heard to the modification.

Is there objection to the original request by the majority leader?

Mr. REID. Mr. President, my friend is objecting to the last paragraph in my request. He has asked consent to add a third provision. I have objected to the third provision. He has objected to the last paragraph. I would be willing to renew my consent minus the last paragraph which begins "finally" and ends with the word "debate."

The PRESIDING OFFICER. Is there objection to the new unanimous consent request?

Without objection, it is so ordered.

Mr. REID. Mr. President, the vote will occur at 4 o'clock today on these two amendments. I appreciate very much the Republican leader allowing us to arrive at the point where we are. I would tell everyone that the time until 4 o'clock is evenly divided, approximately an hour for each side.

I ask unanimous consent that if there are quorum calls between now and 4 o'clock the time be equally divided between the two sides.

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

Mr. REID. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Indiana is recognized.

Mr. COATS. Mr. President, I wish to talk about two things here briefly and also yield to my colleague for some remarks. First of all, while it is beyond our jurisdiction here, and perhaps it is a little bit out of line for me to talk about this, I am urging the Congress, specifically in this case the House of Representatives, to follow this body in passing the farm bill.

I do so for a number of reasons. Even though I had some problems with the farm bill, and I fully understand the issue, there are those who believe those policies that directly affect agriculture are being subordinated to a bill which incorporates about 80 percent of that bill for Federal food assistance. These are nutrition issues which, of course, are related to agriculture.

By the same token, it is a Federal program that is significantly different than what the farm bill is designed to accomplish. So about 20 percent of that bill affects the farmers in our area, the other 80 percent goes to a Federal welfare type of program for providing food stamps and other nutrition assistance.

I am hoping that the House, particularly in light of the fact we are suffering a significant drought, probably the worst drought since 1950 according to the weather records, and getting worse all the time—the temperatures have been in the low hundreds all across the Midwest, the bread basket of America, where we produce most of our grain and feedstock.

The cornfields and soybean fields and other pastures are burning up with blazing sun in the hundreds of degrees every day and no water falling from the sky. This drought is seriously impacting my State, but also a number of Midwestern States and especially the States that produce the bulk of our agricultural products. This affects not only needed crops to provide feedstock, but also that support our ethanol program and a number of other programs. It is a dire situation.

I am hoping the House can resolve its issues and move forward. There are a number of provisions in this farm bill that provide relief to farmers and ranchers suffering from this drought. Those are expired. So it is important that we pass this bill, that we get it passed by both Houses of Congress and into conference, resolved and signed by the President.

I am urging my colleagues in the House, where I once served, to help with this by moving forward on this farm bill.

The other point I want to make is that we are about to face—we just learned from our leadership, we are about to enter into a short amount of debate before we vote on a motion to address taxes. This also directly affects our agriculture community and we will explain why. But I wish to yield to my colleague here from Mississippi for some comments in this regard.

Mr. WICKER. I appreciate what my friend said about the drought. Much of my State at the last minute escaped it, but I happened to be in the State of Missouri in the past few days and saw the terrible drought conditions there.

I cannot think of a worse time, with our farm community being devastated by this drought, to talk about a huge tax increase on our agriculture community, particularly in the form of the estate tax. I just learned a remarkable thing. I would ask my colleagues if this is the state of the bill we will now be voting on at 4 this afternoon.

The result of this legislation would be to take the estate tax back up to 55 percent on all of the value of an estate over $1 million. This would be a devastating tax increase. I honestly do not believe the American people understand that this is the effect of the legislation our friends on the majority side have brought forward. But if this bill is passed the way it is currently configured, that would be the result. We would go back to the old law, 55-percent tax on all, the value of these southern and midwestern farms, of any small business across the country, would go up to 55 percent over values of $1 million. It is an unthinkable result. I frankly would not be surprised if the phones across the street in our offices are ringing off the wall at this result.

I ask my friend from South Dakota if I have misunderstood the effect of this legislation.

Mr. THUNE. Mr. President, if I might respond to my colleagues from Mississippi and from Indiana, the Senator from Mississippi is absolutely right. The proposal we will vote on as presented by the Democrats today would allow the death tax exemption to go back to $1 million, that is the pre-2001 level, and apply a 55-percent tax rate on top of that.

To give you an example of how that might work in a State such as mine, I represent South Dakota. The average size farm in my State is a little under 1,400 acres.

And if you look at the average value per acre of land and multiply it by the size of the average farm, you are talking about an average farm of between $2 million and $2.5 million in value. You could be talking about—and this is average, and we have a lot of farms that will be impacted more significantly than this. But you will be subjecting about $1.5 million of that farm's value to a 55-percent tax rate; and 84 percent of the value of farm assets, according to USDA, is in real estate. They are land rich but cash poor.

What happens? When the IRS comes calling after somebody passes away and says: Your farm is worth this amount, we are going to assess a 55-percent tax, they will say: We cannot pay that. We have it in land but not cash. So they have to sell land, assets, and equipment to pay the IRS. Here we are trying to promote the intergenerational transfer of farms and ranches as part of the tradition and backbone of our economy, and this is the absolute opposite of what we ought to be encouraging. We want policies that encourage the situation that family farms and ranches stay in the family.

Having a confiscatory tax like this that would apply a 55-percent tax to assets above $1 million will have a crushing impact on farms and ranches in my State and, I submit, to other States.

Mr. WICKER. If the Senator will yield for a moment, this has also the same effect on mom-and-pops, family businesses that may have been in a family for generations. We are going to impose a 55-percent confiscatory tax on them.

I am just speechless that this bill has now gotten to the point where it brings us back to the earlier punitive estate tax rates.

Mr. THUNE. If I might say to my colleague from Mississippi and to the Senator from Indiana, to put this into perspective, the proposal in the Democratic bill, which would take the exemption back down to $1 million and raise the top rate to 55 percent, would apply to 24 times the numbers of farms and ranches as does current law. In other words, it increases by 24 times the number of family farms and ranches that would be impacted by the estate tax relative to where we are under current law.

As the Senator from Mississippi pointed out, lots of mom-and-pop businesses—13 times the number of small businesses—would now be subject to the death tax as is the case with current law. So if we look at the impact of this, certainly on farm and ranch country—and I see that Senator MORAN is here, who represents a lot of farmers and ranchers very much like those in my State of South Dakota—this is profoundly impactful. It would have a very negative impact on farm and ranch country—and I also argue, as the Senator from Mississippi pointed out—and on a lot of mom-and-pop small businesses.

Mr. COATS. I thank my colleagues for joining in on this. They made the point that I think outlines the fact that many of us are stunned with the proposal being brought forward for a vote today to proceed on this bill, which if passed, will put a 55-percent tax, when one dies, on all the work and all the profits and all of the investments they have made throughout their lifetime, which they have paid taxes on over and over and over. The government cannot ever seem to get enough. The Senate Democrats are now proposing to raise the death tax from 35 percent, the current level, to 55 percent.

Let me personalize this for a moment. We have some very close friends who, throughout generations, have been handing the farm down from one generation to another. They have suffered through the hard times, the droughts, the hail storms, the tornadoes, and they have also benefited from the good times when the rains have come and the soil was good and the yield was good. Yet right now they are suffering in a way they have not in more than a half century with this drought that is unrelenting all across the Midwest in this country. It takes in almost the entire Farm Belt of the Midwest and Upper Midwest, where most of our grain and products are grown.

At a time like this, to bring forth a piece of legislation that basically says not only are you being nailed by the weather—and we, obviously, cannot do anything about that except provide some basic form of financial relief to get through this particular time; and that is what I talked about earlier—but we are going to nail you with a tax that, when you die, will basically prevent you from passing on your business or your farm to the next generation.

As I said, to personalize it, we have some dear friends—more than one couple. I have also talked to people throughout Indiana where the pride in holding their ground as part of their extended family, covering more than one and two generations, and the work they have put in, in order to preserve that hand-down to their children and to their grandchildren now goes up in flames because when they die, if their farm is valued at more than $1 million, they are imposed with a 55-percent tax on the value of everything over $1 million.

People say they are millionaires. No, they are not. They are sitting on property that might be valued at that, but they might be losing money. For sure, this year, they are not going to make any money because they have had to plow their corn under because it hasn't gotten the rain and moisture it needs and it will not grow. We don't yet know the extent of this disaster, but to preserve that within the families and hope for better years to come, that will not happen because, as the Senator from South Dakota said, they are going to have to value their land—the IRS will value their land at a price that the only way they can pay for that is to sell their assets.

Why in the world would they do that at a time of economic turmoil and cause a drift back essentially into recession? This country is not in good economic shape. Compared to Europe, we are in better shape, but if you look at the numbers, they are not trending the right way. Why at a time like this would you walk onto the floor of the United States Senate and put up a bill that will raise taxes on people who are already suffering from 35 percent to 55 percent? How high does it have to go? How many taxes have to be imposed on the American people before they say that is enough? They are saying: Clean up your spending process in Washington so we don't have to pay so much in taxes to cover all you are doing there.

My colleagues would like to continue to respond. I want to turn to my colleague

Mr. WICKER. If I may, I will make one point. I know my friend from Kansas also wants to join in.

This could only hurt job creation among small businesspeople and small farmers. I can't imagine why they want to do this. We have had 42 months of unemployment at over 8 percent, the longest period in peacetime and modern history. To put this tax on farms that create jobs and small businesses that create jobs, which is where most of our new jobs come from, is just unthinkable. I cannot imagine that it would do anything, if it were signed into law as the President wants to do, other than make that 8.2 percent unemployment rate go even higher.

Mr. COATS. Mr. President, I now turn to my colleague from Kansas, and I tell him about one of the families very close to us—my wife grew up with her lifetime friend, who married a farm boy from Kansas. They ran a farm near Norton, KS. We speak with them regularly. Even though we are city people, we have learned from them the sacrifice that goes into maintaining a farm, the suffering that occurs from the whims of the weather, the prices of the crops. We see them struggle and struggle, and this obviously will not be a good year. But this is a farm that has been passed down to the third generation now. They own a lot of land.

As the Senator knows, Kansas has a lot of land. And they didn't get the rainfall we did. I know this is a situation that ends the dream that has been passed down from generation to generation because on the death of the current owners of the farm, the tax on that would force them to sell their land.

Mr. MORAN. Mr. President, I thank the Senator from Indiana for yielding. Yesterday, in Norton, KS, the temperature was 118. I read the story where they just watched the thermometer go up degree by degree, and it has now been more than a month in which the temperatures in our State have exceeded 100 degrees. Certainly, it has been more than a month in which we have had little or no rainfall in most places across the State.

The drought is real, and it puts people in a different mood. There is always optimism on a farm, optimism on a ranch. My small business men and women in Kansas are optimistic that when they get up and go to work every day, it will be a better day at the end of the day, and tomorrow will be better than today, and next month will be better than this month. I can tell you, with the weather pattern we have had in the Midwest this summer the optimism begins to disappear.

Today we have come to learn just one more thing that is now going to be oppressive to farmers and ranchers and small business men and women in Kansas and across the country. We started this year with a discussion about something the Department of Labor did—the proposed rules to prohibit restricting a young person from working on a family farm. We have had a series of regulations from the EPA and others that make it so difficult for a small businessperson or a farmer to succeed. Now we learn today the proposal that we are going to revert back to days gone by in which a $1 million estate will be subject to a marginal tax rate of 55 percent.

It has been a series of things in the last year from this administration and this Congress that send a message to farmers and ranchers in Kansas and small business men and women in our State and across the country that their value, their work ethic, their efforts will not be rewarded. Not only will they not be rewarded, but we will discourage them. We will not reward the work they do each day, the work they are optimistic about.

The Senator from Indiana is so correct in this sense. Every farmer and rancher I know, at the end of the day their goal is to see that they have done work that day not only to feed, clothe, and provide energy to the world, but to see that they have a farming operation, a ranching operation that is of the nature that it can be passed on to the next generation of Kansas farmers and ranchers. It is the sense of satisfaction that comes in a farmer's life when the son and daughter who follow them have that ability.

Nothing is easy in agriculture, and there is not a thing any day that is easy on a farm or ranch across the country. With our weather patterns and soil conditions, it takes a lot of drive, effort, stamina, and discipline to survive. Much of the day is spent trying to survive. Here we see a series of things as we arrive today and discover that we want to increase the tax on those people who work hard every day and whose goal it is to tell their sons and daughters: I have a farm or ranch that can be yours someday, and you can take over where I left off.

Why is that important? That is traditionally and historically how farming has occurred. It is passed down from great-grandparents to grandparents to parents to children to grandchildren, and there is pride and satisfaction that comes from that.

We are here today to make certain the Federal Government doesn't create one more obstacle toward that goal of making certain the next generation of Kansans has the opportunity to work to earn a living and feed the world on their own family farm or ranch. It is so surprising to me that there would be anyone who believes these individuals, these business operations, farms or small businesses, ought to be singled out and treated in a way that discourages them from accomplishing that American dream of passing that farm and ranch on to their kids and grandkids. I hope our colleagues see the light and understand how important this is in rural America. And not only is it important in rural America, but what happens in our part of the country determines whether we have the ability to provide food and fiber for the country and the globe.

Mr. COATS. Mr. President, whether it is the family my wife grew up with and knew or the one in Posey County, IN, who brought their neighbors together for a meeting a few months ago or whether it is a family or business owner or small businesses across the State of Indiana that I have talked to repeatedly, they basically say: I resent being called rich by the President, who said they need to pay more in taxes. We have been working our tails off for generations, and we have been paying our taxes faithfully for the profits we made—the years we have made profits. Yet we are being classified as some type of an elite group that is not paying their fair share. We can look back and we read statistics, such as 47 percent of Americans aren't paying any income taxes, while we are out there creating jobs, building a business—with sometimes good years, sometimes bad years—over a lifetime. There is value added to that business, but that value is in machines, it is in buildings and land, in terms of farmers. Yet that gets evaluated when we die at a level which means we can't pass it on. We can't afford to pass it on to other generations and we have to sell it. The Federal Government, having taxed us all our life on the profits we have made—the income taxes, the Social Security contributions, the Medicare contributions, the sales taxes, the personal property taxes, the car taxes, the boat taxes, if one has a boat, the excise taxes, the liquor taxes, the beer tax, the sales tax and on and on and on it goes—it is not just the income tax we are being taxed on. There is not a tax that government doesn't like or want to impose on the American people.

Why would anyone, of either party, at a time of economic distress—when the United States is the only country struggling to stay ahead and perhaps lead the world back into economic growth, at a time when we are seeing signs of a potential double-dip recession facing us, and the news in the last few days has been dramatically bad—want to bring a bill to the floor of the Senate that says you are not paying enough if you own a small business or if you own a farm. You are not paying enough, so we think 55 percent is a fair rate—55 percent if you die, after you have paid taxes all your life to a Federal Government which is bloated and duplicative.

The bureaucracy here is out of control. Congress hasn't lived up to its responsibility to take any kind of sensible fiscal measures that will get us back on track in terms of battling our budget and not spending more than we take in. Throughout all the efforts that have taken place throughout 2011, and some in 2012, we still have not come up with a program, with a budget arrangement which will put us on the path to fiscal health. Yet what is the response from the other side? The response is: Let's impose another tax. So at 4 o'clock today, Members are going to come down and vote in terms of whether they want to impose a 55-percent death tax on people who are already being taxed to death.

I will yield the floor, but then I am sure my colleagues will want to ask for their own recognition.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. THUNE. Mr. President, I think we have about one-half hour left; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. THUNE. Mr. President, I ask unanimous consent that I be able to enter into a colloquy with my colleagues for the remainder of that time.

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

Mr. THUNE. Mr. President, I first want to thank the Senator from Indiana for his very astute observations about the impact of these taxes on hard-working men and women in this country. I would say to my colleague from North Dakota, who is now here, and the Senator from Kansas—both of whom represent very rural States—this is not an issue that is inconsequential. A lot of people think people who have $1 million in assets are rich. But as I said earlier, in most farm and ranch operations, 80 percent of the value of that is in real estate. So they may be land rich but cash poor.

When we talk about imposing a tax of this size on hard-working farmers and ranchers in this country, we are getting at the very heart, as the Senator from Kansas pointed out, of their ability to transfer that farm or ranch operation to the next generation. That is what is at stake.

The Senator from North Dakota is here, and the farmland in North Dakota is similar to what we have in South Dakota, except they have energy. They found oil in a few places in North Dakota, which drives those land values up even higher. We would like to see some of that in South Dakota, but in either of the Dakotas or in Kansas we have seen land values going up in the past few years and it takes a bigger operation to make it work to survive in modern agriculture. So the size of these operations, in many cases, exceeds by multiples the million-dollar exemption that would be allowed by the Democratic proposal, and everything above that, as was said, would be taxed at 55 percent, which would be absolutely disastrous for American agriculture today, and that is on top of the other taxes.

This proposal also raises taxes on about 1 million small businesses that employ about 25 percent of the American workforce. It raises taxes on capital gains and dividends and then it puts this death tax back into place with the million-dollar exemption. As I said earlier, if we look at the number of people who would be subject to and covered by the death tax today, this proposal would increase those people subject to whom the death tax would apply by 24 times—a 2,400-percent increase in the number of people who would be subject to the death tax, according to the Joint Committee on Taxation. That is the group that studies these issues and that looks at the impact of tax policy. According to the Joint Committee on Taxation, 24 times more farmers and ranchers would be subject to the death tax than are subject to it today and 13 times more small businesses. That is the scale of the proposal the Democrats have put forward.

I would say to my colleague from North Dakota, my neighbor, that I assume, as he talks to farmers and ranchers in his State, he gets the same sort of feedback I do in visiting with people in South Dakota; that is, they are very concerned about what would be a huge tax increase, so to speak, when someone passes on and tries to pass that operation on to the next generation.

Mr. HOEVEN. That is exactly right. I am pleased to be here with my esteemed colleague from South Dakota as well as my esteemed colleague from Kansas. I wish to commend Senator COATS from Indiana for the strong and important points he made here as part of this discussion on the Senate floor. This vote we will have on the Tax Code and its impact on farming and small businesses across this country is certainly important.

But Senator COATS also made a very important point a few minutes ago; that is, we already have farmers and ranchers—our producers—in a situation where they face difficult times because of the drought. So I join him in calling on our House colleagues to act on the farm bill. I think it is very important we pass a farm bill, as we have in the Senate.

I had an opportunity to work on that farm bill with Senator THUNE of South Dakota and others. We passed a good package in the Senate. The House Ag Committee has passed a good farm package as well. We need that to pass the House, get it into conference, and get a farm bill done for our producers. I think that is incredibly important always because good farm policy benefits every American. We have the highest quality, lowest cost food supply in the world thanks to our farmers and ranchers. Particularly now, with our farmers throughout the country looking at this drought, it is very important they know we have a sound farm program in place for now and for the future.

As regards this vote in the Senate today, whether it is the good Senator from Indiana, from Kansas, from South Dakota or others, this is incredibly important. We are looking at a bill that is essentially a plan put forward by President Obama that will raise income taxes, that will raise taxes on capital gains, and that will raise the estate tax.

I was on the floor this morning, as others have been, talking about the impact that those tax increases will have on small business when we have 8.2 percent unemployment. We have had 8 percent unemployment for more than 40 straight months. To a large degree, people are focused on the increase in the income tax and its impact on small business, but the impact from the estate tax—from the death tax—is a big deal, and people need to understand what the ramifications are if that estate tax is increased.

We understand it very well in our States because of the case we are making right here. Look at how this affects our farmers and ranchers. We are talking about going from a situation where when a farmer or rancher, looking to pass on that farm or ranch right now, is taxed, from an estate tax standpoint, on the amount above $5 million and then it is set at a 35-percent rate. But the plan being put forward today—and being put forward essentially by the President and by the other side of the aisle—would change that to go back to anything over $1 million would be subject to the estate tax and then would be taxed at a 55-percent rate. So just do the math; right?

That is the point the good Senators from South Dakota and Kansas and others have been making. It doesn't work. It just doesn't work. In other words, that family can't borrow enough money to pay off the estate tax and keep the farm because they can't afford to pay back that level of debt. The farming operation will not sustain it. The ranching operation will not sustain it. You can't borrow that much money to try to keep the farm in the family because you can't afford to pay the debt. As a business enterprise, it can't service the debt. So what happens? The only alternative is to sell the farm.

So we have farmers who have been farming for generations—their father, their grandfather, grandmother, mother, relatives all the way back—and now their kids are farming with them. Their children are involved in that farming enterprise, and they want to continue farming, but that is not going to happen because they are not going to be able to afford the estate tax. So this is exactly what we are talking about when we talk about how raising taxes will have a detrimental impact on our economy.

We have talked about this in terms of small business and we have talked about it in terms of the income tax and the ramifications on capital gains tax, but I think this demonstrates how clearly it truly has an impact across this country on all small businesses because I think all of us, from our States and from many other States, know these farm families. We know this is not just a job or a vocation, it is a way of life, and it is a way of life these families have been counting on.

I wish to make one further point before I turn the floor over to my esteemed colleague; that is, these farm families or any other small business, when we look at the estate tax, we have to keep in mind they are passing assets, but throughout their entire life they have been paying taxes. They have been paying income tax, sales tax, property tax. They have been paying taxes all the way along. So it is not as if they are just handing this stuff on to the next generation without paying taxes because they are not paying a death tax. They have been paying taxes on it all their lives and not just one or two taxes but multiple taxes. So this property has been taxed their entire life. They have worked their entire lives to pay those taxes and would now face a death tax that would force them to sell their business. That is not right.

You know what. It is not right if it is a farm or a ranch or, frankly, any other kind of small business in this country because this country is about small business. That is the backbone of our economy. It is the economy of this country, and that is exactly what we are dealing with.

That is why we put forward an option—and we encourage our colleagues to support this option—that will continue the current tax rates, that will not raise tax rates, and then we will work on extending those current tax rates for 1 year while we engage in progrowth tax reform. We close loopholes and we get more revenue from economic growth, from a growing, more vibrant economy that puts people back to work rather than raising taxes.

With that, I yield the floor for my esteemed colleague from South Dakota.

Mr. THUNE. I appreciate the remarks of my colleague from North Dakota who understands this issue very well, representing a State that is composed largely of family farms and ranches and small businesses. It is similar to my State of South Dakota, similar to Senator MORAN's State of Kansas. We share not only a lot of commonalities in terms of how we make our living but also in the kind of hard-working people who are the backbone, as my colleague said, of our country.

There is a work ethic among people involved in working the land, people who are involved in agriculture, that we hope gets rewarded. One of the ways that gets rewarded is when someone works very hard all their life—and that is very true in agriculture. There are very few jobs in agriculture that are easy. It is a hard way to make a living. The men and women who are involved in production agriculture have, in my view, among the best work ethic in the country, and we want to see that hard work rewarded. One of the ways we hope that gets rewarded is when it comes time to pass that operation on, to allow that operation to be handed off to the next generation so they, too, can benefit from that hard work and build that enterprise and grow the family farm in a way that is good for our economy generally and certainly good for the economy in places such as North Dakota, South Dakota, and Kansas.

That is why a proposal such as this is so devastating, because you are subjecting 24 times more farms and ranches in this country to the death tax than are currently exposed to it under current law.

This is a dramatic increase in the number of folks who would be impacted by the death tax—obviously a significant increase in the amount people are going to be forced to pay when the time comes. I think at a time when we are facing unemployment now for 41 consecutive months over 8 percent, some 23 million Americans either unemployed or underemployed, and some Americans have been unemployed for a longer period of time, one thing we don't need in the middle of this kind of economy is a big fat tax increase.

That is what the Democratic proposal does—not just on the estate tax but also the marginal income tax rates going up on small businesses on January 1. There will be almost 1 million businesses impacted by higher rates, which employ 25 percent of the workforce in this country, as well as increasing taxes on investment, on capital gains, and dividends.

A big fat tax increase in the middle of a very fragile economy is the wrong prescription. I would hope, as the Senator from North Dakota suggested, that our colleagues on both sides will support the alternative we will put forward which will extend the rates for all Americans, so not any American is faced with higher taxes come January 1 of this year. I think it would be devastating for our economy to do that. Certainly it would be devastating to the family farms and ranches in places such as the Midwest.

I know my colleague from Kansas understands very well, because he represents the same kind of people we do in the Dakotas. They are hard working. All they want to know is that they have an opportunity to be able to benefit from that hard work and hopefully pass it on to the next generation when the time comes.

Mr. MORAN. Mr. President, I am pleased the Senator from North Dakota joined us, because I think he made a very valid point, something I should have explained better. It is not just the fear of having to pay more taxes, but it is the reality you don't have the income to pay the tax, therefore requiring the sale of the assets—the sale of the farm machinery and equipment, the sale of the land, the sale of the cattle.

While no one wants to pay more taxes, in this case it is even more onerous in that you have value to assets. You have some wealth in the land and the equipment and the cattle, but never the sufficient income to pay the tax. Therefore, the sale of those assets is required to pay the tax man; and, therefore, you don't have those assets I was talking about earlier to pass on to your children and grandchildren.

This is not just about: I already pay enough taxes; I don't want to pay any more; I can't afford any more. This is the reality: I don't have the ability at all to come up with the income, unless, as the Senator from North Dakota says, I go to the bank and borrow the money. But then I don't have the cashflow to repay the loan, and therefore I sell the property.

This comes at a time when many Kansans—farmers and others—would complain about how business and agriculture keep getting bigger and bigger. The reality is we would love to have those farming operations, that family-sized farming scale that is so important to the cultural and economic vitality of communities across Kansas and across America. But because we have laws such as the estate tax, we sell those assets to bigger entities that can better afford it, and we reduce the number of family farms that most of us believe are so important to who we are as Americans, and certainly so important to the economy and the cultural nature of rural America.

I have heard the discussion here on the floor today about the farm bill. I know my colleagues, the Senator from South Dakota and the Senator from North Dakota, have encouraged passage of a farm bill by the entire Congress. But this farm bill, let me remind you, is a reduction in farm bill spending only on the side of production agriculture, of family farms across Kansas—a reduction in the amount of money available under the farm bill of $23 billion.

Farmers in Kansas tell me they are willing to take their so-called hit to help reduce the country's fiscal condition. We are willing to take the $23 billion out of farm programs, but don't do other things to us that eliminate or reduce our ability to earn a living.

So here comes Congress, a few weeks after we pass a farm bill reducing the amount of money available for farm programs by $23 billion, saying, Oh, let's do something else damaging to agriculture, to farmers and ranchers. Let's impose an estate tax in which the threshold is $1 million and the marginal rate is 55 percent.

So it goes back, contrary to what farmers say, which is: We will take our hit; we will contribute to getting this country's fiscal house back in order, but let us have the opportunity under a free enterprise system to succeed. And now we have one more handicap, one more hurdle to accomplishing that.

I was on the Senate floor yesterday talking about this issue and particularly talking about a tax system. We need dramatic reform in our Tax Code. The idea that we would be extending the current tax law for the foreseeable future, this Congress, this President ought to be serious about scrapping the Tax Code and starting over with something much different. I spoke yesterday in favor of the fair tax. But regardless of what the conclusion is, we ought to have a simpler, fairer, more understandable Tax Code. We ought to have the circumstance in which most taxpayers don't have to seek professional advice to figure out what it is they owe or to spend their whole time as a farmer or rancher or a business person trying to figure out, What do I do today that will have a positive or negative consequence upon the tax bill at the end of the year?

We Americans spend a huge amount of time and a significant amount of money in which we pay professionals to advise us how to avoid paying taxes. We desperately need a whole new Tax Code that is fairer, simpler, much more straightforward and understandable, so that we spend our time growing the economy, as compared to spending our time trying to figure out how to manipulate the Tax Code and, in the process, lose our individual liberties and freedoms because we are all about trying to make certain that we comply with the Tax Code as compared to determining what is in the best interest of us as citizens, us as individuals, as family members, and us as business owners.

So while it is important that we point out the onerous nature of the estate tax and what is about to happen here in a vote in about an hour, we ought to remind ourselves that there is a much more important goal than this Congress and this President have been willing to address, and that is, scrap this Code and get something that makes sense to the American people that is understandable, affordable, and that pays the necessary amounts to fund those programs required for us to be a successful country.

I yield for the Senator from South Dakota.

Mr. THUNE. I thank the Senator from Kansas. I too look forward to working with him on fundamental tax reform, because that is what we need to do to get the economy turning around. I think you will see tremendous economic growth. I think you would see our economy unleashed if we would reform our Tax Code in a way that broadens the tax base and lowers the rates. The Senator from Kansas talked about the fair tax—certainly another proposal out there that many people support. But in any event, we do need a fundamental tax reform. And it would be nice if, when we do that, we do away with the death tax completely.

With that being said, what is being proposed here today, as we have all pointed out, is something that in many cases in places such as Kansas and South Dakota—and our colleague, the Senator from Wyoming, Senator BARRASSO, is now here, who represents a rural State, a State where you have a lot of folks with big expanses of land. There are many people in agriculture who are land rich and cash poor.

The Senator from Kansas pointed out that when you have an operation that exceeds that $1 million threshold that is being proposed in the Democratic tax plan and then everything above that in terms of the value of your assets is taxed at that top marginal rate of 55 percent, then you are in many cases having to sell pieces of your operation in order to pay the IRS—or, worse yet, going to the bank to borrow money, in which case you may not be able to repay it.

But this creates all kinds of problems for people who are involved in the day-to-day production of agriculture when it comes to keeping that operation in the family.

I appreciate the observations of the Senator from Kansas and his insights based upon his experience and the people he represents. I too look forward to the day when we are debating fundamental tax reform. But until that comes, we shouldn't be raising taxes. We shouldn't be raising taxes in this type of an economy where we have as many people unemployed as we do, we have sluggish economic growth. And we certainly shouldn't be punishing family farmers and ranchers and small business people with what is a punitive death tax proposal coming out of the Democrats in the plan we are about to vote on at 4:00.

I yield to my colleague from Wyoming who is here, again, representing a State much like mine and much like the Senator from Kansas, who has a lot of people who would be impacted by this Draconian tax.

Mr. BARRASSO. Mr. President, to follow up on that, clearly in the great State of Wyoming there are lots of farmers and lots of ranchers. It is our heritage, it is our economy, it is our future.

Many people—we talked a little bit about that—to keep these operations going actually have a job in town so they can make enough money to help pay the mortgage and keep things going. But the price of land continues to go up, and on paper they have quite a bit of resources. So to think that we are in the next hour going to vote on a proposal by the Democrats to bring back the death tax is something that should be a surprise to all Americans. It is to farmers and ranchers and all small business owners.

I think of the movie theater owner in Casper I have known for over 20 years. I have operated on him, fixed his ankle when he broke it. He started with one small theater. He was the guy taking tickets, making the popcorn. Other people near him helped out and made it all work. He expanded to a second movie theater, and then again and again. He built the buildings, he built the business. He made it work. He was there early. He was there late. He was there with a broom.

But when I hear the President say, If you have a business, you didn't build it; someone else did, I ask the President to come to Casper, WY, to meet the business owners there, meet the guy who has a dry cleaners, meet the florist, meet the person with the car wash, meet this owner of the movie theaters, and then go around the community and the outskirts of the area to take a look at rural Wyoming, at the ranchers and farmers, and hear their stories, hear of their life's work, hear about what they have put together.

To see a proposal on the floor of the Senate that says, We don't care what you did, how hard you worked, what the impact is going to be on leaving this legacy to your family, we are going to bring back the death tax and we are coming for you. It is something that people back home, in all of rural America—and I would think in many places around the country—would find shocking, astonishing, and very sad as a commentary of what role Washington and government is trying to impose upon their lives, to take these levels of taxation to much higher levels where the death tax hits at $1 million and 55 percent at that level, from where we are now, where it is at $5 million and indexed for inflation because we see inflation and a maximum of 35 percent. I am astonished that people would actually consider voting for that. But yet that is what the Senate majority leader has been proposing, and that is what we are going to vote on within the next hour.

It is interesting, I was driving through the Hot Springs County, Thermopolis, WY, area a couple of years ago talking to a farmer. He said, You know, I could fight the weather or I could fight the government, but I couldn't fight both. And he got out of it.

A lot of families haven't gotten out, and they continue. Now, once again, the heavy hand of government comes with this crushing blow in wanting to raise this sort of tax on families all across the country, on people who have built their own businesses. In spite of what the President may say, these are the people who made this happen.

After the President's comments last week, I was in Thermopolis for a class reunion over the weekend. They have all the different classes come together for a big picnic and cookout in the park. My mother-in-law is a member of a class that graduated quite a few years ago. It was her reunion as well. We were talking about the family bakery that she had worked at as a little girl. The family actually lived above the bakery. They got their food from the bakery because they ate what didn't get sold. They worked every day. She talked about her father working so very early in the morning, through the day. For lunch she walked home from school to be able to eat at the bakery. That is a family who built that business.

We talked about it, and I asked, Well, who else worked there? She started to run through the names of the people in the family who built and contributed to this bakery business called the Wigwam in Thermopolis, WY. She talked about Sonny who had worked there. There are a lot of businesses and a lot of farms and a lot of ranches—I see my friend and colleague from Kansas here—where there was a Sonny who worked on that farm or on that ranch.

Who else worked there in the bakery? Well, Shorty worked there too. I think every community has a Shorty who worked in a business that made something happen.

I said: Who else? She said: Sandy. I know there is a Sandy in every community. Yet the President thinks they didn't do anything.

Who else? Smokey. We have all these different names of people in the family who made this business, helped to put it together, and built it. Those are the people who made this business. Those are the people the President seems to have forgotten or never met in the first place. Those are the people who built the businesses of this country. It wasn't somebody else; it was them. It was parents who got up early and worked hard. Their kids worked there too. Everyone in the family participated. Everyone contributed. Every community in this country has someone like that.

Now to see the Democrats coming forth with a proposal that says: You may have built a business—well, they may not believe that family actually built the business—and we just want to tax you more when the person who really put the sweat equity into it dies. The family maybe ends up having to sell, as we heard from the Senators from Kansas, North Dakota, and South Dakota. Why? A lot of it is because this institution can't control the spending, so they are always looking for new ways to tax other people.

The problem is not that we are taxed too little; it is that we spend too much in this institution. Congress spends too much, and the President always seems to find another way to spend more money. That is what we see, ways to continue to find money and then spend, borrow, and grow government bigger and bigger. That is not what built this country. That is not what made this country great. It was the families with ranches, farms, and small businesses all across this country who put in hard work, dedication, and commitment to getting up early in the morning, working all day long and well into the evening.

I ask my friend and colleague from Kansas, I am sure the Senator can think of families and picture those families where folks actually got up before sunrise and worked through the end of the day and after the Sun went down to building something, to make something of themselves and their family, and to contribute to the community. Now we see government with its heavy hand coming to say: The death tax is here. We want to raise the death tax, and we are coming for you.

The PRESIDING OFFICER (Mr. MERKLEY). The Senator from Kansas.

Mr. MORAN. Mr. President, I certainly thank the Senator from Wyoming for his comments. Those of us who had the privilege of growing up in small town America know those names the Senator from Wyoming indicated. It is one of the advantages of that small town life.

Every day we see those families who own a business or have a farm or ranch. We know who they are. We know who works there, we know what jobs are created by that business or that farm, and we have the understanding of how important that is in the community if there is going to be jobs in our town. It is that small businessperson who gets up early, works late, does whatever is necessary to make sure they are a success in that business. Sometimes they are successful and sometimes they are not. Every day they fight the fight to make certain they put food on their family's table, they have the ability to save for their children's education, for that better life, and save for their own retirement.

Again, just like we talked about the farmers and ranchers who are willing to forgo things from Washington, DC, to help contribute to getting our debt under control, get our fiscal house back in order, make America what we know it can be—they are willing to forgo those things that Washington seems to want to give us. All they ask is, Please don't put more burdens on us. Don't make it more difficult for us to succeed.

We see the example today where the Democrats' tax proposal creates a huge burden on a huge sector of this economy and on people who are so important to us as to whether we are going to have jobs created and the opportunity for every American to pursue the American dream.

Mr. BARRASSO. I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mrs. BOXER. I ask unanimous consent that the quorum call be rescinded.

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

Mrs. BOXER. Mr. President, I would ask unanimous consent that I be recognized for 2 minutes followed by Senator CARDIN.

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

Mrs. BOXER. Mr. President, I think it is important to simplify what is going on with these two proposals, the Republican proposal and the Democratic proposal. So I am going to attempt to do that. We have two packages of tax cuts. The Democratic package gives everyone a tax break on their income tax for the first $250,000 of income. So everybody gets that tax break. The main difference is that under the Republican plan, they give more to incomes above $250,000, where we say everybody gets a tax break up to $250,000, and after that we go back to the tax rates of Bill Clinton when we created 23 million jobs, balanced the budget, and created a surplus.

Now, in order to do this, the Republicans don't do some of the things we do for the middle class, which is an extension of the tuition tax credit and a generous child tax credit. So that is the difference. Their package costs $50 billion more. If we figure we do this over 10 years, we can do the math. That comes to $500 billion. But let's just take it to 1 year. The $50 billion cost of their package, if we didn't go that way and supported the Democratic package, we could use that to either reduce the deficit or to soften the sequester.

We have people running all over television saying we are ruining the country with this sequestration. The Republicans came up and supported that idea of automatic spending cuts. We can take the $50 billion if the upper income would pay their fair share and cut the automatic spending cuts in half.

With that, I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. CARDIN. Mr. President, I thank, first of all, my colleague from California, Senator BOXER. I happened to be on the Senate floor and listened to my Republican colleagues as they were talking about the estate tax. I think we have to clarify what this legislation is all about that we will be voting on in a few minutes. It is an effort to fully protect about 98 percent of Americans from the uncertainty as to whether their income tax will go up on January 1. That is what this bill is about. There are a lot of other problems we have, including the fiscal cliff we have been talking about.

I understand the concerns we have with the estate tax. We have a problem with the physician reimbursement under Medicare. We have problems with the sequestration orders and the impact it would have on all of our agencies whether it is national security or the domestic budget. We have concerns about extending tax provisions for the energy sector of our economy. We have the uncertainty of whether we will extend the unemployment insurance additional benefits. All of those are legitimate concerns.

I hope the Republicans and Democrats will come together to deal with the deficit. That is what we should do. I can tell everyone I have been one of those Senators meeting with Republicans, meeting with my Democratic colleagues, and that is what we want to do. We want to give predictability to the American people about a credible plan to deal with our deficit.

I was proud to be one of the Democrats on the Budget Committee in the Senate. The Presiding Officer helped to say let's use the Simpson-Bowles model to try to get a bipartisan agreement on a budget document much earlier this year so we could come forward with a credible plan to deal with the deficit. We are now just a few weeks away when Congress is likely to go out of session for the November elections. We have heard in the House they are talking about leaving the third week of

September. So what we are trying to do—and this is a pretty simple bill—is to say for the overwhelming majority, 98 percent, let's at least give the certainty to the people of our country so they know on January 1 their tax rates will not go up. Why do we want to do that? Because predictability gives confidence. Confidence allows people and consumers to buy and helps to grow our economy. That is why we do it.

Sure, it is frustrating we can't deal with everything right now. We want to deal with everything, but we are not going to be able to come to that political agreement. Can't we at least come to the agreement to protect the vast majority of the taxpayers of this country?

The bill we will be voting on very shortly says we would not let the personal income tax rates go up for those whose incomes are up to $250,000. As Senator BOXER pointed out, every income-tax payer gets the advantage of it. If you make $1 million, you get the lower tax rates on the first $250,000. That way everyone gets the advantage.

We also protect the refundable child tax credit because we know American families depend upon that refundable tax credit. I want to thank the majority leader for putting this into the bill. That is part of a family's planning process to know whether they can buy consumer goods. We included that in the legislation that we will have a chance to vote on. We included the American opportunity tax credit. The Presiding Officer is very involved in that. That is to help families afford college education.

I was at a university meeting over the weekend and looked at the debt that our college graduates are inheriting as they go through college. Well, we extend in this bill the help we give to working families to be able to afford a college education for their children, which helps to build this great Nation. It helps to make us more competitive. We have also included in the legislation the small business expenses because we want to give predictability to small businesses to go out and buy capital assets so they can turn around and help our economy grow.

So I just wanted to point out some pretty simple choices. Do we believe we should give the predictability that I think everybody agrees on? Why can't we keep the bill simple and get it done? My Republican colleagues want to find some way to be able to vote no to help the overwhelming majority of the people in this country.

I will say this again. If you make $1 million, you are going to get $6,000 of relief under this bill. Isn't that enough? Then let's come together and hopefully use the remainder of this year or early next year to get a credible plan and get our deficit under control. Let's give confidence to the American people so we will not face that fiscal cliff, and we will get our job done. The purpose of this is to create jobs. We need to create more jobs in our country.

I wish to share with my colleagues this photograph that was taken. I will ask my colleagues where they think this photograph took place, with many people sewing and manufacturing clothing. We can see the U.S. flag there. The next question is, When do my colleagues think this photograph was taken? The 1920s? The 1930s? I remember growing up in Baltimore and seeing all of the different clothing manufacturers located in my city. So perhaps this is a historic photograph. It is not. It was just recently taken in Westminster, MD. It is the English American Tailoring Company, with 380 jobs, producing the finest suits in the world.

I show this photograph to demonstrate that we can succeed in manufacturing in America. In the last 28 months, we have seen an increase of 500,000 jobs in manufacturing in America. That is the largest growth since 1995 in our country. We have to fight for the jobs and keep our jobs here in America.

I had a chance to talk with English American Tailoring Company union employees. They are happy not because they are happy to have a job—everyone is happy to have a job—they know they have a good job in a company that cares about them, and they take pride in what they are making. Make it in America. In Maryland, in the United States, we have a company that makes the best custom suits in the world because they are American made and because they have the best technology and the best quality of any company in the world.

Let me tell my colleagues something else that might surprise them. They had a 15-percent increase in sales this year. They added an additional 50 employees this year. They are now making plans to break ground on a training facility in Westminster, MD. They have confidence in their ability to produce the right product for America and to create the jobs and keep the jobs here.

We have done this over and over in America. I know my colleagues have taken the floor to talk about the auto manufacturing industry, with the best sales in 5 years. Chrysler's sales have increased 34 percent; General Motors is up 12 percent; Ford is up 5 percent; 10,000 new jobs at Ford Motor Company; 4,000 coming from Mexico back to the United States. Make it in America. Our U.S. auto manufacturers are making it in America. We can create more jobs if we just create the right climate.

We need to help small business. I agree that is where most of the job growth will take place. That is where most of the new innovation comes from. So why don't we take up sensible legislation that the majority leader talked about that would reward small companies that are creating more jobs by giving tax credits? I am also proud of a provision in that bill to increase surety bonds for small companies so they can compete. That is what we should be doing.

We need trade policies. I want to give another bit of good news. I see Senator NELSON is on the floor, and he was instrumental in the citrus trust fund. But we have the wool trust fund and the cotton trust fund also approved by the Senate Finance Committee. Why is that important for this contract we have here? This company, English American Tailoring, makes quality suits, but they have to import the wool because the wool is not available in America. Here is what happens. The tariff today on that wool coming into America is higher than the finished suit, if it was imported into America, which encourages manufacturing outside of America. That makes absolutely no sense at all. That is why we have a wool trust fund—to correct this inverted tariff so that we can make it competitive to manufacture in America. That is why we have it. I am proud that by a unanimous vote, we are recommending that from the Senate Finance Committee. I hope we can find the cooperation on this floor to get that done.

I also want to make sure that the citrus industry in Florida is taken care of, so we take care of the citrus trust fund and the cotton trust fund. Shirts are manufactured today—my friend from New Jersey, Senator MENENDEZ, helped on this, and Senator SCHUMER helped a great deal with the wool trust fund. We make cotton shirts in New Jersey. We can make those shirts because we can manufacture more efficiently than other countries, but we can't have an inverted tariff. We can't afford to make it more expensive to manufacture than import. That is what that is about. These are commonsense policies.

We need tax policies that make sense. Senator STABENOW has been working hard on the Bring Jobs Home Act so that we actually reward companies that bring their jobs back to America and we don't allow taxpayers to foot the bill for those who want to take their jobs overseas.

The bottom line is that we can make it in America. We can make it in America. We are doing that in Maryland, and we are doing it throughout the country. We need sensible policies.

We also need the confidence of consumers about the take-home pay they are going to have in order to be able to buy the suits manufactured by English American Tailoring or other companies in our community or to buy a car manufactured here in America. They want to do that, but they need the confidence.

So don't complicate the bill we are going to be voting on in 1 hour. Don't make it that difficult. It is a pretty simple bill. It says whether we are going to fully protect 98 percent of Americans from seeing their tax rates go up and their paychecks go down on January 1 and help every American, regardless of their income, with the first $250,000 of taxable income.

I hope we will then make a commitment, Democrats and Republicans, to put aside our partisan differences and listen to each other and come up with a credible plan that answers not just the issues—the only issue raised by my Republican colleagues, which is the estate tax—but also answers the questions of our physicians for Medicare and answers the problems of our people who depend upon government, the sequestration orders. Let's get it together and get all of that done, but let's not let the traditional partisan differences stop us from protecting 98 percent of Americans, so that companies such as English American Tailoring can continue to expand and create more jobs here in America to help our economy grow because people will be willing to buy the suits, knowing there is some confidence in the Tax Code that allows them to plan for their future.

I urge my colleagues to support the efforts we are going to vote on in a few moments.

I yield the floor.

The PRESIDING OFFICER. The Senator from Vermont.

VIOLENCE AGAINST WOMEN ACT

Mr. LEAHY. Mr. President, I know we are soon going to be voting on other matters, and I see the distinguished senior Senator from Florida, who wishes to speak, so I will not take long. However, there is one area I don't want people to forget about; that is, the Violence Against Women Act.

Eight months ago Senator CRAPO and I joined together to introduce the Leahy-Crapo Violence Against Women Reauthorization Act of 2011. We decided to put victims first, not politics first. So we set aside any partisan differences the two of us might have. We did this so we could tell the Senate that even though we come from entirely different political philosophies, we are united on the need to protect victims. At a time when we hear people say this body is deeply divided, an overwhelming majority of the Senate, Republicans and Democrats alike, joined us in that effort, and we passed this commonsense legislation with a remarkable 68 votes. That is a rare feat in the Senate today and it sent a clear message—stopping domestic and sexual violence. There are some who say we couldn't get 51 votes to say the Sun rises in the east. We got 68 votes to protect victims. We sent a clear message that stopping domestic violence is a priority and we will stand together to protect all victims from these devastating crimes.

Most of us here hoped the House Republicans would follow our demonstration of bipartisanship. We gave them an excellent bill and a chance to quickly take it up and pass it. Instead, unfortunately, they put politics first. They drafted a new bill, and they are within their right to do that, but here is what they did. They intentionally stripped out protections for some of the most vulnerable victims, including immigrants, LGBT victims, and Native women. They took out the key provisions to make campuses and public housing safer. They rejected the input of law enforcement and victims' services professionals who tell us these protections are desperately needed to save lives. In other words, they said: If you have two victims who are subjected to the same kind of abuse, we might protect this one, but by law we won't protect this one. I can tell my colleagues that there is no one in law enforcement in this country, no matter what their political background, who wants to be put in that position. They believe that a victim is a victim is a victim, and they want to protect all of them.

In fact, it was so obvious that the acts of some of these House Republicans were too much even for some of their own party. Nearly two dozen House Republicans, including the chair of the crime victims caucus, stood up and voted against this restrictive House bill.

We can talk about numbers and all of those things, but I wish those who came up with this restrictive House bill could have been with me last Thursday to hear from Laura Dunn, a courageous survivor of campus sexual assault who told us of her own horrendous experience. She said: I come before you to tell you about this because I want you to include the Senate provisions the House stripped out. She made an impassioned plea for that and for Congress to do all it can to protect all students on campus from the kind of unspeakable violence she encountered—the kind of violence that I pray my daughter and my granddaughters will never have to face.

More than 200 survivors of campus violence at 176 colleges and universities came forward publicly and joined her in an open letter to Congress calling for the immediate passage of this critical legislation. I ask unanimous consent that a copy of the letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL TASK FORCE TO END SEXUAL AND DOMESTIC VIOLENCE AGAINST WOMEN,
Washington, DC, July 20, 2012.

U.S. SENATE,
Washington, DC.
HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR SENATOR/REPRESENTATIVE: We, the undersigned survivors of violence committed on college and university campuses nationwide and the families of those who did not survive this violence, call upon every Member of Congress to pass the Violence Against Women Act (VAWA) Reauthorization before the end of September. Furthermore, the final VAWA must contain comprehensive campus provisions including the Campus SaVE Act and the Campus Safety Act.

Each of us has been dramatically affected by at least one of the four crimes that have become a silent epidemic on college campuses: stalking, sexual assault, dating violence and/or domestic violence. We have been the victims of this violence. We have family members who have been killed on campus as part of the commission of these crimes. We have family members who might not have been killed if their colleges and universities had been fully and responsibly addressing stalking, sexual assault, and dating violence through well structured campus systems for prevention, intervention, victim support and perpetrator accountability.

And we are not alone: 13.1% of college women report having been stalked during the school year; one in five college women report having been sexually assaulted; 70% of all victims of intimate partner violence in the US experience the first incidents of abuse before they reach the age of 25.

There are more than 4,700 colleges and universities in the United States with a total enrollment of over 20 million students. This is a population in crisis that cannot and will not be ignored.

The Violence Against Women Act (VAWA), enacted in 1994, recognized the insidious and pervasive nature of domestic violence, dating violence, sexual assault, and stalking. In every reauthorization of the Act, Congress has worked carefully to craft improved, enhanced, and accountable programs and services, as well as coordinated community responses, with the goal of providing comprehensive, effective and cost saving responses to these crimes. VAWA's reauthorization must build upon its successes and continue progress towards ending the violence. VAWA must reach all victims and perpetrators of domestic violence, dating violence, sexual assault and stalking in every community and on every college campus.

The Grants to Reduce Violent Crimes Against Women on Campus program helps institutions of higher education adopt a comprehensive response to domestic violence, dating violence, sexual assault and stalking. First authorized in 1999, this very small program has had a dramatic impact on the institutions of higher education lucky enough to get one of these grants (approximately 20–22 colleges per year). It is essential to reauthorize the Campus Grants Program in VAWA, yet it is unacceptable for this to continue to be the only piece of VAWA addressing the overwhelming need.

The Campus Sexual Violence Elimination (SaVE) Act, introduced independently in both chambers and passed as part of S. 1925 in the Senate-passed VAWA, is a crucial step forward. It will address sexual violence, dating violence, and stalking at institutions of higher education and increase awareness and prevention of these acts of violence by requiring transparency of information, systemic, campus-wide policies and procedures to address these crimes, prevention programs, and assistance for victims.

The Campus Safety Act, introduced independently in both chambers and passed as part of H.R. 4970 in the House-passed VAWA, is also essential. It will establish a National Center for Campus Public Safety that will provide a centralized, government operated entity to promote proactive approaches to campus safety through the development of best practices, research, and training opportunities.

Both the House and the Senate passed bills earlier this year to reauthorize VAWA. It is clear that the vast majority of Congress supports a reauthorization of the Violence Against Women Act with key improvements. But as we watch the clock ticking on the 112th Congress, we are painfully aware of the devastating blow to the young people in our colleges and universities that will occur if Congress fails to pass a final VAWA.

We are the voices of the unimaginable pain and suffering occurring every day on our college campuses. We are the voices of those young people whose safety continues to be at such great risk. We are the voices of those who are still too unsafe to speak out about the violence they experienced. We are the voices of those who have tragically died senseless deaths when their lives were just beginning.

We will not wait! Get VAWA done now.

We call upon each and every Senator and Congressperson to prioritize the Reauthorization of the Violence Against Women Act and the safety and well-being of the young people we are all relying on to carry our nation forward. We implore you not to let us or them down.

Mr. LEAHY. Now the House Republican leadership is hiding behind a procedural technicality as an excuse to avoid debate on the Senate bill. That is nonsense. We all know the Speaker of the House could waive the technicality, called a blue slip and allow the House to have an up-or-down vote on the bipartisan Senate bill at any time. He could do it this afternoon.

I have been consistently calling for House action on this legislation since we passed it overwhelmingly 3 months ago. In fact, last month Senator MURKOWSKI and I wrote a bipartisan letter to Speaker BOEHNER. We asked him to allow an up-or-down vote. Last Thursday five House Republicans followed suit. They called on Speaker BOEHNER and Majority Leader CANTOR to take up the Senate-passed bill and resolve the blue slip problem.

The Speaker's hands are not tied in this matter. He has to stop choosing to hold up the bill and instead choose to let these efforts to pass the bill go forward. A New York Times editorial earlier this week entitled ''Delay on Domestic Violence'' put it well:

Mr. Boehner's leadership could break the logjam—but that, of course, would also require his Republican colleagues to drop their . . . opposition to stronger protections for all victims of abuse.

I ask unanimous consent that both letters and the editorial be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, July 23, 2012]

DELAY ON DOMESTIC VIOLENCE

With Congress just days away from its August break, House Republicans have to decide which is more important: protecting victims of domestic violence or advancing the harsh antigay and anti-immigrant sentiments of some on their party's far right. At the moment, harshness is winning.

At issue is reauthorizing the Violence Against Women Act, the landmark 1994 law central to the nation's efforts against domestic violence, sexual assault and stalking.

In May, 15 Senate Republicans joined with the chamber's Democratic majority to approve a strong reauthorization bill. Instead of embracing the Senate's good work, House Republicans passed their own regressive version, ignoring President Obama's veto threat. The bill did not include new protections for gay, immigrant, American Indian and student victims contained in the Senate measure. It also rolled back protections for immigrant women, including for undocumented immigrants who report abuse and cooperate with law enforcement.

Negotiations on a final bill are in limbo. Complicating matters, there is a procedural glitch. The Senate bill imposes a fee to pay for special visas that go to immigrant victims of domestic abuse. This runs afoul of the rule that revenue-raising measures must begin in the House. Mr. Boehner's leadership could break the logjam—but that, of course, would also require his Republican colleagues to drop their narrow-minded opposition to stronger protections for all victims of abuse.

Unless something changes, Republicans will bear responsibility for blocking renewal of a popular, lifesaving initiative. This seems an odd way to cultivate moderate voters, especially women, going into the fall campaign.

U.S. SENATE,
Washington, DC, June 12, 2012.

Hon. JOHN BOEHNER,
Speaker of the House of Representatives,
U.S. Capitol, Washington, DC.

DEAR MR. SPEAKER: Saving the lives of victims of domestic violence should be above politics. Yet politics seem to have gotten in the way of House passage of the bipartisan Senate Violence Against Women (VAWA) Reauthorization Act, a bill to strengthen law enforcement's response to domestic violence that cleared the Senate on April 26th with a strong bipartisan vote. In the time since the Senate passed its bill, over 1.5 million Americans have become victims of rape, physical violence, or stalking by an intimate partner. We cannot afford to let another day go by. We urge you to swiftly allow for an up-or-down vote in the House on the Senate's bipartisan VAWA Reauthorization Act.

Since being enacted in 1994, VAWA has developed a long track record of protecting women and reducing the incidence of domestic violence by providing critical support to law enforcement and services for victims. Each previous reauthorization substantially improved the way VAWA addressed the changing needs of domestic violence victims by addressing challenges facing older victims, victims with disabilities, and other underserved groups. The Senate's bipartisan VAWA Reauthorization Act continues this tradition by placing greater emphasis on training for law enforcement and forensic response to sexual assault, and by strengthening protections for all victims regardless of where they live, their race, religion, gender, or sexual orientation. These changes were included at the recommendation of professionals from all over the country who work with victims every day.

We should not let politics pick and choose which victims of abuse to help and which to ignore. However, this fundamental principle is not reflected in the House version of VAWA reauthorization legislation, which disregarded the input from professionals and would eliminate Senate language that ensures universal protection for LGBT victims who currently face obstacles to accessing VAWA's life-saving services, make it more difficult for local law enforcement to help immigrant victims of domestic violence, and fails to match the Senate's effort to address the epidemic of domestic violence on tribal lands.

Although significant progress has been made, domestic violence and sexual assault remain serious challenges. Every day, abusive partners kill three women, and for every victim killed there are nine more who narrowly escape. It would be unacceptable to step away from our commitment to stopping violence and abuse, and from seeking justice for victims, by undermining VAWA's protections.

The delay of the VAWA Reauthorization Act has real consequences for these and future victims, and should not be allowed to continue. VAWA was enacted and reauthorized with broad bipartisan support, and this year's reauthorization is endorsed by over 500 state and local organizations, and 47 attorneys general. We are concerned that unnecessary political and procedural posturing is breaking the bipartisan consensus on an issue that should rise above such considerations, and is creating an unconscionable delay that further threatens victims of violence. We urge you to honor VAWA's bipartisan history and affirm the House's commitment to combating domestic violence by having an up or down vote on the Senate's VAWA Reauthorization Act.

Sincerely,

PATRICK LEAHY,
U.S. Senator.
LISA MURKOWSKI,
U.S. Senator.

U.S. CONGRESS,
Washington, DC, July 19, 2012.

Hon. JOHN BOEHNER,
Office of the Speaker, The Capitol,
Washington, DC.
Hon. ERIC CANTOR,
Office of the Majority Leader, The Capitol,
Washington, DC.

DEAR SPEAKER BOEHNER AND MAJORITY LEADER CANTOR: As strong supporters of a bipartisan approach to the Violence Against Women Act (VAWA) reauthorization, we thank you for your efforts to secure timely House consideration of this issue. We strongly urge you to work diligently with the Senate to solve the blue slip problem as effectively as you did with the Transportation Bill and quickly craft a bicameral compromise on VAWA reauthorization that includes the following provisions:

1. Concurrent jurisdiction for tribal crimes—Because of the significant backlog of crimes occurring on tribal lands, federal courts have limited resources to pursue all but the most serious violations. As a result, most sexual assaults and domestic incidents that occur on native lands go unpunished. Allowing our tribal court systems to prosecute these crimes would help to ensure that justice is served and prevent the spread of domestic violence in native communities.

2. Protections for LGBT populations—Under current law, all victims of domestic violence are entitled to VAWA services. However, in some communities, services remain unavailable to LGBT individuals simply because of their sexual orientation or gender identity. LGBT-inclusive language would simply clarify the law to ensure that all domestic violence victims have access to the support offered by VAWA.

3. Eliminate disincentives for reporting crime among immigrants—The House proposal provides temporary shelter for victims who report domestic crimes, but it maintains the long-term threat of deportation for immigrant victims who come forward. No one should be discouraged from bringing an abuser to the attention of law enforcement. While the Department of Justice confirms that the U-Visa program is not subject to significant fraud, we stand ready to work with concerned Members on improving accountability within the system to ensure that Congress can monitor its effectiveness.

4. Improve safety on college campuses—The Senate requires more transparency of information, more prevention programs, and improved assistance for victims of domestic violence, dating violence, sexual assault, and stalking on college campuses. The House proposal supports a Campus Safety Resource Center that would be able to support colleges and universities with best practices and guidance to address violence on campus better. Both of these provisions are critical improvements to protect students on campus.

We urge you to make VAWA reauthorization a significant priority during the rest of the 112th Congress and ensure that the aforementioned provisions are included in the final reauthorization bill.

Sincerely,

JUDY BIGGERT,
ILEANA ROS-LEHTINEN,
ROBERT J. DOLD,
TODD R. PLATTS,
DAVID RIVERA.

Mr. LEAHY. Mr. President, victims shouldn't be forced to wait any longer. The problems and barriers facing victims of domestic and sexual violence are too serious for Congress to delay. I think of my home State of Vermont and the very small State that it is, but more than 50 percent of homicides are related to domestic violence—50 percent. That is simply unacceptable. We know how to identify these cases early. We know how to intervene. We know how to stop these needless deaths. The Senate-passed bill includes important new tools for law enforcement in communities all over Vermont and every other State to do just that. But until the House Republican leadership stops playing games, those resources will not reach the people who need them now and lives will be lost.

Enough is enough. Let's stop this fiction of saying we will stand together to protect this victim but not this other victim, as though somebody who has been victimized, somebody who has faced this violence should be treated differently. It is time to put aside the politics. We need to stop picking and choosing which victims of abuse get help and which are ignored. We will not find a single police officer who has gone to a scene of domestic violence or abuse who will tell us: Well, I don't want to catch the person who did this, but the person who did this, we will go after them. No. Police officers want to protect us all. That is what the Leahy-Crapo bill does. This is to protect us all. So I hope the House will take up and vote on the bipartisan Senate bill because our bill protects all victims. Domestic and sexual violence knows no political party. Its victims are Republicans and Democrats and Independents. They are rich and poor. They are gay and straight. They are immigrant and citizen alike. A victim is a victim. Helping these victims, all these victims—whether they are from Vermont, California, Alaska, Iowa, Oregon, Florida, or anywhere else—that has to be our goal because their lives depend upon it.

Mr. President, we live a privileged life in this Senate, just as the House Members do. They are not facing this kind of abuse. But the lives of millions of Americans do face it. Their lives are depending upon us not to play partisan games but to give law enforcement and all the various organizations that help prevent abuse the tools they need. We have done that in the Senate. It is time for the House to act.

I yield the floor.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON of Florida. Mr. President, in the midst of all of this tax debate and the partisan wrangling and the gridlock that has ensued—and today we will have another couple of tax votes, and, again, real progress will be stalled—I would like to offer a bipartisan thought that will lead to a solution. As a matter of fact, I think there are over 50 Senators of the 100-Senator body who agree that deficit reduction can be done, and done in a comprehensive way. I think partisan politics, all mixed up in election-year politics of a Presidential election, is getting in the way, and I think that is what we are going to see being played out this afternoon on the floor of the Senate.

What would that solution be? Well, if our target is that we want to reduce the deficit over a 10-year period by at least $4 trillion—that was clearly where the Simpson-Bowles Commission was going; that was clearly where the Gang of 6, which morphed into 45 of us who last summer stood and had a press conference and talked about $4 trillion-plus in deficit reduction, was going—if that is what our goal is, and as others have spoken out here, if we could get that kind of deficit reduction agreement for a 10-year period, what we would have is a shot of confidence into the economy, and we would see this economic engine start to roar more to life, other than the gradual economic recovery we are seeing—indeed, a recovery of 27 straight months of private sector job growth, but albeit a slow economic recovery.

If over 50 of us were to come together and strike that agreement, indeed, that is what we would have, and the stock market would take off, the bank lending would take off, the credit ratings would go up, and all of the incidental things that would flow from that.

You know what. At the end of the year that is what we are going to have to do, and most every reasonable Senator knows that. That is why there are a number of Senators on this side and that side of the aisle who have spoken the same message.

What is that message?

No. 1, that we have to have some spending cuts, but if we are doing $4 trillion-plus, we cannot do it all with spending cuts. We have to have revenue produced.

How do we get the revenue? What over 50 Senators in this body would agree to is we reform the Tax Code in a comprehensive way by starting to eliminate some of the tax preferences, otherwise known as tax loopholes, tax deductions, tax credits, that have ballooned out of control.

The last time I voted for tax reform I was a young Congressman and President Reagan was President. It was 1986. When we reformed the Tax Code back then, the tax expenditures for a 10-year period were worth about $2 trillion to $3 trillion. Do you know, that has ballooned now to over $14 trillion over a 10-year period, just in tax preferences—that is individual tax preference items for different special interests—which means revenue is not coming in. As a matter of fact, there is more going out in tax preferences than there actually is coming in each year in individual income tax.

Well, if we reform it in the way that a lot of us are talking about, then we take that revenue and we do two things with it: No. 1, we simplify the Tax Code and we lower everybody's tax rates—individual income tax rates, as well as corporate income tax rates—and we take the rest of the revenue and pay down the annual deficit.

Now, that is fairly common sense, and it is fairly simple. Of course, to get in and comprehensively reform the Tax Code is going to be quite a task, and the committee that is designated to make the first cut at it would be the Finance Committee, of which I have the privilege of being a member.

We have heard similar statements by a number of Republican Senators. We will continue to hear statements from other Democrats—such as me—about what I just said. And we will hear that because the commonsense people know that is what it is going to take to get our budgetary house in order.

But we are not there. We are in the middle of a partisan war, all wound up in the crucible of an election year for President, and as a result we are going to have two tax votes today that do not pass.

The Republican version of the tax cut is going to be all of the Bush tax cuts from 2001 and 2003. They stay in effect for all levels of income. Oh, by the way, in their bill, they say to make up for that $405 billion that will not go into the Treasury as a result of the continuation of the Bush tax cuts—in 1 year, $405 billion—we cannot do anything with revenue. So they are going to prohibit what half of the Senate knows ultimately is the solution to this problem. That is one version.

The other version is what is being brought forth by the majority leader, which is, give the tax cuts for everybody, including the top 2 percent. But the top 2 percent—above $250,000 adjusted gross income on a joint return—that tax rate will go up a little over 4 percent just on the income above the $250,000 adjusted gross income, not on the income underneath, for which everybody continues to have the continued tax rate. In that same proposal, 97 percent of the small businesses will not get any kind of tax increase. Likewise, if they are a subchapter S corporation, they will have the same benefits of the tax cut up to that level of $250,000.

We heard comment out here about, oh, we have to keep the exemptions on the estate tax up, which I certainly agree with. Well, in this version the majority leader is going to offer, it has no provisions in it on raising the estate tax.

What would be my preference? I am going to vote for the majority leader's proposal, but my preference is that we would take that tax cut up to the level of adjusted gross income of $1 million on a joint return, which would mean far less than 1 percent of the people in this country would be affected by a 4-percent increase in that income above $1 million.

That is my preference. That is what I voted on a year ago. But that is not the choice before us today. So I have no choice but to vote as I just indicated. But at the end of the day, this is not going to solve the problem. It is going to be more political posturing all the way up to the November election. Then in a lameduck session we are going to get down to work. We are going to let common sense and bipartisanship operate, and we are going to solve this deficit problem.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. Mr. President, I very much appreciate the cogent remarks, sensible remarks of my colleague from Florida. He has fought long and hard for the middle class in terms of taxes, and I very much appreciate his hard work on this issue. The citizens of Florida should be proud of him.

I rise today, of course, also to talk about the upcoming Senate vote on the middle-class tax cuts.

For weeks, Senate Democrats have been asking our friends on the other side of the aisle to allow this debate on taxes to happen. Leader REID has repeatedly offered to have a simple up-or-down vote on both the Democratic and Republican proposals. Time after time, minority leader MITCH MCCONNELL has declined.

But, fortunately, that has now changed. Senator MCCONNELL has, after weeks of delay, relented and decided he is not going to filibuster our middle-class tax cut bill. That is very good news for the country. The most important thing we can do for the economy right now is to provide certainty to the middle class that their taxes are not going up.

I believe there are two reasons Senator MCCONNELL finally decided to allow this to happen.

First, forcing his entire caucus to filibuster this legislation would have been politically disastrous for them. It would have prevented any debate or amendments on the Democratic tax cut legislation, meaning the Republicans would not have been able to offer their amendments to extend tax cuts for those millionaires and billionaires. In other words, a filibuster would have meant there would have been only a single vote on middle-class tax cuts on the Democratic proposal and that almost all Republicans would then have been on record against them. So it is easy to see why that would have been uncomfortable for them.

Second, I truly believe some of my friends on the other side of the aisle have truly looked at the Democratic proposal and realized that voting for it is the right thing to do. I believe Senator MCCONNELL would have not been able to stop them from voting yes.

Faced with widespread concern in his caucus, I believe Senator MCCONNELL decided an abrupt about face was in his best interest. So the Senate is about to speak. We are going to pass a bill that will ensure taxes do not go up for the 98 percent of Americans who earn less than $250,000 a year. We are going to defeat a proposal that would spend almost $1 trillion providing additional cuts for the richest 2 percent and at the same time allowing tax breaks used by 25 million middle-class families to expire.

Included in that is something very important to me; that is, the $2,500 credit middle-class families get to help defray the cost of tuition. To not allow that to move forward, whether in this bill, the extenders bill or another bill would be very bad policy, hurt the middle class, and hurt the future of America.

We are doing it. I hope everyone will join us in supporting the Democratic bill which has that provision to provide tuition relief, tax relief to help middle-class families defray the cost of tuition.

Once the Democratic proposal passes the Senate, it will be sent to the House. I am sure Speaker BOEHNER does not appreciate the uncomfortable position Senate Democrats and Republicans have put him in. Make no mistake about it, Senator MCCONNELL, to save his caucus from a disastrous vote against the middle-class tax extension, has had to put the Speaker in a box.

The Speaker knows if he puts this bill on the floor, his Members will have trouble voting against it. So they have decided to put out an argument that they should not bring it up because of a blue-slip issue. While it is true that revenue vehicles have to originate in the House, this is a problem that could be easily remedied. In fact, Senator REID tried to do it by unanimous consent earlier today, but unfortunately the minority leader blocked it.

When it comes to blue-slip issues, where there is a will, there is a way. House Republicans have passed two landmark revenue bills this Congress after the Senate passed them—the highway bill and the FAA bill. Senate Republicans have joined Democrats in passing legislation in the Senate this Congress despite potential blue-slip issues, the Violence Against Women Act and the ethanol excise tax credit repeal, for example.

But if House Republicans insist on blocking our middle-class tax cuts and using the blue-slip issue as an excuse, that is a debate we are willing to have. That is a debate we welcome. Because, for once, we have broken the vice that Republicans have had on tax issues for 30 years. They have always conflated tax cuts for the middle class and tax cuts for the very wealthy. But this bill breaks that vice and allows us to support middle-class tax cuts without—without—giving tax cuts to the very wealthiest among us who, A, will not bump up the economy because they do not spend a large proportion of that high income, and, B, could go to deficit reduction.

I know lots of very wealthy people who say: I do not mind paying more taxes if the money would go to deficit reduction. Our bill allows exactly that to happen. So Democrats are going to be happy to bring the argument to the American people and ask them whether they think obscure procedural rules which the Republican Party in the House has ignored time and time again are now reason enough to let over 100 million families face a tax hike of $1,600 a year.

The Senate is about to pass the only tax cut bill that has a chance of becoming law. No one thinks it is a good idea to raise taxes on the middle class. No one. We can disagree about whether the very wealthiest in society should also get a tax break, but we all agree the middle class should get one. So why hold one hostage for the other?

The Senate supports middle-class tax breaks. The President supports middle-class tax breaks. The House supports middle-class tax breaks. Democrats support middle-class tax breaks. Republicans support middle-class tax breaks. Instead of fighting over whether the wealthiest in society should also get a tax break, why do we not pass this now, give real relief to the middle class, and have the other debate later?

Middle-class Americans who do not want to see their taxes go up support what we are doing. The House should act immediately so the President can sign this bill into law.

I yield the floor.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. How much time remains on each side?

The PRESIDING OFFICER. There is 9 minutes on the majority side.

Mrs. BOXER. How much on the minority side?

The PRESIDING OFFICER. No time remains.

Mrs. BOXER. Mr. President, I yield 2 minutes of our time to Senator HATCH.

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

Mr. HATCH. I wish to thank my friend from California for her kindness and for her graciousness in allowing me this little bit of time to make final remarks with regard to this bill that Senator MCCONNELL and I have filed.

We are going to be taking two votes on a critical issue in a few moments. Action on the fiscal cliff is long overdue. Before we vote, I would like to make three points. First, it has been suggested that the Hatch-McConnell bill fails to extend the earned-income tax credit and child tax credit provisions. This is utterly false. The Hatch-McConnell bill extends these provisions as they were originally agreed to in 2001, and that agreement actually doubled the child tax credit. Democrats are complaining that our bill does not extend the stimulus provisions that expanded these provisions even further and made them more refundable.

Democrats sold the stimulus bill as being ''timely, temporary, and targeted.'' Now they are holding up tax relief for nearly every income taxpayer unless these stimulus provisions that are mostly spending through the Tax Code are extended yet again.

Second, the Democratic proposal includes a significant increase in the death tax. The number of death tax filers will increase under their bill by 11 times. This is what they are proposing: 98,300 new filers will now have to fill out estate tax forms, get appraisals, deals with the IRS, and get all this done within 9 months of the death of a loved one. That is the equivalent of one entire midsized American city being forced to deal with the death tax every year.

Third, the Democratic bill is a massive tax increase on small business job creators. It would subject 53 percent of all flowthrough business income in the United States to higher taxes. There is a compromise here.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HATCH. I ask unanimous consent for an additional 30 seconds, with an equivalent time for the other side.

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

Mr. HATCH. There is a compromise here; it is the Hatch-McConnell bill. Our economy needs relief, businesses and families need certainty, and all we are proposing is extending current tax law for 1 more year so we can dedicate that year to do tax reform.

By contrast, the Democratic bill offers nothing but more uncertainty and tax increases on job creators. Let's face it, we are talking about 940,000 small businesses that will be drastically affected by this. Many of those provide jobs in our society and will continue to do so if we do not clobber them with the Democratic approach.

Mr. AKAKA. Mr. President, I rise today in strong support of S. 3412, the Middle Class Tax Cut Act, which would act on President Barack Obama's proposal to restore our economy and control our deficit by immediately extending the current tax rates for American families making less than $250,000 a year and asking our Nation's top 2 percent of income earners to pay their fair share.

As we continue to work to enact policies that move our economy forward, it is important that we protect the middle class from having to pay higher taxes—which will happen if Congress does nothing before January 1, 2013. In Hawaii, this means 500,000 families would pay an average of $1,600 more in taxes in 2013 alone, which they cannot afford. My colleagues and I are working to reduce the national debt; however, at this point in our economic recovery, we cannot allow the vast majority of Americans—the middle class—to shoulder this burden alone. They have always been and remain the backbone of our economy and our country.

Most of us here in the Senate, on both sides of the aisle, as well as our colleagues in the House, can agree that we should maintain the current income tax rates for 98 percent of Americans. With that in mind, my colleagues on the left have been trying to work with the rest of the Senate to get this sensible legislation passed. However, some Members in this Chamber refuse to come together to pass the tax extensions that we all agree on. We need to take action now. Hard-working American families should not have to worry about their taxes increasing as they budget for housing, food, and other necessities for the coming year.

To cut our deficit, we must ask the wealthiest Americans to pay their fair share. That means closing tax loopholes for corporations and not extending the tax cut for millionaires and billionaires. Yet some Members of the Senate continue to oppose this bill in hopes of including an extension of tax breaks for the wealthiest Americans. These tax breaks for the wealthy were originally intended to be temporary measures, enacted during a time when our Nation had substantial annual surpluses. However, we must acknowledge our current economic situation and respond by asking the wealthiest Americans to pay their fair share.

This country was founded on the principles of fairness and responsibility. This bill would help restore those fundamentals to our tax system. I urge my colleagues to consider all of their constituents when voting on this bill and support it for the 98 percent of Americans who need our action today.

The PRESIDING OFFICER. The Senator from California.

Mr. MCCONNELL. Would the Senator yield for a moment? I am going to use my leader time. But I am happy to defer to the Senator from California first.

Mrs. BOXER. Whatever is more convenient for the minority leader. If the minority leader wishes to speak now, I will defer and take my 8 minutes later.

Mr. MCCONNELL. Mr. President, I will let the Senator from California go ahead.

Mrs. BOXER. Thank you, very much. Let me say that this is a very important debate. When we look at the two plans, the Republican tax cut plan versus the Democratic tax cut plan, what we see is one is for the middle class; that is, the Democratic plan. One is for our middle-class families. It includes tuition tax credits, and an enhanced child tax credit. It is very important that we do that.

The other is a giveaway to the millionaires and the billionaires. It is amazing to me that it is not enough for my Republican friends to give everyone a tax break in this Nation of ours up to the first $250,000 of income and then say after that we are going to go to the tax rates of Bill Clinton.

In those years, unlike the Bush years, we created 23 million jobs, and we created surpluses as far as the eye could see. But my Republican friends want to go backward to the Bush years, to the trickle-down years. Here is the problem. They do it on the backs of the middle class.

They claim our plan will hurt small business owners. Let me be clear. Ninety-seven percent of small business owners earn less than $250,0000 a year. So all that talk about job creators is nothing but talk. It is nothing but a smokescreen for the highest earners in America. Here is another problem. The Republican plan adds $930 billion to the deficit over 10 years. It is a problem. In 1 year, the first year, it is a $50 billion add-on to the deficit.

I have heard my Republican colleagues cry about sequestration. They do not want it, even though they agreed to it when we made our deal around the debt ceiling. Let's remember that. They did not want to give an increase to the debt ceiling. They held everybody hostage. We lost our credit rating. Even Ronald Reagan said: Never play with the debt ceiling. They played with it. They played a game with it.

Then, to get out of it, they said: OK. We will sequester if we do not have the debt deal. Now they are crying about sequester. Guess what. If we do the Democratic deal, we save $50 billion. We could cut that sequester in half. But oh, no, they want to do tax breaks for the wealthy few.

This is the deal. Look at this chart. This is Robin Hood in reverse—this is Robin Hood in reverse. The wealthiest among us get back $160,000 a year under the Republican plan. Let me repeat that. The wealthiest taxpayers in America will get back $160,000 a year under the Republican plan while the middle class gets harmed.

They lose $1,100 a year for their tax credits on the tuition tax credit. They lose $800 a year from an enhanced child care tax credit, $500 a year from enhanced earned-income tax credit. So our families lose money, our middle-class families, while the wealthiest among us gets this enormous tax break and the deficit goes up and the debt goes up.

When my colleague Senator HATCH says the Hatch-McConnell compromise is good, it is not a compromise. It is going right back to the problem that led us to this situation in the first place. It is going right back to the same policies of George W. Bush. Remember when George W. Bush became President? We had surpluses as far as the eye could see. Then he gave these tax breaks to the top 1 percent. By the way, this $160,000, that is the millionaires' tax break. They want to give tax breaks to the multimillionaires, to the billionaires, to the multibillionaires. They put no cap on the tax cuts whatsoever. Someone can earn $100 billion, they want to give them a tax break.

There is a cost. There is a cost to the Treasury. There is a cost to the debt. There is a cost to the deficit. There is a cost to fairness. There is a cost to the middle class. I think the American people have weighed in on this one. They believe that to give a tax break to the first $250,000 of everybody's income is fair because then the people above that can pay a little more, the same rates they paid when Bill Clinton was President. We need to go back to those days when we created 23 million jobs and when we not only balanced the budget but we created surpluses as far as the eye could see.

The question is, who are you fighting for? Are you fighting for the people who make a billion dollars a year? That is who the Republicans fight for. They get so emotional about it. Or are you fighting for the middle class, the heart and soul of America—the people who live in my towns, the people who live in towns across this Nation, the people who get up every day and put one foot in front of the other and work hard, the people who are trying to raise their families, the people who want us to be fiscally responsible, not have a tax cut that causes huge deficits? We have been there. Trickledown doesn't work; giving to the top doesn't work. It has brought us the worst recession since the Great Depression.

Vote for the Democrats' plan and against the Republican plan, and do what our President said, which is get this country moving forward again.

I yield the floor.

The PRESIDING OFFICER (Ms. KLOBUCHAR). The Republican leader.

Mr. MCCONNELL. Madam President, I am going to proceed for a few moments on my leader time.

The PRESIDING OFFICER. The Senator has that right.

Mr. MCCONNELL. Madam President, the vote we are about to take on the Democratic plan to raise taxes is interesting for a few reasons. First, it is a revenue measure that didn't originate in the House, so it has no chance whatsoever of becoming law.

Second, it is the perfect example of what you get when you put politics over the people who sent you here. If the Democrats truly believed what the President has been saying out on the stump, they would vote on his plan. But as the vote tally will show, they can barely muster 50 votes on their own plan, let alone his. So for the entire President's talk about supporting a balanced approach to taxes, he evidently can't even get 50 votes for his plan in a Democratic-controlled Senate when we all know he would need 60 votes to get it to his desk.

Instead of voting on the President's plan, our Democratic friends have cobbled together the only thing they could come up with that would muster more than 50 votes—a purely political exercise, and a total waste of time.

But to be honest, I can't imagine why they would want to vote for either one, since both proposals raise taxes on about a million business owners, and both raise taxes on investment, at a time when the economy is in paralysis.

Here is the Democratic plan for the economy: We will get this thing going again—by raising taxes. Let's take more money out of small business and send it to Washington; that is how we will create jobs, they say. Let us create jobs instead of the small business owners out in America. After all, they don't create jobs anyway; of course, Washington creates jobs.

If you are looking for the legislative equivalent of the President's now famous view that ''you didn't build that,'' this is it.

They don't think you deserve to keep what you have earned because you are not responsible for earning it. They don't think you are entitled to keep what you have earned because, after all, you weren't even responsible for earning it; they are.

That is the message Democrats are sending with today's votes, that you are not responsible for your success; Washington is. So give us your money, and we will handle it for you. That is their tax plan. That is their plan for the economy and for jobs.

Fortunately for the American people, there is another approach. Next week, House Republicans will pass a bill that drew broad bipartisan support in this body 19 months ago, and it would draw broad bipartisan support today if Democrats were more concerned about what is best for creating jobs than they were in centralizing power right here in Washington and pleasing their liberal base.

The Republican proposal is to do no harm and to commit to the kind of serious tax reform we all know we need. That is the vote Senate Republicans are proud to take today and House Republicans will take next week. It is the plan Senate Democrats—and the President—would support if they were serious about jobs.

The Democratic plan is to raise taxes on nearly a million business owners and, in a notable departure from the President, threaten tens of thousands of family farms and ranches with a death tax of 55 percent at the end of the year. That is their plan. That is their idea of economic stimulus. That is the bill they would rather vote on than the President's proposal. And it is absolutely the last thing we need right now.

The good news is that this new, convoluted Democratic bill will never make it to the President's desk. It will never make it. The bad news is they will also vote down the one tax plan that should make it to his desk.

We can do better than this. It is time for the Democrats to work with us on rewarding success and not punishing it.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the cloture motion is withdrawn and the motion to proceed to S. 3412 is agreed to.

MIDDLE CLASS TAX CUT ACT

The PRESIDING OFFICER. The clerk will state the bill by title.

The bill clerk read as follows:

A bill (S. 3412) to amend the Internal Revenue Code of 1986 to provide tax relief to middle-class families.

The PRESIDING OFFICER. The Senator from Utah.

AMENDMENT NO. 2573

Mr. HATCH. Madam President, I call up amendment No. 2573 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Utah [Mr. HATCH], for himself and Mr. MCCONNELL, proposes an amendment numbered 2573.

The amendment is as follows:

(Purpose: In the nature of a substitute)

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Tax Hike Prevention Act of 2012''.

SEC. 2. TEMPORARY EXTENSION OF 2001 TAX RELIEF.

(a) IN GENERAL.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''December 31, 2012'' both places it appears and inserting ''December 31, 2013''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the Economic Growth and Tax Relief Reconciliation Act of 2001.

SEC. 3. TEMPORARY EXTENSION OF 2003 TAX RELIEF.

(a) IN GENERAL.—Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 is amended by striking ''December 31, 2012'' and inserting ''December 31, 2013''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the enactment of the Jobs and Growth Tax Relief Reconciliation Act of 2003.

SEC. 4. ALTERNATIVE MINIMUM TAX RELIEF.

(a) TEMPORARY EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.—

(1) IN GENERAL.—Paragraph (1) of section 55(d) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''$72,450'' and all that follows through ''2011'' in subparagraph (A) and inserting ''$78,750 in the case of taxable years beginning in 2012 and $79,850 in the case of taxable years beginning in 2013'', and

(B) by striking ''$47,450'' and all that follows through ''2011'' in subparagraph (B) and inserting ''$50,600 in the case of taxable years beginning in 2012 and $51,150 in the case of taxable years beginning in 2013''.

(b) TEMPORARY EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.—

(1) IN GENERAL.—Paragraph (2) of section 26(a) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''or 2011'' and inserting ''2011, 2012, or 2013'', and

(B) by striking ''2011'' in the heading thereof and inserting ''2013''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2011.

SEC. 5. EXTENSION OF INCREASED EXPENSING LIMITATIONS AND TREATMENT OF CERTAIN REAL PROPERTY AS SECTION 179 PROPERTY.

(a) IN GENERAL.—

(1) DOLLAR LIMITATION.—Section 179(b)(1) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''2010 or 2011,'' in subparagraph (B) and inserting ''2010, 2011, 2012, or 2013, and'',

(B) by striking subparagraph (C),

(C) by redesignating subparagraph (D) as subparagraph (C), and