importantly, for his character and wisdom. On both sides of the aisle, his absence will be felt.

With typical humility, JEFF would be the first to say he has a great staff, and he does. When I first came to Congress, on the House side, JEFF and his staff reached out to me, and to my staff, always available to help, always ready to work together, to try and do what is best for our State and our Nation.

And, finally, I know JEFF would also say, he could not have accomplished so much without the support of his amazing wife Anne. They met at Stanford Law School, and have walked side by side, equal partners, ever since. Anne Bingaman is as remarkable as her husband, and he would very likely insist more so.

My dad once said that the measure of someone isn't about winning elections or awards or honors. It is what the people who know you best think about you. For those of us who know JEFF BINGAMAN, he is the real deal.

JEFF BINGAMAN has lived a life of service—substantial, enduring, noble service. I have no doubt that—though he is leaving the Senate—he will find other ways to serve, and New Mexico and our Nation will be the better for it.

JEFF, thank you. Thank you for your leadership, for your friendship, and for your always wise counsel. As you and Anne begin a new chapter in your lives, Jill and I wish you the very best.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, let me thank my colleague, Senator UDALL, for his overly generous comments and indicate that 30 or 40 years from now when he retires from the Senate, I will be glad to make similar comments about his service. I could make similar comments about his service already based on the time he has served our State as attorney general and in the Congress and now in the Senate, but he does a tremendous job for New Mexico and for the entire country here, and it is an honor for me to get to serve with him. This will be 4 years that we will have completed as the two Senators from New Mexico, and it has been a great pleasure for me to have a good friend and a very capable Senator to work with. So I again appreciate the overly generous comments.

I yield the floor.

I 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. UDALL of New Mexico. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. UDALL of New Mexico. Madam President, I spoke about Senator BINGAMAN. I know the Presiding Officer is on his committee and she feels the same way about him and all the work he has done. It is going to be a sad day for all of us when he exits at the end of this year, but he is a pretty remarkable leader.

ORDER OF PROCEDURE—S. 3637

Mr. UDALL of New Mexico. Madam President, I ask unanimous consent that with respect to the vote on the motion to waive earlier today, the motion to reconsider be considered made and laid upon the table.

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

Mr. UDALL of New Mexico. I 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. HATCH. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

CAPITAL GAINS TAXES

Mr. HATCH. Madam President, in less than 1 month, American taxpayers face the greatest tax increase in our Nation's history. It did not have to come to this.

The President claimed he wanted a balanced approach to deficit reduction. He told the American people throughout his campaign we needed to balance tax increases with spending cuts in order to tame our deficits, stop taking on water and, of course, reduce our debt.

Many Republicans objected to this approach on empirical grounds. There is no denying the principal source of our debt crisis is on the spending side. But elections have consequences and many Republicans have now stated a willingness to meet the President halfway. They are willing to concede some revenue increases in exchange for entitlement reforms—revenue increases, not rate increases.

But the President now says never mind all those campaign promises about a balanced approach. He has taken nearly all meaningful entitlement reforms, including many he previously endorsed, off the table. He has abandoned revenue increases and spending cuts for deficit reduction and replaced that balanced approach with a plan to raise taxes and increase spending.

This is not what he told the American people he stood for, but I would go so far as to say that if he did campaign on this, he would now be looking for new employment. This bait and switch is beyond cynical, particularly when he knows the Republicans have a strong and empirically grounded opposition to revenue increases.

So far, we have focused primarily on the economic impact of the increased marginal tax rates the President is demanding. But it would be wrong to discount the coming tax increase on individual capital gains, should we go over the cliff or if the President gets his way. The evidence seems clear. Any capital gains tax increase is counterproductive to real economic growth and job creation. Allowing these rates to go up puts ideology, partisanship, and class warfare ahead of sound economic and tax policy. For almost the entire history of our income tax system, we have had preferential tax treatment for capital gains.

From 1921 through 1987—and then again after 1990—long-term capital gains have been taxed at a lower rate than ordinary income. The short time, approximately 3 years, the preferential treatment for capital tax gains was not in effect was due to the Tax Reform Act of 1986. The 1986 act is considered by many to be the gold standard for tax reform, and elimination of the preferential tax treatment for capital gains is considered by many to be one of the major accomplishments of the 1986 act.

It is important to recall, however, that elimination of preferential tax treatment for capital gains in 1986 was coupled with a significant reduction in tax rates for individuals, and the lack of preferential treatment did not last long. Today, the top tax rate on capital gains is 15 percent. If Congress fails to act and we go over the fiscal cliff, the tax rate on capital gains will increase to 20 percent on January 1, 2013. In today's fragile economy, with unemployment still hovering around 8 percent, we should not be raising taxes on capital gains.

Two years ago, a study by the American Council for Capital Formation showed that increasing the capital gains tax would cause measurable damage to the economy. The study estimated that if the capital gains tax was increased to 20 percent from 15 percent, real economic growth would fall by 0.05 percentage points per year and jobs would decline by about 231,000 per year. If the rate is increased to 28 percent, real economic growth declines by 0.1 percentage points per year and 602,000 fewer jobs are created each year.

The fiscal cliff is only part of the story. In less than 1 month, a new 3.8-percent tax on net investment income of single taxpayers earning more than $200,000 and married couples earning more than $250,000 will go into effect as part of the so-called Affordable Care Act. As a result, the capital gains for upper income taxpayers is already scheduled to increase by almost 4 percent. We should not add another 5-percentage-point tax increase on top of that.

Upper income taxpayers will face a 23.8-percent tax on capital gains in 2013 if Congress fails to act to prevent a rise in the capital gains tax. Sometimes the magnitude of these numbers is lost on folks. They might think that is only a jump from 15 percent to about 24 percent, not that big a deal.

I would like to state just a few points. That represents a 59-percent increase from current law. During the fiscal cliff negotiations, some have posited that all that is at stake is a return to the tax rates of the Clinton era. That is not what is happening with the tax rate on capital gains. During the latter part of the Clinton era, a Republican majority in Congress was able to get an agreement on cutting the top rate on capital gains to 20 percent at that time. If the tax rate on capital gains remains at the 2012 rate of 15 percent—coupled with the new 3.8-percent tax on net investment income—capital gains will be taxed at 18.8 percent, very close to the Clinton-era rate.

A 5-percent increase in the tax on capital gains to 20 percent, coupled with the increases imposed by ObamaCare, will result in a rate of 23.8 percent, well above the tax rate on capital gains at the end of the 1990s. We should not go down this road. This is said specifically by the Senator who, along with Senator LIEBERMAN, pushed very hard for these lower capital gains rates. There was a Hatch-Lieberman bill that was instrumental in bringing rates down to the current level.

There are a number of arguments on behalf of preferential tax treatment for capital gains. For example, there is the lock-in effect. Since capital gains are only taken into account when realized by a sale or exchange, investors can avoid paying the capital gains tax by simply holding on to their capital assets. As a result, the capital gains tax has a lock-in effect, which reduces the liquidity of assets and discourages taxpayers from switching from one investment to another. This impedes capital flows to the most highly valued uses and is, therefore, a source of economic inefficiency. The higher the rate, the greater the disincentive to make new investments.

The preferential tax treatment for capital gains also counters the two levels of taxation of corporate income. A large amount of capital gains arises from the sale of corporate stock. When a corporation earns income, it pays taxes on that income. When a shareholder sells stock, part of the gain on the stock might be due to the earnings of the corporation, resulting in a double tax of corporate earnings. A low capital gains tax leads to increases in savings and investment, corrects the income tax law's bias against savings, corrects the lack of indexing capital gains for inflation, and increases the incentives for risk-taking.

The tax rate on capital gains can also be viewed as a compromise between an income tax system and a consumption tax system. In a pure income tax system, capital gains would be taxed the same as any other type of income. In a consumption tax system, capital gains would not be taxed at all. Taxing capital gains at 15 percent can be seen as a reasonable compromise of income tax and consumption tax principles.

An increase in the capital gains tax rate will increase the difference between what an investment yields and what an individual investor actually receives. This is known as the tax wedge. The higher the tax wedge, the fewer the number of investments that will meet the minimum rate of return required by an investor, known as the hurdle rate. In short, higher rates equal fewer investments.

So far I have only spoken about the coming increases in capital gains taxes. I know people who are hurriedly selling their stock portfolios now to pay the lesser capital gains rate and after the 1st of the year will buy back the same stock, though it will have a higher basis at that point.

The impact of the fiscal cliff on the taxation of dividends is even more severe. Unless Congress acts, dividends will be taxed at a rate as high as 43.4 percent come January 1. This is because, starting in 2013, dividends will be taxed at 39.6 percent under current law, and then the ObamaCare surcharge of 3.8 percent will be tacked onto that.

Many seniors depend on dividend income. To increase their dividend income taxes to around 40 percent, especially at a time when any bonds they hold essentially yield nothing, hollows out the nest eggs of retirees. Unless we address the fiscal cliff, the taxation of dividends will go from 15 percent to 43.4 percent literally overnight. This is a tax increase of 189 percent—excuse me—yes, it is 189 percent. I thought for a minute it was 18.9 but, no, it is 189 percent.

It is hard to believe but nevertheless true that many Democrats, including the President's Treasury Secretary, have expressed a willingness to go over the fiscal cliff, when Americans are facing tax increases of this magnitude.

We are in the midst of a sluggish economic recovery. The President and his allies in Congress seem bent on raising taxes, regardless of the impact tax hikes will have on future economic growth or income security of seniors and pension holders. They would have us believe there is no relationship between tax rates and economic growth. If that were true, we wouldn't be seeing major companies scurrying to grant big dividends now, before the year ends and taxes potentially skyrocket—among which is the Washington Post. I read the other day they are going to do their dividends now before the end of the year, before all this taxation occurs after the end of the year.

The coming capital gains tax hike is just one of many tax hikes facing the American people if Congress refuses to act before the end of the year. I think the numbers make a pretty compelling case that raising the capital gains tax rate, particularly when ObamaCare will already raise that rate by nearly 4 percent, will do serious damage to our economy.

I might add, I don't blame anybody for paying their dividends this year—in advance of next year. I don't blame them at all. I certainly don't blame the Washington Post for doing it. But if you think tax policy doesn't affect how things are done in this country, then you don't know what from what.

Let's just say I urge my colleagues to join me in supporting an extension of the current capital gains and dividends tax rate.

The other day I talked about the estate taxes, or what we call death taxes, and how stupid it is to do what the Democrats want to do with regard to death taxes—make them so high so there is a double taxation on families, and especially ranchers, which will go up 24 times the number of last year's ranches and farms that will be hammered by these higher death taxes.

There is a reason it is good to keep tax rates lower, and I hope none of my colleagues on either side, really, but certainly on the Republican side, will agree to raising tax rates because we know once they are raised, our friends on the other side are just going to spend that money. They will not use it to pay down this $16.4 trillion national debt we have. We are a few bucks short of $400 billion in that figure, but we are getting there. It will be $17 trillion before the end of this year, and then it will go up even faster after that with what the President plans to do to this country.

We have to wake up. We have to quit listening to the political talk, and we have to start looking at the economics. We have to start looking at what works in taxation and what doesn't. Frankly, we have a long history of what works, and we also have a long history of what doesn't. We are about to embark on all kinds of programs that don't. I don't want to see that happen. I hope we will fight against these things. I hope those who really do represent the people will start representing them instead of just asking for more and more money so they can spend more and more and get this country even more and more in debt.

Madam President, 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. ALEXANDER. Madam President, I ask unanimous consent the order for the quorum call be rescinded.

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

WIND ENERGY TAX CREDIT

Mr. ALEXANDER. Madam President, I have two items I would like to briefly mention. The Nation is consumed by the fiscal cliff. From all I can tell, the Presidential limousine is moving very rapidly toward the fiscal cliff with the President's foot on the accelerator. I am still hopeful we will get a budget agreement that will help us get the economy moving again, but at a time like this, of course, what we all need to be doing is thinking about saving every possible penny to fix the debt.