

I yield to the Senator from Iowa.

Mr. HARKIN. Would the Senator yield for a question?

First of all, I thank my colleague from Vermont for being a strong voice on this issue and on so many issues that affect the elderly and especially our veterans. The Senator is the chair of that committee.

I am always curious as to why it is that so many of the dark suits here in Washington are always after Social Security. I don't say there is some ill spirit there, although I will say I think the Senator might agree that there are some who would like to privatize Social Security. We know that. They have said that in the past—or partially privatize it.

It seems to me that so many people who get involved in this think it is just a little nick.

I saw a cartoon of a barber cutting somebody's hair. They had this huge ball of hair, and they were snipping just a couple of little hairs off and saying: That is all we are doing with chained CPI.

They think it is such a small thing. It always occurred to me that those people making the decisions, the dark suits, those are all people who probably have good pensions, good retirement systems. They are never going to want for anything. Yet somehow they just think, well, \$658 bucks—that is not a big deal, up to 75. But, as the Senator pointed out, \$658 in 1 year to someone whose income is \$15,000—that could be a month's worth of food, 6 weeks' worth of food.

Mr. SANDERS. That is right.

Mr. HARKIN. That is a big whack. I would ask the Senator, again, if he has any thoughts—

Mr. SANDERS. I do.

Mr. HARKIN. On why is it that we can't listen to people and come up with another approach on this rather than this chained CPI?

Mr. SANDERS. That is a very important question, and let me answer it in several ways. First thought: let's be clear, we have some colleagues in the House and Senate who believe not just that you should privatize Social Security, not just that you should cut Social Security, they believe the concept of government assistance in terms of retirement or government programs in terms of health care, they believe they are unconstitutional. They don't believe the government should be there. If you are elderly and you have no health care, sorry, you are on your own. That is No. 1.

There is a philosophical belief on the part of some that what government does should be very limited and that we should not be there to make sure that when the elderly people reach retirement age, they have security.

The second point is about the consistently—and this has gone on for years—the long-term opposition to Social Security. Does the Senator know what it is about? It is because Social Security has worked so well. If you

hold the belief that the government is terrible, the government is awful, and the government can't do anything, and if there is a program that for 77 years has paid every nickel owed to every eligible American, has very modest administrative costs, and is very popular among the American people, and you don't believe in government, that is a bad thing. They have to start cutting it and doing away with it.

The third point I would make—again, no secret here—is that we have a significant deficit, and we have choices to make as to how we deal with the deficit.

When we lose \$100 billion every single year because corporations stash their money in the Cayman Islands and in other tax havens, maybe we might want to ask them to start paying their fair share of taxes rather than cutting Social Security. But we have colleagues who are much more interested in the well-being and the profits of large corporations than they are in the needs of seniors.

Those are some of my answers.

Mr. HARKIN. I have a couple of thoughts. I would say to my friend from Vermont, to those who say it is unconstitutional to do those things, I wonder if they ever read the preamble to the Constitution, which is, by the way, part of the Constitution of the United States?

We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare.

That is part of the Constitution of the United States.

Mr. SANDERS. Of course.

Mr. HARKIN. How we do that obviously can vary from time to time, generation to generation, but the idea that we are here to promote the general welfare as a Federal Government is clearly in the Constitution of the United States.

Secondly, the Senator pointed out the idea that Social Security—that this is really a trust fund. People pay into it, and they take out. Now, it has had its problems.

But I ask the Senator, if unemployment today were down to less than 5 percent—say, 4 percent—what would the Social Security trust fund look like?

Mr. SANDERS. It would be much larger than it is right now because more people would be paying into it.

Mr. HARKIN. So the 2033 date—if we make no changes, they say Social Security will pay 100 percent out up until 2033. But if, in fact, we reduce unemployment to less than 5 percent, the Trust Fund will be able to pay full benefits for a longer period of time.

Mr. SANDERS. That is right. I think the point has to be made—and I see Senator DURBIN on the floor as well, and he has made this point—that we can argue about how we go forward on Social Security, but we should be clear: Social Security hasn't contributed a

nickel to the deficit because it is funded by the independent payroll tax.

So it is a reasonable question as to how we make Social Security solvent for 75 years rather than just the next 20 years. That is a good debate. The Senator and I have similar ideas on how we should tackle that issue. But it should not be considered as part of the deficit reduction effort. And it disturbs me very much because the administration has acknowledged that reality and we have heard them over the years say: Yes, we want to deal with Social Security but not part of deficit reduction. It bothers me that they have now injected Social Security into the deficit reduction debate.

Mr. HARKIN. There is one last thing I would say. The Senator mentioned that we have a deficit. We do. We have to address it. We all agree with that. The Senator pointed out that the offshore haven businesses are not paying their fair share of taxes.

I would like to ask Senator SANDERS one other question. Isn't it a fact—well, the estimates vary; \$1 trillion is not stretching the truth—to say that the war in Iraq cost us somewhere close to \$1 trillion?

Mr. SANDERS. I would say that most estimates suggest that. If you look at both Iraq and Afghanistan, it may be three times that number.

Mr. HARKIN. I don't know, but I have seen estimates up to \$1 trillion for Iraq only. That was all borrowed money, so that has to be paid back.

Mr. SANDERS. Yes.

Mr. HARKIN. So are we going to make the elderly, the poor, the students, and the veterans pay for that?

Mr. SANDERS. I would say the Senator makes a very good point. And I often point out to my Republican friends that I think you are looking at yourself and me as some of the major deficit hawks.

Our friends today who want to cut Social Security in the name of deficit reduction apparently didn't have a problem with the deficit when they went to war in Iraq and Afghanistan without paying for those wars and when they gave huge tax breaks to the wealthiest people in this country without offsetting those tax breaks.

The Senator's point is very well taken.

Mr. HARKIN. I thank the Senator.

Mr. SANDERS. I yield the floor.

AMENDMENTS SUBMITTED AND PROPOSED

SA 741. Mr. REID (for Mr. ENZI (for himself, Mr. DURBIN, Mr. ALEXANDER, and Ms. HEITKAMP)) proposed an amendment to the bill S. 743, to restore States' sovereign rights to enforce State and local sales and use tax laws, and for other purposes.

SA 742. Mrs. SHAHEEN (for herself and Ms. AYOTTE) submitted an amendment intended to be proposed by her to the bill S. 743, supra; which was ordered to lie on the table.

SA 743. Mr. THUNE submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 744. Ms. COLLINS (for herself and Mr. KING) submitted an amendment intended to be proposed by her to the bill S. 743, supra; which was ordered to lie on the table.

SA 745. Mr. DURBIN proposed an amendment to amendment SA 741 proposed by Mr. REID (for Mr. ENZI (for himself, Mr. DURBIN, Mr. ALEXANDER, and Ms. HEITKAMP)) to the bill S. 743, supra.

SA 746. Mr. MERKLEY submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 747. Mr. MERKLEY submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 748. Mr. MERKLEY submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 749. Mr. TOOMEY submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 750. Mr. COBURN submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 751. Mr. COBURN submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

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SA 754. Mr. HATCH submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 755. Mr. PAUL submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

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SA 757. Mrs. SHAHEEN (for herself, Mr. WYDEN, Mr. BAUCUS, and Mr. TESTER) submitted an amendment intended to be proposed by her to the bill S. 743, supra; which was ordered to lie on the table.

SA 758. Ms. AYOTTE (for herself and Mrs. SHAHEEN) submitted an amendment intended to be proposed by her to the bill S. 743, supra; which was ordered to lie on the table.

SA 759. Ms. AYOTTE submitted an amendment intended to be proposed by her to the bill S. 743, supra; which was ordered to lie on the table.

SA 760. Ms. AYOTTE submitted an amendment intended to be proposed by her to the bill S. 743, supra; which was ordered to lie on the table.

SA 761. Ms. AYOTTE (for herself and Mrs. SHAHEEN) submitted an amendment intended to be proposed by her to the bill S. 743, supra; which was ordered to lie on the table.

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SA 764. Mr. THUNE submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 765. Mr. COATS submitted an amendment intended to be proposed by him to the

bill S. 743, supra; which was ordered to lie on the table.

SA 766. Mr. COBURN submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 767. Mr. COBURN submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 768. Mr. LEE (for himself and Ms. AYOTTE) submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 769. Mr. LEE submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

SA 770. Mr. BARRASSO submitted an amendment intended to be proposed by him to the bill S. 743, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 741. Mr. REID (for Mr. ENZI (for himself, Mr. DURBIN, Mr. ALEXANDER, and Ms. HEITKAMP)) proposed an amendment to the bill S. 743, to restore States' sovereign rights to enforce State and local sales and use tax laws, and for other purposes; as follows:

Beginning on page 2, line 10, strike "if the Streamlined" and all that follows through page 11, line 5, and insert the following:

if any changes to the Streamlined Sales and Use Tax Agreement made after the date of the enactment of this Act are not in conflict with the minimum simplification requirements in subsection (b)(2). A State may exercise authority under this Act beginning 180 days after the State publishes notice of the State's intent to exercise the authority under this Act, but no earlier than the first day of the calendar quarter that is at least 180 days after the date of the enactment of this Act.

(b) **ALTERNATIVE.**—A State that is not a Member State under the Streamlined Sales and Use Tax Agreement is authorized notwithstanding any other provision of law to require all sellers not qualifying for the small seller exception described in subsection (c) to collect and remit sales and use taxes with respect to remote sales sourced to that State, but only if the State adopts and implements the minimum simplification requirements in paragraph (2). Such authority shall commence beginning no earlier than the first day of the calendar quarter that is at least 6 months after the date that the State—

(1) enacts legislation to exercise the authority granted by this Act—

(A) specifying the tax or taxes to which such authority and the minimum simplification requirements in paragraph (2) shall apply; and

(B) specifying the products and services otherwise subject to the tax or taxes identified by the State under subparagraph (A) to which the authority of this Act shall not apply; and

(2) implements each of the following minimum simplification requirements:

(A) Provide—

(i) a single entity within the State responsible for all State and local sales and use tax administration, return processing, and audits for remote sales sourced to the State;

(ii) a single audit of a remote seller for all State and local taxing jurisdictions within that State; and

(iii) a single sales and use tax return to be used by remote sellers to be filed with the single entity responsible for tax administration.

A State may not require a remote seller to file sales and use tax returns any more frequently than returns are required for nonremote sellers or impose requirements on remote sellers that the State does not impose on nonremote sellers with respect to the collection of sales and use taxes under this Act. No local jurisdiction may require a remote seller to submit a sales and use tax return or to collect sales and use taxes other than as provided by this paragraph.

(B) Provide a uniform sales and use tax base among the State and the local taxing jurisdictions within the State pursuant to paragraph (1).

(C) Source all remote sales in compliance with the sourcing definition set forth in section 4(7).

(D) Provide—

(i) information indicating the taxability of products and services along with any product and service exemptions from sales and use tax in the State and a rates and boundary database;

(ii) software free of charge for remote sellers that calculates sales and use taxes due on each transaction at the time the transaction is completed, that files sales and use tax returns, and that is updated to reflect rate changes as described in subparagraph (H); and

(iii) certification procedures for persons to be approved as certified software providers.

For purposes of clause (iii), the software provided by certified software providers shall be capable of calculating and filing sales and use taxes in all States qualified under this Act.

(E) Relieve remote sellers from liability to the State or locality for the incorrect collection, remittance, or noncollection of sales and use taxes, including any penalties or interest, if the liability is the result of an error or omission made by a certified software provider.

(F) Relieve certified software providers from liability to the State or locality for the incorrect collection, remittance, or noncollection of sales and use taxes, including any penalties or interest, if the liability is the result of misleading or inaccurate information provided by a remote seller.

(G) Relieve remote sellers and certified software providers from liability to the State or locality for incorrect collection, remittance, or noncollection of sales and use taxes, including any penalties or interest, if the liability is the result of incorrect information or software provided by the State.

(H) Provide remote sellers and certified software providers with 90 days notice of a rate change by the State or any locality in the State and update the information described in subparagraph (D)(i) accordingly and relieve any remote seller or certified software provider from liability for collecting sales and use taxes at the immediately preceding effective rate during the 90-day notice period if the required notice is not provided.

(c) **SMALL SELLER EXCEPTION.**—A State is authorized to require a remote seller to collect sales and use taxes under this Act only if the remote seller has gross annual receipts in total remote sales in the United States in the preceding calendar year exceeding \$1,000,000. For purposes of determining whether the threshold in this section is met, the gross annual receipts from remote sales of 2 or more persons shall be aggregated if—

(1) such persons are related to the remote seller within the meaning of subsections (b) and (c) of section 267 or section 707(b)(1) of the Internal Revenue Code of 1986; or

(2) such persons have 1 or more ownership relationships and such relationships were designed with a principal purpose of avoiding the application of these rules.