

supported by the system, and welcomed back into the ranks, even as they face the grueling and painful task of being involved in a prosecution. I look forward to the day also when any perpetrator knows, without question, that they will be separated from service and punished if they are found guilty. These ideals are as much engrained in our military as the ideals of valor, honor, and tradition. These changes will help our bravest and finest members who contribute and put their lives on the line to reach those ideals. These changes are necessary and I look forward to accomplishing them, working with my colleagues.

Mr. President, I thank the Chair, and I yield the floor. I note the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. WHITEHOUSE. Mr. President, I ask unanimous consent to speak as in morning business for such time as I may consume.

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

#### TAX EXPENDITURES

Mr. WHITEHOUSE. Mr. President, I am here because I serve on the conference committee that is charged with negotiating a bipartisan budget deal. The Democrats have come to the table with a Senate-passed budget. The Presiding Officer will remember the long all-night ordeal of that budget.

Our budget replaces the dumb and harmful sequester cuts with balanced deficit reduction. If fact, you do not get much more balanced than the Democratic program. It is half from spending cuts and half from closing loopholes in the Tax Code. Our proposal would add almost \$2 trillion more of deficit reduction to the \$2.5 trillion we have already done so far.

Let's look at what we have done so far. Of the \$2.5 trillion in deficit reduction to date, about \$1.5 trillion has come from cuts in what we call discretionary spending; the spending that Congress approves each year that funds most government operations including our military. This is the \$1.5 trillion in cuts out of all of the \$12.6 trillion in spending.

We got another \$600 billion in revenue, mostly from letting the Bush tax cuts expire for very high-income taxpayers. So this thin red line is the additional \$600 billion in revenue compared to the existing revenue of the country. As you will see, we have cut far more in spending than we have added in revenues going into this budget discussion.

The remainder of the \$2.5 trillion comes from the interest savings that

are associated with those, just to make the numbers true up. This circle is here to demonstrate that to date we have yet to touch one dime in the other big budget item, which is loophole spending in the Tax Code.

This is a pretty good-sized chunk of annual spending, about 12 percent of the levels projected in 2010. The fiscal cliff bill that restored the Clinton-era rates to families making over \$450,000 added about 2 percent to other revenue projections, to the loophole category which is worth at least \$14 trillion, conceivably a lot more, because some of the loopholes are so wide you do not even know what is going through them. The money just shows up in the Cayman Islands. We do not know what we have lost. That remains totally untouched.

What we want to do is take just 7 percent, a tiny slice of this loophole revenue, and bring it back and use it for deficit reduction. That touching the loophole nerve is what has brought the Republicans to a screeching halt. In contrast to our exactly balanced approach—50 percent spending, 50 percent loopholes—Chairman RYAN's budget would 100 percent go after the programs on which low-income and middle-class Americans rely, without touching a single Tax Code giveaway—no balance at all.

But, of course, unbalanced is the Republican way in budgets. For instance, the Republican budget changes Medicare into a voucher program. That is not very balanced. That is not what the American people want. The Republican budget cuts nondefense discretionary spending to levels lower than anything the American public has ever seen since OMB started keeping track. That is an extreme budget and not a balanced approach.

The Republican budget would set annual domestic spending levels below 1962. If you think back to what America was like in 1962, there were no Pell grants. So if any of the pages were thinking of someday getting a Pell grant, that is gone. It did not exist in 1962. In 1962, 30 percent of American seniors lived in poverty. That is the level of spending the Republican budget would take us back to.

The rhetoric has been just as unbalanced as the proposals. Speaker BOEHNER has said talk about raising revenue is over—over. We have not even started and he says it is over, zero percent out of loopholes. He says the conversation is over. I do not think so. The conversation has not even begun.

But true to the Speaker's rhetoric, the Republican budget puts the burden of deficit reduction back onto Americans who can least afford it, while preserving for corporations and for the people who get the benefit of Tax Code giveaways every single dollar. In his conference committee opening remarks, Chairman RYAN said: If this conference becomes an argument about taxes, we are not going to get anywhere.

Let's take a look at the so-called taxes in this loophole area that Democrats would like to discuss. By the way, we get \$975 billion out of that, which is a slice slightly larger than this one and considerably smaller than that one. So where do we get it from? We go to what I refer to as the Republican treasure trove. We go to their Ali Baba's cave of treasure carved aside and saved for corporations and the rich.

We go to the tax earmarks and the special deals, the special interests which year after year have been squirreled away into the Tax Code through their lobbyists and through their numbers. How big can Ali Baba's cave be? Seriously? How much money goes out the backdoor of the Tax Code through these loopholes and deductions? I will show you.

This bar represents \$1.13 trillion, which is the amount of revenue collected by the government through the individual income sections of the Tax Code. That is what goes into Uncle Sam's pocket from the Tax Code. Here is what goes out the backdoor in loopholes and deductions: \$1.02 trillion. So for every \$1 that actually gets collected under the individual income tax, 90 cents goes out the backdoor through the loophole circle.

That is off-limits? Oh, I do not see why. It is a grand total every year of more than \$1 trillion. Do not tell me we cannot touch it at all. By the way, when you are talking budget numbers, you multiply by 10. So \$1 trillion over 10 years becomes \$10 trillion. That is talking some pretty serious money, to pretend, as Chairman RYAN said: If we are going to have an argument about taxes, we are not going to get anywhere. You are not even going to look at \$10 trillion and not get anywhere?

On the corporate side, for every \$1 in revenues the United States collects, here it is, \$242 billion that we actually collect, that goes into Uncle Sam's pocket from corporate income tax revenue, here is what goes out the backdoor of the corporate Tax Code: \$148 billion.

So like individual income, when it comes to corporate income, for every \$1 Uncle Sam actually gets in revenues through the Tax Code, 60 cents-plus goes out the backdoor through loopholes and deductions and other tax gimmicks. So, again, we budget for 10 years. So \$148 billion becomes pretty close to \$1.5 trillion. That is big bucks. If you add the two together and do it for 10 years, which is what we do in the budget world, and account for modest growth over those 10 years, we are talking about \$14 trillion.

We need to do \$975 billion in deficit reduction out of loopholes from a \$14 trillion number. Do not tell me we cannot find it there. Of course, the \$14 trillion does not even count the billions of dollars that corporations and wealthy tax avoiders hide offshore. They do not even go through the gateway of the Tax Code and then out the backdoor.

They do not even get counted in the first instance. They go off to the Cayman Islands, to tax havens, they get hidden in Swiss bank accounts, who knows what, but they do not get subjected to American taxation.

By the way, that is pretty big business. Chairman Conrad, who was our predecessor chairman on the Budget Committee, used to have a slide he would show that showed a picture of a rather bland-looking four- or five-story building, the building in the Cayman Islands that did not look like much, not very big. You could drive by it, you would not particularly notice it. But he would point out in that little building over 18,000 companies claim to be doing business.

He would point out that the kind of business they were doing was monkey business with the Tax Code because nobody could put 18,000 businesses in that little building. None of that stuff gets counted in the \$14 trillion, the stuff that goes through the front and then out the backdoor.

So the spending—the earmarks—that gets done through the Tax Code is a very big treasure trove. While much of this tax spending helps low-income and middle-class families, too much of it goes to high-income taxpayers who do not need it but who are clever and connected enough to get special deals, to get their tax earmarks into the Tax Code.

But, of course, the Republicans do not want us to look into their treasure trove. Ali Baba's cave of tax tricks is where the juicy earmarks are for the special interests. If you remember back to the last Presidential campaign, it became public that Mitt Romney had to fiddle his taxes in order to get his tax rate up to a 14-percent tax rate.

Some people gimmick their taxes to try to get their rates down. The rates for people such as Mitt Romney are so low to begin with that he had to play tax games to get his rates up to 14 percent so he would not look too bad as a Presidential candidate. Fourteen percent is a lower tax rate than a solitary hospital orderly pays. The guy who is walking down the linoleum hallways of Rhode Island Hospital at 2 o'clock in the morning delivering supplies pays a higher tax rate than that.

We cannot do anything about that? That is a tax question we cannot discuss? How do Romney and the hedge fund billionaires get away with that? Look in Ali Baba's cave of tax treasures for the carried interest exception. If you want to know where ExxonMobil, which is one of the richest and most profitable corporations in the history of the world, gets its hands into the American taxpayer's pockets and pulls out oil and gas subsidies, look for those Big Oil subsidies in Ali Baba's treasure cave.

Do you want to know why Amazon, Boeing, Carnival Cruise Lines, Duke Energy, PG&E, all companies making billions of dollars in profits per year, pay effective tax rates well under 10

percent? Look at the \$150 billion in corporate tax giveaways there in Ali Baba's treasure cave.

Do you want to know how it is that corporate jets get special favored tax treatment compared to the commercial jets that ordinary mortals fly around in? Look at the accelerated corporate jet depreciation schedules in Ali Baba's tax treasure cave.

When the Speaker says that talk about raising revenue is over, look at what he is protecting? The Republican treasure trove of corporate and special interest earmarks heaped up like gold and jewels in the old illustrations in Ali Baba's cave of tax treasures.

We Democrats are knocking at that door. We are saying: Americans pay in deficit reduction \$1.5 trillion already. We are offering another \$975 billion on top of that.

We are saying that \$600 billion came out of tax increases. What about loopholes?

Now we want to go into the cave. The Republicans are getting very anxious. The alarms are ringing at the special interests, and our colleagues are rushing to the trenches to defend the special interests and to defend their cherished tax earmarks. That is why they want to keep revenue—loophole closing—out of the debt and deficit discussion. They know that once we start taking a real look into Ali Baba's cave, some of that stuff will be impossible to defend to the American people.

It wasn't fair when it first went in, it has never been fair through its sordid history in the Tax Code, and it is not fair sitting in the Tax Code now. These are things we should get rid of even if we didn't need it for the debt and deficit. This is special interest crony capitalism at its worst. We intend to have a look at it in these discussions.

If we listened in the Budget Committee, the Republicans said it plainly: Not a penny of tax loopholes can go for deficit reduction. They have said they are willing to move the treasure around a little bit in Ali Baba's cave as long as it all still gets used for corporations and the wealthy. That is not a guess; that is the way the Republican budget is structured. Those are their budget numbers, all of it to lower tax rates for corporations and the rich. They are willing to spread the wealth around as long as it stays in the same hands.

We are at the gates of Ali Baba's cave, this special treasure trove of Tax Code special deals and earmarks for the rich and well connected. We are at the place where the lobbyists wheel the sweet corporate tax deals. We are knocking on the door of the \$14 trillion in tax spending that has been left completely untouched in the deficit reduction so far. Our Republican colleagues are getting a little twitchy.

Come on, fellas. Out of nearly \$14 trillion in tax spending and earmarks, can't we put just 7 percent of it toward the debt and the deficit? Our proposal is to leave 93 percent of the treasure in

the cave. That is not unreasonable. What is unreasonable, what is unbalanced is the Republican desire that not a nickel in loophole closing can go toward our debt and deficit.

I could go through innumerable comments by our Republican colleagues warning us about the dire danger of our debt and deficit, warning about the terrible injustice to future generations, warning about the threat to our national security and to our national welfare; dire, serious warnings about the epic nature of the danger of our debt and deficit and the importance of curing it. When we actually stack it up, it is less important to them than every loophole in the Tax Code.

My point is that people can't have it both ways. They can't be telling the American people that the debt and the deficit is the No. 1 threat to the well-being of our beloved country but is also less important than every deduction every lobbyist ever squirreled away for every special interest in the Tax Code. Both of those cannot be true.

We must persevere to get into Ali Baba's cave of tax treasures in the loophole side of this equation. I hope very much that we will. I think that is nothing more than reasonable, nothing more than balanced. Indeed, one could argue it is actually a lot less than balanced because we only want 7 percent and we would be letting them keep 93 percent. We would be doing far more on spending than we would on revenue and loopholes combined. It is not balanced in the even-steven sense of the word, but at least it is generally fair. The Republican proposal that it should be all spending and zero loopholes is what is unbalanced and what I object to.

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

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

The legislative clerk proceeded to call the roll.

Ms. HIRONO. I ask unanimous consent that the order for the quorum call be rescinded.

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

#### EXTENSION OF MORNING BUSINESS

Ms. HIRONO. Mr. President, I ask unanimous consent that the period for morning business be extended until 6:30 p.m., with Senators permitted to speak therein for up to 10 minutes each.

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

#### MILITARY JUSTICE IMPROVEMENT ACT

Ms. HIRONO. Mr. President, since the infamous Tailhook scandal in 1991, every Secretary of Defense has proclaimed that our military has a "zero-tolerance" policy for sexual harassment and sexual assault. Zero tolerance is the policy our military should have, but in reality it doesn't. We