Mr. Speaker, I come to the floor this evening because the administration's budget, its budget for next year, does not make education a priority. The President's education budget is a broken promise. President Bush has stated that he is the education president. Yet resources in his education budget did not match his rhetoric.

Last month, President Bush visited my home State of Ohio and told a crowd of citizens in Cleveland that we must make sure every child in America gets educated. However, the President's rhetoric does not match the resources in his budget.

President Bush did not mention the education programs that would not receive funding in the State due to his budget cuts. Indeed, the education budget that President Bush sent to Congress falls $7.2 billion, not million, billion short of the funds needed to implement programs that we passed in H.R. 1.

The most troubling aspect of the President's budget to me is that it spends 50 times more on tax cuts for the wealthiest 1 percent of Americans than the total of new education spending, 50 times more for those that already have extremely difficult choices for school districts across this country.

The President's budget cuts 57 education programs authorized in H.R. 1, 57 programs are cut, and his budget will fall short by $4.7 billion needed to support most academically needy students in our country, $4.7 billion short.

So one can rightly ask the question, is President Bush's education budget a broken promise?

Mr. Speaker, education must continue to be a priority. Couple this with the impact of the recession on State budgets which currently have deficits in aggregate of over $40 billion and there is no doubt that our governors are going to be forced to place major cuts on State education and spending at the elementary and secondary levels as well as the post-secondary. We already have seen this in States like Ohio.

State colleges are facing the worst State budget crunch in a decade. Frankly, I cannot understand why the college students across this country are not organizing to impact legislation in their State houses and here at the national level because we are witnessing the largest tuition hikes on our college students in recent history. Why are they so satisfied when, in fact, most of them are graduating with a debt of nearly $17,000 and in medical school over $100,000 debt for a new doctor coming out of med school?

A congressional survey found that 49 States made $1.5 billion in mid-year cuts to higher education funding. Public and private universities share a grim budget outlook indeed as public support dwindles during a faltering economy.

Ohio students will pay prices for higher education because the State of Ohio, as are many other States, is cutting support for higher education. Some State campuses, in fact, are facing increases in tuition of 3 to 15 percent.

□ 1700

In the wake of this news, it did not make any sense then for President Bush to propose ending the fixed-rate consolidations of Federal student loans earlier this spring. The administration stated that the funds, once allocated for the student loan program, would be used to cover the current $1.3 billion shortfall this year in the budget for the Pell grant program, so important for our lower-income students. But then the administration, after substantial criticism, rescinded that proposal.

Members of Congress continue to believe that education should be a number one priority. As a member of the Committee on Appropriations, I very much want to keep it a top priority, but we need the cooperation of the White House in this endeavor. And the barbecue tonight will not solve the problems of students and school districts across this country. Seven hundred thousand borrowers consolidate or refinance their total Federal student loans each year.

It is important to ask what other programs are going to be slashed, what other promises are going to be broken. Education should remain a number one priority.

REPEAL SUNSET PROVISION OF INHERITANCE TAX REPEAL

The SPEAKER pro tempore (Mr. SHUSTER). Under the Speaker's announced policy of January 3, 2001, the gentleman from Florida (Mr. WELDON) is recognized for 60 minutes as the designee of the majority leader.

Mr. WELDON of Florida. Mr. Speaker, I rise to address the body regarding the very, very critical issue of repealing the sunset provision of the inheritance tax repeal. As many Americans know, last year we passed a very, very important tax bill. It reduced taxes on working families, it reduced marginal tax rates, it increased the child tax credit, and it had many, many, very, very good provisions.

Indeed, I have been hearing from constituents, particularly parents, in my congressional district about how the tax reductions, even though they are phased in and, for example, the child tax credit only went from $500 to $600 in the first year, are helping. They tell me, particularly parents, where one spouse works, typically the father, and the mother is home with small children, struggling with the burden of trying to raise a family, that these tax reductions are really helping them make ends meet.

Naturally, of course, with the Nation in a recession, these tax reductions have been very helpful in blunting the severity of the recession. Many economists claim that if our tax reductions had not gone into place, this recession would have been much, much worse. We just heard from the gentlewoman from Ohio how State income taxes being down because of the decline in the economy are hurting education expenses. Imagine where we would be as a Nation if this recession was much, much worse. And I think the tax reductions have been very, very helpful in putting more money into the economy and, therefore, helping create jobs and in protecting jobs.

But, Mr. Speaker, I rise tonight specifically to address one particular feature of that bill. In the other body there is a rule that says we cannot make any provisions of the Tax Code permanent unless we have 60 votes. So all of these tax reductions which are phased in over several years essentially sunset in 2011. This is an unfortunate feature, and I was disappointed that we were not able to get the necessary votes to make it permanent. Essentially, it is a tax increase that is hanging out there over the heads of the American people, somewhat like the Sword of Damocles.

For most Americans, I do not think it affects behavior. I do not think people will not have a child because their child tax credit might decline from $1,000 to $500 per child in 2011. I do not think that because marginal rates could potentially go up in 2011 that people will change their behavior in the sense that they will not pursue personal gain or they will not pursue career enhancements. But the one feature I think that is the most pernicious in all of this is the impact on the inheritance tax. The inheritance tax affects behavior now.

People, today, who are affected by the inheritance tax, engage in extensive planning to mitigate the severity of the inheritance tax on their business and on their family. This was driven home loud and clear to me when I called a constituent of mine who is an auto dealer. Bruce Deardorf is his name. Shortly after we passed the tax cuts of last year, I called Bruce and he said to me, I am glad you passed it, it is a great step; but, he said, I do not know what to do about my estate planning.

Bruce is like hundreds of thousands, probably millions, of small businessmen all over the country. He started out really with nothing. He scrimped and saved and managed to save up $60,000 and used that as the downpayment, then took out a big loan to open his first auto dealership many, many years ago. He has been successful and was able to acquire a second, a third, and now a fourth auto dealership. He employs 400 people. He has sent millions and millions of tax dollars to Washington, D.C., both from his personal withholding and all the jobs that he has created. All those 400 people of course pay Social Security tax.

Now, this is not a story that is unique to my congressional district in central Florida; it is common all over the country. Really, the prosperity

that enables us to pay for all the features of our government, from defense to education programs to local taxes that are collected is generated by entrepreneurs and family farmers that are going out working every day and creating jobs and creating prosperity.

And Bruce Deardorf said to me over the phone, I do not know what to do with the estate plan I have established. This feature of the bill, this sunset provision, which basically repeals the inheritance tax by 2010 and then brings it back in 2011, makes it impossible for me to retire all the estate planning that I have generated, and I am going to have to keep it all in place.

This is very, very inefficient. Most of the estate planning, granted, generates work for estate planners, accountants, and lawyers; but it is not in the productive side of our economy. And, indeed, I think this is an inefficiency that we have burdened our economy with. So I believe very, very strongly that we need to make the repeal of the inheritance tax permanent. It is impossible for people to plan, and I think it is the right thing to do.

Now, I supported the bill that we passed last month that made all of the sunset provisions on all the features of the tax bill go away. If we cannot get that enacted into law, I think minimally we need to enact this provision.

Mr. Speaker, I would like to now recognize my colleague, the gentleman from South Carolina (Mr. BROWN). I understand that the gentleman wanted to speak to this issue on the inheritance tax repeal, and so I yield to the gentleman.

Mr. BROWN of South Carolina. Mr. Speaker, I thank the gentleman from Florida for yielding; and I rise in support of making the death tax relief permanent and, quite frankly, with much puzzlement that we really need to debate this on the House floor today.

On the one hand, it is simply a matter of fairness. The taxes being wrenched from the families is money that has already been taxed before. As an issue of morality, it is hard enough for a family to lose a loved one without having to endure the additional grief and burden that the Federal Government delivers to them. Too often business owners are forced to sell their businesses, and family farms are broken up so families can come up with the cash they need to pay the death tax.

Moreover, as a practical matter, when people are planning their estates, it creates tremendous uncertainty when one does not know whether or not the death tax will resurrect itself within 10 years. Surely the Congress would never tell the American people that it is much more economic to die in the year 2010 than in the year 2011. But if nothing is done to make this relief permanent and the death tax is allowed to rise again, that is the sad reality of the policy we have created.

We must be decisive on this issue and continue the good work we did in enacting the President's tax cuts. Not acting to make this relief permanent would be a dereliction of duty to the constituents we represent.

Mr. Speaker, I would hope that the Congress would do the right thing and make this death tax relief permanent.

Mr. WELDON of Florida. Mr. Speaker, I thank the gentleman from South Carolina for his very important input; and I believe the gentleman's colleague, the gentleman from South Carolina (Mr. WILSON), also would like to add to the gentleman's statement on this very important issue; and so I yield to the gentleman.

Mr. WILSON of South Carolina. Mr. Speaker, it is a real honor for me to be here with my colleague, the gentleman from Florida (Mr. WELDON), and an honor to be here with my colleague, the gentleman South Carolina (Mr. BROWN). I was very honored to serve with him in the General Assembly of South Carolina. He served as the chairman of the Committee on Ways and Means in the House of Representatives, which was one of the highest positions of our State, and we are just very fortunate that he was elected 2 years ago to serve here in Congress. Those of us from South Carolina are proud of the gentleman from South Carolina (Mr. BROWN).

I am very happy and honored to have been elected more recently. I ran in the primary last October. I was elected on December 18; and, in fact, I am the second most recent Member of Congress. I am number 434 out of 435. And with that distinction, the point I want to make is that I also have the most recent experience, some of us would call it real-life experience, of being with the public in a private position in my job. And I was very proud of my employment as an attorney. I served as a real estate attorney, and I was a probate attorney until December 18 last year when I was elected to Congress.

My experience in civilian life of being a real estate attorney, probate attorney, is that I heard so much about death taxes and that is why I want to commend my colleague, the gentleman from Florida, for his leadership in working to eliminate death taxes in the United States. This needs to be done. Because I know firsthand how this has chilled the value of real estate, it has chilled development, it has chilled home building, and it has had a negative effect for businesses, particularly small businesses in our country.

Additionally, I know that it has created confusion for those of us who work in preparing wills and assisting people in preparation of wills. But the ultimate confusion has been a law which will provide, as the gentleman correctly indicated, a tax increase. That tax increase will take place on January 1, 2011, when it just kicks in. So what we have is an indeterminate law, in effect, which is the worst kind.

I know from being recently in campaigns, talking with people, meeting with people in their businesses, in their homes, on the street, at meetings, that this is a key issue. And I want to commend the gentleman for bringing this up, and I really look forward to the vote tomorrow.

I also had the experience of looking back at the debate involving a wonderful colleague, the gentleman from Arizona (Mr. HAYWORTH), who spoke on this last year. And I want to commend the membership for passing the tax cuts last year. It was a year ago, on June 6, 2001, when the reforms were put in place to eliminate the death taxes and reduce other taxes.

The way this tax cut would work that was passed provides that there would be a phase-out of the death taxes over the next 9 years, and then it would completely disappear in the 10th year. However, the sunset provision that the gentleman explained provides that after December 31, 2010, on the very next day, the taxes would be fully put back into place, a tax increase, as the gentleman has said correctly. So persons would almost have to plan, which cannot be done, and we do not want it to be done, to pass away on December 31, 2010. It is not only just illogical, it is immoral.

In other words, unless we want to make the tax elimination permanent, we need to vote positively tomorrow, and I look forward to doing so. What we have is a situation where if people did pass away prior to December 31, 2010, they would not pay a death tax. But if they live 1 day more, to January 1, 2011, they would pay a tax, possibly equal to 60 percent of all their assets.

I believe that the death tax is possibly the most ethically disgraceful tax which is levied by the Federal Government; and then, in fact, most States also have adopted this tax through tax conformity.

□ 1715

So this can really be beneficial. Not only what we are doing on the Federal level; the impact will be to eliminate death taxes at the Federal and State level. You have tax on assets already taxed. We need to vote tomorrow to permanently eliminate the death tax.

Another definition of the death tax would be taxes on the property owned at the date of death. When someone dies, the surviving family, not the deceased, and there is some debate, we can call it an inheritance tax, but the general term is death tax. The surviving family pays a tax up to 60 percent on all assets currently over $675,000.

When we hear about $675,000, I know from personal experience working with people who are of average means, they do not realize that their homes have appreciated substantially. They could immediately be put into a taxable situation. Many people do not realize that insurance is included within the estate and provides immediately for taxes to be assessed.

For the past 20 years, as a member of the Army National Guard, I have been

traveling all over South Carolina with legal counseling teams assisting people in preparing wills and powers of attorney in the event that they were mobilized. Person after person has had property that has appreciated. It is real estate which was formerly in rural areas, and is now in resort areas. This could result in people having to cut timber early, which would be negative. Timber has been a phenomenal resource which appreciates in value so quickly that immediately people who are of average means become taxed upon the death of a loved one.

I think that another point that needs to be made is that the Federal death tax was enacted in 1916 to provide for funds to fight World War I. We heard a few minutes ago that it needs to be reformed and not eliminated. I will say that reform is simply a code word for keeping the door open for abuse.

The best way to handle any tax is to eliminate the tax. It may sound good that we would reform it and it would apply to a very tiny percentage, but we all know that that is leaving it alive so that in the future it could be increased and they could come back and have it on the books and simply say this is a technical amendment, we understand what that means, and suddenly we have taxes which are increased in all directions.

The real question on this is in regard to grandparents. They should be encouraged to save for their children and for their grandchildren. To me this is an assault on grandparents who have worked hard all their lives. They want to provide for their families and want to pass it on. Tomorrow I will be looking forward to voting on this for the grandparents of America.

The bottom line, a good question, is that normally government will tax gains. That is assets that are appreciating by gains. But why does the government have a right to tax the ultimate loss, which is someone's life?

Mr. WELDON of Florida. Mr. Speaker, I thank the gentleman for the leadership he is providing on this issue. I want to just underscore that this is also a jobs issue. This poster I have here says it quite clearly. More than 70 percent of family businesses do not survive to the second generation. I was talking earlier about an auto dealer in my district. He has created his dealership and three others, and 70 percent of family businesses passed from the founder to the children do not survive. Eighty-seven percent did not make it to the third generation.

Mr. Speaker, why is that? One of the principal reasons is the inheritance tax. When businesses go under, it means a loss of jobs. Sixty percent of small business owners report that they would create new jobs over the coming year if the estate tax were permanently repealed. Why is that? It is directly related to what I was talking about earlier.

My friend has estate planning in order to mitigate his death tax when he tries to pass his business on to his son. If he did not have to do that, to employ those kinds of vehicles, he would have more money, and most of his money is tied up in his business, what would he probably do? He would probably sow it back into the business and create more jobs, which generates more taxpayers.

The theme of the evening is the permanent repeal of the inheritance tax or death tax. Before we go on with that and before I recognize the gentleman from Arizona (Mr. HAYWORTH), and I deeply respect his leadership on the Committee on Ways and Means. The gentleman has been instrumental in bringing this permanent repeal to the floor of the House, but I know that the gentleman from California (Mr. CUNNINGHAM) wanted to speak to some of the education issues that were brought up earlier this evening.

Mr. Speaker, I yield to the gentleman from California (Mr. CUNNINGHAM) to speak to this issue.

Mr. CUNNINGHAM. Mr. Speaker, I thank the gentleman for letting me go out of order to speak on education. I would tell the gentleman I grew up in Missouri, and many of the folks who pass away, they try to pass down their farms, and they have to sell off the farm that they have had in their family for 200 years because they cannot afford to pay the taxes on it, up to 55 percent.

Mr. Speaker, this is the silly season. It is election time. We hear tax breaks for the rich. We hear the Republicans are cutting education. The White House is cutting education. Do not let the facts get in the way of the truth. The gentlewoman from Ohio (Ms. KAPTUR) just spoke, and I would like to address some of the things that the gentlewoman said.

I was in the committee hearing with the gentlewoman when Secretary Paige came and she made the same accusations. The Secretary, point by point, refuted every single claim that the gentlewoman from Ohio was making that we are cutting education, or that the President's budget cuts education.

We here on the House floor had a very bipartisan H.R. 1 vote. The President's primary concern is that no child is left behind. My wife is a special assistant to the Secretary for Education for Management, a position that the Clinton administration totally did away with and caused a lot of the fraud, waste and abuse. The Secretary told the gentlewoman from Ohio (Ms. KAPTUR) point by point where the gentlewoman is wrong. The Democrats have a number for education, an increased number for education. No matter what it is, the Democrats will add to that number. They claim to be the great fiscal responsibility party; but when we look, every single budget, except for defense, they want to increase it out here beyond the budget and actually take money out of Social Security.

We came up with an increase in education. We increased Pell Grants. We increased money for IDEA. The maximum amount that my colleagues on the other side of the aisle ever funded IDEA for was 6 percent. We quadrupled that.

Pell Grants, all the way down the line, we have increased dollars. And something else that the President did and now that the Department of Education is in Republican hands, what they are doing, they are driving the money to the local school districts so that the parents, the teachers, and the administrators can control those dollars instead of the bureaucrats that the Democrats want to control the money. They want more money in an election cycle so they can pass it down and have bigger bureaucracies. We want to get it down to the classrooms.

The President is also making sure that there is accountability with those dollars. My wife sits on the management team over there in the Department of Education. Do Members realize under the Clinton administration the folks that worked over there had over $400,000 on their credit cards? There were over 40 of them that charged houses and furniture and personal items on their credit cards. There is one lady still working with her job. The department may be afraid to go after her, but I am going to go after her donkey, and she is not going to have that job after I am through with her. It is fraud, waste and abuse.

Mr. WELDON of Florida. Mr. Speaker, did I hear the gentleman correctly to say that there are employees at the Department of Education that have used government credit cards to charge personal items?

Mr. CUNNINGHAM. Personal items, furniture, housing equipment, personal items, movies, all kinds of things. One of them still is working over there, and I am going to make sure that she is not working there in the future.

But the bottom line is the President is not cutting education. Tax breaks for the rich, we will hear over and over. Again, do not let the facts get away with the truth. Alan Greenspan said the Democrats tried to go after the President for the recession and the economy. Guess what, tax relief helped stop that. That is not the Republicans talking, that is OMB, that is Alan Greenspan, our economist.

All Democrats want is an item for the election, and they cannot do it. They tried to get the President on Enron, and it did not work. They said he should have helped with Enron on the other end. That did not work. The majority leader in the Senate went after the President on the war, and that did not work. They are trying everything they can in this election year to have leverage and make an issue.

Mr. Speaker, we are not cutting education. The Secretary pointed out to the gentlewoman from Ohio point by point that her statements were false.

I would like to thank the gentleman. I ran over here because I serve on that committee, and it is upsetting in an

election year to make false claims that the President is doing something when he is not. We may not be adding as much as the gentlewoman wants, but we are staying within the budget.

Mr. WELDON of Florida. Mr. Speaker, that is precisely the issue at hand. Many Democrats want to increase it 10 percent, and we put through an increase of 5 percent or 4 percent, and they call that a cut. Indeed, we saw that for years and years and years in this body. I know the gentleman from Arizona (Mr. HAYWORTH) got elected with me in 1994. That was one of the things in 1994 that I campaigned on. For years politicians in Washington would increase something by 5 percent, but the bureaucrats at the agency would say that they needed a 10 percent funding increase.

Mr. CUNNINGHAM. If the gentleman would yield, not only was the money increased, but the accountability was not there. The Department of Education had $50 million in student loans that they could not account for. Their books were unauditable. The Democrats and their group at the Department of Education, $12 million in direct student loans went to the wrong students, and so they then had to give another $12 million up. We are shoring that up. We are not only increasing the money for education, we are making sure that it gets down to the children, and that the parents have control of it.

Mr. WELDON of Florida. Mr. Speaker, I thank the gentleman for the critical leadership he is providing on education. Educating our children is perhaps one of the most important issues that we perform here in Washington, although I believe that is really a priority for parents and local school districts, although we need to do everything that we can to try to help.

The issue of the evening is the very important debate we will be having tomorrow. Tomorrow the House of Representatives will take up a piece of legislation that I introduced last year. It is to make the repeal of the estate tax permanent. It is H.R. 2143. It would not have been possible to get this piece of legislation moved to the floor if we did not have the support of a lot of people. Obviously the leadership of the Speaker of the House of Representatives, the majority leader, and all of our leadership team. Critical as well was the chairman of the Committee on Ways and Means, and on that committee one of the people actively pushing to bring this bill to the floor was the gentleman from Arizona (Mr. HAYWORTH). I now yield to the gentleman.

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman for allowing us to share this time. I thank the gentleman from California (Mr. CUNNINGHAM) who again talked about education and the importance, yes, of dollars, but also the importance of accountability. It is very interesting the differences we see. My son is now 8 years of age, and I remember when he came home from school at 7, and he was talking about the concept of infinity.

□ 1730

And he said, You know, Dad, you will never reach it because you can always add more to it. And indeed it seems, sadly sometimes, along partisan lines the notion is whatever figure is arrived at, oh, no, we can always spend more. The key of course is not just the right allocation of resources. It also of course is accountability. And, Mr. Speaker, now it is time to become accountable to the American family, to family-owned businesses, to ranches and farms and so many different concerns where the scourge of the death tax has come like a thief in the night, not only death robbing people of their lives but the death tax robbing families of their future.

Our good friend who sadly is departing this Chamber, the gentleman from Colorado (Mr. SCHAFFER), once borrowed Patrick Henry's admonition. Said my good friend, ''No taxation without respiration,'' and I think that is evocative not only of history but something very practical. It was one of our great founders, Ben Franklin, gifted in so many different ways, almost with the incredible prescience to see what would come in this constitutional Republic, but even Dr. Franklin with his incredible foresight never predicted that the constitutional Republic he helped to found would tax people upon their death. Remember his days as a humorist writing in ''Poor Richard's Almanac,'' he said: ''There are only two certainties in life, death and taxes.''

But even Dr. Franklin did not foresee that this Republic would one day tax a person upon the event of his death and of course realty does not affect that person but that person's family. And lest anyone think this is a partisan issue, Mr. Speaker, we would thank those across the aisle who have joined with us to understand how this unfair tax should be eliminated; and we should point out for those, Mr. Speaker, who wonder why we are returning to this, it is because my colleague from Florida very capably pointed out that a rule difference, and again I am not directing this at the other body, but a rule difference did not allow for the implementation on a permanent basis of this particular repeal.

And so we have the curious situation, while we made a profound move to repeal the death tax, to roll it back, as my friend from South Carolina outlined, as my friend from Florida recognizes, we have almost an absurd situation now where if one is going to die, he had better do it in the year 2010 to realize the complete benefit of repeal of the death tax. For if we do nothing, whoom, here it is back again in the year 2011. That is why I salute my friend from Florida bringing forward this notion, serving as a catalyst to make this repeal permanent.

And again lest anyone think this is a partisan concern, I would point out that the one-time standard bearer of the Democratic Party in the State of Arizona for the office of Governor back in 1994 approached me 2 years ago saying ''Congressman, you have got to get rid of this death tax.'' Why? Whatever political disagreements we had in other areas, the gentleman correctly understood his business, his livelihood, of family-owned enterprise, of grocery stores, the capital involved in that business, the fact that so much of the assets are tied up in bricks and mortar and quite literally in the groceries on the shelves, and unless the death tax is repealed, then a business that had been in his family would be in danger of having to be sold off to pay the taxman.

It is even more pronounced in the rural communities I have been honored to represent for the better part of a decade, with farmers and ranchers and so many small businesses owned by families but especially when we come to the whole notion of agriculture and farms and ranches and how quite literally so many families are land rich and cash poor. So much of their assets are tied up in real estate, tied up in farm machinery, tied up in those very tangible assets; and so often we have a situation where, to satisfy this tax bill, people were forced to liquidate their assets, to sell off the family farm, to sell off the family business to satisfy the tax needs of Uncle Sam.

While we are thinking about this, Mr. Speaker, something else we should point out, over the years it has become painfully apparent that the American people do not rely on this death tax. Indeed, as we look back over the last few years, the death tax on an annual basis only accounts for about 1 percent of the revenue that comes in to the Federal Government. Yet three-quarters of that 1 percent is spent pursuing the families of the farmers and ranchers who pass away, the families of the people who created these small businesses, to have them pay a bill that for them is insurmountable, it seems, but in the scheme of things only accounts for about 1 percent of the revenue that comes in to the Federal Government on an annual basis.

No, Mr. Speaker, we can be smarter. This House in a bipartisan way took that important step toward that great day with eventual repeal of the death tax, but we need to make it permanent. Permanency is important, for if we fail to do that, you will have the absurdity of in 2010 seeing it completely repealed but in 2011 the Grim Reaper comes back with a vengeance. I know none of us here advocate state-sponsored euthanasia; yet that is the absurdity we would have if we failed to move to enact permanent death tax relief.

Mr. Speaker, lest you think this is exclusively the domain of family-owned businesses, farmers and ranchers, certainly it is important and perhaps it is more pronounced there, but I would tell you the story of a lady I encountered in Tucson, Arizona. Down on a visit there to that part of our State, a lady came up and spoke of her father's experience. Here was a man who

worked hard, indeed, in a career that very seldom do we see anymore with the modern marketing techniques, but he was a milkman. He worked for a dairy. He came back from World War II and worked hard delivering milk every day, not exactly a highbrow occupation. Certainly there is dignity in every form of work, but very few people would think about that gentleman as being a captain of industry or someone with vast financial resources, but what that gentleman did was incredibly exemplary and so symptomatic of the American experience. The money he made, he was able to save judiciously. He made some wise investments coming home from World War II, getting involved, working as a milkman. His hard work and wise investments paid off in an estate that was worth millions of dollars.

But there is just one catch here. As wise as he was with investments, he did not understand that, oh, gee, you have got to work on estate planning. He did not seek out a team of lawyers to sit down and make all the proper machinations to change the situation to save the funds. And so when he contracted a terminal illness, only then in the twilight of his days did he realize, despite such an exemplary life, hard work, thrift, industry, doing the right thing for his family, only then did he come to the shocking realization that somehow, despite that hard work and industry, his planning had been incomplete.

His daughter told me the story how her father called her in and her sibling in and not only the challenge and the pain of a terminal illness but the realization that he was leaving them in essence with a gigantic tax bill to pay because of this death tax.

Mr. Speaker, if you work hard and play by the rules, must we all be captains of high finance? I understand a modicum of estate planning. I understand the importance of insurance. Certainly having moved from broadcasting, into that profession before coming into public life, I understand the importance of life insurance and financial planning, but must we ask everyone to deal with the machinations and brain power and inner workings of complicated financial measures? No, it should be simple and this should be repealed permanently because it is wrong.

Mr. WELDON of Florida. Mr. Speaker, the story the gentleman told was very, very moving. Before I yield to my good friend from the great State of Nebraska, I want to tell another real-life story. I think it is so important when we make things like this understandable from real-life experiences.

I want to talk about a florist in Kissimmee, Florida. His name is Danny Sexton. A lot of people on the east coast have passed through Kissimmee because it is right outside Disney World. Danny started out with a floral shop. His uncle had been established in the floral business in Kissimmee for many years, had a much bigger shop; he had about 20 employees and his uncle died, and Danny was the sole heir. Danny inherited his uncle's floral shop.

Danny, like so many small businessmen, employed just a small number of people, five or six people. He had been involved in his community for years, giving to the United Way and other charitable programs. He really knew nothing about the death tax. Suddenly he found himself in charge of not only his floral shop, but his uncle's floral shop, which had been established many years earlier, was much bigger, had a lot of commercial accounts and he inherited all these employees. Lo and behold, he discovered that he was going to have to pay a tax bill, and the death tax was $160,000. But what was the real shocker, what was the real corker in all this is that you do not just take the floral shop and just give it to Danny, you have got to do a lot of other things. Lawyers got involved. There were $60,000 in lawyers' fees, there was $14,000 of accountants fees, there was a $15,000 bill for just miscellaneous expenses. And then this one here I thought was really kind of interesting, an IRS fee. I think that was to appraise the value of this floral business.

If anybody knows, if you run something like a floral shop, the margins are kind of tight and he had to go out and borrow $253,000 to be able to pay for all of this. It was a real burden on him. He ended up having to lay off, I think, two or three of the employees in the shop. He additionally had to ask a number of the employees that he retained to take a cut in salary. Indeed, it was so bad for him initially that they went the whole summer in the office without the air conditioner. The air conditioner broke. If any of you have ever spent a summer in Florida, you know it is very humid. It is not only hot, it is very humid. And they had to totally cut off charitable contributions and helping out the Boy Scouts and the United Way when they would come around and they would have a special banquet or an event.

Danny is pulling out of this. I know he is going to be okay. But this is really what it is all about. Danny's uncle had employed 20 people for years. Danny's uncle had paid a lot of money to the Federal Government in personal, Federal withholding, in the FICA tax. What is even more so is that all the employees who worked for him were also paying their taxes, their Social Security, their Medicare tax year after year after year. The Federal Government had actually gotten probably millions of dollars of revenue off of the enterprise that had been created by his uncle. And then for him to die and then for the Federal Government to come along and say, No, you've got to give us some more, I think, is taxing that is immoral. It is immoral to tax after you have taxed.

Mr. Speaker, I yield to my good friend from Nebraska, another Member whom I believe has played a critical role in helping us bring this issue to the floor of the House making the repeal of the inheritance tax permanent law, because until you do that, you are not going to affect really all the estate planning that has to go on to prevent people from being burdened with this tax on their death.

□ 1745

Mr. TERRY. I thank the gentleman from Florida for yielding.

Mr. Speaker, our good friend from Arizona here, he has been a great leader, like the gentleman from Florida has, on this important issue. It is important to a lot of people in Nebraska now.

Before I talk about some of the stories that I have heard as I have gone around and talked to businesses in Omaha, small businesses, family-owned businesses, and share our similar experiences, the gentleman from Arizona mentioned that in the totality of our budget, the revenue that is received from the death tax is less than 1 percent, but yet there are a lot of our colleagues here that just fight to keep that money in.

I think it exemplifies why all three of us ran for this office and why we fight to come back every year, is to stop that type of mentality, which is ''we need more money, more money, more money.'' So when we try and reduce spending here by reducing taxation, because it is the only principle here, that budgets fill the money that we have, that if we tax more, we will spend more, but if we tax less, we will spend less, it is a simple proposition.

So of the greater taxing policies of the Nation, I think it is important that we realize the simple premise that the more money we take in from people, the more we are going to spend. So I appreciate the gentleman bringing up that important point.

Now, why? We have all said in our own words why it is bad policy. Why is the death tax bad policy? Well, think about the very principles that this country was founded on, the principles of independence and freedom and entrepreneurship, where people worked hard to build their little businesses, and some worked day and night, day and night, seven days a week, and they were able to build it up and build it up, and maybe even the next generation of family members were able to help build it up as well. I mean, that is the American spirit, is working hard and realizing, you realizing, the rewards of your work.

So, what is the policy? The U.S. Government comes, and many States, by the way, have followed suit, and said, you know, because of our spending habits and our need for more revenues, upon the death and the transfer we are going to confiscate, and I use that word, confiscate a portion of what you have worked hard to build up in your lifetime.

I would say to the gentlemen, I believe that people should keep the rewards. Yes, we have to pay our taxes,

but, my gosh, just taking up to 55 percent of somebody's wealth that they have built up through hard work, through the American dream, and just taking it for our spending needs, is absolutely wrong.

Mr. HAYWORTH. If the gentleman from Florida will yield, I just wanted to point out again that observation that our friend from Florida made. There is a situation at work here that is so myopic, it is almost to be penny wise and pound foolish. Because, as was pointed out in the case of Mr. Sexton and the flower shop, 20 employees, payroll taxes, people paying their income taxes, though this was a considerable hardship, the money devoted to handle all the details and red tape and the death tax itself in the long term, did it not cost the government more revenue?

You see, here is the difference. And I appreciate the concept that my friend from Nebraska brings forward about taxing more, spending more; taxing less, spending less. But there is something else at work here that we have to understand about the reduction of the tax bill. When the American people have more money to put to work, when the death tax is repealed and more people are at work, guess what? Revenues to the Federal Government will actually increase, because more money is being put to work. It is called the principle of growth.

So we have to be very careful here, and that is the myopia; in addition to the unfairness and injustice, lack of justice, injustice of the death tax, is that really in the long term it actually costs revenue. It is inefficient, as well as immoral.

Mr. TERRY. Mr. Speaker, I appreciate that. I have just become so focused. As the gentleman from Florida (Mr. WELDON) said, the morality of just confiscating one's work product for the sake of having revenues, we leave out the economic component of in essence taking away a business.

We hear speakers, and we are going to hear them tomorrow when the bill comes up, that say that this is not real; that people do not really have to sell their businesses to meet the death tax; that it is a phony argument.

Well, I want to read an article from the Omaha World-Herald from December 11, 2001. So it is not like we have to go back to the archives of years past to come up with an article that is relevant to our discussion today. But it is about a ranch in western Nebraska, of which kind of the theme of it was Ted Turner buying another ranch in Nebraska.

Let me just read some highlights from this article in the Omaha World-Herald, and I will give them their copyright credits here. It is talking about media mogul Ted Turner added another 12,300 acres of Cherry County grazing land to his bison ranching empire. The purchase was to be finalized on Monday. It gives Turner about 234,000 acres in three counties in Nebraska, making him the largest private landowner in Nebraska, as he is in the United States, owning about 1.75 million acres in New Mexico, Montana, South Dakota and Nebraska.

The Coble family, I am going to get to and read this verbatim from the Omaha World-Herald article, Bill Coble of Leewood, Kansas, a grandson of the Cobles, said that the death in August of Doris Coble precipitated the sale. It was necessary to pay off the inheritance taxes, Bill Coble said. The only way you can make it work is with an added amount of life insurance and to work the ranch yourself, Coble said. The purchase ends a 100-year Sand Hills operation of the Coble family. A 100-year tradition of the Coble family gone, because when the operator, Doris Coble, the last of the parents, died, the grandson could not take over the property. He had to sell it to pay off the inheritance taxes. This is a family that did not purchase the millions of dollars of life insurance policy to protect itself. My family buys life insurance to protect our family. Here you buy life insurance to pay your taxes. That is wrong.

Mr. WELDON of Florida. Mr. Speaker, reclaiming my time, I am glad the gentleman brought this up, because I wanted to get at some of the arguments we are going to hear on the floor tomorrow from the opposition. What the gentleman was just talking about, I think, segues very nicely into that.

They are going to put forward an alternative proposal. The inheritance tax repeal we passed last year phases in over 8 or 9 years, and then the reason why we have got this bill on the floor tomorrow is in the 10th year it just comes back in its full force.

What the minority will put forward is the notion we should just have a $3 million exemption and we could enact that immediately. They may point to the farmers and the ranchers and say if we just had this $3 million exemption, the Coble family that the gentleman cited is a good example, they would be covered, and they could pass the ranch on. Danny Sexton would not have encountered the problem he had. He could have inherited the floral shop from his uncle.

The problem with that is that if your asset is worth more than $3 million, then everything over $3 million gets taxed at something like a 50 percent tax rate. We have inflation, and these farms and ranches that they say now are valued at less than $3 million, what are they going to be worth 10 years from now, what are they going to be worth 15 years from now?

It obviously picks winners and losers, and that is the main gripe that I have. It is basically saying, well, if you have created a small business and it is only worth $3 million or less, then we will not tax you. But if you have been really successful, or if you have farmland in, say, Napa, California, where it is valued at incredible prices, no, we are going to tax you. I just think that is totally wrong.

Let me also point out, 60 percent of the top black-owned businesses today in America are valued at over $2 million. That means in another 5 or 7 years, those assets are going to be worth probably over $3 million, and, boom, they are going to get hit by the inheritance tax.

Another point is a point that I think the gentleman from Arizona (Mr. HAYWORTH) was alluding to earlier, that they look at making the inheritance tax repeal permanent and they say we are going to lose $99 billion. That does not take into consideration at all the fact that if you leave that money in the economy, you are going to put more money in the economy and it is going to create jobs and it is going to create wealth and that we would be able to then tax that.

Indeed, it is estimated by economic analysts that the inheritance tax actually costs, and this is what the gentleman said earlier, I believe, it actually costs us, because it takes money out of the economy, money that would be flowing around the economy; it forces people to sell small businesses; it forces small business owners to take out a loan to pay the inheritance tax; and then their small business does not operate sufficiently.

I yield to the gentleman from Arizona. I think we have about 5 minutes left.

Mr. HAYWORTH. Mindful of that as a broadcaster, the old time clock on the wall, it is important for us to pass permanent repeal, no matter the siren song of seduction saying ''let us set a temporary level that will accommodate some folks.'' Maybe this is a fundamental philosophical difference.

When you get in the realm of targeted tax cuts, you are asking this Federal Government to pick winners and losers, and you do nothing for the business owners, the grocery store owners, the farm machinery dealership owners, the automobile dealership owners, who have significant capital sunk into that business, who literally are asset-rich and cash-poor. You exacerbate the problem. Our purpose is not to set American against American, not to get wrapped up in the I believe ultimately misguided notion of class warfare, but to allow everyone to succeed.

There is one other note undergirding all of this. It is especially pronounced in Arizona, where one of our local newspapers is concerned about the price of sprawl at an acre an hour. Why do you think farms are being sold off? To satisfy the death tax. Gone is a lot of our agricultural land. That is a real problem in States like Arizona and Florida and across the country. That is another reason to make this repeal permanent.

Mr. WELDON of Florida. I thank the gentleman for his input on this special order. I yield to the gentleman from Nebraska for the last word.

Mr. TERRY. Well, I will let the gentleman have the last word, and thank him for bringing this to the floor. One

of the other points, though, I want to make with that is the cost of the machinery. When we talk about our farms and ranches, we have a plant that manufactures farm equipment. The price of some of that equipment coming out is several hundred thousand dollars.

Mr. WELDON of Florida. Like a combine.

Mr. TERRY. $200,000 to $300,000, and even more if you go to some of the other equipment. A small family-owned printing company that I toured last summer when I was home, one printer runs hundreds of thousands of dollars, half a million dollars for a printer. So when you talk about what level do you set this, if you do not eliminate it, and picking the winners and losers, you fail to recognize that they are eking out a small living with very expensive equipment, but yet we tax on the value of that equipment, not the living that a father and mother and maybe a son and a daughter can make off of that. That is why it remains fundamentally unfair.

Mr. WELDON of Florida. Mr. Speaker, reclaiming my time, I thank both of my colleagues for their input on this very important issue.

Let me just close with one very important point. We will also hear that making the inheritance tax repeal permanent will hurt donations to charity.

□ 1800

The assumption there in that argument is that people are only giving to charity so they do not have to give it to the Federal Government.

I just think that is not true. If we look at what happened after the Reagan tax cuts in the 1980s, giving to charity skyrocketed. I think wealthy people are motivated by the best intentions when they give. If they do not have to give as much money at death, I think they will give even more money to charity, and that America's charities will benefit from the permanent repeal of the inheritance tax.

EDUCATION DETERMINES THE FUTURE OF AMERICA

The SPEAKER pro tempore (Mr. OTTER). Under the Speaker's announced policy of January 3, 2001, the gentleman from North Carolina (Mr. ETHERIDGE) is recognized for 60 minutes as the designee of the minority leader.

Mr. ETHERIDGE. Mr. Speaker, I want to take this time, and I will be joined by some of my colleagues a little later, I hope, to talk on this special order on the floor this evening about a very important issue facing this country today, maybe one of the key issues.

Everyone talks about my issue is more important, or that issue is more important. But the truth is, when we are talking about the future of America, that issue is education, because that is the one issue that not only helps us this week, this year, next year, but really secures our future when we are headed into the 21st century and the challenges we face. This group of young people in our schools today will determine the kind of future we are going to have.

So many times I get perplexed when I have my colleagues come to this floor, and I really sense, number one, that they have not visited a school recently; or if they have been to a school, that they did not go into the classrooms; and if they went into a classroom, they probably did not pay attention to what they were seeing or listening to from the teacher, or they were not looking into the eyes of some of the very bright children who were in those classrooms struggling to learn in conditions, in many cases, that Members of this body would not want to be in every day.

They are overcrowded, and in the summertime they are hot, and in the wintertime they may be cold. Or they are in a trailer outside, and if it is raining, they walk through the rain to get to the classroom, or walk through any kind of inclement weather.

First, this evening, let me talk about some very positive things, some good things that are happening in our public schools. As this hour goes on, I will talk about more of them.

Let me first talk about some schools in my district, something I know about, and in North Carolina. I had the occasion over the last couple of weeks, and I make an effort to visit schools about every week, but I went to a school down in part of my district, Anderson Creek Elementary, and visited with the principal, Ms. Cobb, and an awful lot of the teachers and students.

They have a program where they encourage children to read. It is really a kindergarten through about fourth grade reading program. Some of the schools I am going to mention actually do it in the higher grades.

She got those young people so excited about reading by giving them certificates and tee shirts, and getting the parents involved through kindergarten, that those youngsters in that school, and there are about roughly 700 elementary school students, over 545 of them read at least 100 books. They had read a total of over 155,000 books this year; probably more than that by now.

When we talk about good things, those are the kinds of things that make a difference. Because if a youngster learns to read and they learn to do math and they learn to communicate, that will make a difference. They will be successful students.

I went to North Harnett Elementary the same day, where the leading reader in that school had read 410 books. It is amazing to me that a youngster would read 410 books and still do his or her homework.

At Anderson Creek, they had one student who read 545 books. The children in that school had read a substantial number. It is sort of contagious. These are good things happening in Harnett County.

Lafayette Elementary, the same thing. They went in, had an assembly, and they honored the students. Their program was titled Reading Around the World, where they actually put flags of nations around the world about which the youngsters had read. They got involved. They had tee shirts and they got certificates, and they honored top readers.

These are the things we do not hear a lot about, but we always hear people critical of those people who are giving so much time in the classroom who really are creative, innovative, and thinking about how do we make things better for children.

Then I went to Cleveland Elementary School, a school in the community I grew up in. The same kind of thing: a very caring principal and assistant principal, with an awful lot of hard-working, focused teachers. They were doing the program not only in reading, but in a number of other areas, and they were giving out certificates. Children were really and truly getting ready to build a strong foundation for the future, things we were not doing 10 or 20 years ago.

I went over to East Clayton Elementary School over near Clayton, and the same kind of thing: a very focused principal providing great leadership, and teachers who were caring, creative, and making a difference.

I only mention these schools because they are representative not only of just schools in my congressional district or in my State of North Carolina, but I happen to think they are representative of teachers and students and principals and administrators all across this country.

Do we have problems? Sure. Do we need to improve? Absolutely. But they are about making a difference. This is the way we improve it. I have learned a long time ago that if we want to improve education, we lay out a plan, we work with the people, and we give them encouragement. It is awful easy to be critical.

It is a lot like a little poem I use many times, and I think my colleagues would benefit from that, because it reminds me of being an architect. It takes a long time to go to school to be an architect. It takes a number of years. But the last time I checked, if we want to hire somebody to tear a building down, we can put them in a machine and put a ball at the end of a chain and we can knock it down pretty quick.

"I watched them tear a building down,
A gang of men in a busy town.
With a ho heave ho and a lusty yell,
They swung a beam and a side wall fell.
I asked the foreman, are these men skilled,
The kind you would hire if you had to build?
He smiled and said, 'No, indeed,
Common labor is all I need,
For I can wreck in a day or two
What people have taken years to do.'
And I thought to myself as I went my way,
Which of these roles have I tried to play?
Have I been a builder who builds with care,
Carefully measuring the world by the rule or a square,