

But for millions of Americans this cold snap is just the beginning of a long cold winter. Why? Because while the mercury drops outside, inside home heating bills are getting a little too hot to handle. In fact, on Tuesday the Energy Department reported that the average homeowner's home heating bill will increase by nearly 26 percent, the largest increase in 5 years. Those who heat their homes with natural gas, nearly half of all Americans, can expect their home heating bills to increase by 38 percent; but taxpayers and seniors cannot expect any help from this Congress.

In fact, the Republican Congress is cutting, cutting home heating assistance to our elderly; and the energy bill we passed this summer will do nothing to lower the cost of energy or gas at the pump, in fact, despite having handed out \$14.5 billion to the energy companies in taxpayer subsidies.

Mr. Speaker, these are the wrong priorities. You cannot hand out money to energy companies while cutting assistance to seniors. It is time to return the people's House to the American people. It is time for a change.

PROVIDING FOR CONSIDERATION OF H.R. 4297, TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005

Mr. PUTNAM. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 588 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 588

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 4297) to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006. The bill shall be considered as read. The amendment in the nature of a substitute recommended by the Committee on Ways and Means now printed in the bill shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment in the nature of a substitute printed in the report of the Committee on Rules accompanying this resolution, if offered by Representative Rangel of New York or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

□ 1030

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from Florida (Mr. PUTNAM) is recognized for 1 hour.

Mr. PUTNAM. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from Rochester, New York (Ms.

SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

(Mr. PUTNAM asked and was given permission to revise and extend his remarks.)

Mr. PUTNAM. Mr. Speaker, in April Congress passed a responsible budget that called for spending restraint, reduction of the deficit; and by slowing the unsustainable and automatic growth of mandatory spending programs and extending tax relief to families and small businesses, we have successfully accomplished the first two. Now, this rule will provide for consideration of our final commitment to American taxpayers, extending numerous important tax relief provisions.

In 2001, 2003 and 2004, Congress enacted responsible tax relief to help create new jobs, grow America's economy, and put more money in the hands of workers, families, small businesses, farms, and ranches. Following this tax relief, unemployment dropped a full percentage point to 5 percent, and we have experienced 10 uninterrupted quarters of real growth in our economy, above 3 percent, the longest stretch since the 1980s. As was proven by the tax cuts during the Kennedy and Reagan administrations, Federal revenues actually increase after taxes are lowered.

Our expanding economy is led by consumer spending, job growth, and business investment. This is a result of allowing workers to keep more of their hard-earned money, decreasing the tax burden on small businesses so they can expand and hire more workers, and providing incentives for families to save and invest.

Unless we take action today, many of the important tax provisions that have helped our economy grow strong will expire. Without passage of this legislation, workers, families, and small businesses will have less of their paycheck to take home each week.

Mr. Speaker, H.R. 4297, the Tax Relief Extension Reconciliation Act, not the most eloquent of names but an important one, will continue to build on the economic progress we have already made.

A key part of the American Jobs Creation Act of 2004 was a return to fairness for those who live, work, and raise families in States with no State income tax. The State and local sales tax deduction is particularly important to those in my home State of Florida and nine other States because it gives every taxpayer the opportunity to deduct State sales tax from his Federal tax bill, something that other higher-tax States have enjoyed for some time. This provision is set to expire in 3 weeks. While I will continue to work to make the State and local sales tax deduction permanent, this bill extends the provision for an additional year, which is an important step forward for fairness.

The bill also extends several tax incentives to enhance the affordability of higher education, including tax-deferred education savings accounts and tax credits for post-secondary education. It allows all taxpayers to deduct up to \$4,000 of higher education expenses, which will help more students go to college.

For teachers, the tax bill extends an important above-the-line deduction to help them contain the costs of out-of-pocket classroom expenses such as books, supplies, and computer equipment. We all know that our hard-working educators are covering for some of our neediest students, and this bill lets them keep the tax deductibility of their generosity.

In an effort to encourage savings and stable retirement security, this tax bill allows lower-income families that contribute to individual retirement accounts and pension plans to continue receiving a Federal match in the form of an income tax credit for the first \$2,000 of annual contributions. This encourages families to save and plan for their own retirement. While we were unable as a body to settle on a Social Security reform plan, surely we can all agree that encouraging low-income families to save for retirement and giving them the tools to do so is a sound economic policy.

Our bill freezes the rate on capital gains and dividends and prevents an increase of the tax burden on 24 million families. It is imperative that we extend this tax relief so our economy will continue on its upward track.

New data released at the start of December show that our economy continues to strengthen and grow. The Labor Department reported that employers added 215,000 jobs in November, after adding 44,000 in October and 17,000 in September in the wake of devastating hurricanes.

The jobless rate remains unchanged at 5 percent. The economy grew at an annual rate of 4.3 percent in the third quarter, much stronger than expected.

Forecasters' outlooks for coming months are upbeat as well. November's increase in payroll, the largest since July, was broad-based. Construction employment rose by 37,000. Employment in professional and technical services rose by 22,000. Health care employment rose by 20,000 jobs. Manufacturers added 11,000 jobs last month following an increase of 15,000 in October.

The most recent Commerce Department report shows overall consumer spending increased at a 4.2 percent annual rate, exceeding expectations. Purchases of nondurable goods surged 3.6 percent, exceeding expectations. Housing spending came in at 8.4 percent. Business investment spending rose at 8.8 percent, exceeding expectations.

Obviously, the current tax policy of this Congress has encouraged economic growth, and to raise taxes now would close the door of opportunity that is open for so many today.

Mr. Speaker, this rule provides for consideration of a substitute bill.

While we often hear Democrats decry tax relief, they have decided to offer a substitute that extends many of the same tax provisions as this underlying bill does, but let us look at who they left out.

The Democratic substitute does not extend an income tax credit for low-income families who contribute to individual retirement accounts, IRAs, and pension plans. This hurts low-income families who are struggling to save for retirement, people who are doing the right things to prepare for their future rather than solely depending on the government to do it for them.

The Democratic substitute does not extend enhanced small business depreciation expensing, so it increases taxes on small businesses, the very engines of innovation and growth and employment in this country.

The Democratic substitute does not include an extension of the reduced rates on capital gains and dividends. Without this extension, 24 million families will see a tax increase, including 7 million seniors who have benefited an average of \$1,200 annually from that change. At a time when concern is growing about foreign investment in the United States, the Democratic substitute throws up barriers to Americans investing in America.

The Democratic substitute does include a tax increase on families and small businesses to pay for the bill. Many of these individuals are small businesses who do much of the hiring and buying in this economy.

The Democratic substitute bill leaves behind small businesses, omits low-income savers, and hurts families and seniors. At a time when home heating bills are rising and local property taxes are growing, why would the Democratic substitute take even more from the wallets and purses and piggy banks of the American taxpayer?

Mr. Speaker, the Republican tax reforms of 2001, 2003 and 2004 have created jobs, strengthened our economy, and increased Federal revenues in the process. They quantifiably aided in shortening and curtailing the severity of the recession of 2000 and 2001. They buoyed the economy through major terrorist attacks, devastating natural disasters, and a global war on terrorism. Now is not the time to increase taxes on the American people. Failure to pass this bill would result in higher taxes on seniors, savers, small businesses, and farmers. We must continue the policies that grow our economy and keep our tax bills from rising.

I urge my colleagues to support this resolution and the underlying bill, the Tax Relief Extension Reconciliation Act.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield myself such time as I may consume.

(Ms. SLAUGHTER asked and was given permission to revise and extend her remarks.)

Ms. SLAUGHTER. Mr. Speaker, just 2 weeks ago, the majority forced a budget vote by two votes to cut \$50 billion from education, from health care, from foster care, child support, and a host of other vital programs. They claimed that they were simply eliminating waste and promoting fiscal responsibility and, most importantly, curbing our national debt.

But today, they want us to agree to a tax cut for \$56 billion. If we take away the \$50 billion in the budget tax cuts, but we add \$56 billion in tax giveaways, we end up with more debt, not less. In fact, we end up adding \$6 billion to the largest deficit in our country's history, the one created by this Republican Congress.

Now, if reducing the deficit is not a priority, what has made the majority's agenda? How we control the purse strings in our hands reveals who we work for. Of the proposed \$56 billion in cuts, 50 percent, that is, \$28 billion, will go to the superrich, those among us who need it the least. This bill is for them, the men and women among us who earn more than \$1 million a year, a mere fraction of 1 percent of Americans.

At the same time, the middle class will continue to be squeezed, while workers who make \$40,000 or less, in other words, those who need help the most, will receive 1 percent of today's cuts.

That is what this is about. Does the Republican Party really think the American people do not see what is going on here?

What this bill shows us today is that Republicans care about entrenching privilege, the work of a corrupt and inefficient government, all while talking about tough choices and cutting government waste; but their rhetoric does not add up.

If they were serious about making government work better, they would fulfill their responsibility to conduct proper congressional oversight and ensure that the money we do spend is spent efficiently.

They would look for the \$9 billion misplaced during Iraq reconstruction, and we have tried time and time again to have amendments approved that would do just that. Now, the loss of \$9 billion in Iraq is what I call government waste, but there is not a court in this country which could find Republicans guilty of enforcing accountability in government. There would not be the evidence to convict them. Instead, they cut social services for the needy and send the savings to the rich.

Have tax cuts for the rich become the sole agenda of the majority party? Sadly, in the face of numerous challenges from both abroad and home, this increasingly seems to be the case.

Their solution to rehabilitating the lives of those devastated by natural disasters? Cut taxes for the rich. Their solution to curbing an out-of-control national debt? Cut taxes for the rich.

My friends on the other side of the aisle talk about the agenda of reform,

but they have controlled the Congress for over 10 years, and now they are the status quo. As much as they may want to say they are the solution, we know that they have become the problem.

If they were committed to solutions, they would not funnel money to the rich while they leave the working middle class to fend for themselves, all while cutting education and health care programs and adding billions to the massive debt that is crushing this Nation. Let me point out that the 400,000 persons who lost their food stamps in the budget cuts and over 300,000 children who lost their breakfast programs, that money is being used today to finance these tax cuts.

The pursuit of such an agenda violates the trust our constituents have invested in their elected representatives, and it is an abdication of the most fundamental responsibilities of this Congress.

America can be better than this. We can do better than selling out the vast majority of our citizens so that Congress can give another tax cut to a tiny minority. We can do better than increasing our staggering national debt and calling it fiscal responsibility.

This leadership has forgotten what made America great. It has forgotten what made the 20th century the American century, which was investment in the middle class, investment in society, investment in education, investment in opportunity, investment in the future, not investment in the rich.

It is time for a new direction. Together, America can do better than what this leadership is proposing here today.

I urge my colleagues to defeat this bill and defeat this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. PUTNAM. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. GINGREY).

Mr. GINGREY. Mr. Speaker, I would like to thank my friend and colleague on the Rules Committee for allowing me this opportunity to speak on behalf of this rule and the underlying bill, H.R. 4297, the Tax Relief Extension Reconciliation Act.

Today, each and every Member of this House is taking a test before the American people. This test has one question, and simply enough, it is even multiple choice. The question is: Who do you trust more to spend your hard-earned money? Is it, A, the Federal Government and its bloated bureaucracy; or is it, B, the American people? Well, Mr. Speaker, the correct answer, obviously, is, B, the American people.

□ 1045

However, those who vote against this rule and vote against this tax relief bill are choosing to trust the Federal Government and its bloated bureaucracy over the people who pay the taxes and are the engine of a job-creating economy.

Now, Mr. Speaker, the opponents of this tax relief will try to obscure and

confuse this debate by mischaracterizing this House's previous vote on budget reform and reduction with claims of, and I have already heard it, robbing the poor to pay the rich. Well, Mr. Speaker, these claims are simply untrue.

In fact, today's reconciliation package includes extensions of tax incentives that provide work for many low-income Americans, such as the Welfare to Work Tax Credit and the Work Opportunity Tax Credit that encourages businesses to hire and pay people and families on public assistance, high-risk youths, qualified veterans, and people who receive food stamps.

So a vote against this tax relief package is tantamount to a vote for an economy under which it is acceptable and even preferred to give the poorest individuals only one option, government dependency, a dependency that empowers bureaucrats and politicians over people and places political power before economic liberty and opportunity.

Mr. Speaker, I would also like to add that since this tax relief package includes mostly extensions of current tax cuts and credits, a vote against this bill is a vote simply to raise taxes. No ifs, ands, or buts, those who vote against this bill are voting in front of the American people to raise taxes. The opponents of this bill would raise taxes on middle-income Americans, rich Americans, poor Americans, investors, savers, entrepreneurs, small business owners, universities, veterans, and even people who are trying to clean up the environment. All of these people will receive a tax increase if this bill is not passed and signed into law.

So, Mr. Speaker, each and every Member of this House has an opportunity today to go on record and tell the American people where they stand on raising taxes and whether they trust the American people with their own money.

In conclusion, I would like to encourage my colleagues to support this rule and the underlying tax relief extension package for the sake of economic growth and for the sake of the American taxpayer.

Ms. SLAUGHTER. Mr. Speaker, I am pleased to yield 4 minutes to the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. It is extraordinary. If you assert something that is not true, it is true on the floor of the House. There is no truth test here. Cut taxes for the rich, it will stimulate the economy. Put the little people to work who will pay taxes for their job cutting the lawns or washing their yachts. That is the argument we are hearing from that side of the aisle. Trickle down economics works, they tell us.

Unfortunately, that is not what most Americans find with their real incomes stalled out over the last 5 years. No, trickle down economics does one simple thing: It rewards the benefactors of the Republican Party.

Let us just look at one of the elements of the "not raising taxes today."

It would be let the tax cuts in dividends on stocks. Now, I go to my town meetings and I say, everybody who has dividend paying stocks, raise your hand. And I have a lot of people coming to my town meetings, but usually it is one, maybe two. And I think that is pretty much the same across America. But the millionaires and, yeah, the billionaires, they have a lot of dividend paying stocks. In fact, their tax cuts average \$127,000, while the average family averaged \$800.

Now, that is not even talking about the dividend tax. Let us talk about the dividend tax. This bill will extend the cut in dividend taxes. Now, the American Enterprise Institute, no liberal bastion there, they just issued a report and it says the dividend tax break has not generated more business investment or jobs or productive economic activity but it has enhanced investor wealth. That is what this is about. This bill is to enhance investor wealth.

Now, they have a newfound concern about the sea of red ink they have created, the 60 percent increase in our debt in the last 5 years. So a couple of weeks ago we jammed through a bill at 2 a.m. in the morning that cut things like student financial aid, Medicaid, health care to poor people, dumping that burden on the States; foster care, long-term care, the school lunch program. Those little kids are just eating too much. They are chowing down. They are going to help the obesity problem on this side of the aisle by starving kids.

Now, what are we buying with those cuts? Well, the student loan cuts, they say, oh, we are not cutting student loans, we are just charging them more for the loans. Right, you are not cutting student loans, you are just increasing their debt burden. You are not cutting the loans, you are just jacking up the interest rate, charging them twice as much to take out a loan, and charging them a special new fee to get a very high fixed interest rate, something they can get now for free at a lower rate.

But they are not whacking the students too hard, only \$14 billion. And what do we get for that \$14 billion? An extension of the dividend tax cut. That is great. So now the wealthy will be able to buy more yachts to float on the sea of red ink that the Republicans have created. They will be able to hire more help around the mansion. That is trickle down economics.

They talk about how great the economy is doing. Here is a few facts. Unemployment rate, yes, it is recently down, but it is up eight-tenths of a percent over when the Republican administration took charge. There is 1.6 million more unemployed workers than when George Bush took office. There is the slowest private sector job growth of any administration since Herbert Hoover. He is doing better than Herbert Hoover. That is great. The largest projected surpluses turned into the largest projected deficits, with \$4.2 trillion more debt in 2008.

Now, that is the grand success of trickle down. And they come out here and assert baldly that giving tax cuts to rich people will not only stimulate the economy, put people to work, but that it will reduce the deficit. Sure. You really believe that? I do not think so. The American people do not believe it.

What you are doing here is giving very generous tax cuts to the people who give you very generous campaign contributions.

Mr. PUTNAM. Mr. Speaker, I am pleased to yield such time as he may consume to the gentleman from California (Mr. DREIER), the distinguished chairman of the Rules Committee.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I rise in strong support of this rule, and I thank and congratulate my great friend from Florida, such a hardworking member of the Rules Committee, and I thank all those involved in this effort, which I hope at the end of the day will be bipartisan. Because we all know that of that proverbial saying that everyone is entitled to their own opinion but not their own facts.

As I listened to the pathetic, and that is really the only way you can describe it, the pathetic old class warfare, us versus them argument, cleaning yachts and mowing lawns and all this stuff. The facts are 56.9 million American families, 56.9 million American families, nearly 60 percent of American families are members of the investor class. The investor class, people who have some kind of investment. And, Mr. Speaker, 30 percent, 30 percent of the members of the investor class earn less than \$50,000 a year. Now, those are the ultra rich we continue to hear about who might benefit from job creations.

I will tell you that if you look at the arguments that were made, and I listened to my good friend from Rochester, Ms. SLAUGHTER, in her opening statement in which she talked about investing in all these important things, of course we all want to invest in the future. But she said, do not invest in the rich. Well, the fact of the matter is we are encouraging investment with this because we want to do everything we possibly can to make sure that those people who are out there creating jobs have the incentive to do that.

And we also need to look at long-term planning. People can stand up and malign the dividend cuts and the capital gains cuts, but I actually believe we should have no tax on capital gains at all. It is a double tax and, frankly, it discourages growth.

I will never forget a few years ago visiting New Zealand, which is certainly a left of center government. The prime minister there, Prime Minister Clark, well, let us just say she is not what you would call center right. But I met with a number of people in New Zealand, and I raised with them the

prospect of establishing a capital gains. They have zero capital gains there. They said that they did a study in New Zealand and found that the mere establishment of a capital gains tax would be devastating to the economy of New Zealand. And all we are saying is we should allow people for another couple of years to plan at a 15 percent capital gains rate.

Mr. Speaker, we know, as we look at the arguments that were provided in 2001, 2002, 2003, that our wonderful colleagues on the other side of the aisle regularly said the following things: Number one, if you put into place these tax cuts, the economy is going to head straight into the tank.

And I listened to my friend from Oregon go through the Herbert Hoover argument, and I thought we had sort of beaten that one back in the 2004 campaign when in the last 3 years we have seen the creation of 4½ million jobs under the payroll survey guideline and 5 million jobs under the household survey guideline. I thought we had pretty much beaten that argument back, but obviously, they are continuing to try and dredge this up.

They said that if we put into place this tax cut that the economy would go into the tank and the deficit would go sky high. We know the exact opposite has been the case. We, in fact, have had a reduction of \$94 billion in the deficit simply because of economic growth, simply because of the enhanced flow of revenues to come into the Federal Treasury.

Now, obviously, we are not going to see probably the best improvement in the deficit number next year because of Hurricane Katrina and other costs that we have faced, and we are doing everything we can, so many of us, to try to rein in mandatory spending with the reconciliation process we have gone through, and to try to do what we can on both discretionary as well as mandatory, as I said. But the fact of the matter is, Mr. Speaker, the single most important thing that we can do to deal with the challenges of investing in all those things that Ms. SLAUGHTER mentioned, is to make sure that the economy continues to grow.

I can think of nothing, nothing worse for the potential future growth of our economy than to not pass this measure. So if you believe in bringing unemployment down even further, if you believe in seeing the already record level of minority home ownership go even higher, if you believe in enhanced productivity and incentives for that, it is absolutely essential that this rule and this legislation be passed.

So I commend it to my colleagues. The tired old arguments of the past are not carrying any weight at all with the American people, I am happy to say. They get it. They understand it. So that is why we should have Democrats join with Republicans in doing the right thing here.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Georgia (Mr. LEWIS).

Mr. LEWIS of Georgia. Mr. Speaker, I want to thank the gentlewoman from New York for yielding me this time.

Mr. Speaker, once again, I rise in disbelief about what the House is about to do today. It is my belief that we are moving down the wrong road.

Before we left for Thanksgiving, the Republican leadership twisted arms to pass a bill slashing funding for vital programs that benefit the neediest Americans. Some might say that the bill was callous. I say that the bill was immoral. Today, it is still immoral, uncaring, and without compassion.

But now, to add insult to injury, we have returned to Washington so that the Republican majority can line the pockets of those at the very top. That is right, they cut vital programs and services that benefit hardworking, low- and middle-income Americans, and with the money saved they are giving more tax cuts to the wealthiest of the wealthy. And in the process of robbing working families to give to the rich, we are ballooning the debt, saddling our children and grandchildren with the bill.

Everybody loses under this bill. Everybody. That is except the top one-fifth of 1 percent. Some might call them the super rich; apparently the majority calls them donors.

It is unbelievable. It is unbelievable that we are doing this during this season. The holy season. It is unreal. This season, of all seasons, you would think they would not have the audacity, the gall to pass such a disgraceful and shameful piece of legislation. Oh, but they do.

Where is our compassion? All of the great religions of the world speak to the issue of taking care of basic human needs. During this season, the question must be asked: What would the great teacher do? What would Jesus do?

We are saying we are people of faith, and yet during this most holy season we do this? Have we lost our way? How long, but oh, how long will we continue to take care of those at the very top and not those in the middle and those at the very bottom? How long, but oh, how long?

This bill is not fair. It is not right. It is not just. As a Nation and as a people, as a Congress, we can do better. Mr. Speaker, I appeal to my colleagues to reject this shameful bill.

□ 1100

Mr. PUTNAM. Mr. Speaker, I yield 1½ minutes to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Speaker, I rise in strong support of this very modest tax relief proposal and the rule that brings it to the floor, and especially in support of the deduction for State and local sales taxes which is so very important to my home State of Tennessee and many millions of people throughout this Nation.

Every day we read stories about how wasteful the Federal Government is, and certainly it has been proven over

and over again how the least efficient, most wasteful way to spend money is to turn it over to the Federal Government. Every dollar we can keep in the private sector helps to create jobs and lower prices. And who benefits the most from job creation and lower prices: the poor and the lower-income and the working people. The wealthy are always going to be all right, but this is a bill that helps the poor and the lower-income and the working people more than anybody else.

It contains breaks for the rich like tax deductions for teacher classroom expenses, expenses that classroom teachers pay out of their own pockets. It contains another deduction for the rich for deducting tuition expenses. That is certainly a deduction for the wealthy; and, of course, I am saying that sarcastically.

It contains expensing for brownfield environmental cleanups, something that is very good for the environment. It contains breaks for our veterans and those who have been and are in combat at this time. It contains increases for small businesses, and certainly that is something that is very, very important to millions of people throughout this country.

Mr. Speaker, this is a very modest proposal. I think it is about a 2 percent tax break. I urge passage of this bill.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. KUCINICH).

Mr. KUCINICH. Mr. Speaker, I thank the gentlewoman for yielding me this time.

What the majority is seeking to accomplish here is another transfer of wealth from the great mass of Americans to a privileged few. This bill would raise taxes on 17 million American middle-class families by as much as \$640. Millionaires get tax cuts as much as \$32,000. People who bet on the market are going to see their taxes cut or reduced, while workers are not going to see that kind of relief because this bill is about a transfer of wealth upwards, a transfer of wealth from the poor and the middle class to the wealthy. More than half of the American taxpayers will get less than \$30 out of this so-called tax cut; yet that is what this administration's strategy has been all about.

There has been no trickle-down benefits from their previous tax cuts of over a trillion dollars. Americans' savings have disappeared, credit cards are maxed out, home equity is exhausted, foreclosures have increased, pension funds are disappearing, health care benefits for many have been cut or eliminated. There are 45 million Americans without health insurance. The wealth in this country is being transferred upward, and as wealth accelerates upward, the quality of our democracy is deteriorating. This bill continues that trend with spending cuts suffered by college students, suffered by senior citizens and children and family farmers.

My colleague Congressman LEWIS asked what would Jesus do. We know his teachings. He said whatever you do for the least of the brethren, you do for the Lord. This bill does not do for the least. It does for those who have the most. There is a transfer of wealth to the great mass of Americans to a few as a matter of policy here. It is tax cuts, it is the war, it is all of the spending that is accomplished by our majority brothers and sisters goes to help those who are wealthy become wealthier. That is not how you can maintain a democracy.

The tax system is central to making sure that we stay a democracy, and yet what we see here is the beginning of a plutocracy by continuing the acceleration of wealth upwards. We need to take stock and assessment of what these tax policies are doing to undermine people in this country, of what these tax policies are doing to make it impossible for a middle class to survive, of what these tax policies are ignoring in terms of trying to protect America's manufacturers. There are auto workers and steel workers who are looking for a way for businesses, their industries, to survive; and instead we are worrying about accelerating the wealth upward.

We need to take stock of this. This is not only a fiscal question. It is a moral question, and the arc of our moral fiber here is going to be determined on whether or not we can stand up to this challenge about accelerating the wealth upwards.

Mr. PUTNAM. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, unless we enact H.R. 4297, Americans will receive a most unwelcomed Christmas gift from the Democrats: a huge automatic tax increase. This will cost families billions of their dollars and jeopardize millions of their jobs. We cannot sit idly by and let the Democrats do this.

Tax relief has already created more than 4.4 million new jobs; but if you raise taxes, you start taking these jobs away.

Mr. Speaker, let me tell you about a few of the jobs from my east Texas district that could be lost if the Democrats succeed in their tax increase plan today. Let me tell you about Hugh Dublin who owns East Texas Right of Way in Tennessee Colony, Texas. He specializes in the land-leasing business. Due to tax relief, his company has grown from two full-time employees to four full-time employees and four part-timers. His two new full-time employees are named Dan and David. They were unemployed, but now they are able to start new careers in a growing business.

The Democrats want to raise taxes on Hugh Dublin and his small business. They want to jeopardize Dan's and David's paychecks and replace them with welfare checks, and they call that compassion.

Eddie Alexander owns Triple S Electric in Henderson County, Texas. They are an electrical contracting business. For the first 3½ years he was in business, it was just him and one part-time helper. Since the passage of the President's economic growth plan, he has been able to hire two more additional employees named Jarad and John, both of whom were out of work but both of whom now provide homes for their families.

The Democrats now want to raise taxes on Eddie Alexander and his small business. They want to jeopardize Jarad's and John's paychecks and replace them with welfare checks; and this they call compassion.

Gill Travers owns Travers & Company. They are a home building company in Athens, Texas. Thanks to the housing boom created by President Bush's tax relief plan, Travers & Company has had to hire three new workers. Jan, who was previously unemployed, was hired to help clean up the job sites. Business is so good she had to turn around and hire Calvin and Christy. They were unemployed, too. The Democrats now want to raise taxes on Gill Travers and his small business. They want to jeopardize Jan, Calvin, and Christy's paychecks and replace them with welfare checks; and this they call compassion.

Mr. Speaker, tax relief has created over 4.4 million new tax-paying jobs of the future; 4.4 million hard-working Americans can now provide for their families this Christmas. More than just providing food and shelter, these jobs are providing newfound hope and opportunity. The Democrats would take all of this away.

We cannot go back. We must prevent this massive Democrat tax increase. We must support jobs and support the rule for H.R. 4297.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, since I first came to Congress, I made it a priority to restore sales tax deductibility for my constituents in Washington State. Last year, working with a bipartisan coalition lead by Mr. KEVIN BRADY and myself, we did successfully do that. This deduction saved Washington State taxpayers over \$500 million last year alone.

Unfortunately, the sales tax deduction will expire at the end of this year, and we must extend that deduction. Accordingly, I applaud both the Democrats and the Republicans for including in their packages a 1-year extension. Frankly, I would like to have made it a permanent extension.

Nevertheless, I am concerned at a time of war in the aftermath of this country's most devastating natural disaster how we can in good conscience support a tax bill that will add at least \$20 billion to our national debt to provide a tax break that goes predominantly to the wealthy, and by that I mean the capital gains and dividend tax cut.

Earlier, the distinguished chairman of the Rules Committee said the American people get it. I have to say, I just had five town halls in my district; the American people do get it. They get that this bill, the Republican majority bill, is passing on enormous deficits to our children. Debt to our children, that is what we are doing.

The Democratic substitute, by comparison, is revenue neutral. It extends the tax breaks that benefit small individual taxpayers and small businesses, and it extends sales tax deductibility without increasing the deficit. What is more, the Democratic substitute protects taxpayers against the AMT hit as people's income brings them into the AMT category.

If my friends on the other side of the aisle want to say if we do not extend the dividend and capital gains tax cut, we have an automatic tax increase, why not say the same about the AMT fix? You have not chosen to put the AMT fix in your bill. Does that not constitute an automatic tax increase? I believe it does. The Democrats have prevented that.

The difference is this: when Republicans talk about choices, the choices they are talking about is whether the most wealthy people in this country will choose to take their earnings, or winnings, from capital gains or dividends. The poor people in this country have to choose between heating their houses and providing food for their children.

Mr. PUTNAM. Mr. Speaker, I yield myself such time as I may consume.

I would remind the gentleman that AMT relief is not in our package because it passed yesterday in the House by a vote of 414-4. That is why it is not in this package, because it passed yesterday.

We all talk about what we do here in Washington as it relates to the economy. The bottom line is that the economy is doing quite well because Americans are out there working hard every day. A lot of them are getting up before the sun comes up and not getting home until the sun goes down, bringing in food and fiber from our fields, manufacturing the devices that we take for granted each and every day in our manufacturing facilities, and working hard in an expanding and robust services economy, going into classrooms, going into hospitals, building houses that are part of the American Dream for more and more Americans. In fact, a record number of Americans now have achieved that piece of the American Dream through homeownership.

So it is ordinary Americans doing every day what they do best that is allowing this economy to move forward, and our role in that is to create the climate that allows them to maximize that opportunity, to put in place policies that keep inflation in check, keep interest rates low, and reduce the tax burden in their lives.

Today, more corporations pay dividends than at any other time. In fact,

there has been a 69 percent increase in S&P 500 companies that pay dividends. It is not only wealthy people that are benefiting from dividend taxes being cut and the corresponding increase in companies paying dividends. In fact, it typically is your retirees who are owning those stocks that they have invested in their whole lives that are paying the dividends to supplement their retirement income.

Prior to us changing that policy, the number of companies paying dividends over the last several years had actually gone down by 45 percent; and since the change in the tax that lowered the dividend tax, it went up almost 70 percent. That is a clear indication that what we did here in that small policy changed behavior in the business world to the benefit of all Americans: poor Americans, seniors, middle class, professionals, people who make six figures, people who make five figures. Everybody benefited from that. In fact, disproportionately, seniors benefited from that.

Everybody benefits from the fact that unemployment is now at 5 percent. That is indisputable. Would we like to see it go lower? Of course. Would we like to put policies in place that do that? Of course. Does raising taxes on the American people help lower the unemployment rate? I do not think so. Perhaps some on the other side of the aisle would disagree.

More Americans own stock today than ever before. This is not a class-warfare argument: 91 million individuals own stock in America. This bill puts in place a policy that encourages more Americans to invest in America. That, I believe, is sound economic policy.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield 1 minute to the gentleman from Washington (Mr. BAIRD) to explain AMT.

Mr. BAIRD. Mr. Speaker, I am well aware of the issues with AMT. The issue with me is this: you have not paid for it; the Democrats have. What you are not talking about is you are passing deficit on to our kids. You are passing debt on to our kids.

I visited with high schools and had town halls last weekend, and people said they are desperately concerned about the size of the Nation's deficit and the size of the Nation's debt. The Democratic package is paid for; the Republican package is not. The Democratic package does support small businesses and low-income folks and supports the middle class. The Republican package, the bulk of the economic benefits from these tax cuts go to the people who need it least at a time when we are fighting a war and trying to recover from a disaster. I think that is a mistake.

We support tax cuts, but we would target them to the people who most need it; and you target them to the people who most want it, but least

need it. That is the fundamental difference, and I think the American people see that difference.

□ 1115

Mr. PUTNAM. Addressing the gentleman's concerns, yesterday 414 Members of the House voted for AMT relief. I am unclear which piece of that the gentleman is referring to that the Democrats had that paid for that as it relates to that. And the gentleman, in reference to his concern about the deficit, which is legitimate and shared by all of us about the growth of the deficit, failed to point out that the deficit has gone down over \$100 billion in the last year. The size of the U.S. deficit dropped \$100 billion based on the strength of the economy.

And finally, to the gentleman's point, he illustrated and spoke very clearly and directly about the Democratic intentions with regard to tax policy. They want to pick and choose the winners in American society, and we want everyone, everyone on equal footing to have the opportunity to achieve their piece of the American dream. We do not propose to pick winners and losers in economic policy and tax policy. We say everybody has got a shot at making the most of their opportunities in this country. Everybody has got a shot at paying less in taxes on capital gains. Everybody has got a shot at paying less in taxes on dividends that are paid by companies that support all Americans. Everybody has got an opportunity to go to college through the tax incentives that are in there for higher education opportunities. Everybody has got an opportunity to achieve home ownership through economic policies that keep interest rates low and inflation in check. That is the difference, an opportunity for each and every individual, according to their own merits and their own hard work, and their own character and their own ability to get out there every day to do it. And the other side's proposal to pick and choose the winners in our society.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, I rise in strong opposition to this \$56 billion tax break, mostly for millionaires in our country. Forty-five percent of this tax break goes to the ultra rich in our country, the top 1 percent average getting \$32,000 apiece in tax breaks out of this bill. So how do they get the money? Well, last month, the Republicans lectured us on the need to have fiscal discipline. They had to cut Medicaid for the poorest seniors and kids. They had to cut student loans for children across our country. They had to cut the food stamp program for kids. But guess what? The amount of money that they were cutting on food stamps and Medicaid and health care services and student loans is exactly equal to

the amount of money they are giving in tax breaks to millionaires. In other words, every dollar that is cut out of the Medicaid program is going to be put over here into tax breaks for millionaires. \$50 billion. \$50 billion cut in Medicaid and student loans, \$50 billion in tax cuts for the rich. For health care programs, as they cut the health care programs, it goes over here today on a tax cut for millionaires.

When they cut student loans the money comes from kids and it is going over here to millionaires. And by the way, they are \$6 billion short, so they are just going to increase the deficit. Why? So they can give more tax breaks over here to millionaires. More tax breaks for millionaires. Cut poor people, cut children, cut Medicaid benefits, cut the money that we are going to be giving to seniors, to keep them in nursing homes with Alzheimer's and with Parkinson's disease, just keep cutting it. Give more tax breaks to the millionaires. Something is going to have to be cut.

They cut the poorest. They cut the most vulnerable. They cut the youngest. And where does the money go? The money goes to millionaires. That is what this whole thing is about. It is one big scam. You know, there is an old joke. The priest goes up into the pulpit on Sunday and he says, on Wednesday, Father O'Brien will lecture on the evils of gambling in the church hall. On Thursday in the church hall, bingo.

Last month the Republicans lectured us on the need for them to cut poor people to do something about the deficit. Today, bingo. Tax cuts for the millionaires. Every millionaire is a winner in America under the Republicans' plan. But the money is all coming from the poorest people in our country and it is going over into the hands of those who need it least. Vote no on this Republican atrocity in our country at a time when the poor need it the most and the rich need it the least.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair will remind all persons in the gallery that they are here as guests of the House and that any manifestation of approval or disapproval of proceedings or other audible conversation is in violation of the rules of the House.

Mr. PUTNAM. Mr. Speaker, I yield myself such time as I may consume.

Recognizing that volume does not always make up for sound policy, I would just pose the question as to why the Democratic substitute leaves out many of the people that the gentleman purported to speak for. The Democratic substitute does not include the savers credit for low income families, those low income families who are contributing to IRAs and pension plans, scrimping and saving every day, every week, every month to put aside money to prepare for their own retirement, to

prepare for their own retirement security so that they are not solely dependent on the government. Their substitute is silent on that point.

Why are they silent on the point of assistance for small businesses, allowing them to increase section 179 expensing so that they can get that new piece of equipment, add the new line, which means more employees, more growth, more purchasing and a better economic ripple effect in the community? Why do you leave out small businesses along with your low income savers?

Why do you leave out the part that impacts domestic manufacturers who finance sales of large equipment to foreign customers?

We hear an awful lot of concern about outsourcing. Here you have American-based companies doing everything they can to trade in an increasingly complex globalized economy, and you leave them out of your substitute.

Why do you leave out the parts that deal with capital gains and dividends? Why is it only about the wealthy and not about every one of those 91 million Americans who own stock, who are trying to invest in America, who understand that markets offer them an opportunity to grow and create opportunities that they may not have had otherwise?

Why are all of those 91 million Americans who participate in our capital market so bad? Why are they such awful people that they ought to be singled out and excluded from the tax policy that you have created?

Why do you leave out the tax credits for cleaning up brownfield sites? That is something that I have always thought was the cornerstone of the Democratic Party, cleaning up our environment. It is certainly something that we are proud of our record on with Teddy Roosevelt and our conservation effort. We believe that you can use the Tax Code to encourage businesses to go into areas that formerly were environmentally damaged sites and clean them up and create jobs and opportunity in otherwise blighted areas. This is an issue that impacts disproportionately urban areas. Why would we leave them out? The Democratic substitute is silent on these points.

It is important that we move forward together with sound economic policies that encourage people to invest and save and be a part of this ever complicated globalized economy, not pick and choose the winners and single out individual cases of success to be punished, which is what their bill seeks to do.

Mr. Speaker, I reserve the balance of my time.

Ms. SLAUGHTER. Mr. Speaker, I have one remaining speaker. May I inquire if my colleague is about ready to close?

Mr. PUTNAM. I have one remaining speaker as well.

Ms. SLAUGHTER. Mr. Speaker, I yield 4 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, much of the rhetoric coming from the majority in defense of this sinful package is pure fiction. So let us discuss it in those terms. You know, Charles Dickens has written perhaps one of the most famous pieces of fiction discussed at this time of year, the holiday season, *A Christmas Carol*. The lesson of *Christmas Carol*, Scrooge, this miserly man, very, very well fixed financially that chose not to give to others. And we know that in the course of this beautiful story the ghosts of Christmas past help him reflect upon the paucity of his life, and in the end he has a new spirit of community, helping others, including the Cratchett family, with the crippled son, Tiny Tim.

Well, I think that what the majority wants to do is rewrite the *Christmas Carol*. It is probably going to be titled "*A Christmas Carol II, Revenge of the Scrooge*." And in this *Christmas Carol*, Scrooge, sitting in his mansion, contemplating his wealth, wants more. And rather than be challenged as to the paucity of his inclination, we have a Republican majority, bought and paid for, that is all too eager to placate the most selfish whim of Mr. Scrooge.

And so, as the story unfolds, there is more and more for Scrooge, and taking, from the very beginning, a low base, less and less for Mr. Cratchett who loses his job when it is outsourced overseas, tries to find something at minimum wage which has not been raised since 1997, and Tiny Tim, Tiny Tim is left out all together.

Let us ask ourselves some basic questions about this. After passing a \$31 billion tax reduction yesterday out of this House, do we really want to add an additional \$56 billion without having it paid for?

Look at this. This shows that we are north of \$8 trillion in accumulated debt, that the average share is \$27,000 of debt per American.

You know, another *Christmas* story talks about naughty children getting a lump of coal in their stocking. Well, this majority gives every child \$27,000 of debt, debt that will fall on their shoulders when the baby boomers retire with this debt woefully unpaid.

The second question, do we need it? You know about half of this package today, for all the talk about how desperately it is needed, does not take effect until 2009 and 2010. Existing Tax Code makes the very provision that they are talking about in 2006, in 2007 and in 2008. It is there for the next 3 years. They are talking about driving us deeper in debt today, cutting programs that help people today so that we can deal with something that happens in 2009 and 2010.

Next question. Is it fair? Well, in looking at who gets what under this bill, you know, most of the people in this country, 55 percent, earn less than \$40,000. They will come out on average \$7, \$7 per under this dividend and tax cut provision. One out of 500, one out of 500 taxpayers, the most affluent of the

500, one out of 500 get nearly half of this bill. And they will average, per taxpayer, more than \$30,000 back. So in this Christmas season, we are hammering on programs that help those who need help.

We are passing a tax package that gives nothing, virtually, to most under this capital gains dividend tax cut provision, and we are absolutely loading it up for the wealthiest few in this country. This is *Christmas Carol II*. This is *Revenge of the Scrooge*. This is totally bad policy, and it must be stopped.

I urge a no vote on this rule.

Mr. PUTNAM. Mr. Speaker, I yield 3 minutes to the distinguished chairman of the Ways and Means Committee, the gentleman from California (Mr. THOMAS).

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

Mr. THOMAS. Well, I guess we are going to be telling Christmas stories. Rather than fiction, I would rather deal with fact. Yesterday 414 Members of the House voted to assist a group who, on average, are far richer than those who receive dividends and cap gains. There were four no votes. All four of them were on the Democratic side of the aisle. And I respect those people for casting what I believe was a sincere vote. But out of the 188 Democrats who voted aye, I just have to point out that my friend who just finished speaking, who is on the Ways and Means Committee, protesting the amount in this vote, voted aye. Some of the other folks, just let me run down the list alphabetically, which tends to touch on LOWEY, LYNCH, MALONEY, MARKEY, you heard him, MARSHALL, MATHESON, MATSUI, MCCARTHY, MCCOLLUM, McDERMOTT, all of them voted to assist those individuals in this society that are far richer, on average, than many of those seniors who, investing prudently over the years, receive dividends and capital gains on their investment in deferred consumption that they need, in their senior years.

□ 1130

So as we listen to the rhetoric and the term "millionaire" is repeated over and over again by my friends on the other side of the aisle, it begins to be a question of whose millionaire are they talking about. If one is a millionaire in Massachusetts, it seems, we want to protect them. If one is a millionaire in New York, we want to protect them.

At some point the rhetoric, the fiction, has to be compared to the truth. The truth is 188 Democrats, every Democrat member of the Ways and Means Committee, voted to assist people yesterday that are far richer on average than the individuals who receive dividends and cap gains. That is not a Christmas story. That is the truth.

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Speaker, the gentleman picked a heck of a time to lose his voice here now.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

I thought the gentlewoman from New York indicated she had one final speaker, and that final speaker spoke, Mr. POMEROY.

Mr. RANGEL. I am terribly sorry. I will take it up then when we have the opportunity.

Mr. THOMAS. I was asking the gentlewoman from New York.

Ms. SLAUGHTER. As it happens, I have extra time, and I yielded to Mr. RANGEL to respond to your comments.

Mr. THOMAS. Notwithstanding the equal time, Mr. Speaker, if the gentlewoman says it is a final speaker, we normally honor that.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman from New York is recognized for 3 minutes.

Mr. RANGEL. Mr. Speaker, I do not want to get technical about this. I just want to set the record straight, and that is that we all agree that the alternative minimum tax is an unfair tax on people because it was not planned by the Ways and Means Committee and by the Congress. So, of course, we thought yesterday and we think today that these people, who through inflation were thrown into this category, should be protected. And that is why we were so disappointed that the Republicans, by party line, rejected the Democrats when we were doing the bill in the committee from not being included in the reconciliation bill.

Now, we all know that the bill that we passed yesterday on the suspension calendar is not protected like this \$56 billion is protected today. As a matter of fact, people should know that it may appear to be a technicality, but the only way that this alternative minimum release bill that we passed yesterday in the suspension calendar is that not one of the 100 Senators over there objects. We need the consent of every Senator to provide the AMT bill with protection. That is not so. If the Republicans were so concerned about these people who got caught into this trap in getting the alternative minimum tax treatment, it would be placed in the reconciliation bill.

So I do not think you ought to bring up things when the facts are against you. It is true that you have decided that those people who want relief on capital gains taxes and corporate dividends, even though they do not get hit until 2009, that you are prepared to have the people who get by the AMT this year or next year, rather, in their tax burden to get hit at the expense of those people that are much richer and much smaller in number.

So I really think that in this holiday season, we are doing enough damage without distorting the truth. You have had your priorities in terms of protecting the AMT people or protecting the group that is going to be allegedly protected today, even though they do not need any, not today, not next year, and not the year after.

So those are the facts, and I thank the gentlewoman from New York for

affording us the opportunity to at least, in this holiday season, whether we like the bill or not, let truth prevail.

Ms. SLAUGHTER. Mr. Speaker, I yield myself the balance of my time.

I would like to urge a "no" vote on the rule, a "no" vote on the bill, and say to every Member of the House of Representatives if they want the AMT fix protected, the only way in the world they can do it today is to vote for the Democrat substitute.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. PUTNAM. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, the debate here has been consumed by the discussion of capital gains and dividends, and that is a big part of this and that is appropriate.

But the AMT relief component, which has been the source of much recent debate, we dealt with yesterday. We dealt with it on a vote of 414-4, overwhelming, bipartisan, on the suspension calendar, which I will remind Members under the rule, requires a two-thirds vote to pass. It is out of here. The AMT relief bill moved through here in an expeditious manner on a bipartisan basis.

What this bill does is provide continued assistance for those people who are saving to go to college. Middle- and low-income students, this is their shot at going to college. Assistance for those who are saving for retirement, seniors, low income, saving through an IRA and a pension plan for retirement. Ten States that do not have a State income tax that want the same tax treatment that high-tax States have, this expires in 3 weeks unless we pass the bill. Just one of several important components in this tax relief package.

It is vitally important that we pass this and not allow taxes to go up 3 weeks from now on those 10 States, not allow teachers to lose their deductibility on classroom supplies, not allow low-income seniors and savers to be punished under the Democratic plan.

Mr. Speaker, I urge the Members to support the rule and support the underlying bill.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 588, I call up the bill (H.R. 4297) to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 588, the bill is considered read and the amendment in the nature of a substitute printed in the bill is adopted.

The text of the amendment in the nature of a substitute is as follows:

H.R. 4297

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) **SHORT TITLE.**—This Act may be cited as the "Tax Relief Extension Reconciliation Act of 2005".

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—EXTENSIONS OF CERTAIN PROVISIONS THROUGH 2006

- Sec. 101. Allowance of nonrefundable personal credits against regular and minimum tax liability.*
- Sec. 102. Tax incentives for business activities on Indian reservations.*
- Sec. 103. Work opportunity credit.*
- Sec. 104. Welfare-to-work credit.*
- Sec. 105. Deduction for corporate donations of computer technology and equipment.*
- Sec. 106. Availability of medical savings accounts.*
- Sec. 107. 15-year cost recovery for leasehold improvements.*
- Sec. 108. 15-year cost recovery for restaurant improvements.*
- Sec. 109. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.*
- Sec. 110. District of Columbia Enterprise Zone.*
- Sec. 111. Possession tax credit with respect to American Samoa.*
- Sec. 112. Parity in the application of certain limits to mental health benefits.*
- Sec. 113. Research credit.*
- Sec. 114. Qualified Zone Academy Bonds.*
- Sec. 115. Certain expenses of elementary and secondary school teachers.*
- Sec. 116. Qualified tuition and related expenses.*
- Sec. 117. State and local general sales taxes.*

TITLE II—EXTENSIONS OF CERTAIN PROVISIONS FOR 2 ADDITIONAL YEARS AND OTHER MODIFICATIONS

- Sec. 201. Expensing of environmental remediation costs.*
- Sec. 202. Controlled foreign corporations.*
- Sec. 203. Capital gains and dividends rates.*
- Sec. 204. Saver's credit.*
- Sec. 205. Increased expensing for small business.*

TITLE III—OTHER PROVISIONS

- Sec. 301. Clarification of taxation of certain settlement funds.*
- Sec. 302. Modification of active business definition under section 355.*
- Sec. 303. Veterans' mortgage bonds.*
- Sec. 304. Capital gains treatment for certain self-created musical works.*
- Sec. 305. Vessel tonnage limit.*
- Sec. 306. Modification of special arbitrage rule for certain funds.*

TITLE I—EXTENSIONS OF CERTAIN PROVISIONS THROUGH 2006

SEC. 101. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST REGULAR AND MINIMUM TAX LIABILITY.

(a) **IN GENERAL.**—Paragraph (2) of section 26(a) (relating to special rule for taxable years 2000 through 2005) is amended—

(1) in the text by striking "or 2005" and inserting "2005, or 2006", and

(2) in the heading by striking "2005" and inserting "2006".

(b) CONFORMING PROVISIONS.—

(1) Subsection (i) of section 904 (relating to coordination with nonrefundable personal credits) is amended by striking “or 2005” and inserting “2005, or 2006”.

(2) The amendments made by sections 201(b), 202(f), and 618(b) of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to taxable years beginning during 2006.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 102. TAX INCENTIVES FOR BUSINESS ACTIVITIES ON INDIAN RESERVATIONS.**(a) INDIAN EMPLOYMENT TAX CREDIT.—**

(1) **IN GENERAL.**—Subsection (f) of section 45A (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 2005.

(b) ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATIONS.—

(1) **IN GENERAL.**—Paragraph (8) of section 168(j) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply with respect to property placed in service after December 31, 2005.

SEC. 103. WORK OPPORTUNITY CREDIT.

(a) **IN GENERAL.**—Subparagraph (B) of section 51(c)(4) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) **INCREASE IN AGE LIMIT FOR FOOD STAMP RECIPIENTS.**—Clause (i) of section 51(d)(8)(A) (relating to qualified food stamp recipient) is amended by striking “25” and inserting “35”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2005.

SEC. 104. WELFARE-TO-WORK CREDIT.

(a) **IN GENERAL.**—Subsection (f) of section 51A (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2005.

SEC. 105. DEDUCTION FOR CORPORATE DONATIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT.

(a) **IN GENERAL.**—Subparagraph (G) of section 170(e)(6) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to contributions made in taxable years beginning after December 31, 2005.

SEC. 106. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) **IN GENERAL.**—Paragraphs (2) and (3)(B) of section 220(i) (defining cut-off year) are each amended by striking “2005” each place it appears in the text and headings and inserting “2006”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended—

(A) in the text by striking “or 2004” each place it appears and inserting “2004, or 2005”, and

(B) in the heading by striking “OR 2004” and inserting “2004, OR 2005”.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking “and 2004” and inserting “2004, and 2005”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act.

(d) **TIME FOR FILING REPORTS, ETC.—**

(1) The report required by section 220(j)(4) of the Internal Revenue Code of 1986 to be made on August 1, 2005, shall be treated as timely if made before the close of the 90-day period beginning on the date of the enactment of this Act.

(2) The determination and publication required by section 220(j)(5) of such Code with respect to calendar year 2005 shall be treated as timely if made before the close of the 120-day period beginning on the date of the enactment of this Act. If the determination under the preceding sentence is that 2005 is a cut-off year under section 220(i) of such Code, the cut-off date under such section 220(i) shall be the last day of such 120-day period.

SEC. 107. 15-YEAR COST RECOVERY FOR LEASE-HOLD IMPROVEMENTS.

(a) **IN GENERAL.**—Clause (iv) of section 168(e)(3)(E) (relating to 15-year property) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2005.

SEC. 108. 15-YEAR COST RECOVERY FOR RESTAURANT IMPROVEMENTS.

(a) **IN GENERAL.**—Clause (v) of section 168(e)(3)(E) (relating to 15-year property) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2005.

SEC. 109. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) **IN GENERAL.**—Subparagraph (H) of section 613A(c)(6) (relating to oil and natural gas produced from marginal properties) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 110. DISTRICT OF COLUMBIA ENTERPRISE ZONE.

(a) **PERIOD FOR WHICH DESIGNATION APPLICABLE.**—Subsection (f) of section 1400 (relating to time for which designation applicable) is amended by striking “December 31, 2005” both places it appears and inserting “December 31, 2006”.

(b) **TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.**—Subsection (b) of section 1400A (relating to period of applicability) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) **IN GENERAL.**—Subsection (b) of section 1400B (relating to DC Zone Asset) is amended by striking “January 1, 2006” each place it appears and inserting “January 1, 2007”.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 1400B(e) (relating to gain before 1998 and after 2010 not qualified) is amended—

(i) by striking “December 31, 2010” and inserting “December 31, 2011”, and

(ii) by striking “2010” in the heading and inserting “2011”.

(B) Paragraph (2) of section 1400B(g) (relating to sales and exchanges of interests in partnerships and S corporations which are DC Zone businesses) is amended by striking “December 31, 2010” and inserting “December 31, 2011”.

(C) Subsection (d) of section 1400F (relating to certain rules to apply) is amended by striking “December 31, 2010” and inserting “December 31, 2011”.

(d) **FIRST-TIME HOMEBUYER CREDIT FOR DISTRICT OF COLUMBIA.**—Subsection (i) of section 1400C (relating to application of section) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(e) EFFECTIVE DATES.—

(1) **IN GENERAL.**—Except as provided in paragraph (2), the amendments made by this section shall take effect on January 1, 2006.

(2) **TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.**—The amendment made by subsection (b) shall apply to obligations issued after the date of the enactment of this Act.

SEC. 111. POSSESSION TAX CREDIT WITH RESPECT TO AMERICAN SAMOA.

(a) **IN GENERAL.**—Subparagraph (A) of section 936(j)(8) (relating to special rules for certain possessions) is amended by inserting before the period at the end the following: “(before January 1, 2007, in the case of American Samoa)”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 112. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) **IN GENERAL.**—Paragraph (3) of section 9812(f) (relating to application of section) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) **EFFECTIVE DATES.**—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 113. RESEARCH CREDIT.**(a) EXTENSION.—**

(1) **IN GENERAL.**—Subparagraph (B) of section 41(h)(1) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) **CONFORMING AMENDMENT.**—Subparagraph (D) of section 45C(b)(1) (relating to special rule) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(3) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2005.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) **IN GENERAL.**—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking “2.65 percent” and inserting “3 percent”,

(B) by striking “3.2 percent” and inserting “4 percent”, and

(C) by striking “3.75 percent” and inserting “5 percent”.

(2) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

(c) ALTERNATIVE SIMPLIFIED CREDIT FOR QUALIFIED RESEARCH EXPENSES.—

(1) **IN GENERAL.**—Subsection (c) of section 41 (relating to base amount) is amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

“(5) **ELECTION OF ALTERNATIVE SIMPLIFIED CREDIT.**—

“(A) **IN GENERAL.**—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to 12 percent of so much of the qualified research expenses for the taxable year as exceeds 50 percent of the average qualified research expenses for the 3 taxable years preceding the taxable year for which the credit is being determined.

“(B) **SPECIAL RULE IN CASE OF NO QUALIFIED RESEARCH EXPENSES IN ANY OF 3 PRECEDING TAXABLE YEARS.**—

“(i) **TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.**—The credit under this paragraph shall be determined under this subparagraph if the taxpayer has no qualified research expenses in any one of the 3 taxable years preceding the taxable year for which the credit is being determined.

“(ii) **CREDIT RATE.**—The credit determined under this subparagraph shall be equal to 6 percent of the qualified research expenses for the taxable year.

“(C) **ELECTION.**—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary. An election under this paragraph may not be made

for any taxable year to which an election under paragraph (4) applies.”.

(2) COORDINATION WITH ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

(A) IN GENERAL.—Section 41(c)(4)(B) (relating to election) is amended by adding at the end the following: “An election under this paragraph may not be made for any taxable year to which an election under paragraph (5) applies.”.

(B) TRANSITION RULE.—In the case of an election under section 41(c)(4) of the Internal Revenue Code of 1986 which applies to the taxable year which includes the date of the enactment of this Act, such election shall be treated as revoked with the consent of the Secretary of the Treasury if the taxpayer makes an election under section 41(c)(5) of such Code (as added by subsection (a)) for such year.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 114. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397(e) (relating to national limit) is amended by striking “and 2005” and inserting “2005, and 2006”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued after December 31, 2005.

SEC. 115. CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) (relating to certain expenses of elementary and secondary school teachers) is amended by striking “or 2005” and inserting “2005, or 2006”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expenses paid or incurred in taxable years beginning after December 31, 2005.

SEC. 116. QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) LIMITATIONS.—Paragraph (2) of section 222(b) (relating to applicable dollar limit) is amended by striking subparagraphs (A) and (B), by redesignating subparagraph (C) as subparagraph (B), and by inserting before subparagraph (B) (as so redesignated) the following:

“(A) 2006.—In the case of a taxable year beginning in 2006, the applicable dollar amount shall be equal to—

“(i) in the case of a taxpayer whose adjusted gross income for the taxable year does not exceed \$65,000 (\$130,000 in the case of a joint return), \$4,000,

“(ii) in the case of a taxpayer not described in clause (i) whose adjusted gross income for the taxable year does not exceed \$80,000 (\$160,000 in the case of a joint return), \$2,000, and

“(iii) in the case of any other taxpayer, zero.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made in taxable years beginning after December 31, 2005.

SEC. 117. STATE AND LOCAL GENERAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (1) of section 164(b)(5) (relating to application of paragraph) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

TITLE II—EXTENSIONS OF CERTAIN PROVISIONS FOR 2 ADDITIONAL YEARS AND OTHER MODIFICATIONS

SEC. 201. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) EXTENSION OF TERMINATION DATE.—Subsection (h) of section 198 (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2007”.

(b) PETROLEUM PRODUCTS TREATED AS HAZARDOUS SUBSTANCE.—Paragraph (1) of section 198(d) (relating to hazardous substance) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following new subparagraph:

“(C) any petroleum product (as defined in section 4612(a)(3)).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 2005.

SEC. 202. CONTROLLED FOREIGN CORPORATIONS.

(a) SUBPART F EXCEPTION FOR ACTIVE FINANCING.—

(1) EXEMPT INSURANCE INCOME.—Paragraph (10) of section 953(e) (relating to application) is amended—

(A) by striking “January 1, 2007” and inserting “January 1, 2009”, and

(B) by striking “December 31, 2006” and inserting “December 31, 2008”.

(2) EXCEPTION TO TREATMENT AS FOREIGN PERSONAL HOLDING COMPANY INCOME.—Paragraph (9) of section 954(h) (relating to application) is amended by striking “January 1, 2007” and inserting “January 1, 2009”.

(b) LOOK-THROUGH TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER THE FOREIGN PERSONAL HOLDING COMPANY RULES.—Subsection (c) of section 954 (relating to foreign personal holding company income) is amended by adding at the end the following new paragraph:

“(6) LOOK-THRU RULE FOR RELATED CONTROLLED FOREIGN CORPORATIONS.—

“(A) IN GENERAL.—For purposes of this subsection, dividends, interest, rents, and royalties received or accrued from a controlled foreign corporation which is a related person shall not be treated as foreign personal holding company income to the extent attributable or properly allocable (determined under rules similar to the rules of subparagraphs (C) and (D) of section 904(d)(3)) to income of the related person which is not subpart F income. For purposes of this subparagraph, interest shall include factoring income which is treated as income equivalent to interest for purposes of paragraph (1)(E). The Secretary shall prescribe such regulations as may be appropriate to prevent the abuse of the purposes of this paragraph.

“(B) APPLICATION.—Subparagraph (A) shall apply to taxable years of foreign corporations beginning after December 31, 2005, and before January 1, 2009, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.”.

SEC. 203. CAPITAL GAINS AND DIVIDENDS RATES.

Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 is amended by striking “December 31, 2008” and inserting “December 31, 2010”.

SEC. 204. SAVER'S CREDIT.

Subsection (h) of section 25B (relating to elective deferrals and IRA contributions by certain individuals) is amended by striking “December 31, 2006” and inserting “December 31, 2008”.

SEC. 205. INCREASED EXPENSING FOR SMALL BUSINESS.

Subsections (b)(1), (b)(2), (b)(5), (c)(2), and (d)(1)(A)(ii) of section 179(b) (relating to election to expense certain depreciable business assets) are each amended by striking “2008” and inserting “2010”.

TITLE III—OTHER PROVISIONS

SEC. 301. CLARIFICATION OF TAXATION OF CERTAIN SETTLEMENT FUNDS.

(a) IN GENERAL.—Subsection (g) of section 468B (relating to clarification of taxation of certain funds) is amended to read as follows:

“(g) CLARIFICATION OF TAXATION OF CERTAIN FUNDS.—

“(1) IN GENERAL.—Except as provided in paragraph (2), nothing in any provision of law shall

be construed as providing that an escrow account, settlement fund, or similar fund is not subject to current income tax. The Secretary shall prescribe regulations providing for the taxation of any such account or fund whether as a grantor trust or otherwise.

“(2) EXEMPTION FROM TAX FOR CERTAIN SETTLEMENT FUNDS.—An escrow account, settlement fund, or similar fund shall be treated as beneficially owned by the United States and shall be exempt from taxation under this subtitle if—

“(A) it is established pursuant to a consent decree entered by a judge of a United States District Court,

“(B) it is created for the receipt of settlement payments as directed by a government entity for the sole purpose of resolving or satisfying one or more claims asserting liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980,

“(C) the authority and control over the expenditure of funds therein (including the expenditure of contributions thereto and any net earnings thereon) is with such government entity, and

“(D) upon termination, any remaining funds will be disbursed to such government entity for use in accordance with applicable law.

For purposes of this paragraph, the term ‘government entity’ means the United States, any State or political subdivision thereof, the District of Columbia, any possession of the United States, and any agency or instrumentality of any of the foregoing.

“(3) TERMINATION.—Paragraph (2) shall not apply to accounts and funds established after December 31, 2010.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to accounts and funds established after the date of the enactment of this Act.

SEC. 302. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355.

Subsection (b) of section 355 (defining active conduct of a trade or business) is amended by adding at the end the following new paragraph:

“(3) SPECIAL RULE RELATING TO ACTIVE BUSINESS REQUIREMENT.—

“(A) IN GENERAL.—In the case of any distribution made after the date of the enactment of this paragraph and before December 31, 2010, a corporation shall be treated as meeting the requirement of paragraph (2)(A) if and only if such corporation is engaged in the active conduct of a trade or business.

“(B) AFFILIATED GROUP RULE.—For purposes of subparagraph (A), all members of such corporation’s separate affiliated group shall be treated as one corporation. For purposes of the preceding sentence, a corporation’s separate affiliated group is the affiliated group which would be determined under section 1504(a) if such corporation were the common parent and section 1504(b) did not apply.

“(C) TRANSITION RULE.—Subparagraph (A) shall not apply to any distribution pursuant to a transaction which is—

“(i) made pursuant to an agreement which was binding on the date of the enactment of this paragraph and at all times thereafter,

“(ii) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

“(iii) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission.

The preceding sentence shall not apply if the distributing corporation elects not to have such sentence apply to distributions of such corporation. Any such election, once made, shall be irrevocable.

“(D) SPECIAL RULE FOR CERTAIN PRE-ENACTMENT DISTRIBUTIONS.—For purposes of determining the continued qualification under paragraph (2)(A) of distributions made before the date of the enactment of this paragraph as a result of an acquisition, disposition, or other restructuring after such date and before December

31, 2010, such distribution shall be treated as made after the date of the enactment of this paragraph for purposes of applying subparagraphs (A) through (C) of this paragraph.”.

SEC. 303. VETERANS' MORTGAGE BONDS.

(a) ALL VETERANS ELIGIBLE FOR STATE HOME LOAN PROGRAMS FUNDED BY QUALIFIED VETERANS' MORTGAGE BONDS.—

(1) IN GENERAL.—Paragraph (4) of section 143(l) (defining qualified veteran) is amended—
(A) by striking “at some time before January 1, 1977” in subparagraph (A), and

(B) by striking subparagraph (B) and inserting the following:

“(B) who applied for the financing before the date 25 years after the last date on which such veteran left active service.”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to financing provided after the date of the enactment of this Act.

(b) REVISION OF STATE VETERANS LIMIT.—

(1) IN GENERAL.—Subparagraph (B) of section 143(l)(3) (relating to volume limitation) is amended to read as follows:

“(B) STATE VETERANS LIMIT.—

“(i) IN GENERAL.—A State veterans limit for any calendar year is the amount equal to—

“(I) \$53,750,000 for the State of Texas,

“(II) \$66,250,000 for the State of California,

“(III) \$25,000,000 for the State of Oregon,

“(IV) \$25,000,000 for the State of Wisconsin,

and

“(V) \$25,000,000 for the State of Alaska.

“(ii) PHASEIN.—In the case of calendar years beginning before 2010, clause (i) shall be applied by substituting for each of the dollar amounts therein by the applicable percentage. For purposes of the preceding sentence, the applicable percentage shall be determined in accordance with the following table:

“Calendar Year:	Applicable percentage is:
2006	20 percent
2007	40 percent
2008	60 percent
2009	80 percent.

“(iii) TERMINATION.—The State veterans limit for any calendar year after 2010 is zero.”.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2005.

SEC. 304. CAPITAL GAINS TREATMENT FOR CERTAIN SELF-CREATED MUSICAL WORKS.

(a) IN GENERAL.—Subsection (b) of section 1221 (relating to capital asset defined) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) SALE OR EXCHANGE OF SELF-CREATED MUSICAL WORKS.—At the election of the taxpayer, paragraphs (1) and (3) of subsection (a) shall not apply with respect to any sale or exchange before January 1, 2011, of musical compositions or copyrights in musical works by a taxpayer described in subsection (a)(3).”.

(b) LIMITATION ON CHARITABLE CONTRIBUTIONS.—Subparagraph (A) of section 170(e)(1) is amended by inserting “(determined without regard to section 1221(b)(3))” after “long-term capital gain”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to sales and exchanges in taxable years beginning after the date of the enactment of this Act.

SEC. 305. VESSEL TONNAGE LIMIT.

(a) IN GENERAL.—Paragraph (4) of section 1355(a) (relating to qualifying vessel) is amended by inserting “(6,000, in the case of taxable years beginning after December 31, 2005, and ending before January 1, 2011)” after “10,000”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 306. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS.

In the case of bonds issued after the date of the enactment of this Act and before August 31, 2009—

(1) the requirement of paragraph (1) of section 648 of the Deficit Reduction Act of 1984 (98 Stat. 941) shall be treated as met with respect to the securities or obligations referred to in such section if such securities or obligations are held in a fund the annual distributions from which cannot exceed 7 percent of the average fair market value of the assets held in such fund except to the extent distributions are necessary to pay debt service on the bond issue, and

(2) paragraph (3) of such section shall be applied by substituting “distributions from” for “the investment earnings of” both places it appears.

The SPEAKER pro tempore. After 1 hour of debate on the bill, as amended, it shall be in order to consider the further amendment printed in House Report 109-330, if offered by the gentleman from New York (Mr. RANGEL) or his designee, which shall be considered read, and shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent.

The gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentleman from California.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, this is a bill that does not deserve the kind of rhetoric that is being delivered so far, at least that which I have heard on the rule. This bill consists of extending current tax provisions. It virtually breaks no new ground. It merely retains those structures supported in committee, for example, in a bipartisan way, to allow people to continue to utilize current tax privileges.

I have a hard time when I listen to the rhetoric associated with the description of this bill when one of the provisions, for example, is the authority to issue qualified zone academy bonds for school modernization, equipment in high-poverty areas. I cannot believe my colleagues on the other side of the line are opposed to that. Above-the-line deduction for higher education expenses, in opposing this bill, I guess they are opposed to that. Continue the deduction for State and local sales taxes due to expire, I guess they are opposed to that.

I could go through and point out a number of items. For example, the work opportunity tax credits for hiring individuals who face barriers to employment, in addition to the extension. The age limit for eligible food stamp recipients is increased from 25 to 35. Maybe they are opposed to that.

I guess when we go through and examine these various provisions, if those are items that are reserved for the rich, the millionaires and the privileged, I guess I just do not understand it.

But they are required to attack any bill that allows Americans to hang on to their own hard-earned money. That is just kind of fundamental, I guess.

My concern is if they are going to produce the kind of rhetoric they are producing on a piece of tax legislation which simply extends current law, what are they going to do when we have to rethink the way in which we tax people today to make sure that we do not destroy the economic engine in this country that produces the quality of life-style for each and every American?

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, I welcome the opportunity to join with the Republicans to send this holiday message to millions of Americans that will be affected by this bill, especially to the fraction of 1 percent that would be the beneficiaries of a substantial reduction in capital gains and corporate dividends. It is true, while this only represents 20 to 25 percent of the bill, it should be made abundantly clear that these benefits would not be effective until sometime in 2009 and 2010.

Now, I am here on the floor to try to get people to understand that this tax cut for the rich is really to grow the economy, and I want to make it clear to those people who have lost their jobs and not counted among the unemployed, those that are looking at automobile plants closing and airlines going bankrupt, that basically the economy is good, and it is good because the President told us so. And if they do not think that we are moving forward fast enough, then they ought to really listen to the President as he shares with us the great economic recovery that has happened in Iraq, and if they are just a little patient, things will get better here in the United States.

Now, we all know that whenever we give this type of tax cut that there is going to be a tremendous revenue loss, and in the last few days, that revenue loss has been something like \$100 billion. But fear not, because we are not charging all of this to the deficit. It is true that as the deficit increases more than history ever expected under this administration, that soon 40 percent of the tax revenues that we get will be going just to pay the interest on this outstanding debt, and that is why our Republican friends believe that we just cannot expand the deficit, that we have to cut spending.

Now, they have looked all over to the to decide where to do the cutting. And in this holiday season, I just want to join them in letting people know where these cuts are going to take place. But I do not want people to worry about it because the President says that the economy is booming and the Republicans here say that the tax cuts for

the rich is for economic growth. So how can one be against that formula?

First of all, if one is a mother trying to raise her children and she got support from the local and State government to go after the father, or whatever the case may be, to get that money to take care of her and her family, not to worry, that this is going to be cut and she will not be able to get the money because under this bill, whether people know it or not, it is for economic growth.

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Say you are considering using food stamps for your Christmas meal. You find out that the food stamps are going to be cut. Not to worry, because soon there will be economic growth.

Maybe you are just a student trying to get a student loan, and you really think that you should get some help from your government because, after all, we want you to be productive and make a contribution to society. Not to worry, these tax cuts are for economic growth.

What I do not understand, with all of the opportunity that we have had to take care of economic growth, why do we wait until this time of the season and target the least among us in order to do the budget cuts?

It is not as though we do not have \$2 or \$3 billion in terms of expenses in Iraq, which if you did not know lately, you should know that victory is in sight and we are winning that too. So we do not want you to lose confidence in all of government. If you find out that this bill rewards the richest of the people in the United States whose income is not going to be adversely affected, or their tax is adversely affected for 3 or 4 years, but we have to do something to target the poor today, then you have to have some trust in the Republicans, because they say we have got to have victory in war, we have got to grow the economy, and this is the best thing that ever happened to you.

Now, the Democrats are not just saying vote "no." We will have an opportunity for Members to vote "yes." And unlike the Republicans, we thought enough of the alternative minimum tax to include it in reconciliation. What does that mean? It means it is protected when it gets over to the other side, so we did not have to depend on 100 Senators sitting down and not objecting. It is in our bill. All of the good things that can come out of a bill, we have included, including relief for those people that have State taxes.

And so, my friends in this holiday season, you may find it very difficult if you are unemployed, if you are concerned about the economy, or the cuts that we have, including Medicaid, which is only a \$10 billion cut, but you must trust the majority and the Republicans in this House, because they, like the President of the United States, say the economy is booming. We are going to have victory in the Middle

East, and this is going to make it easier for you, if not today, if not tomorrow, then sometime in the future.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMAS. Mr. Speaker, I yield myself 30 seconds.

Mr. Speaker, perhaps the gentleman from New York (Mr. RANGEL) is not aware that the Senate has included the alternative minimum tax in their reconciliation tax package. They have already voted on it. So there is no need to provide any assurance from the House side, because the Senate has already included it. But, again, that is reality.

The economy is not good because the President told us so. Leading economic indicators tell us so: the unemployment numbers, the productivity numbers. The real problem with my friends on the other side of the aisle is that if reality does not coincide with their rhetoric, they choose rhetoric rather than reality.

Mr. Speaker, I yield 2½ minutes to the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise today in support of the Tax Relief Extension Act. Let me make absolutely clear what this bill does. The bill will prevent automatic tax increases on millions of Americans and their families.

Unless Congress acts, individuals will pay higher taxes on their savings; businesses will lose valuable incentives to provide research in the United States; small businesses will lose the ability to expense new equipment, essential to the support of new employees.

These are all benefits taxpayers have today, and our bill simply preserves them. The bill does not increase taxes. The bill does not reduce taxes. The bill merely preserves the current tax policy that has driven 4.3 percent growth and is creating millions of new jobs.

According to the IRS in my home State of Connecticut, there are 550,000 taxpayers who receive dividend income; 153,000 of those have incomes below \$30,000 a year. Right now they pay 5 percent taxes on dividend incomes. In 2008 low-income taxpayers will pay zero taxes on dividend income. If we fail to act, however, they will pay taxes as high as 25 percent.

A widow living on \$30,000 a year could see her tax bill increase by \$1,200 a year. That would be wrong. This bill needs to be passed. It deserves to be passed. It also needs to be passed and deserves to be passed because it extends and enhances the R&D tax credit. At a time when other nations are providing or have provided permanent and richer incentives for research, we need to recognize the job-producing benefits of this tax credit.

Mr. Speaker, we remain a world leader in patents and discoveries, but other nations are closing in. Advances in technology and innovation are what drive growth and ultimately create higher standards of living for all of us.

We need to ask ourselves, do we want the next major scientific breakthrough to happen in Germany or China? Do we want other countries to be the leaders in the patents for the next generation of technology?

Finally, I would be remiss if I failed to mention incentives for small business expensing. Small business is the engine of our economy. Our bill allows small businesses to immediately expense up to \$100,000 of equipment. When we first adopted this provision, we saw investment in equipment skyrocket, go right straight up. Lowering the cost of capital encourages small businesses to invest in machines, trucks, and other equipment and hire new people. With 25 million small businesses accounting for two of three new jobs created, expensing supports these small businesses.

Mr. Speaker, I urge passage of this legislation.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would just like to say briefly, if the chairman of the Ways and Means Committee is saying that the alternative minimum tax is in the other body's bill, then he must be saying that the tax cuts that we are talking about today are not in the other body's bill.

So it is 3-card Molly. The House Republicans passed both of them, one on the Suspension Calendar that is not protected here, but is protected in the other body; and this bill which provides for relief for the taxes for corporate dividends and capital gains, which is protected in our bill, but is not in their bill.

And so what we are doing is shooting dice to see which one will prevail.

Mr. Speaker, I yield 3½ minutes to the gentleman from Washington (Mr. McDERMOTT).

(Mr. McDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, I got up this morning and here is the Washington Post's eminent columnist, David Broder. He begins his story: "If the House of Representatives were a person, it would be blushing these days. Unfortunately, the House is beyond embarrassment."

Now, I used this before, but I wanted to bring it out here again because I think we need to demonstrate to people what is going on. We have Christmas-time, and we have socks. We have poor people's socks and rich people's socks. And the rich people need \$100 billion in tax cuts.

The Republicans, for whatever reason, have decided that it is \$100 billion yesterday and today, \$100 billion. Now where do you get the money for that? Well you have to cut somebody to get it. You have got to cut something, or else you are going to drive up the deficit.

So the first thing you do is take child care away from 300,000 children. And you put that in the sock, the stocking of the rich. And then you have Social

Security, SSI benefits for the disabled and the elderly. And you take \$700 million away from them and put it into the rich folks' stocking.

And then you come to child support enforcement. We do not want children who are in divorced families to get money from those deadbeat dads. That is not what the Republicans say. They say, let us save \$21 billion. We will take it away from the children in divorces and put it in the rich people's stocking.

And Medicaid. Oh, well, they do not need health care. Why, there is \$10 billion we can take away from poor people's health care and put it in the rich people's stocking.

And then there is student loans, \$14 billion from college students. We are going to load it on them. That is the middle class. That is the lower-class people who are trying to get through on loans. We take their loans and we say, no, no, no, no, the rich people need it.

And then we have one of the best ones of all: food stamps. Let us take food stamps away from 300,000 people; 300,000 people getting food stamps. Oh, these are the rich. Oh, but we have to cut them. We have to take this away from them.

You cannot have food stamps, poor people or ordinary people; we got to give a tax break to the rich people. And then finally we have foster children. Way down here in the bottom of the sock. We have \$600 million taken away from the program that we took those children out of another family and took responsibility for. We have taken these children away from a family we have accepted responsibility for in this foster care payment, and we cut it and we give it to the rich folks.

Now, you kind of wonder what might be left down here for the poor people. Well, look at that. A lump of coal. The poor people better save that lump of coal, because there is nothing in here for their heating bills, the LIHEAP program has not been expanded, and all they are going to have to heat their house is the lump of coal that the Republicans put in the poor people's sock.

Merry Christmas. I certainly hope you enjoy all the festivities. This is a bad bill. Vote "no."

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. RYAN) to explain to the gentleman from Washington that it is not a zero sum game that is what has made the American standard of living.

Mr. RYAN of Wisconsin. Mr. Speaker, I appreciate the gentleman yielding me time.

I also appreciate the fact that the gentleman from Washington is willing to acknowledge Christmas here on the House floor. That is a nice step in the right direction.

Mr. Speaker, let us look at the facts. To hear the other side, you would think we were taking a chain saw to the budget. What we are proposing in the budget is that we increase entitlement spending 6.3 percent instead of 6.4

percent, saving \$50 billion out of a \$14 trillion budget, by rooting out waste, fraud and abuse by reforming government.

But let us talk about these tax cuts. You would think when we cut taxes in 2003 we would have lost revenues. Right? That is the intuitive thing to say. Wrong. That is not what happened. Since the enactment of the 2003 tax cuts, job losses went away. The unemployment rate was 6.1 percent when we cut taxes. The unemployment rate is 5 percent.

Since we cut taxes, we have averaged a job creation every month of 148,000 jobs. Just last month alone we added 215,000 jobs to the economy. What happened before we cut taxes? Before we cut taxes, the 2 years before the tax cut, our economy grew at an average of 1.1 percent. How fast is the economy growing since the tax cuts? 4.1 percent. How fast did the economy grow last quarter? 4.3 percent.

Now, Mr. Speaker, what has happened since we cut taxes is we have reversed the job loss, we have reversed the decline in jobs, and we have added 4.4 million jobs to the American economy since the 2003 tax cuts.

What happened to revenues? Revenues increased. Yes, that is right. At these lower tax rates, at these lower taxes, we increased revenues to the Federal Government. Last year revenues went up 14 percent. Just this year individual income tax receipts are up 14 percent. Corporate income tax receipts are up 47 percent.

What happened to the deficit, Mr. Speaker? The deficit projection in 2004 was \$521 billion. What is the deficit now? The deficit projection now is \$319 billion. We dropped the deficit 23 percent last year. We dropped the deficit 25 percent last year. The deficit is down because tax revenues are up.

Do not defeat this bill and raise taxes. Let's stop tax increases.

□ 1200

Mr. RANGEL. Mr. Speaker, I would like to ask the gentleman just one question on my time.

These very important tax cuts or extension of tax cuts you are talking about, could you share with me as simply as possible as to when they expire, what year?

Mr. RYAN of Wisconsin. Each of these tax cuts expire between this year and the next 2 years. It depends on the tax cut you are talking about.

Mr. RANGEL. The tax cut that we are talking about is the \$20 billion in capital gains and corporate dividends. Does that not expire in 2009?

Don't get rattled.

Mr. RYAN of Wisconsin. Not at all.

Mr. RANGEL. It is just a simple question. Because there seems to be some degree of urgency in this and unless it is a projected gift, then these things don't expire this year or next year.

Mr. RYAN of Wisconsin. If the gentleman will allow me to respond to his question.

Mr. RANGEL. Please.

Mr. RYAN of Wisconsin. Why is it important that we continue the tax relief progress that would expire in 2008 on dividends and capital gains? Because those are job creators.

Mr. RANGEL. I think the gentleman has answered the question. There is no urgency in this. You just want to give a projected Christmas gift to the very wealthy. So I need some help on this. If I can't get answers from you, I will get someone that can give answers.

Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. NEAL) to answer some of these important questions, a distinguished and acknowledged expert in this on the Ways and Means Committee.

Mr. NEAL of Massachusetts. Mr. Speaker, I just heard the gentleman from Wisconsin talk about job creation. He singled out one month, 22 million jobs created during the Clinton years, 22 million. Economic growth has been paltry and everybody knows it. In addition to which he talked about the deficit—with a straight face. They have rolled up the national deficit, \$2.2 trillion we are in the hole. On their time this has happened.

Let me say this and I think it is very important to point out, Mr. Speaker, the Republican majority now says, as they did yesterday with a straight face, incidentally, well, the Democrats did not do anything about the alternative minimum tax when they were in the majority. In 1994, and I hope that anybody who is listening to this will write this number down, when the Republicans took control of the House of Representatives there were approximately 200,000 people paying AMT, 200,000 people. Next year 19.3 million people are kicked into AMT.

I would like to think, as the gentleman from New York has indicated, that I have had some consistency on the issue of alternative minimum tax, not only in the committee, but here on the House floor. We did a big nothing yesterday about AMT and everybody knows it. 19.3 million people next year are kicked into AMT. But the House of Representatives had time to repeal the estate tax and now to address the dividend and capital gains tax, but they really never have time to do anything about AMT. And the reason they do not have time to do anything about AMT is pretty simple, it goes to middle income Americans to bear that burden.

So if we do not have time here to do something for the wealthy, we really do not have time to do anything. We are rich and we are not going to take it anymore. We watch these numbers as they are presented to us. The Republican party, at one time, stood for anti-Communism and balanced budgets. Well, Communism is gone and the deficits have really soared, all from a party that preaches fiscal discipline. They have rolled those deficits up for one reason, after, by the way, robbing the Social Security trust fund to pay for tax cuts for the wealthiest.

In this institution we hear, well, the Social Security trust fund is going broke. It is going broke because they took \$2 trillion out of it in tax cuts during the next 10 years. There is no pressure to do what we have to do today. They are contributing to the national deficit, contributing to the debt, all under the guise of paying for tax cuts for the wealthiest among us.

Lastly, I defy anybody here to not acknowledge this static. The dividend relief bill that we are entertaining here overwhelmingly 53 percent of that benefit goes to people who made more than \$1 million last year. That is where we find ourselves now.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume to ask a rhetorical question.

If the gentleman from Massachusetts (Mr. NEAL) voted yes on this alternative minimum tax bill yesterday he either was protecting the very rich in Massachusetts.

Mr. NEAL of Massachusetts. Will the gentleman yield?

Mr. THOMAS. No, it is a rhetorical question.

Mr. NEAL of Massachusetts. I am happy to participate.

Mr. THOMAS. Whose time is it, Mr. Speaker?

The SPEAKER pro tempore (Mr. GINGREY). The gentleman from California (Mr. THOMAS) has the time.

Mr. THOMAS. Either he was voting to protect the incomes of the very rich in Massachusetts or he exercised a futile procedure.

There were four Members of his party who voted no. He had an opportunity, if he believed it was not real to vote no. He voted yes. The problem is they always want it both ways.

Mr. Speaker, I yield 2½ minutes to the gentlewoman from Pennsylvania (Ms. HART), a member of the committee.

Ms. HART. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, I rise in support of H.R. 4297 because this legislation will ensure that our economy will continue to expand. That is right, expand.

If you would listen to those on the other side of the aisle, you would think that we are in a shrinking economy. However, since the capital gains and dividend taxes were reduced in 2003, we have seen ten straight quarters of what is it? Growth.

Now, what does growth mean? It means more jobs. It means more opportunity. I spoke recently with an entrepreneur group back home, women who started businesses in their homes. Most of them have children and did not want to be out of the house all the time, very small businesses. And you know what they said to me their top priority is? Make sure you extend the capital gains cuts. Make sure you make sure you pass legislation that will prevent a tax increase.

That is what we are doing today. Preventing a tax increase on these entrepreneurs who, one by one, are creating

new jobs in our economy. The national economy has produced impressive growth. Our pro-growth policy will continue only if we do not increase taxes. In the 10 quarters prior to the passage of this legislation, we averaged just 1.2 percent of growth, never exceeded 2.9. In the 10 quarters since, we have averaged 3.3 percent of growth and have averaged over 4 percent. Now, I think 4 percent growth is better than 1 percent growth. And if we do not continue this tax situation and increase taxes, we will see our growth go away.

What does this mean, this business investment that happens because of the capital gains reduction, the dividends reduction? It means new jobs. In a district like mine where we need new jobs, and I know some Members on the other side of the aisle apparently have more jobs than they need, we need jobs. This climate is the climate we need for growth. We have seen, in fact, unemployment go from 6.1 percent down over 1 point to 5 percent.

Despite challenges that this country has faced over the last couple of years, including terrorist attacks and natural disasters, we have still seen an increase of job creation.

Now, if anybody at the end of August and the beginning of September expected that we would see 215,000 jobs created in the United States in the last month, I do not think you are telling me the truth. But the good climate that was created by those cuts made it happen.

We need to continue good policy. We need to realize what good policy is. Good policy is allowing the people to invest their money, create jobs, create a strong economy and create job growth. I urge my colleagues to continue this situation and not allow a tax increase on the American public.

Mr. THOMAS. Mr. Speaker, I yield the remainder of my time to the gentleman from Michigan, the chairman of the Select Revenue Subcommittee, and ask unanimous consent that Mr. CAMP control the remainder of my time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. RANGEL. Mr. Speaker, I yield 30 seconds to the gentleman from Massachusetts (Mr. NEAL) to give a rhetorical response to the chairman's question.

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for yielding me time.

The chairman did raise a rhetorical question. Let me give a rhetorical answer.

We are all so desperate here after these 10 years of Republican rule to do something about AMT we are prepared to vote for any procedure that comes before this institution just to hopefully move it along.

Remember, when the Republicans took control, 200,000 people were paying AMT. Next year 19.3 million people

will be paying alternative minimum tax.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY), a distinguished member of the Ways and Means Committee.

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding.

The preceding speaker on the Republican side said we have got to pass this, we have got to continue the pro-growth policies. She was talking specifically as she referenced capital gains and dividends. Well, the fact is the very tax cuts that she is talking about remain in place. They are in existing law for 2006, for 2007, for 2008. Doing nothing keeps the very provisions she was hyperventilating about just a moment ago.

But what is the matter then? If we got them and we got them through 2008, why not kick them out through 2009 and 2010? This is the reason. This is the national debt. This fall it went north of \$8 trillion.

I brought this chart to illustrate what a huge burden we are racking up for our children. This averages out to \$27,000 of debt per person. And in this environment, the majority in bringing this bill to the floor today after yesterday's vote will be passing \$87 billion in additional tax cuts that are not paid for.

Alan Greenspan has got some words of caution on this. He was quoted in November saying, We should not be cutting taxes by borrowing. Well, when they do not pay for their tax cuts, they are basically borrowing, leaving the debt to our children to offset the funding of these tax cuts, just what Greenspan warns against.

Earlier in the month of December, just last week, he says, An expected deficit casts an ever larger shadow over the growth of living standards. In the end, the consequences for the U.S. economy could be severe.

The dirty little secret in this budget reconciliation plan is that it increases borrowing authority for this country nearly \$1 trillion, from 750 to \$780 billion of additional debt they will be authorizing to fund the tax cuts that they want to commence.

As they talk about growth, don't believe it. They would not have to increase the borrowing limit to this country if this all worked. They are adding to the debt to pass tax cuts disproportionately for the wealthiest.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. CHOCOLA), a distinguished member of the Ways and Means Committee.

Mr. CHOCOLA. Mr. Speaker, imagine if we could bring a piece of legislation to the floor of this House that would, over the next 30-month period of time, result in benefits that every American could share in. Things like increasing business investments by 25 percent, growing the value of the stock market by over \$4 trillion. Creating 4.4 million new jobs. Reducing the unemployment

from 6.3 to 5 percent. Having quarterly GDP grow at an average of 4.1 percent. Increase tax receipts by \$274 billion over a 12-month period of time, a 15 percent increase, the largest in 25 years. And decrease the deficit over that same 12-month period of time by over \$100 billion.

Mr. Speaker, it would be hard to imagine that we would not all support that, but I guess it is not hard to imagine, given the conversation here today, but that is exactly what this body did when we passed tax relief in 2003. And today we are simply extending these pro-growth tax policies that have led to this historic economic growth.

I think, Mr. Speaker, we all understand the benefit of hindsight and history is full of valuable lessons. I encourage my colleagues to use the benefits of hindsight and the facts of history to support this tax relief extension today and the policies that led undeniably to opportunities of growth and prosperity for every single American. Because not to do so, Mr. Speaker, is the thing that would be truly hard to imagine.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT), a distinguished member of the Ways and Means Committee.

Mr. DOGGETT. Mr. Speaker, when this administration took over the White House, the United States enjoyed a multi-billion dollar budget surplus. But a Republican-controlled Congress proved unable to stay the course. Instead, our public surplus has been surrendered—surrendered to special interests and their corrupt coterie of cronies.

Every time Big Oil or Halliburton or some other corporation that shifts its jobs and its profits offshore comes up here and asks for another tax break, this Congress waves the white flag of surrender. The commitment to any fiscal discipline is in full retreat. Now we have huge deficits as far as the eye can see.

□ 1215

At a time of war, Republicans demand no sacrifice from those at the top, no sacrifice from multinational corporations; and they demand that those at the bottom sacrifice their all.

Under this bill, the few individuals making over \$1 million per year are rewarded, on the average, with over \$50,000 in tax breaks. So those at the top, they can add another fancy foreign car to their fleet. But for the many who are earning up to \$40,000 a year, that is over half of the people of the United States, they get an average of \$30, maybe enough for a full tank of gas.

Once again, America sees that a true Republican Christmas is one where only the silk stockings get stuffed. And when the bill for this lavish Christmas give-away comes due, who is going to pay? Our children will pick up the tab in the form of endless national debt and with cuts to child care, cuts to as-

sistance to abused and neglected children, cuts to child support enforcement, and cuts to student financial assistance.

The tax-writing body in this Chamber has truly become the "Committee on Greedy Ways and Shifty Means." And this will be remembered as the "Cut-and-Run" Congress, cutting taxes greatly for the few, while running trillion-dollar deficits for the rest of us.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania (Mr. ENGLISH), a distinguished member of the Ways and Means Committee.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, today we have the opportunity to pass a bill that I believe will provide a powerful tonic for continued economic growth as a precedent for social justice.

Since 2003, when much of the current tax policies were enacted, our GDP has seen its fastest growth in 20 years, averaging a robust 4.4 percent growth per quarter. This growth, Mr. Speaker, is attributable in part to reduced rates on capital gains and dividends.

I would like to highlight who in the real world is receiving these reduced rates and, therefore, whose taxes we will be raising if we fail to extend these existing policies.

Mr. Speaker, 54 percent of those families receiving dividend income had incomes of less than \$75,000, and they received an average of \$1,400 in dividends. Today, families with incomes under \$100,000 have more than \$20 billion in dividend income. In 2005, an estimated 10.3 million families in the 10 and 15 percent tax brackets will save on their taxes because of the existing tax policies.

So the rhetoric that this tax relief only benefits the wealthy is vacant, ideological posturing.

To let these rates expire would simply be a tax increase on the productive sector of the American economy. Not only would the lapse of the reduced rates impose a tax increase; it would particularly discourage equity ownership among working families, among whom we have seen a 91 percent increase in stock ownership.

To turn back the clock on our tax policies that have benefited American workers and encourage more American workers to own a stake in their future is simply the wrong thing to do.

Mr. Speaker, those who oppose this legislation are asking for a perverse tax increase on the seed corn of our economy and are suggesting that we impose a drag on economic growth at a time when we need it the most. We cannot afford not to pass this legislation today if we are serious about growing our economy.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. THOMPSON), a distinguished member of the Ways and Means Committee.

Mr. THOMPSON of California. I thank the gentleman for yielding.

Mr. Speaker, just 2 weeks ago, the majority came down to the floor and cut \$50 billion from services for middle-class workers, students, hungry children, farmers, and single moms. Today, they are back with part two, pushing almost \$60 billion in tax breaks for Americans who need help the least. Sadly, they are trying to peddle this as deficit reduction.

Mr. Speaker, you cannot spend \$10 billion more than you cut and call it deficit reduction. Our constituents know that these numbers do not add up, and they also know that these priorities do not add up.

This bill grows the deficit, and it turns a blind eye to the tax increase the middle class will face in just another 23 days. That is when the relief for the alternative minimum tax, or the AMT, expires. If AMT expires, 16 million new families will start paying this tax next year. That is a tax increase.

This is an issue that hits home for my constituents. California is hit harder by AMT than any other State in the country. Almost a quarter of the revenues that come from the Treasury from AMT come directly from California. If AMT relief is not extended, that number will increase.

This legislation extends tax cuts that are not even close to expiring, cuts that are on the books for another 3 years. It changes more than 25 different tax provisions; but somehow, our friends in the majority could not find room for AMT relief: 16 million new families impacted, 23 days until expiration, zero regard for the middle class.

I urge my colleagues to vote against this irresponsible legislation and support the Rangel substitute. The substitute extends immediately-expiring tax provisions, and it protects our middle-class families from AMT.

Mr. CAMP of Michigan. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. SHAW), a distinguished member of the Ways and Means Committee and chairman of the Trade Subcommittee.

Mr. SHAW. Mr. Speaker, I thank the gentleman from Michigan for yielding me this time.

I have been listening to the debate here on the floor. I have yet to hear anybody from the other side say that the reduction in capital gains does not stimulate the economy or say that any of these items are bad for the economy.

All we have heard from the other side is class warfare, who is getting what. Well, I can tell you who is getting what, and we can go down this thing.

My folks in Florida want to be able to deduct State and local sales taxes. What is wrong with that? People in New York, they can deduct their income tax. So why can Floridians not deduct their sales tax and other States?

Research and experiment tax credit, who can be against that? It keeps us sharp and competitive in the world market.

Above-the-line deduction for higher education expenses. Are we against allowing people to deduct their education expenses?

How about an above-the-line deduction for out-of-pocket teacher classroom expenses, are you against that?

All we are hearing about is, well, why are you doing it for capital gains and how this is going to affect the top people, the people right at the top of the income level. I would like to point out who is going to benefit from the reduced rate on dividends.

Nearly 60 percent of the Americans receiving capital gains or dividend income have incomes of less than \$100,000; and believe me, that is not millionaires, and you can even take it down to \$50,000 and find one in five will benefit from the capital gains deduction because of incomes under \$50,000. Those are not millionaires, but let us get down to talk about why we are doing it now.

If we were to allow the capital gains rate to expire and jump back up and increase, what we are simply doing is pushing back the increase so they do not increase. This is very important, and it is important for capital formation. It is important for planning your life and future and what you are going to be able to do; and also, I think that it is just good sense. It is good for our economy. Our economy has grown under this structure, and let us let the economy continue to grow.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

I am so glad to hear my friend from Florida talk about the economic growth that we can expect by making certain that the capital gains tax cut and the corporate dividend tax cut do not expire. What bewilders most people is that this does not expire until 2008. Nobody would be adversely affected until 2009, and unless the gentleman does not believe he will be in the majority in the next few years, I do not see why he would have to say that people who are out of work, who are looking for work, who have lost their pension should believe that this tax cut that will continue to 2009 is going to help them.

But maybe the gentleman from Mississippi, who understands that not many of his constituents are going to understand this, might clarify some of the problems we have.

Mr. Speaker, it is my pleasure to yield 3 minutes to the gentleman from Mississippi (Mr. TAYLOR), who really knows what economic growth should be.

Mr. TAYLOR of Mississippi. Mr. Speaker, I thank the gentleman for yielding me time.

Last night, about 12,000 Mississippians went to bed in somebody else's house or in their carport or in their car or in their tent. They are waiting on a FEMA trailer. I did not promise them a FEMA trailer. The President of the United States did. He has not fulfilled that promise yet. It is over 102 days past the storm.

As we speak, there are tens of thousands of Mississippians, average Joes, who are about to lose their house. See, they lived outside the flood plain. They had wind insurance, and a storm of magnitude that has not occurred in 300 years either destroyed or flooded their homes.

Now they have no home. They have a mortgage to pay, and their insurance company, which contributes heavily to the folks over there, says you are not getting a dime because that was water and not wind, but they will use any excuse they can.

I have introduced legislation to try to help those folks, and it is expensive. It is going to cost about \$5 billion to help those folks hang on to their homes and hang on to their mortgage; and in 102 days we have not had a hearing or a vote on it. But if you are a member of the political contributor class, the guys who write the big checks to the RNC, guys who write a big check to a Congressman here, Senator there, we have got a vote on your tax cut that does not even expire for 3 years.

You want to know what this House's priorities are? It is not with the average Joes. It is with the political contributor class. You call them what you want. You can call them rich, but we all know it comes down to who writes the checks.

By the way, the guy on Coleman Avenue whose house washed away, he does not write big checks. So maybe that is why you do not listen to him. It has been 102 days, and you have done nothing. There is no talk of doing anything.

There are 12,000 Mississippians waiting on a FEMA trailer. So what do you bring to the floor? Is it hurricane relief? Is it something to help the average Joes? It is a tax break for the wealthiest 1 percent of America who, by the way, write the big checks to the political parties. Tell me your priorities are not screwed up, because I am going to tell you they are.

Mr. CAMP of Michigan. Mr. Speaker, I yield myself such time as I may consume.

I just want to point out to the Members that yesterday the House passed the Gulf Opportunities Zone Act 415-4 which dealt with many items to help gulf coast area residents who had been hurt by the hurricane, incentives to help rebuild housing, investment to provide depreciation and expensing for small businesses, bonding authority so that tax-exempt bond authority could help rebuild devastated infrastructure in the hurricane zone.

So this House has acted to help hurricane victims.

Mr. Speaker, I yield 2½ minutes to the gentleman from Arizona (Mr. HAYWORTH), a distinguished member of the Ways and Means Committee.

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, I rise in strong support of the legislation precisely because of the challenges outlined by my friend from Mississippi.

As my friend from Michigan just pointed out, yesterday this House took steps to reignite the engines of economic opportunity, to deal with job creation and getting help to the people of the gulf coast. I would assure this House, Mr. Speaker, this is not some sort of abstraction.

As my friend from Mississippi knows, Brother Rex Yancey, the pastor of First Baptist Church in Pascagoula, is my wife's uncle. This is not some sort of statistic or abstraction. Just as Brother Rex and everyone in Mississippi and on the gulf coast are facing challenges, we need to work together to make sure the climate of economic opportunity exists for all.

Just as heartfelt as his concern is for his constituents, Mr. Speaker, I must correct the record. It does this House no service to come to this well, no matter the challenges confronted, and try to claim either class warfare or crass political opportunism in a quid pro quo. It is beneath the dignity of every Member of this House to suggest that somehow this has to do with contributions.

As my friend from Mississippi knows, the most philanthropic State in the Union where people step up to help neighbors in need, that example does not fall on deaf ears. I will say economic opportunity is important, not only for Wall Street, not only for Main Street but for your street, Mr. Speaker, for every street because we understand economic opportunity is not exclusive.

There may be some who believe that this modern economy is some sort of caste system. There may be some who always want to fill in the blank as follows: tax breaks for the blank, tax breaks for the rich. That is their story and they are sticking to it. No hope, no opportunity when the facts are otherwise.

We have had solid economic growth. Revenues to the government have actually increased.

□ 1230

And not only has there been some \$69 billion in immediate hurricane relief given by this Congress and this government to the storm victims, but the promise of future help and economic prosperity as the people of the gulf coast get back on their feet.

Stand up for growth and opportunity. Pass this legislation.

Mr. RANGEL. Mr. Speaker, I had an old law professor, and he once told me, if you don't have the facts going for you, raise your voice. I never understood it, but I do now.

Mr. Speaker, I yield 30 seconds to the gentleman from Mississippi (Mr. TAYLOR) to share with us what economic growth means to him under this bill.

Mr. TAYLOR of Mississippi. Mr. Speaker, I want to remind the gentleman that when your house is washed away, your job is washed away. You are not looking for a tax break. You are looking for your fellow Americans to

help you out while your kids are serving in the Mississippi National Guard over in Iraq.

You have not done that for 102 days.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. EMANUEL), a distinguished Member of the Ways and Means Committee.

Mr. EMANUEL. Mr. Speaker, I rise today in strong opposition to this Republican plan for the wealthiest Americans.

President Kennedy once said, "To govern is to choose." So let us look at the choices. This tax cut falls on the heels of a deficit reduction plan passed before Thanksgiving that cut children's health care, child care assistance, college aid, child support, and will actually increase the deficit by \$20 billion. That is what they refer to as new math in America.

What kind of Congress calls this fiscal responsibility? A Republican Congress, but of course.

With all the problems facing middle-class Americans, soaring energy costs, coupled on top of skyrocketing health care costs, educational expenses, and flat incomes 5 years in a row, what is the solution offered by this Republican Congress? Cut capital gains and dividend taxes for millionaires.

It is time for a change in new priorities rather than that same old tired failed policies that got America to where it is today.

This budget cuts \$9.5 billion, adversely affecting \$6 million children's health care. It cuts 40,000 children from nutritional assistance. It cuts child care assistance leaving 330,000 children without child care assistance. It cuts \$14.5 billion from student aid and college assistance. It cuts child support collections \$4.5 billion.

This budget gives a whole new meaning to women and children first. And what do they do in return? Fifty-three percent of the benefits of this tax cut on dividends and capital gains goes to people earning \$1 million or more, and 62 percent of the benefits go to those earning \$500,000 or more.

What kind of Congress would throw children over the side to pay for more tax cuts for the wealthiest Americans? A Republican Congress, but of course.

These are the wrong priorities for America. We can do better. It is time for a change and for a new direction.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. BEAUPREZ), a distinguished member of the Ways and Means Committee.

Mr. BEAUPREZ. Mr. Speaker, this has been an interesting debate, as it always seems like it is these days in this House. In 2003, I actually thought we did some very good things with the tax cuts we implemented, and I thought we did them for families back home in all of our districts. So on August 2, 2005, I joined with a colleague of mine from Colorado, Congresswoman MUSGRAVE, a member of the Small Business Com-

mittee, and we explored the effect of at least one of those tax cuts that we are talking about extending today, section 17, which increases the allowable expensing limits from \$25,000 on depreciable assets to \$100,000.

Now, I think Linda Jones, the owner of Area Rentals back in Westminster, Colorado, will be delighted to understand that she is a member of a special interest and must surely be rich, by definition, because she got a tax break. What she did with that was, in 2003, she used \$57,000 of the allowable expensing limits to purchase some additional equipment that she rents in her store. And because she saved a little over \$7,300 in tax expense, and that came the same year she got a 30 percent increase in her employees' health care costs, she was able to maintain coverage for health care for her employees. The very next year she used an additional \$64,000 of the expensing allowance to purchase even more equipment to expand her store, keep jobs, and, in fact, increase jobs.

Ron Lautzenheiser must be among the rich and the special interests, too, except he runs a big old tire center back in Fort Collins. When he did his calculations, wanting to expand, the increase in expensing limits contained in section 179 allowed him to figure out how to do that. He added two new stores and went from one big old tire center employing but a handful of people to now employing 50 people in three stores.

This is commonsense legislation for the real people back home, and I urge its adoption.

Mr. RANGEL. Mr. Speaker, I reserve the balance of my time, having only one speaker remaining, until the other side reaches that point.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HERGER), a distinguished member of the Ways and Means Committee and chairman of the Human Resources Subcommittee.

Mr. HERGER. Mr. Speaker, today's legislation contains a number of important tax relief provisions, including an expanded research and development credit to keep American innovation competitive; and one supported by my friend from Wisconsin, Paul Ryan, which would adjust the qualified veterans mortgage bond program and expand access to affordable home loans for California veterans who served after 1977.

In addition, the bill before us includes a measure that I have long supported to facilitate greater small business growth. Small businesses are the backbone of our economy, representing over half of all jobs and economic output. The section 17 extension in this bill will enable small businesses to write off new capital investment up to \$100,000 per year, spurring further economic growth and helping to generate new jobs.

In 2003 alone, 4.6 million small businesses used \$44.1 billion of section 179

expensing. According to the National Federation of Independent Businesses' November report, 61 percent of small business owners reported capital outlays over the past 6 months, including new equipment and vehicle purchases, furniture purchases, existing facility expansion, and improvement in new facility construction.

Small business expensing works and it helps drive job creation in areas like my own northern California Congressional District. Unfortunately, the current expensing limits are set to return to significantly lower levels if we do not extend this provision.

Mr. Speaker, I would like to thank Chairman THOMAS and the members of the committee for their support of small businesses, and I urge my colleagues to vote for the legislation before us today.

Mr. RANGEL. Mr. Speaker, I continue to reserve the balance of my time.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. WELLER), a distinguished member of the Ways and Means Committee.

Mr. WELLER. Mr. Speaker, I thank the gentleman for yielding me this time, and for his leadership on this issue as well as many others.

It is good to be in the House doing something that is pretty basic. I support this legislation. I would note that if you vote "no," you are actually voting to increase taxes because this is legislation simply extending current law that expires in the coming year.

I also want to point out a provision that is very, very important in districts like mine, in areas like the Chicago suburban area, because it is legislation that addresses the need to revitalize old urban areas, to recycle, and to use old abandoned industrial sites. That is the brownfields provision.

I have worked over a number of years with Chairman THOMAS and others, and we have worked in a bipartisan way, to find ways to encourage reinvestment in old abandoned industrial sites. You will find, in many cases, that these old industrial sites have environmental contamination, and because of that investors would much rather go out and buy a cornfield, a greenfield site, and create an industrial park, which consumes five to six times as much land, creates urban sprawl, and also costs the taxpayers more because you have to replace the water and the sewer and the infrastructure and the roads.

Well, in the coming year, the environmental cleanup provision for brownfields, that tax incentive, expires. So we extend that. But we also do something more, which I think is very, very important. And, really, the recent occurrence of Katrina highlights it, because we have often heard about the petroleum contamination in the New Orleans area and the need for cleanup. Well, if you think of your own communities and the south suburbs of Chicago and rural areas that I represent, we can always think of that gas

And if you ask the local real estate people or the local economic development people why, they say, well, they had some petroleum contamination there. If somebody buys it, they have to pick up the cost. It does not qualify for the LUST program. So the investor who purchases that old abandoned gas station has to pick up the cost.

With this legislation, we expand the brownfields tax incentive to include petroleum. So whether it is oil factories, gas stations, transportation hubs, or rail yards, we give that opportunity to recycle, renew, and revitalize.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a distinguished member of the Ways and Means Committee.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I am pleased to rise today in support of this bill and the resilient American economy. This act will build on our legacy of tax relief that is fueling our economy, and will extend some very important tax provisions that will keep America's economy moving forward.

Freedom and free enterprise go hand-in-hand. And keeping tax rates low so people have more of their hard-earned money in their pockets is the right way to go.

Texans want, need, and deserve to have their sales tax deduction extended. It is vitally important for Texas. In Texas, we like to say "no new taxes." We finance our spending through a sales tax. In 2004, we made sales taxes deductible from Federal taxes again, but that deduction expires in just a few weeks. My constituents want to keep the sales tax deduction. This bill will allow any American to choose to deduct either State sales tax or their State income tax through 2006. That is a great idea.

Next, this bill extends the popular research and experiment tax credit. Luckily, we fine-tuned it to make it work even better. Many companies in our districts will be able to use this new alternative simplified credit. They will be able to add good research and create new jobs because of it. This extension and expansion of the credit are great for American jobs and our economy.

Finally, we must extend the tax rate reduction on capital gains and dividends. This pro-growth policy helped spark the economy that we are seeing today. People and companies need to have some certainty for making decisions about long-term capital gains and dividend policy. Forcing folks to work with short-sighted tax policy just does not make sense. We have to change that if we want to see our economy stay the course.

Mr. Speaker, I am proud to support this bill and urge my colleagues to support it.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. TURNER).

Mr. TURNER. Mr. Speaker, I support H.R. 4297, the Tax Relief Extension

Reconciliation Act, which provides extensions for incentives for brownfields remediation, a vital tool for national economic growth and for our Nation's cities. I want to echo the comments of my colleague, JERRY WELLER, and applaud his efforts for supporting the remediation of brownfields.

Brownfields are found in every State and in every Congressional District. Estimates range from 500,000 to 1 million brownfields sites across the Nation, covering roughly 400,000 acres.

Private investment is essential for urban growth. The expensing extension is a tool businesses can use to invest in urban redevelopment. In fact, it is estimated that brownfields redevelopment could generate as much as \$1.2 billion annually in new tax revenue for American cities.

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Brownfields are a major concern to America's cities, and we must provide as many incentives as necessary to clean up these contaminated sites, bring businesses back into our cities, and continue strong economic growth. This extension is an important first step toward redeveloping our Nation's brownfields, but much work is yet to be done. I urge my colleagues to support this important issue and vote in favor of H.R. 4297.

Mr. RANGEL. Mr. Speaker, I yield for a unanimous consent request to the gentleman from American Samoa (Mr. FALEOMAVAEGA).

(Mr. FALEOMAVAEGA asked and was given permission to revise and extend his remarks.)

Mr. FALEOMAVAEGA. Mr. Speaker, I include my remarks on deliberations on this bill.

Mr. Speaker, as a matter of public record, I wish to thank the Honorable WILLIAM THOMAS, Chairman of the House Committee on Ways and Means, for his unwavering support in saving the jobs of more than 5,000 tuna cannery workers and the economy of American Samoa for future generations. Chairman THOMAS is a true friend of our people. He stood with us during the Andean Trade debate and he is standing with us again on an extension of 936 tax credits for American Samoa until such time as a more long-term solution can be put in place once the GAO and Joint Committee on Taxation complete their reports regarding the impact of Federal tax policy in the insular possessions.

I also thank the Honorable CHARLES RANGEL, Ranking Member of the House Committee on Ways and Means. Congressman RANGEL is also a friend of American Samoa and has championed our cause on each and every trade agreement that has come before the U.S. Congress. He also supports our extension of 936 tax credits for an additional year.

At a time when our Nation is faced with paying for the war in Iraq and helping the victims of Hurricane Katrina, I know the inclusion of American Samoa in H.R. 4297 was no easy task. I also know it was no easy task for my Democratic friends to allow this amendment to be included when on principle there is disagreement about tax cuts and government spending.

While I appreciate the concerns we share and respect the fundamental differences between us, the possession tax credit offered by section 936 of the Internal Revenue Code of 1986 has encouraged two U.S. tuna canneries which employ more than 5,150 people or 74 percent of the workforce to remain and invest in American Samoa. More than 80% of American Samoa's private sector economy is dependent either directly or indirectly on these canneries and a decrease in production or departure of one or both of the two canneries in American Samoa could devastate the local economy resulting in massive layoffs and insurmountable financial difficulties.

For this reason, I again thank the Chairman and Ranking Member and my Republican and Democratic friends for working with me to include an extension of 936 tax credits for American Samoa in H.R. 4297. Only 27 provisions were included and most tax credits were only extended for a year due to budgetary concerns and, in the case of the possession tax credit, pending reports which will guide the Committee next year.

Again, given how serious this issue is for American Samoa, I urge support of H.R. 4297 and I thank the Chairman for supporting my request to include language in the conference report to provide for the development of a comprehensive long-term policy for American Samoa once the GAO and the Joint Committee on Taxation complete their reports.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, we have now come to the conclusion of this debate, and I want my colleagues to know that if you are looking for some of the things that are worthwhile that are in the majority's bill, we have an opportunity in the substitute to take care of it. But if you really believe this is the time for America to give a \$20 billion tax cut to these people who will not be affected until 2009, why would they want to give this incentive to less than 5 percent, 1 percent of the richest people that we have in our country, and do it in this Christmas season?

So you have an alternative. You can take care of the wealthy in years ahead, since this does not expire this year, or you can do what they have not done and that is to take care of those people who find themselves subjected to an alternative minimum tax only because the majority has not seen fit to give them relief in a decade. And so as this number has increased, instead of taking care of them in the bill that is before us, they have decided to just send a message over there to tell the Senate if you would like, by unanimous consent, and if no one objects, then you can take care of the AMT problem.

We do not do this as Democrats. We take care of it up front. We take care of the military, we take care of those people from Hurricane Katrina, and we take care of the job credits that are important. We take care of those things that are important in our substitute.

In this holiday season, we really do not believe that you ought to take \$10 billion out of health care for the poorest people in this country. We do not

believe that you should, in order to pay for this bill, that you should cut food stamps. We do not believe that students that have been getting help from this great government of ours should be adversely affected to pay for this tax cut.

So we ask you to really consider in this holiday season these families that have kids in foster care, these families that are having their benefits not being received because we are letting them down. You just weigh this and ask, is there any equity involved in this? If you want to give these tax cuts, why do you not wait until the thing expires? Perhaps we will have a new Congress. Perhaps there will be new equity. Perhaps it can be discussed. Perhaps the committee members, Democrats and Republicans, would come together and find out not what is just good for the wealthy, but what is good for the strength of this great Nation of ours.

One of the greatest threats to our national security is poverty. One of the greatest threats to our national security is the inability to get an education. The people who died in Hurricane Katrina did not die because of their color. The hurricane was color blind. But they died because they were poor. Why can we not invest and make certain that all Americans, black and white, Republicans and Democrats, can this holiday season say Congress did the right thing and not the political thing?

Mr. CAMP. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, the bill before us today extends important tax relief for families and small businesses all across this country. Much of the relief in this bill is already in current law and will expire next month. If we do not pass this bill, Americans will be hit with tax increases.

The tax relief in this bill goes directly to the issues of poverty and education that the gentleman from New York mentioned. This bill will allow America's teachers to receive tax deductions on out-of-pocket classroom expenses. Students will be able to use tax incentives to enhance the affordability of higher education. Employers will be eligible for incentives for hiring low-income Americans transitioning from welfare to work, getting on that first rung of the economic ladder, and States and local governments will continue to be able to qualify for tax credit bonds to help repair schools, purchase school equipment and train teachers in economically distressed areas.

These are just a handful of the important tax benefits this bill will provide to low- and middle-income Americans and small business owners.

This bill is also a big win for our Nation's economy; and without a strong economy, we will not see families achieve the kind of economic independence they need to realize the American Dream. This bill reauthorizes and strengthens the research and develop-

ment tax credit amendment which passed the committee with a unanimous vote. It is a valuable tool in promoting U.S. businesses to innovate.

When I hear about distressed manufacturers in Michigan, one of the main issues they are competing on is to innovate and find the newest technology to remain competitive in a global economy. Michigan's economy, my home State, is closely tied to the ability of Michigan companies to make a sustained commitment to long-term, high-cost research. The manufacturing sector in the United States is the highest user of the research and development tax credit. Michigan, for example, is one of the top 10 States in reported research and development activity with more than 1,300 companies performing research and development in that State.

This bill is a positive piece of legislation across the board. It helps small and low-income businesses and working families, as well as helps our manufacturers to rebound, and also our hi-tech community to stay competitive in a global economy. I urge my colleagues to support this legislation and vote "yes" on the bill.

Mr. LARSON of Connecticut. Mr. Speaker, I rise in support of the Democratic alternative to H.R. 4297, Tax Relief Extension Reconciliation Act that would provide real tax relief to working families and help the economy grow.

The underlying bill is more of the same—more fiscally irresponsible policy. The President's policy of "stay the course" is not working; it's not working in our foreign policy, domestic policy, budget policy or tax policy. More of the same is just not working and now is the time for a new direction.

Unlike the reckless tax bill on the floor, the Democratic alternative would help more Americans help themselves and ensure that as a country, we move forward together. Among other things, the Democratic measure would exempt every family making less than \$200,000 from the Alternative Minimum Tax (AMT). The Democratic measure would also provide \$42 billion in targeted tax cuts including, deductions for state and local retail sales taxes, deductions for college tuitions expenses, a research and development tax credit, a small business expensing tax credit, and a larger earned income tax credit for the families of those serving in Iraq. Most importantly, the Democratic alternative would be fully offset instead of pushing the country further into debt like the Republican bill.

The truth is that more than one-half of all taxpayers would get less than \$30 in tax relief from this bill, while those who make over a million dollars a year would get an average tax break of \$32,000. Supporters of the capital gains and dividends tax cuts have tried to characterize them as offering benefits that are more broad-based than AMT relief. However, in reality, households with incomes between \$100,000 and \$500,000 would receive 87% of the benefit of AMT relief, compared to 62% of the benefit for capital gains and dividends tax cuts.

Where are the priorities of this House? What message are we sending to the American people? It's time for a new direction because more of the same failed policies aren't

working. Americans deserve better. I urge my colleagues to join me in rejecting the underlying bill and supporting the Democratic alternative that would provide real tax relief and strengthen our country.

Mr. STARK. Mr. Speaker, I rise today in strong opposition to H.R. 4297, yet another tax break for the richest among us at the expense of those who have the least.

The Republicans want to cut taxes by \$94.5 billion. How do they pay for these cuts? Before Thanksgiving they voted to cut \$50 billion from programs that help the poorest Americans. The conclusion is obvious: They are paying for the tax cuts for wealthy Americans by cutting programs for working Americans.

Under the tax break package presented today, a family of four surviving on \$30,000 a year will get an average of \$50 extra in their tax return next April. Meanwhile, a millionaire will gain an extra \$51,000.

Lets just see what kind of lifestyle enhancement these tax cuts can buy:

The \$30,000 working family of four can use the extra \$4.16 they receive each month to buy any one of the following: 1.75 gallons of gas; a half-pound of cheese; one gallon of orange juice; two loaves of white bread; three grapefruits; or for those indebted to the NRA, 6 bullets for a .44 Magnum.

People making over \$1 million get a tax break of \$4,250 a month, that they could use to purchase one of the following: leases on four BMW 750i sedans; 17 iPod nano's; a 50 inch flat screen plasma TV; a five karat diamond tennis bracelet; or a 10-day European cruise. Or, if they wanted to, they could pay the monthly health insurance premiums for four families.

If the Republicans want to cut taxes, they should pay for it. We could save billions by pulling our troops out of Iraq. That could pay for Katrina relief and stop cuts to important programs for working families. Instead of handing out holiday tax breaks to rich Republican campaign donors, we should be rolling back Bush's tax breaks for millionaires to better fund important programs like Medicaid and student loans.

Also, Republicans need to drop the "fiscal conservative" moniker. These tax breaks combined with last month's cuts on programs for those in need will rack up \$44 billion in new debt. The fiscal disciplines of the Republican party apparently means we drive our nation into debt and send the bill to our children and grandchildren.

The numbers don't lie. The Republican priority is tax breaks for the rich, nothing more. They will cut programs for the poor and increase the deficit by billions of dollars to get their way. I urge all my colleagues to stop this insane fiscal policy by voting "no" on this bill.

Ms. JACKSON-LEE of Texas. Mr. Speaker, we have before us a very important piece of legislation, H.R. 4297, the Tax Reconciliation Act. It is very important to understand this piece of legislation within the big picture the Republicans are painting here. Just last month, the Republicans passed a bill called "The Deficit Reduction Act." This was a spending cut bill that slashed funding to many vital programs my constituents depend on, including to Medicaid, student loans, food stamps, and child support programs. The Republicans lectured us on the need to make sacrifices to control the national debt. By passing the spending cut bill, the Republicans

actually asked the poor, the downtrodden, the disabled and the young to sacrifice on behalf of the rest of the country.

Now we are faced with the Tax Reconciliation Act, which will actually add \$86 billion dollars to the deficit over the next 5 years. This proposed tax cut will not help the poor and middle class, either. An estimated forty percent of the tax cuts will go to families with incomes of \$1 million or more, and 84 percent of the major tax cuts in this bill will go to the richest 20 percent of families.

In fact, under this bill, over 17 million middle class Americans will face a tax increase next year from the Alternative Minimum Tax (the AMT)! An important aspect of this bill is the House's failure to adequately address the AMT. The Alternative Minimum Tax was enacted over 35 years ago to ensure that the richest Americans would pay their fair share of income tax. Unfortunately, when the AMT was enacted, Congress neglected to index the tax rates to inflation. The AMT has now begun to add an extra burden to middle class taxpayers at an alarming rate. The senate bill provides \$30 billion for AMT relief to the middle class, while the House Republican leadership could only find \$2.8 billion for this cause.

Republicans couldn't find the money to adequately pay for AMT relief for the middle class. They can't find any money for tax relief for those affected by hurricane Katrina in the Gulf Coast. Last month, the Republicans couldn't find the money to spare the elderly from Medicaid cuts, to spare the students from loan increases, or spare our children from child care cuts. They couldn't find the money because they are choosing to extend the dividend and capital gains tax cuts for the richest in our country.

This is not how we take care of our own in Texas, and this is not how we do things in the United States. The Republicans are launching an unabashed attack on the American way by ignoring the neediest in our country to give tax cuts to the richest.

Mr. Speaker, the decision to vote up or down on this legislation isn't a blurry line involving political ideology; it isn't a debate of Republican vs. Democratic philosophy. The priorities in this bill are misguided. Congress should not be providing additional tax breaks for the rich less than a month after huge spending cuts aimed at the most vulnerable. Congress should not be providing tax cuts for the rich in a time of war! In the end, this tax bill will either exacerbate our already large federal deficits, or will force even deeper cuts in critically important domestic programs. I am strongly opposed to this legislation, and I implore my colleagues on both sides of the aisle to vote against these unreasonable cuts and instead consider the revenue neutral Democratic alternative.

Mr. BACA. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

Mr. Speaker, this bill is easy to describe—tax cuts for millionaires and tax increases for the middle class. This bill misses the biggest tax cut priority of this Congress—the alternative minimum tax, or AMT.

The AMT was designed to prevent the wealthy from avoiding Federal taxes by taking too many exemptions, but it was never adjusted for inflation. Therefore, many middle-class American families are being affected and penalized.

Yet, instead of solving the problem of the AMT and helping middle class families, this bill

only focuses on helping the rich get richer by extending capital gains and dividend tax cuts that don't expire until 2009!

This tax cut means that taxpayers with incomes below \$40,000—the majority of taxpayers—will get about one percent of those cuts, an average of \$3 a year. Those with incomes above \$1 million—one in 500 households will get 53 percent of the cuts, an average of \$38,000 per year.

Mr. Speaker, even by this Republican Congress' standards, this tax cut legislation is insulting. And because this bill will add \$1.9 trillion to the deficit it is doubly so.

That is why I support the Democratic alternative that would instead fix the AMT for couples making less than \$200,000 per year, reducing middle class taxes instead of increasing them. Further, the Democratic alternative would be fully paid for by slightly reducing recent tax cuts for those making more than \$1 million per year. America needs fiscal discipline like we had during the Clinton years. The \$5.6 trillion surplus projection from 2001 is now a \$3.5 trillion deficit—a swing of \$9.1 trillion!

Tax cuts to millionaires have dropped revenues from 20.9 percent of the GDP in 2000 to just 16.3 percent, while spending has increased 1.4 percent.

Mr. Speaker, the Blue Dog Coalition has the message right—we need to restore fiscal discipline. Defeating this bill would be a good first step.

Ms. MATSUI. Mr. Speaker, as we begin debate on additional tax cuts—H.R. 4297—we must consider them in the larger context of the challenges this nation is facing and the impact these tax cuts will have, on our ability to face these challenges as well as future challenges. Our decisions must always prioritize protecting the future of this nation for our children and their children.

Over the Thanksgiving recess, I participated in a program in my district that sought to increase early literacy by incorporating reading into doctors' visits. During my visit, I read to these children—who are about my granddaughter Anna's age—about "Clifford the Big Red Dog."

It is truly a wonderful program, and as I recall the joy and animation on each child's face with every turn of the page, I am reminded just how important the decisions we make today are . . . because we are merely stewards of this nation for them—and we must act as such. Are we being wise stewards in choosing to pass another tax cut—on top of the nearly \$2 trillion in cuts we have already passed?

Congress has already transformed a \$5.6 trillion surplus into a more than \$3 trillion debt.

Yet, we are still financing the war in Iraq and the reconstruction from the war in Afghanistan. Regardless of your view on our nation's military policy over the past five years—we must pay for the wars and their subsequent cleanup, yet to date they have been financed by deficit spending. And we have only just begun the rebuilding efforts in New Orleans, Gulfport and other Gulf Coast cities struck by Hurricane Katrina.

Which brings us back to the legislation we are considering today. There are many positive provisions in this bill. They would create an even better future for our children and grandchildren, like my granddaughter Anna—particularly the provision to strengthen and ex-

tend the research and development tax credit. I am a strong supporter of this investment.

Unfortunately, the centerpiece of this bill—the dividends and capital gains tax cut extensions—is unnecessary at this time. Not only do these cuts not expire until 2008, they primarily help the same individuals who have already benefited lavishly from the previous rounds of tax cuts.

So we are at war, we are in debt and yet again we are cutting taxes without fully paying for it. The path we are beginning to turn down, as begun by this budget package, may ultimately include tax cuts that will far outstrip the some \$50 billion worth of unwise spending cuts. Just the tax cuts in this bill will add at least \$6 billion to the deficit and it seems more may be added outside this reconciliation process.

Sadly, it seems the only Americans asked to sacrifice are the brave men and women in uniform fighting in the Middle East and our children and grandchildren, like my Anna, who will bear the burden of our massive debt. This defies historical precedent and common sense.

We do, however, have an opportunity to make a decision that will return us to the path of fiscal responsibility. Ranking member RANGEL has offered a pragmatic and effective substitute bill and I am glad today's rule will allow a vote on it.

This alternative will extend the tax cuts that expire at the end of the year and provide a muchneeded AMT patch. And the Democratic alternative will be paid for by taking back a small portion of the tax cuts that benefit families earning more than \$500,000. Simply, we extend only what is necessary and we pay for it—Anna and other future generations deserve no less.

I urge my colleagues to embrace the principle of shared sacrifice and reject this tax reconciliation package in favor of the responsible Democratic substitute.

Mr. VAN HOLLEN. Mr. Speaker, today we are presented with Act II of the Republican majority's ongoing and tragically misguided reconciliation saga.

In Act I, we learned who the majority felt most deserved to bear the brunt of their spending cuts: poor citizens who rely on Medicaid, hungry people who turn to food stamps and families trying to afford college.

Now in Act II we are learning where they propose that money go: for tax breaks, that are targeted primarily to benefit the top 1% of the wealthiest Americans. And what is the net result? An even bigger deficit that will have to be paid for by our children.

Let me be clear: In a properly prioritized budget, I believe there is room for targeted, fiscally responsible tax relief. And that's precisely the kind of tax relief Democrats are offering in our substitute today.

The Democratic alternative extends all of the tax cuts set to expire next year—including such items as the deduction for college tuition expenses, incentives for brownfields cleanup and the 15-year depreciation schedule for certain small business expenses. Moreover, unlike the Republican package, Democrats provide guaranteed alternative minimum tax relief—so that 16 million middle-class taxpayers won't be unfairly ensnared by the AMT. Finally, and importantly, the Democratic substitute is completely paid for—and won't add a dime to the Federal deficit.

By contrast, when considered in its entirety, the Republican reconciliation package will actually increase the deficit—at a time when the

nation's debt is already running over \$8 trillion. Additionally, when faced with the choice of whether to use the reconciliation process to protect AMT relief for middle-class taxpayers or tax breaks for the wealthiest investors, the Republicans chose to leave AMT relief unprotected while extending tax breaks on capital gains and dividends that don't even expire until 2008—tax breaks over half of whose benefits flow to those who made over \$1 million last year.

Mr. Speaker, during a time of war, in the aftermath of a catastrophic hurricane, with 45 million Americans lacking health insurance and skyrocketing home heating costs projected this winter, this majority is proposing to take from those with the least, give to those with the most—and tell our children they will have to pay for it all later.

Mr. Speaker, we can do better. In fact, I would submit that—in this season above all seasons—we are required to do better.

I urge my colleagues to reject this bill and support the fiscally responsible Democratic substitute.

Mr. UDALL of Colorado. Mr. Speaker, as we debate this bill, we must remember it is only part of a brew based on the Republican leadership's budget recipe.

Just before Thanksgiving, they twisted enough arms to put the first ingredients into the mixing bowl by passing a bill to cut more than \$50 billion over five years from Medicaid, student loans, and many other programs of great importance to millions of Americans.

Today, they want to continue by adding some good things—including extensions of well-targeted tax cuts like the research and development tax credit and small business expensing tainted by some unwholesome provisions, especially the premature extension of preferential rates for dividends and capital gains.

The result, just in time for holiday parties, will be a full-bodied one-two punch.

And while some may find it intoxicating, it will have a nasty aftertaste for many, will leave everyone with a bad budgetary headache—because it will actually increase the deficit—and will stick future generations with paying the tab.

So, Mr. Speaker, count me out. I thought the original recipe was wrong. I did not vote for the first part of the mixture. And I will not vote for this bill.

That doesn't mean I am opposed to tax cuts. As I said, there are good things in this bill, and I support them. That's why I voted for the substitute.

The substitute would have exempted every family making less than \$200,000 from the alternative minimum tax—something that should be a priority but that is not included in the bill before us. Adoption of the motion to recommit would have had the same effect.

The substitute also included \$42 billion in tax cuts over five years targeted to spur economic growth by extending the most pressing tax provisions that are now scheduled to expire this year.

However, unlike this bill, the substitute did not include extension of things that will not expire this year—including the preferential rates for dividends and capital gains—or the changes to international tax rules.

Unfortunately, the Republican leadership was not willing to follow that more reasonable approach, and is insisting on sticking with their own recipe.

But the Senate has passed a quite different tax measure, and differences between that bill and this one will have to be resolved in conference. So, while I cannot support this bill I am hopeful that the conferees will insist on a new and better mixture that will deserve support.

Mr. ETHERIDGE. Mr. Speaker, I rise in strong opposition to this latest wasteful Republican tax bill and in strong support of the Rangel substitute. The Rangel bill is a responsible effort to extend needed tax relief and protect middle class Americans from the Alternative Minimum Tax (AMT), but the underlying legislation is the latest installment of the failed Republican budget policies that have devastated this country's finances and much of our economy.

I strongly believe that Congress must return to the values of balanced budgets to restore growth and opportunity to our Nation's economy. I am tremendously proud that in my first term in the U.S. House, Congress and the White House worked together in a bipartisan manner to balance the budget for the first time in a generation. That responsible budget helped usher in a period of robust, broad-based economic growth and produced record budget surpluses.

Unfortunately, the current White House and Republican Leaders in Congress replaced that budget discipline with record deficits, exploding national debt and unbalanced budgets in perpetuity. This bill represents more of the same. The current Republican tax cuts will cost our budget \$81 billion over ten years, while at the same time, Republican Leaders have proposed devastating cuts to the Farm Bill, food stamps, child support enforcement and Medicaid. Furthermore, H.R. 4297, the Tax Reconciliation Bill, raises the taxes of nearly 17 million middle class families in America, by leaving out a provision to extend the higher AMT exemptions that expire in a few weeks.

In contrast, the Rangel substitute would exempt from AMT increases every family with taxable income under \$200,000 per year. It includes \$42 billion in tax cuts over five years targeted to spur economic growth through the Research and Development tax credit, small business expensing and other initiatives. The Rangel bill maintains budget discipline by paring back the President's tax cuts for those with annual taxable income above \$1 Million. Finally, the Rangel bill keeps our word to the families of our soldiers in Iraq and Afghanistan by maintaining their eligibility for the Earned Income Tax Credit.

I urge my colleagues to support the Rangel substitute and vote against H.R. 4297.

Mr. HOLT. Mr. Speaker, today we return for part two of the budget reconciliation bill. Just before Thanksgiving, the Republican majority cut investments in education, American competitiveness, and programs for the needy. Today, they will give a tax cut to the top 1%. It is a reverse-Robin Hood value system. Apparently, the Republican leadership thinks that the middle class is not working hard enough. They believe that the middle class needs to work harder so that the top 1% can take home more money.

Today, Mr. Speaker, we have a moral decision to make. I believe it is immoral to cut \$50 billion from Medicaid, food stamps, student loans, child care payment enforcement, and foster care in order to pay for a \$56 billion tax cut for capital gains and dividends.

People with income of more than one million dollars—the top two-tenths of one percent of the population would get \$32,000 dollars. Most tax filers, those with income below \$40,000, would get \$7. Those with income above \$1 million—not just those worth more than a million, but those who have income and stock market earnings of more than \$1 million each year—would receive about half of this \$56 billion tax cut. Worse yet, you may have noticed that if we cut taxes by \$56 billion and cut spending by \$50 billion, we have increased the debt. We have gone from a projected 10-year surplus of \$5.6 trillion to a projected deficit of \$3.5 trillion. With the deficit projected to rise to \$640 billion by 2015, this is no time to pile on even more. This bill will force us to borrow more from China. This is more debt we will force our children and grandchildren to pay interest on. And for what? So the wealthiest 1% can get an even larger tax break.

Mr. Speaker, I believe there are problems with our tax system. I have supported tax cuts in the past and I have worked with Members on both sides of the aisle to achieve them. However, today we are ignoring a tax problem that affects my constituents greatly. Many of my middle class constituents are forced to pay the Alternative Minimum Tax (AMT). This year, 3.5 million taxpayers will owe AMT. Yesterday's AMT tax bill was just a sham, and is likely to go nowhere. With this package, Republicans knowingly and deliberately have removed the AMT correction and thereby will increase the taxes on more than 17 million middle-class working families next year by failing to extend the higher exemptions for the Alternative Minimum Tax (AMT) that expire in several weeks. If we fail to include this in budget reconciliation, it will grow to 19 million taxpayers next year. More than half of all couples with two children and income between \$75,000 and \$100,000 will have to pay AMT next year. This is wrong and should be addressed.

We could solve this problem today by slightly reducing the recent tax cut for those making more than \$1 million a year. Republicans are so determined to extend tax cuts for the wealthy that they are willing to deny relief to the middle class.

Mr. Speaker, these votes are about our priorities and values. I ask my colleagues to change the priorities of this Congress.

Mr. HIGGINS. Mr. Speaker, I rise to express my opposition to the irresponsible tax reconciliation bill the House passed earlier today. I strongly support tax relief, but I oppose this bill because it does not target tax relief to middle class families, because it is paid for by slashing health care and education programs and because it will needlessly increase our national debt.

Mr. Speaker, this tax bill is the second half of a misguided budget reconciliation package that raids the wallets of my Western New York constituents and gives their money to those making over a million dollars. The first half of the budget reconciliation occurred last month, when the Majority passed a series of devastating spending cuts to health and education programs in order to free up funding for these tax cuts. That means that these tax cuts are paid for by cutting \$11 billion from Medicaid at a time when over 45 million Americans are without health insurance. They are paid for by throwing 300,000 people off food stamps when hunger in this country is on the rise.

They are paid for by slashing \$14 billion from student loan programs when the cost of college tuition is skyrocketing. And they are paid for by cutting child support enforcement and foster care programs.

Mr. Speaker, the tax reconciliation bill is paid for out of the pockets of the middle class, yet working families receive little of its benefits. If this bill were a serious attempt to provide real tax relief to the middle class it would include an extension of the alternative minimum tax (AMT) fix. The AMT fix is set to expire at the end of the year, and without an extension taxes will increase on the 17 million middle class families who will be snared by the AMT. Yet this legislation does not include AMT relief. Instead, the centerpiece of this bill is a reduction of tax rates for capital gains and corporate dividends. Mr. Speaker, taxing investment income at a lower rate than earned income is rewarding wealth, not work. A fairer bill would have reduced taxes on the paychecks of the middle class working families who most need and deserve it.

Mr. Speaker, not only does this reconciliation package slash programs for working families and fail to target tax relief at the middle class, but it does nothing at all to reduce the federal budget deficit or the national debt. In fact, this package increases the deficit because it reduces spending by \$50 billion and cuts taxes by \$56 billion. In other words, this so-called "deficit reduction" package actually increases the deficit to the tune of \$6 billion! Maybe this fiscal approach explains why the Chairman of the President's own Commission on Tax Reform said recently that he was not worried by tax policies that increase the national debt because we can always borrow some more from China. But I refuse to pass this bill and saddle the elementary school children in Jamestown and Buffalo with that debt.

Mr. Speaker, I support tax cuts. I supported the AMT stand-alone bill because the bulk of that relief goes to middle class families, and I will continue to support tax cuts for working Americans. I am not philosophically opposed to tax cuts for upper income Americans. But there is a proper time for everything, and at this juncture—when we are running record budget deficits, when we are funding our troops in Iraq, and when we are incurring huge costs to recover from Hurricane Katrina—at this juncture, we cannot cut taxes to the rich and increase the burden on the middle class. Buffalo won't hear it and neither will I.

Ms. BALDWIN. Mr. Speaker, like many of my colleagues, I spent much of the Thanksgiving recess holding office hours throughout my congressional district to listen to the concerns of my constituents. Understandably, I heard how worried they are about skyrocketing energy prices, our lack of progress in Iraq, rising health care costs, and the recently passed budget cuts that predominately hurt the poor.

One need look no further than the tax bill on the floor today to see why many Americans are frustrated and disappointed with the work of this Congress. Republicans just don't seem to get it. Instead of trying to make progress on the pressing issues facing American families, House Republican's top priority is passing this \$56 billion tax bill that primarily benefits wealthy investors. H.R. 4297 is truly shameful as it clearly puts enriching the wealthiest Americans before the biggest concerns of working Americans.

The centerpiece of the Republican's tax bill today is a \$20 billion provision that would extend tax rate cuts for investors who receive capital gains or corporate dividends. According to Citizens for Tax Justice, the vast majority of Americans would receive no benefit at all from this tax provision.

Specifically, 78 percent of Americans would get no tax benefit from the capital gains and dividends provision, while an additional 10 percent would get less than \$100. In my home State of Wisconsin, the wealthiest 1 percent of taxpayers (those with an average income of more than \$1.3 million) would receive 43 percent of the tax benefits, or an average tax cut of \$18,523 in 2009 and 2010 combined.

This bill does contain a number of tax measures I strongly support, such as the extension of the important research and development tax credit, the state sales tax deduction, and the college tuition tax credit. These provisions are good for our Nation and working families, but they should not be simply used as "sweeteners" to garner more support for the underlying bill and more tax cuts for investors.

I find it heartless that Republicans would bring this bill to the House floor right after they I passed a Budget Reconciliation bill that makes harmful cuts to health care for children and the elderly, food stamps for needy families, student loans, and child support enforcement. Let us be clear: these \$50 billion in budget cuts were made solely to pay for these tax cuts for the wealthiest Americans. How can any Member of this Congress who has an ounce of compassion—justify making college students, the poor, children, and the elderly shoulder the cost of providing more tax cuts for the wealthy? I certainly cannot.

In Wisconsin, 91,000 children lack health insurance, up over 7% in just the last year. American families are struggling with soaring costs for fuel, housing, health care, child care, and college. Yet today, this Congress again turns a deaf ear to those concerns—not to reduce the deficit, not to pay for the war in Iraq, not to help the hurricane and tornado victims of 2005, but simply to satisfy those whose greed has no bounds.

Mr. Speaker, H.R. 4297 is a sad indication of who House Republicans are fighting for in this Congress. It should come as no surprise as we have seen the very wealthiest Americans receive special tax breaks every year since President Bush took office. The question today is whether this House will ever stand up for the many, not just the few, with budget and tax policies focused on need, not greed? I strongly urge my colleagues to vote against this bill.

Mr. LANGEVIN. Mr. Speaker, today I rise in strong support of the Rangel Substitute to H.R. 4297, the Tax Reconciliation Act and in opposition to the underlying bill. Instead of stopping a tax increase for the middle class in 2006, Republicans have chosen to keep taxes low for the wealthiest Americans in 2009. What kind of priorities favor the wealthy in the future over working families today? We can ill afford the continued "tax cut and spend" mentality that has marked the House during the last few years. Without a change in fiscal policy, future generations will be buried under a mountain of debt created by Congress.

The bill before us today has many provisions I support, including the extension of the research and development tax credit, small

business expensing, the deduction of higher education expenses, and brownfield sites expensing. In fact, I am a cosponsor of a bill to make the Research and Development Tax Credit permanent, as it keeps American companies competitive and provides a strong incentive for businesses to invest in the future and create jobs. I also support other provisions in this bill that help make college more affordable to millions of students and allow teachers to deduct out-of-pocket expenses.

Unfortunately, the Republicans did not stop there. H.R. 4297 also includes a two year extension of the capital gains and dividend tax cuts, which are not scheduled to expire until 2008. Nearly half of these tax cuts will go directly into the pockets of the 1 in 500 taxpayers who earn more than \$1 million per year. The contrast is stark: those who earn less than \$40,000 will see an average tax cut of \$7, while those earning more than a million will save an average of \$32,000 in taxes.

While Republicans claim that the dividend tax cut boosts the economy, the facts are not on their side. The Federal Reserve Board recently released a report declaring that the dividend tax cuts of 2003 have not boosted the stock market. To quote the report, "We fail to find much, if any, imprint of the dividend tax cut news on the value of the aggregate stock market." There you have it: the Nation's top economists have determined that dividend tax reduction does not boost the stock market or increase wealth for shareholders.

Most disingenuous is the fact that just three weeks ago, the House voted to cut Medicaid, student loans, foster care assistance, and food stamps under the guise of deficit reduction. However, today, we are voting for tax cuts that cost more than the money saved from the spending cuts. The Republicans have exposed their real agenda: they are robbing the poor to pay the rich.

This year, we have a projected deficit of more than \$300 billion. In addition, we will spend billions more in Iraq and Afghanistan, as well as rebuilding the Gulf Coast in the wake of Hurricanes Katrina, Rita, and Wilma. We simply cannot afford all of these emergency expenses while cutting taxes for the richest Americans.

Thankfully, there is an alternative. The Rangel Substitute includes all the noncontroversial tax extensions I mentioned earlier and also contains three important provisions not found in H.R. 4297. First, the substitute drops the capital gains and dividend tax cuts in order to fix the Alternative Minimum Tax (AMT). The substitute would eliminate AMT liability for individuals who earn less than \$100,000 and joint filers with incomes below \$200,000, cutting taxes for 16 million families. Without this provision, more than half of all families with two children and incomes between \$75,000 and \$100,000 will be saddled with the AMT. This tax increase hits the middle class, and the Republicans are content to sit idly and let it happen. The Democratic AMT fix is similar to the Senate-passed tax reconciliation legislation, which would ensure a speedy conference and protect taxpayers before the provision expires at the end of the year.

In addition, the substitute extends the tax-free status of combat pay. While our military personnel are risking their lives abroad to keep us safe, the least we can do is prevent burdening them and their families with a huge tax increase.

Best of all, the substitute is fully offset, and will not add a dime to the national debt. The Rangel substitute will revive the economy, relieve the tax burden on working families, encourage companies to invest in the future, and create jobs. The Republican bill will hand out money to rich people and increase the deficit.

The Rangel Substitute is a common-sense alternative that prevents a tax increase on working families, honors our troops, and does not cost a dime. We need responsible tax policies instead of the reverse Robin Hood approach taken by Republicans. I urge my colleagues to join me in supporting the Rangel Substitute and opposing the underlying bill.

Mr. COSTELLO. Mr. Speaker, I rise day in opposition to H.R. 4297, the Tax Relief Extension Reconciliation Act. I do so because I do not believe we should be cutting taxes for the wealthiest Americans while we are at war and at the same time cutting programs for our most vulnerable populations and adding to the staggering debt load of our children and grandchildren. This bill is not fiscally responsible, and we neglect the ramifications of the budget priorities of the majority party to the detriment of the country.

Governments on every level—from local to Federal—are running record deficits; the number of uninsured Americans is on the rise; people continue to go without heat, food or shelter as an abnormally cold winter persists; and the cost of health care and education continue to rise. The tax cuts contained in H.R. 4297 overwhelmingly benefit affluent investors in the wake of the House cutting programs for the poor by \$50 billion in the name of deficit reduction. We continue to spend over \$6 billion per month in Iraq and cut taxes while asking the least well off to pay for it. It's reverse Robin Hood—taking from the poor and giving to the rich—and this is something I cannot and will not support.

We must take stock and look at the reality of our fiscal situation—deficits are rising with no end in sight—while the poor, the sick and the elderly pay the price. I believe tax cuts can be part of a reasonable approach to the Federal budget, but that we have reached a point with our deficit and debt where we must exercise extreme caution in using them. As Robert Bixby of the nonpartisan Concord Coalition was quoted in today's Washington Post, "If they (Republicans) want to cut taxes, fine, but they are going to have to cut spending by at least that much to help the deficit, and clearly they are not willing to do that. They (Republicans) have to start looking reality in the face." The \$5.6 trillion surplus that existed in 2000 has been squandered. Future generations will pick up the tab.

The Republican tax cut bill is bad policy and I urge my colleagues to join me in voting no on H.R. 4297.

Ms. ROYBAL-ALLARD. Mr. Speaker, I rise today in strong opposition to H.R. 4297, the Tax Reconciliation bill. Cutting taxes for the super rich, and ignoring the needs of the poor and middle class, as this bill does, is a dangerous deviation from fiscal and moral responsibility.

As with every American, I too would like to see my taxes cut. Therefore my opposition to this bill does not stem from a deep-seated hostility toward the concept of tax cuts. Rather, my opposition is a plain and simple recognition that these proposed tax cuts are the wrong kind of cuts at precisely the wrong time.

Why are they wrong kind of tax cuts? Because they primarily benefit the super rich with little tax relief to middle class and poor Americans who need tax relief the most.

Why do they come at the wrong time? Because today our Federal Government is unable to meet the most essential needs of the majority of Americans. For example, 45 million Americans are without health insurance, too many American families cannot afford to send their children to college, and our American communities continue to be vulnerable to terrorist attacks here at home due to the underfunding of many essential homeland security programs.

Instead of investing in American families, this bill condones massive cuts to essential health, education, and programs designed to help women and children. And instead of fully funding programs such as those designed to support our emergency first responders in the case of a terrorist attack, we are using that money to pay for tax cuts for the super rich.

Add to this reality a costly war in Iraq, unprecedented spending for hurricane relief in the Gulf, and the escalating budget deficit, and it is very clear that now is the wrong time for these kinds of cut taxes.

Mr. Speaker, the Democrats have a fair and responsible solution. It is fair because, instead of cutting taxes for the super rich, our substitute bill is designed to put hardworking middle-class Americans first in line for tax relief. For example, our substitute bill protects the majority of American families who will negatively be affected by the Alternative Minimum Tax. It is responsible because it avoids further reckless spending by eliminating the extension of capital gains and dividend tax cuts that will add to the enormous deficit that will have to be paid by future generations.

As a grandmother myself, I believe it is morally reprehensible to leave my grandchildren to bear the burden of debt-relief because we spent our money on more tax cuts for the wealthy today.

To set the right course for future generations, we must make it our priority to improve the quality of life for all Americans; not just the lives of the privileged few. This tax-cut bill before us is needless, reckless spending and should be rejected.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore (Mr. GINGREY). The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment in the nature of a substitute printed in House Report 109-330 offered by Mr. RANGEL:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE, ETC.

(a) **SHORT TITLE.**—This Act may be cited as the "Tax Relief Extension Reconciliation Act of 2005".

(b) **AMENDMENT OF 1986 CODE.**—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) **TABLE OF CONTENTS.**—The table of contents for this Act is as follows:

Sec. 1. Short title, etc.

TITLE I—EXTENSIONS OF CERTAIN PROVISIONS THROUGH 2006

- Sec. 101. Allowance of nonrefundable personal credits against regular and minimum tax liability.
- Sec. 102. State and local general sales taxes.
- Sec. 103. Research credit.
- Sec. 104. Qualified tuition and related expenses.
- Sec. 105. Certain expenses of elementary and secondary school teachers.
- Sec. 106. Qualified Zone Academy Bonds.
- Sec. 107. Tax incentives for business activities on Indian reservations.
- Sec. 108. Deduction for corporate donations of computer technology and equipment.
- Sec. 109. Availability of medical savings accounts.
- Sec. 110. 15-year cost recovery for leasehold improvements.
- Sec. 111. 15-year cost recovery for restaurant improvements.
- Sec. 112. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
- Sec. 113. District of Columbia Enterprise Zone.
- Sec. 114. Possession tax credit with respect to American Samoa.
- Sec. 115. Parity in the application of certain limits to mental health benefits.
- Sec. 116. Election to include combat pay under earned income credit.
- Sec. 117. Work opportunity credit.
- Sec. 118. Welfare-to-work credit.
- Sec. 119. Extension of expensing of environmental remediation costs.
- Sec. 120. Temporary relief from the alternative minimum tax.

TITLE II—REDUCTION IN BENEFIT OF RATE REDUCTION FOR FAMILIES WITH INCOMES OVER \$1,000,000

- Sec. 201. Reduction in benefit of rate reduction for families with incomes over \$1,000,000.

TITLE III—MISCELLANEOUS PROVISIONS

- Sec. 301. Modification of active business definition under section 355.
- Sec. 302. Veterans' mortgage bonds.
- Sec. 303. Capital gains treatment for certain self-created musical works.
- Sec. 304. Vessel tonnage limit.
- Sec. 305. Clarification of taxation of certain settlement funds.

TITLE I—EXTENSIONS OF CERTAIN PROVISIONS THROUGH 2006

SECTION 101. ALLOWANCE OF NONREFUNDABLE PERSONAL CREDITS AGAINST REG- ULAR AND MINIMUM TAX LIABILITY.

(a) **IN GENERAL.**—Paragraph (2) of section 26(a) (relating to special rule for taxable years 2000 through 2005) is amended—

(1) in the text by striking "or 2005" and inserting "2005, or 2006", and

(2) in the heading by striking "2005" and inserting "2006".

(b) **CONFORMING PROVISIONS.**—

(1) Subsection (i) of section 904 (relating to coordination with nonrefundable personal credits) is amended by striking "or 2005" and inserting "2005, or 2006".

(2) The amendments made by sections 201(b), 202(f), and 618(b) of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to taxable years beginning during 2006.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 102. STATE AND LOCAL GENERAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) (relating to application of paragraph) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 103. RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Subparagraph (B) of section 41(h)(1) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) (relating to special rule) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2005.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking “2.65 percent” and inserting “3 percent”;

(B) by striking “3.2 percent” and inserting “4 percent”;

(C) by striking “3.75 percent” and inserting “5 percent”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

(c) ALTERNATIVE SIMPLIFIED CREDIT FOR QUALIFIED RESEARCH EXPENSES.—

(1) IN GENERAL.—Subsection (c) of section 41 (relating to base amount) is amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

“(5) ELECTION OF ALTERNATIVE SIMPLIFIED CREDIT.—

“(A) IN GENERAL.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to 12 percent of so much of the qualified research expenses for the taxable year as exceeds 50 percent of the average qualified research expenses for the 3 taxable years preceding the taxable year for which the credit is being determined.

“(B) SPECIAL RULE IN CASE OF NO QUALIFIED RESEARCH EXPENSES IN ANY OF 3 PRECEDING TAXABLE YEARS.—

“(i) TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.—The credit under this paragraph shall be determined under this subparagraph if the taxpayer has no qualified research expenses in any one of the 3 taxable years preceding the taxable year for which the credit is being determined.

“(ii) CREDIT RATE.—The credit determined under this subparagraph shall be equal to 6 percent of the qualified research expenses for the taxable year.

“(C) ELECTION.—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary. An election under this paragraph may not be made for any taxable year to which an election under paragraph (4) applies.”.

(2) COORDINATION WITH ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

(A) IN GENERAL.—Section 41(c)(4)(B) (relating to election) is amended by adding at the end the following: “An election under this paragraph may not be made for any taxable year to which an election under paragraph (5) applies.”.

(B) TRANSITION RULE.—In the case of an election under section 41(c)(4) of the Internal Revenue Code of 1986 which applies to the taxable year which includes the date of the enactment of this Act, such election shall be treated as revoked with the consent of the Secretary of the Treasury if the taxpayer makes an election under section 41(c)(5) of such Code (as added by subsection (a)) for such year.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 104. QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) LIMITATIONS.—Paragraph (2) of section 222(b) (relating to applicable dollar limit) is amended by striking subparagraphs (A) and (B), by redesignating subparagraph (C) as subparagraph (B), and by inserting before subparagraph (B) (as so redesignated) the following:

“(A) 2006.—In the case of a taxable year beginning in 2006, the applicable dollar amount shall be equal to—

“(i) in the case of a taxpayer whose adjusted gross income for the taxable year does not exceed \$65,000 (\$130,000 in the case of a joint return), \$4,000,

“(ii) in the case of a taxpayer not described in clause (i) whose adjusted gross income for the taxable year does not exceed \$80,000 (\$160,000 in the case of a joint return), \$2,000, and

“(iii) in the case of any other taxpayer, zero.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made in taxable years beginning after December 31, 2005.

SEC. 105. CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) (relating to certain expenses of elementary and secondary school teachers) is amended by striking “or 2005” and inserting “2005, or 2006”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expenses paid or incurred in taxable years beginning after December 31, 2005.

SEC. 106. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) (relating to national limit) is amended by striking “and 2005” and inserting “2005, and 2006”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to obligations issued after December 31, 2005.

SEC. 107. TAX INCENTIVES FOR BUSINESS ACTIVITIES ON INDIAN RESERVATIONS.

(a) INDIAN EMPLOYMENT TAX CREDIT.—

(1) IN GENERAL.—Subsection (f) of section 45A (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to taxable years beginning after December 31, 2005.

(b) ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATIONS.—

(1) IN GENERAL.—Paragraph (8) of section 168(j) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply with respect to property placed in service after December 31, 2005.

SEC. 108. DEDUCTION FOR CORPORATE DONATIONS OF COMPUTER TECHNOLOGY AND EQUIPMENT.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to contributions made in taxable years beginning after December 31, 2005.

SEC. 109. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) (defining cut-off year) are each amended by striking “2005” each place it appears in the text and headings and inserting “2006”.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended—

(A) in the text by striking “or 2004” each place it appears and inserting “2004, or 2005”, and

(B) in the heading by striking “OR 2004” and inserting “2004, OR 2005”.

(2) Subparagraph (A) of section 220(j)(4) is amended by striking “and 2004” and inserting “2004, and 2005”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

(d) TIME FOR FILING REPORTS, ETC.—

(1) The report required by section 220(j)(4) of the Internal Revenue Code of 1986 to be made on August 1, 2005, shall be treated as timely if made before the close of the 90-day period beginning on the date of the enactment of this Act.

(2) The determination and publication required by section 220(j)(5) of such Code with respect to calendar year 2005 shall be treated as timely if made before the close of the 120-day period beginning on the date of the enactment of this Act. If the determination under the preceding sentence is that 2005 is a cut-off year under section 220(i) of such Code, the cut-off date under such section 220(i) shall be the last day of such 120-day period.

SEC. 110. 15-YEAR COST RECOVERY FOR LEASEHOLD IMPROVEMENTS.

(a) IN GENERAL.—Clause (iv) of section 168(e)(3)(E) (relating to 15-year property) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2005.

SEC. 111. 15-YEAR COST RECOVERY FOR RESTAURANT IMPROVEMENTS.

(a) IN GENERAL.—Clause (v) of section 168(e)(3)(E) (relating to 15-year property) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to property placed in service after December 31, 2005.

SEC. 112. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) IN GENERAL.—Subparagraph (H) of section 613A(c)(6) (relating to oil and natural gas produced from marginal properties) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 113. DISTRICT OF COLUMBIA ENTERPRISE ZONE.

(a) PERIOD FOR WHICH DESIGNATION APPLICABLE.—Subsection (f) of section 1400 (relating to time for which designation applicable) is amended by striking “December 31, 2005” both places it appears and inserting “December 31, 2006”.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—Subsection (b) of section 1400A (relating to period of applicability) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B (relating to DC Zone Asset) is amended by striking “January 1, 2006” each place it appears and inserting “January 1, 2007”.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (2) of section 1400B(e) (relating to gain before 1998 and after 2010 not qualified) is amended—

(i) by striking “December 31, 2010” and inserting “December 31, 2011”, and

(ii) by striking “2010” in the heading and inserting “2011”.

(B) Paragraph (2) of section 1400B(g) (relating to sales and exchanges of interests in partnerships and S corporations which are DC Zone businesses) is amended by striking “December 31, 2010” and inserting “December 31, 2011”.

(C) Subsection (d) of section 1400F (relating to certain rules to apply) is amended by striking “December 31, 2010” and inserting “December 31, 2011”.

(d) FIRST-TIME HOMEBUYER CREDIT FOR DISTRICT OF COLUMBIA.—Subsection (i) of section 1400C (relating to application of section) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on January 1, 2006.

(2) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—The amendment made by subsection (b) shall apply to obligations issued after the date of the enactment of this Act.

SEC. 114. POSSESSION TAX CREDIT WITH RESPECT TO AMERICAN SAMOA.

(a) IN GENERAL.—Subparagraph (A) of section 936(j)(8) (relating to special rules for certain possessions) is amended by inserting before the period at the end the following: “(before January 1, 2007, in the case of American Samoa)”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 115. PARITY IN THE APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) IN GENERAL.—Paragraph (3) of section 9812(f) (relating to application of section) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) EFFECTIVE DATES.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act.

SEC. 116. ELECTION TO INCLUDE COMBAT PAY UNDER EARNED INCOME CREDIT.

(a) IN GENERAL.—Subclause (II) of section 32(c)(2)(B)(vi) (defining earned income) is amended by striking “January 1, 2006” and inserting “January 1, 2007”.

(b) SPECIAL RULE.—The amount of any refund to which an individual is entitled by reason of amendment made by subsection (a) shall not exceed the aggregate liability reflected in the individual's tax account (determined by taking into account the taxable year and all prior taxable years).

(c) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 117. WORK OPPORTUNITY CREDIT.

(a) IN GENERAL.—Subparagraph (B) of section 51(c)(4) (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) INCREASE IN AGE LIMIT FOR FOOD STAMP RECIPIENTS.—Clause (i) of section 51(d)(8)(A) (relating to qualified food stamp recipient) is amended by striking “25” and inserting “35”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2005.

SEC. 118. WELFARE-TO-WORK CREDIT.

(a) IN GENERAL.—Subsection (f) of section 51A (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals who begin work for the employer after December 31, 2005.

SEC. 119. EXTENSION OF EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 (relating to termination) is amended by striking “December 31, 2005” and inserting “December 31, 2006”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to expenditures paid or incurred after December 31, 2005.

SEC. 120. TEMPORARY RELIEF FROM THE ALTERNATIVE MINIMUM TAX.

(a) IN GENERAL.—Section 55 (relating to alternative minimum tax imposed) is amended by adding at the end the following new subsection:

“(f) EXEMPTION FOR INDIVIDUALS FOR TAXABLE YEARS BEGINNING IN 2006.—For any taxable year beginning in 2006, in the case of an individual—

“(1) IN GENERAL.—The tentative minimum tax of the taxpayer shall be zero if the adjusted gross income of the taxpayer (as determined for purposes of the regular tax) is equal to or less than the threshold amount.

“(2) PHASEIN OF LIABILITY ABOVE EXEMPTION LEVEL.—In the case of a taxpayer whose adjusted gross income exceeds the threshold amount but does not exceed \$112,500 (\$225,000 in the case of a joint return), the tax imposed by subsection (a) shall be the amount which bears the same ratio to such tax (determined without regard to this subsection) as—

“(A) the excess of—

“(i) the adjusted gross income of the taxpayer (as determined for purposes of the regular tax), over

“(ii) the threshold amount, bears to

“(B) \$12,500 (\$25,000 in the case of a joint return).

“(3) THRESHOLD AMOUNT.—For purposes of this paragraph, the term ‘threshold amount’ means \$100,000 (\$200,000 in the case of a joint return).

“(4) ESTATES AND TRUSTS.—This subsection shall not apply to any estate or trust.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

TITLE II—REDUCTION IN BENEFIT OF RATE REDUCTION FOR FAMILIES WITH INCOMES OVER \$1,000,000

SEC. 201. REDUCTION IN BENEFIT OF RATE REDUCTION FOR FAMILIES WITH INCOMES OVER \$1,000,000.

(a) GENERAL RULE.—Section 1 (relating to imposition of tax on individuals) is amended by adding at the end the following new subsection:

“(j) REDUCTION IN BENEFIT OF RATE REDUCTION FOR FAMILIES WITH INCOMES OVER \$1,000,000.—

“(1) IN GENERAL.—If the adjusted gross income of a taxpayer exceeds the threshold amount, the tax imposed by this section (determined without regard to this subsection) shall be increased by an amount equal to 1.45 percent of so much of the adjusted gross income as exceeds the threshold amount.

“(2) THRESHOLD AMOUNTS.—For purposes of this subsection, the term ‘threshold amount’ means—

“(A) \$1,000,000 in the case of a joint return, and

“(B) \$500,000 in the case of any other return.

“(3) TAX NOT TO APPLY TO ESTATES AND TRUSTS.—This subsection shall not apply to an estate or trust.

“(4) SPECIAL RULE.—For purposes of section 55, the amount of the regular tax shall be determined without regard to this subsection.

“(5) TERMINATION.—This subsection shall not apply to taxable years beginning after December 31, 2010.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

(c) SECTION 15 NOT TO APPLY.—The amendment made by subsection (a) shall not be treated as a change in a rate of tax for purposes of section 15 of the Internal Revenue Code of 1986.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355.

Subsection (b) of section 355 (defining active conduct of a trade or business) is amended by adding at the end the following new paragraph:

“(3) SPECIAL RULE RELATING TO ACTIVE BUSINESS REQUIREMENT.—

“(A) IN GENERAL.—In the case of any distribution made after the date of the enactment of this paragraph and before December 31, 2010, a corporation shall be treated as meeting the requirement of paragraph (2)(A) if and only if such corporation is engaged in the active conduct of a trade or business.

“(B) AFFILIATED GROUP RULE.—For purposes of subparagraph (A), all members of such corporation's separate affiliated group shall be treated as one corporation. For purposes of the preceding sentence, a corporation's separate affiliated group is the affiliated group which would be determined under section 1504(a) if such corporation were the common parent and section 1504(b) did not apply.

“(C) TRANSITION RULE.—Subparagraph (A) shall not apply to any distribution pursuant to a transaction which is—

“(i) made pursuant to an agreement which was binding on the date of the enactment of this paragraph and at all times thereafter,

“(ii) described in a ruling request submitted to the Internal Revenue Service on or before such date, or

“(iii) described on or before such date in a public announcement or in a filing with the Securities and Exchange Commission.

The preceding sentence shall not apply if the distributing corporation elects not to have such sentence apply to distributions of such corporation. Any such election, once made, shall be irrevocable.

“(D) SPECIAL RULE FOR CERTAIN PRE-ENACTMENT DISTRIBUTIONS.—For purposes of determining the continued qualification under paragraph (2)(A) of distributions made before the date of the enactment of this paragraph as a result of an acquisition, disposition, or other restructuring after such date and before December 31, 2010, such distribution shall be treated as made after the date of the enactment of this paragraph for purposes of applying subparagraphs (A) through (C) of this paragraph.”.

SEC. 302. VETERANS' MORTGAGE BONDS.

(a) ALL VETERANS ELIGIBLE FOR STATE HOME LOAN PROGRAMS FUNDED BY QUALIFIED VETERANS' MORTGAGE BONDS.—

(1) IN GENERAL.—Paragraph (4) of section 143(l) (defining qualified veteran) is amended—

(A) by striking “at some time before January 1, 1977” in subparagraph (A), and

(B) by striking subparagraph (B) and inserting the following:

“(B) who applied for the financing before the date 25 years after the last on which such veteran left active service.”.

(2) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply to financing provided after the date of the enactment of this Act.

(b) **REVISION OF STATE VETERANS LIMIT.**—

(1) **IN GENERAL.**—Subparagraph (B) of section 143(l)(3) (relating to volume limitation) is amended to read as follows:

“(B) **STATE VETERANS LIMIT.**—

“(i) **IN GENERAL.**—A State veterans limit for any calendar year is the amount equal to—

“(I) \$53,750,000 for the State of Texas,

“(II) \$66,250,000 for the State of California,

“(III) \$25,000,000 for the State of Oregon,

“(IV) \$25,000,000 for the State of Wisconsin, and

“(V) \$25,000,000 for the State of Alaska.

“(ii) **PHASE IN.**—In the case of calendar years beginning before 2010, clause (i) shall be applied by substituting for each of the dollar amounts therein by the applicable percentage. For purposes of the preceding sentence, the applicable percentage shall be determined in accordance with the following table:

Calendar Year:	Applicable percentage is:
2006	20 percent
2007	40 percent
2008	60 percent
2009	80 percent.

“(iii) **TERMINATION.**—The State veterans limit for any calendar year after 2010 is zero.”.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply to bonds issued after December 31, 2005.

SEC. 303. CAPITAL GAINS TREATMENT FOR CERTAIN SELF-CREATED MUSICAL WORKS.

(a) **IN GENERAL.**—Subsection (b) of section 1221 (relating to capital asset defined) is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) **SALE OR EXCHANGE OF SELF-CREATED MUSICAL WORKS.**—At the election of the taxpayer, paragraphs (1) and (3) of subsection (a) shall not apply with respect to any sale or exchange before January 1, 2011, of musical compositions or copyrights in musical works by a taxpayer described in subsection (a)(3).”.

(b) **LIMITATION ON CHARITABLE CONTRIBUTIONS.**—Subparagraph (A) of section 170(e)(1) is amended by inserting “(determined without regard to section 1221(b)(3))” after “long-term capital gain”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to sales and exchanges in taxable years beginning after the date of the enactment of this Act.

SEC. 304. VESSEL TONNAGE LIMIT.

(a) **IN GENERAL.**—Paragraph (4) of section 1355(a) (relating to qualifying vessel) is amended by inserting “(6,000, in the case of taxable years beginning after December 31, 2005, and ending before January 1, 2011)” after “10,000”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 305. CLARIFICATION OF TAXATION OF CERTAIN SETTLEMENT FUNDS.

(a) **IN GENERAL.**—Subsection (g) of section 468B (relating to clarification of taxation of certain funds) is amended to read as follows:

“(g) **CLARIFICATION OF TAXATION OF CERTAIN FUNDS.**—

“(1) **IN GENERAL.**—Except as provided in paragraph (2), nothing in any provision of law shall be construed as providing that an escrow account, settlement fund, or similar

fund is not subject to current income tax. The Secretary shall prescribe regulations providing for the taxation of any such account or fund whether as a grantor trust or otherwise.

“(2) **EXEMPTION FROM TAX FOR CERTAIN SETTLEMENT FUNDS.**—An escrow account, settlement fund, or similar fund shall be treated as beneficially owned by the United States and shall be exempt from taxation under this subtitle if—

“(A) it is established pursuant to a consent decree entered by a judge of a United States District Court,

“(B) it is created for the receipt of settlement payments as directed by a government entity for the sole purpose of resolving or satisfying one or more claims asserting liability under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980,

“(C) the authority and control over the expenditure of funds therein (including the expenditure of contributions thereto and any net earnings thereon) is with such government entity, and

“(D) upon termination, any remaining funds will be disbursed to such government entity for use in accordance with applicable law.

For purposes of this paragraph, the term ‘government entity’ means the United States, any State or political subdivision thereof, the District of Columbia, any possession of the United States, and any agency or instrumentality of any of the foregoing.

“(3) **TERMINATION.**—This subsection shall not apply to accounts and funds established after December 31, 2010.”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to accounts and funds established after the date of the enactment of this Act.

The **SPEAKER** pro tempore. Pursuant to House Resolution 588, the gentleman from New York (Mr. RANGEL) and the gentleman from Michigan (Mr. CAMP) each will control 30 minutes.

The Chair recognizes the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have a Democrat substitute that really is not in sharp conflict with the Republican bill. Many things we tried and include and did suggest in the brief time we had to work on this bill. Basically, what we have done, though, is to pay more attention to the middle class that really are the victims of the alternative minimum tax than we pay attention to the richest of America who do not find their Republican tax cuts being threatened until 2009. Why did we do this? Is it merely a technicality? It is a very important difference.

Yes, we voted on the Suspension Calendar to provide relief for these people, not as much as we do in our substitute; but people have to understand the Suspension Calendar in the House is not protected under the other body's rules. They protected those people that they wanted to protect, those enjoying capital gains and will continue to enjoy capital gains and corporate dividend tax cuts until 2009. Why would they not include right in this bill, that would be protected on the other side, I do not know their political reasons.

But I do know this: what we refuse to do is to give tax cuts that would extend

the deficit. We do not do that to generations that follow. Nor do we hit the poor who are sick or the kids that want to go to school or the foster kids or those kids that are dependent on money from their fathers who have abandoned their mothers. We do not do it in this season, nor do we do it anytime, because there is a difference in what we believe in.

I am suggesting this: if Members support the substitute, you are supporting deductions for State and local taxes, real estate taxes, the deduction for college tuition, the research credit they talk about that we agree is so important, the work opportunity tax credit, tax incentives for the District of Columbia and for Indian reservations, 15-year depreciation period for leasehold improvements and restaurant improvements, qualified zone academic bonds, the brownfields cleanups, and several other important, but minor, provisions.

What I am suggesting is that the major decision of those of you who will have to vote is whether or not you want to give \$20 billion of tax relief to people who would not need it until 2009 at the expense not only of the deficit but at the expense of the poorest among us; or whether you want to take the good things that we could find in this bill, not increase the deficit and not cut the programs for the poor, and have a Democratic substitute that makes sense to the American people and, hopefully, to the House of Representatives.

Mr. Speaker, I reserve the balance of my time.

Mr. CAMP. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would say to my friend from New York that we have dealt with the AMT issue. In our legislation, we did not choose to raise taxes, as the gentleman's substitute does, to the tune of \$40 billion. So because of that, the AMT is done outside of the reconciliation process.

When I hear so many on the other side of the aisle talk about high-income earners, I remind Members that many small businesses in the United States file as individuals. So when they have this \$40 billion tax increase, that is really on small businesses and the families that those small businesses support. According to the Treasury Department, 80 percent of the people affected by the \$40 billion tax increase in their substitute are small and entrepreneurial businesses. That is the engine of job creation in America, and that is why our economy has recovered, because we have helped those small businesses.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. LEVIN), a distinguished member of the Committee on Ways and Means.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, the issue here is priorities and choices. There are some similarities, but the differences are vast. Let us look at the whole picture here, the whole picture.

You have an alternative minimum tax that is going to hit millions of people if we do not act. We have \$45 billion in extenders on which there is basic agreement. We have a reduction in the capital gains and dividends tax which continues for the next few years. We have proposed budget cuts. We also have the alleged, by the Republicans, need for fiscal discipline.

So what are their choices, because you cannot really do everything. So here is their choice: extend the dividends and capital gains reduction that continues in any event, extend it to 2009 and 2010 even though over 50 percent goes to people making \$1 million a year. That is their first choice.

Their second choice is budget cuts: cuts in student loans, cuts in child support. And I want to say to my colleague from Michigan, administrative money for child support goes to raise money for children, not for bureaucrats. It is 4 to 5 dollars for every dollar we provide in administrative support. Essentially, what the Republicans do is to reduce the amount of money going to kids over the next 10 years by \$24 billion.

Their choice also was to leave out the AMT from this bill, but then they bring up a bill yesterday, do not pay for it, and it can be objected to in the Senate and may not happen at all. So their choice is clear: tax relief that goes to people making a million bucks or more and cutting student loans, cutting food support for people who need it, and cutting child support which will mean reductions of \$24 billion over the next 10 years. That is what the choices are here.

Mr. Speaker, they do not even maintain fiscal discipline, because if the AMT thing were to happen, it would be unpaid for and would add to the deficit. Our substitute has very different priorities. I urge its adoption.

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Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentlewoman from Pennsylvania (Ms. HART), a distinguished Member of the Ways and Means Committee.

Ms. HART. Mr. Speaker, I rise in opposition to the Democrat substitute. This proposal actually does not continue some very important provisions for low income Americans. It does not extend a savers credit which actually allows a match for savings for poorer people by the government. Their substitute does not include an expensing provision for small businesses that allows them to use more of their money instead of sending it to the government so that they can grow their business and create jobs. It does not allow a provision that provides tax benefits to those who clean up brownfield sites to encourage new job creation in some of

our older towns. It does not include the most important provision, which is the reduced rate on capital gains and dividends that has created all of these new jobs.

Now, you do not have to be an economist to understand these lines. On the left-hand side, you see all the bars below the line. On the right-hand side, all the bars are above the line. And what do those bars represent? Well, on the first half it is from January 2001 until we passed the capital gains and dividends tax reductions.

Interestingly enough, taxes were high, investment was low. These bars show job losses. All of the bars underneath the line are job losses. We passed the capital gains cut, the dividends cut, what happens? Businesses save more of their money, reinvest, create jobs. All the bars above the line, they show an average job gain, per month, since we passed the capital gains and dividends cuts of 148,700 jobs. That is just an average. As you can see, some months were higher than others, but across the board we created almost 150,000 jobs a month as a result of a provision that the Democrat substitute would cancel.

I urge my colleagues to cancel the Democrat substitute.

Mr. RANGEL. There must be some chart around to show how many people were pushed into poverty during that same period of time and our wages have been reduced, but we have it in the back if any of our Members would like to use it.

Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN), a distinguished Member of our Ways and Means Committee.

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Speaker, let me thank the gentleman from New York for yielding me this time, and thank him for putting together a substitute that makes sense, that is an important bill. Yes, it is important to extend the expiring tax provisions, and the Rangel substitute does that. Research and development, the work opportunity tax credit, all the important tax provisions that will expire, the substitute extends those provisions. That is important.

The Rangel substitute does another thing that is extremely important. It deals with the alternative minimum tax affecting 16 million of our taxpayers of the 19 million that are under the alternative minimum tax. That is very important to get done. And the Rangel substitute deals with that. The Rangel substitute deals with other inequities in the Tax Code, correcting them and getting them done right. But the substitute does one more thing that is very important to be done, and that is it is fiscally responsible. It does not add to the national debt. We have huge deficits, and where do you think we get our money in order to pay the bills? Money is coming, not from foreign investors or U.S. investors, it is

coming primarily from foreign-owned banks who are buying our currency not because it is a good investment, they are buying it in order to have a favorable exchange rate with the U.S. dollar so that they can send more products here into the United States.

It is important that we be fiscally responsible, that we do not add to the deficit. The Concord Coalition, a non-partisan group that is only interested in trying to deal with the national debt, said that tax cuts need at a minimum to be offset, that we should not add to the deficit through the tax bills.

The Rangel substitute pays for these tax reliefs. It is fiscally responsible. It not only provides relief in the Tax Code that we need to provide for the taxpayers of this country, it does not burden this Nation and the future generations. And by the way, it is also good for growth. Our deficit hurts growth in this country. The Rangel substitute is sensitive to the need for us to make sure that we are on the right glide path to create jobs in our economy. Mr. Speaker, this is the right thing to do. We want to provide tax relief, but we should do it in a way that does not burden our children and grandchildren.

I urge my colleagues to support the Rangel substitute.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BRADY), a distinguished Member of the Ways and Means Committee.

Mr. BRADY of Texas. I appreciate my colleague from Michigan, his leadership in helping boost our economy, extend this tax relief. I strongly support the original bill over the substitute. The substitute takes a step backward in how we treat our soldiers and how we treat our families, small businesses that are affected by the alternative minimum tax, compared to legislation that this House passed just yesterday, we treated soldiers better, by providing them immediate cash refunds on their tax treatment. I do not want to step back from that today in the substitute. We help 2½ million more families and small businesses with their alternative minimum tax yesterday, again, almost nearly unanimously.

I do not want to step back from that with this substitute. And the original bill provides three provisions that are really helpful for a lot of families in this country. It extends for 1 year the sales tax deduction, which provides every family in the country a choice to deduct either their state and local income taxes or their State and local sales taxes. What it means is sales taxes, as you know, add up a great deal, add up fast for families. This tax relief just stretches the family paycheck a little farther and prevents hundreds of millions of dollars of tax increases on families that would start right after this Christmas holiday. That would be unfair. The original bill extends this. This also provides help to universities that receive dollars, higher education from the public higher

education utility fund that extends a provision that helps provide more higher education dollars for certain universities. And then it also, for 10 states, allows more veterans to get low interest home loans in order when they come back from the war in Iraq and the war on terrorism to get an opportunity to get that first home. That is very important to a state like Texas. I strongly support the underlying bill as very important tax relief for this country.

Mr. RANGEL. Mr. Speaker, I yield 3½ minutes to the gentleman from Tennessee (Mr. TANNER), an outstanding member of this committee who truly understands the problem of the deficit.

(Mr. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I think the American people just want to hear us try to get along and give them the level, be on the level with them, give them straight talk.

What has happened here in the last several years is we have reduced revenues with bills like this and increased spending. Now, you can do that for a little while, and all of us have done it from time to time, I assume, with our credit cards. But you cannot do it forever and every American knows that.

To give you some recent history, in 2002, we had to increase the debt limit of money that we could borrow by \$450 billion in this country. In 2003, we had to increase it again by \$984 billion. In 2004, again, by \$800 billion. And in the budget resolution, it is not in this bill, they propose another \$781 billion increase in the limit that we can borrow.

Now, what that means is, since 2001, the Federal debt has grown from 5.6 to \$8.1 trillion. This is available on www.publicdebt.treas.gov. Do not take my word for it. Go, please, look it up. In 2004, 16 of 23 Federal agencies could not provide an acceptable audit. That is available at www.gao.gov. Right now, mainland China and Hong Kong have accumulated over \$300 billion worth of our debt. That data is available on the Treasury Department's Web site. Again, this is not an argument. This is fact. Go look it up. I said the other day when I was talking, things are so bad with our borrowing out of control that if China attacked Taiwan, we would have to borrow the money from China to defend Taiwan. 16 percent of all the taxes we collect now in this country go to pay interest. And it gets worse by the minute. Interest on the public debt grew more rapidly than any other spending category in the Federal Government last year. In 2005 we paid in checks \$184 billion, in checks. If you assume that we continue to do these tax bills without paying for them, the GAO projects that in the year 2040, every dime collected by this government will go to pay interest on past consumption on interest only debt.

Now, what does that mean? Where are we now? This is hard to imagine,

but so far, in this fiscal year, we have borrowed \$130 billion and spent \$39 billion on interest in just the first 2 months of this fiscal year. November's \$22 billion payment was the largest ever. Debt interest grew more rapidly in the first 2 months, 38 percent, relative to the same rate last year. The Federal Reserve is raising interest rates and has 12 times. Really, all I am saying is this. We are on an unsustainable financial glide path and every reputable economist will tell you that. We want to work with the Republicans. We want to try to do tax relief when it makes sense and makes more commerce happen and so forth. But we cannot do it because we cannot reach the real problem.

You know what the problem is around here? You let the PAYGO rules lapse in 2002. We do not have meaningful enforceable budget caps. We do not have a balanced budget amendment that has ever been voted on. And what we have is a failure of not only communication but a failure of management of the budget process. And we are getting deeper and deeper in trouble by the minute.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from Missouri (Mr. BLUNT), the distinguished majority leader.

Mr. BLUNT. Mr. Speaker, I am in opposition to the substitute because I am for the underlying bill and I am for the things it has done for our economy. One of the great changes that this bill showed in what happens in the Federal Government is a belief that people are better at solving economic problems than government is. When the tax structure that we are voting today to extend was put in place, the determination was made that we were in a difficult economic time, and the way to get out of that difficult economic time was to trust the people, not to come up with some big complicated government program, but to trust the people to let them keep more of their money, to put some minor incentives in the Tax Code to do whatever they wanted to do sooner, rather than later, but no incentive in the Tax Code to do a specific thing.

The incentive was to trust the American people to see what we could do to get the economy growing again and going again, and that is what has happened. But this is no time for that to stop. This is no time to say we should put the brakes on this economy, just because the unemployment rate is lower than the average of the 1970s, 1980s and 1990s. It is still 5 percent. We should want it to be lower than that. Just because income to the Federal Government increased last year at a rate three times the projection, the highest increase in Federal Government ever without a tax increase, how did that happen? It happened because the economy was working. It happened because more people had jobs, that \$100 billion that came in in the fiscal year that ended September 30 that we did not anticipate, did not come in by acci-

dent. It came in because of a strong and growing economy. What the underlying bill does is say, let us not increase taxes. Let us keep the tax structure that is growing this economy in place. Let us send a signal that that tax structure is in place, at least until 2010, and it makes a difference.

□ 1315

I was listening to the debate earlier, and so much of the debate earlier was about wealthy Americans. Amazingly, those same Americans yesterday were the upper middle class. Overnight somehow the upper middle class became wealthy Americans.

But not just the upper middle class benefits from this. All Americans benefit from this in their own way. In the reduction in the capital gains rate, one out of five people that take advantage and benefit from the capital gains rate has an income below \$50,000. Fifty-eight percent of the people that have a benefit from that have an income below \$100,000.

The capital gains, I know these people, as other Members do. The janitor at school who has figured out how his renters help him pay for two rental houses, and every time the pipes freeze, he is crawling under that rental house. It has depreciated down to where the value for tax purposes may not be very high, but it is everything that man or woman had been able to accumulate, and that person benefits greatly from this 15 percent rate. Why raise that rate back? Why send a signal that that rate is going to go back?

The dividend tax, six times as many companies are paying dividends to people that own the company today as were paying dividends in just 2003 when we made that change. And the numbers are about the same. For the dividend rates, one out of four people that benefit from that tax make under \$50,000. Fifty-nine percent of the people that benefit from that tax make under \$100,000. Those are the same people that on this floor yesterday we talked about how important it was they not be negatively affected by the alternative minimum tax. I agree with that. So did everybody but four people on the floor of the House that voted yesterday.

I agree that we ought to continue these tax policies that are working for America. That means we need to reject the substitute, even a substitute from my good friend (Mr. RANGEL), and move to the underlying bill and keep this economy growing.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

I have all the respect for the majority leader, and it is true that he knows some of these people that have gone from upper middle income to become higher-income people, and there are other people in this country that have seen middle-income people slip into the rolls of poverty. So in order to have a more well-balanced bill, we concentrated on the middle class by putting the alternative minimum tax into

this bill to make certain that when it gets to the body, it is protected and we do not have to depend on just one of those people over there rejecting it for this higher tax cut, which, of course, does not adversely affect anybody, as the majority leader said, until 2009.

Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. BECERRA), a hardworking member of the Ways and Means Committee.

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I urge the Members of this body to support the Rangel substitute.

If we recall the words of a famous President this country had, a man of heroic proportions, Harry Truman, he said, "The buck stops here." And, unfortunately, we are forgetting the words of Harry Truman because today it seems like the mantra of the leadership in this House of Representatives is the buck stops with your children or perhaps your grandchildren, because we are in a portion of our Nation's history where we have run up national deficits bigger than we have ever seen in our life. We run up deficits in 1 year that it would have taken 200 years of Presidents to run up in the history of this Nation.

Mr. Speaker, in a time of disasters, Rita, Katrina, on and on; in a time of massive deficits; and in a time of war, it is irresponsible to run up the Nation's debt. It is irresponsible to then give money to run up this debt and give it to the wealthiest Americans in this Nation. Mr. Speaker, it is irresponsible to put debt on top of massive debt when we know at the end of the horizon there is still more debt that will come in the years to come: \$27,000 is what each and every man, woman, and child in this country owes as a result of our Nation's debt.

It is irresponsible, Mr. Speaker, to take Social Security surplus money, which the President said back in 2001 he could protect and never touch as he moved forward with these tax cuts. It is irresponsible, Mr. Speaker, to take those Social Security surpluses and then contribute them to the wealthiest Americans. In essence, we are gifting the Social Security surplus moneys contributed by working Americans; we are gifting that to the wealthiest Americans in this country through these tax cuts.

Mr. Speaker, it is irresponsible to move forward with these tax cuts at the same time that we are telling American families, mostly middle class that rely on student loans so they can send their young men and women to college, their young daughters and sons are going to have to pay \$5,000 more a year in their student loans so we can take care of the 1 percent wealthiest Americans in this Nation in these bills. It is irresponsible, Mr. Speaker, to move forward in that way.

It is irresponsible then to further say we still need to make more cuts and we

need to go into the foster care program and take \$600 million out of the foster care program which helps us take a child out of an abusive home and move that child into a safe setting. It is irresponsible to take \$5 billion out of a child support system that says to deadbeat dads that we are going to take money from them, we need to enforce that, to take \$5 billion, make it into cuts, and therefore make it more impossible for us to get those deadbeat dads to help the mothers who are taking care of their sons and daughters in this country. It is irresponsible.

Mr. Speaker, it is responsible when we have a Democratic substitute, as Mr. RANGEL has, that says we are going to cut taxes, but in a targeted way, for the middle class, in a responsible way by making sure we pay for it so we do not increase the size of the deficit. And that is what should pass, Mr. Speaker.

President Truman was right. The buck stops here. Let us do it today for ourselves. Let us not leave the debt to our children.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. CANTOR), distinguished member of the Ways and Means Committee.

Mr. CANTOR. Mr. Speaker, I rise in opposition to the substitute and in favor of the underlying bill.

I want to talk about some of the allegations that have been brought up in this debate. One is the fact that perhaps by continuing the tax policies or extending the reduction in tax rate, especially in the area of tax dividends and capital gains tax, that somehow we are aggravating the deficit. I think that the evidence is pretty conclusive that we have seen a tremendous stimulus and tremendous growth in revenues because of this tax policy.

If I could quote the Chairman of the Federal Reserve Board, back in June of this year he said: "I do think that there are parts of the existing recent tax changes, especially with respect to eliminating part of the double taxation of dividends, which I think enhances economic growth, enhances the tax base and, therefore, tax revenues, and that it is good economic policy."

The second point that I think is being made in favor of the substitute and opposing the underlying bill is saying that the extension of the reduction in tax rates on cap gains and dividends somehow is a tax cut for the rich. I could not disagree more. And, in fact, our own Joint Committee on Taxation, on the AMT extension's impact, compares the two, the one that we acted on yesterday and the one today. The AMT extension impacts 14 million taxpayers; 62 million taxpayers benefit from reduced rates on cap gains and dividends. And per the most recent IRS data, 96 percent of taxpayers hit by the AMT in 2003 had adjusted gross incomes in excess of \$100,000. So it is clear.

Furthermore, the Joint Economic Committee says that 60 percent of those paying capital gains taxes earn

less than \$50,000 annually; 85 percent earn less than \$100,000 annually.

This is about jobs. This is about creating jobs for America's families, and I urge rejection of the substitute and passage of the underlying bill.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mrs. JONES), a distinguished member of the Ways and Means Committee.

(Mrs. JONES of Ohio asked and was given permission to revise and extend her remarks.)

Mrs. JONES of Ohio. Mr. Speaker, I would like to compliment my chairman, Mr. CHARLES RANGEL, for his leadership on this issue.

I am glad to be on the Ways and Means Committee and glad to have the opportunity to talk about some of these taxing issues.

It just amazes me that the majority can stand here and have the gall to tell veterans that they are going to treat them better, to tell the people of America that they are better at solving problems than the government and so we are going to give them two cents back to pay for a \$100 bill; to have the gall to say that we are not going to create bigger government and then they created the biggest institution ever, the Homeland Security Department; and that has not taken care of poor people across this country, particularly the victims of Katrina and Rita as it goes on.

But can you imagine they will not tell the American people the truth. They will not tell them that last week we reduced programs so that this week we could extend taxes that do not even need to be extended. Can you contemplate that the extension of the capital gains dividends is going to cost us \$50.7 billion over the next 10 years.

Now, work with me for a moment. If you work with me, you could understand that with that \$50.7 billion, 12,571,089 people could have health care coverage; 959,230 elementary school teachers could be paid; 7,331,106 Head Start places for children who need a head start could go back to school; 32,565,528 children could receive health care; and, more importantly, we could build 6,514 new elementary schools in these United States.

But, instead, we are going to extend taxes beyond this year when we are still at war in Iraq and we are spending billions of dollars a day to give the Iraqi children what we will not even give our children right here at home.

My math works better than that. See, I know one plus one equals two. I understand that it is these United States that is supposed to be taking care of our babies and giving them a chance to go to school and giving them a chance to go to college. And for them to have the gall to say that a janitor sitting on a stool is going to save some money or get some money on capital gains, give me a break.

You know it is not the janitor sitting on the stool; you know it is the man who owns the janitorial company.

Mr. CAMP of Michigan. Mr. Speaker, and the \$40 billion in taxes in the Democrat substitute certainly will not give many Americans a break.

Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. REYNOLDS), a distinguished member of the Ways and Means Committee.

(Mr. REYNOLDS asked and was given permission to revise and extend his remarks.)

Mr. REYNOLDS. Mr. Speaker, I thank the gentleman from Michigan for yielding me this time.

Mr. Speaker, I rise today in strong support of H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005, and in opposition to the Democrat substitute.

Mr. Speaker, the Ways and Means bill before us today addresses a number of important priorities that are broadly supported by Members on both sides of the aisle. These include tax savings for higher education expenses, small business tax relief, tax incentives for research and development by U.S. companies that create good jobs. The bill also includes an extension of the lower rates for capital gains and dividends, an important priority for the ever-growing investor class that will keep our economy strong and our domestic job base growing.

Mr. Speaker, as a lead sponsor of the Stealth Tax Relief Act of 2005, the legislation designed to prevent massive increases in the alternative minimum tax, or AMT, from sneaking up on millions of unsuspecting taxpayers next year, I want to take just a moment to comment on the Democrat substitute. Just 24 hours ago, the House passed my bill by an overwhelming bipartisan vote of 414-4. Together we sent a strong, unmistakable signal to our colleagues across the Capitol that extending the temporary AMT relief that is scheduled to expire in just a matter of weeks is an important priority that must be addressed.

□ 1330

But what does today's Democratic substitute do? Yes, it provides relief from AMT. To pay for it, the Democratic substitute increases taxes on families and on small businesses that create so many jobs in our community.

Mr. Speaker, just yesterday all but four Members of the Democratic Party supported AMT relief in the House for our hardworking middle class without increasing taxes. But today, just 24 hours later, our friends on the other side of the aisle are back singing a familiar tax-raising tune, one that always leaves families with less money in their wallets on April 15, and small businesses with less money on their balance sheets. The Democratic substitute should be defeated.

Mr. Speaker, earlier in this debate, a colleague on the other side of the aisle claimed that the Republican majority has done little to fight the AMT since winning the House in 1994. To the contrary. Our Republican majority has re-

peatedly provided temporary AMT relief since we took control, an effort which we continued yesterday with the passage of the Stealth Tax Relief Act.

I would further remind my friends on the other side of the aisle that in 1999 the Republican Congress sent a bill to the President's desk that would have repealed the AMT entirely. Unfortunately, no Democrats in the House supported that bill, and President Clinton vetoed it.

Finally, I would remind Members that in 1993, as an era of the Democratic control was coming to an end, one of the last things that our friends on the other side of the aisle did was to provide a retroactive increase for the AMT without indexing the exemption levels.

Mr. Speaker, I urge passage of our bill and defeat of the Democratic substitute.

Mr. RANGEL. Mr. Speaker, I agree with my distinguished friend from New York (Mr. REYNOLDS) that the Republicans did send a signal to protect the alternative minimum tax. We want to do a lot more.

Mr. Speaker, I yield 3 minutes to the gentleman from Washington (Mr. McDERMOTT), who can explain the difference between what you want to do and what we want to do in this substitute.

(Mr. McDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, you say one thing for political cover, and then you do another thing for your friends. That is what we are doing here today.

Just last month the Speaker said, "I will tell you that the most mean-spirited thing we can do is leave our children with a debt they cannot pay." That came from the Speaker. That did not come from our side. That is the authority of the majority in this House.

Well, the words were right. But, you know, the Speaker knows, and I know him well, he went to a college where you know about the Bible. And there is a Bible verse that says, by their deeds ye shall know them. And it is the deeds out here that really make the difference.

Now, the difference between what happened yesterday and what is happening in the gentleman from New York's bill is very simply this. Yesterday you sent a signal. You sent a press release. You sent a message out up into the ether knowing, absolutely knowing, it would not pass, because it is not protected in the Senate. You know that. You know how to run this place.

You can confuse the people, but you cannot confuse anybody who knows what is going on in here. The fact is that the gentleman from New York's proposal is one that puts it in law and protects it so that we can do something about the AMT.

Let me say something about the AMT. I bet you most people listening to this do not know what AMT stands

for. It stands for alternative minimum tax. It was put in in 1986 because there were people at the top of the scale who were not paying one single penny of tax.

So it was decided in this body that everybody who benefits from the United States of America should pay some taxes for a civil society. The failure to index that tax has allowed it to creep down to people making \$75,000 or \$100,000; and suddenly, instead of being a few people at the top, it is now 14 or 20 million, depending on how you want to figure. That was never the intent.

From 1994 to the present, you have allowed it to go from covering 200,000 people to 14-plus million people. You want to use that as an excuse for trying to get rid of the tax structure. And we know that it was intended and you know it was intended to tax everybody in this country.

The repeal that you tried to put through here under Clinton was an attempt to let the top off taxes at all. You simply wanted to give them an internal tax holiday if they could figure out how to manipulate the tax structure. The average janitor does not have a way to manipulate the system.

And that is why the gentleman from New York's (Mr. RANGEL) is the only honest way if you want to protect the middle class. I urge your vote for the alternative minimum tax proposal.

Mr. CAMP. Mr. Speaker, the current rate structure of the AMT was created by the Democrats in 1993 with no Republicans supporting the bill.

I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, unless we enact H.R. 4297 and defeat the Democratic substitute, Americans will receive a most unwelcome Christmas gift from the Democrats, a huge automatic tax increase. This will cost families billions of dollars and jeopardize millions of their jobs.

Mr. Speaker, let me tell you just about a few of those jobs that could be lost in my east Texas district if the Democrats have their way in raising taxes. Hugh Dublin owns a small business called East Texas Right of Way in my district. He specializes in the leasing of land.

Due to tax relief, his company has grown from two full-time employees to four full-time employees. His two new employees are called Dan and David. They were unemployed. They were out of work. But due to the expansion of this business, they were able to start new careers.

The Democrats now want to raise taxes on Hugh Dublin and his small business. They want to jeopardize Dan and David's paychecks and replace them with welfare checks, and this they call compassion.

Eddie Alexander owns Triple S Electric in Henderson, Texas, an electrical contracting business. Since the passage of our economic growth program with tax relief, he has been able to hire two more full-time employees, Jared and

John, both of whom were out of work, but both now provide homes for their families. The Democrats want to raise taxes on Eddie Alexander and his small business.

They want to jeopardize Jared and John's paychecks and replace them with welfare checks, and this they call compassion.

Gil Travers owns Travers & Company, a home building company in Athens, Texas. Due to the housing boom from tax relief, they have had to hire three new workers, Jan, Calvin and Christy. They were all previously unemployed. They have been hired to help clean up all of the job sites from the new homes.

But the Democrats now want to raise taxes on Gil Travers and his small business. They want to jeopardize Jan's, Calvin's, and Christy's paychecks and replace them with welfare checks, and this they call compassion.

Mr. Speaker, tax relief has credited 4.4 million new tax-paying jobs with a future: 4.4 million hardworking Americans can now provide for their families this Christmas. And more than just providing food and shelter, these jobs are providing new-found hope and opportunity. We cannot go back. We must prevent this Democratic tax increase.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Speaker, over the last few days we have seen a flurry of tax cuts on the House floor: three yesterday, another one, a big one, today. And over the last 6 months, four other bills have been enacted that have tax cuts and concessions built into them, for example, the Energy Policy Act.

By breaking all of those tax cuts into small pieces and by burying them in other bills, not tax bills, the audit trail very quickly becomes hard to follow. It is hard to see the forest for the trees. Hard to see in the aggregate how all of these different tax cuts add up.

So let us look at the revenue scorecard over the last 6 months, bearing in mind that every delay of revenues cut is a dollar added to the deficit. First of all, the highway bill: \$500 million. The Energy Policy Act: \$6.9 billion over 5 years. The Katrina Emergency Tax Relief Act: \$6.1 billion over 5 years. The Stealth Tax Relief Act, the 1-year extension, or patch, to the AMT adopted yesterday: \$31.2 billion. Today's bill: \$56.1 billion. The bill we adopted yesterday, a miscellany of small tax cuts, but it adds up to \$153 million. And finally the Gulf Opportunity Zone Tax Act which was passed yesterday: \$7.1 billion.

The total amount of all of these tax cuts comes to \$108 billion. So if you pass this bill today, the total impact that you will have taken with today's vote and recent votes comes to 108.

But wait, it is not over yet. Because there is a provision in this bill, a provision in our substitute, a provision in yesterday's bill that indicates something has got to be done about the al-

ternative minimum tax. We are going to have to fix the alternative minimum tax. If you fix it for 5 years, not 1, the aggregate effect of this fix, of all of the other tax cuts along with it, comes to \$301 billion over 5 years.

That is the sum total that these tax cuts will add to the deficit, \$301 billion if you fix the AMT next year and the following years the same way we are fixing it this year. So the net effect on the deficit is \$301 billion in all political reality.

So every Member here who is in earnest about the deficit should be on notice. You have a choice: you can vote for the underlying bill and add \$301 billion to the deficit over the next 5 years, or you can vote for this bill and provide middle-income tax relief and not add a dime to the deficit.

Here, in effect, is what your choice is. We stand at a crossroads today that CBO has depicted as follows on this particular chart. You can take this path here with \$319 billion, or you can take this path here, and by 2015, we can be nearly out of deficit.

On the other hand, you can take the path that this bill would take, and you will be \$640 billion in deficit in 10 years. The Democratic substitute is morally and fiscally far and away the better choice, particularly if you want to balance the budget and eradicate the deficit.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Speaker, I rise to support the underlying bill and to oppose the substitute. And this is the reason why: my state, Tennessee, has seen more than \$250 million in taxpayer savings a year from the sales tax deduction we passed in 2004.

The Tax Relief Extension Act that we are passing today will extend that. There is no excuse not to support this matter of tax fairness for States like mine. It is great for our economy; it is great for Tennessee's Main Streets. And those hundreds of millions of dollars are being pumped back into those local economies.

My State should not be penalized for choosing an alternative tax system. It is a better tax system. We want to keep it. I know many of my friends who are Blue Dogs supported the tax cut, and I hope that they are going to join us today and vote for the majority's bill. Tennesseans are watching this vote.

Mr. Speaker, I do not know how many different ways we are going to have to talk about this economy and the fact that it is booming, jobs creation, home sales up, productivity soaring; but some never let facts get in the way of their political agenda.

If you read the New York Times, the Washington Post, or listen to many of my colleagues, you believe that our economy is dismal and we have not created a single solitary new job. One important thing the Federal Reserve noted: since we passed these tax relief measures in 2003, American households

have increased their nest eggs, their retirement security, their savings by \$10.5 trillion, \$10.5 trillion net worth development by American households.

Finally, Mr. Speaker, this bill before us today, this bill has a provision that helps our Nation's songwriters. As chairman of the Congressional Songwriters Caucus, we worked to correct an inequity in the Tax Code that penalizes them when they sell their life's work. The bill solves that.

I thank my friend from Kentucky (Mr. LEWIS) and Chairman THOMAS for their work on this issue.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. HOYER).

□ 1345

Mr. HOYER. Mr. Speaker, here we are just 2 weeks after House Republicans claimed that they were restoring fiscal discipline to the federal budget considering a tax bill that will make our deficits worse and drive our Nation even further into debt.

In 5 short years, the Republican party's failed economic policies have instigated \$1.57 trillion in budget deficits and added \$3 trillion to the national debt. By the way, during the last 4 years of the Clinton administration, we added not a nickel to the national debt and all 4 years we had a surplus.

Even Alan Greenspan, the chairman of the Federal Reserve, is sounding the alarm. He recently said, "We should not be cutting taxes by borrowing." That is what we are doing. But with this bill Republicans are doing precisely that.

Now the Republican response will be as predictable as it is wrong. They will claim that tax cuts pay for themselves, but at long last can we dispense with this supply-side snake oil. Last month the incoming chairman of the Federal Reserve told the Senate, "I think it's unusual for a tax cut to completely offset the revenue loss."

That is President Bush's appointee to the Federal Reserve. And the Comptroller General of the United States, David Walker, recently stated, "Anybody who says you're going to grow your way out of this problem, (deficits and debt) would probably not pass math."

Even the President's Council of Economic Advisers admitted in 2003, "Although the economy grows in response to tax reductions, it is unlikely to grow so much that lost tax revenue is completely recovered by the higher economic activity."

That is why we have \$1.75 trillion in additional deficits in 5 years and \$3 trillion of additional debt.

So my Republican friends can stop pretending that the tax cuts in this bill will somehow magically pay for themselves. You are suggesting cuts twice as large as you were prepared to cut in spending. They will not.

Finally, let me say that this tax bill perfectly illustrates the Republican party's misguided priorities. Its centerpiece is the capital gains and dividend

cuts from 2008 to 2010. Who do you think benefits from that? Certainly not those making less than \$50,000 a year. They will receive 3 percent of the capital gains tax cut. The fact is 80 percent of the capital gains tax cuts go to those with incomes more than \$200,000; and more than 50 percent goes to those with incomes over \$1 million.

Meanwhile, this majority has refused to address the alternative minimum tax within this bill, thereby exposing nearly one-third of taxpayers making between \$75,000 and \$100,000 to higher taxes next year.

I urge my colleagues: Vote for fairness.

Vote for fiscal sanity.

Vote for the Democratic alternative.

Mr. CAMP. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. HULSHOF), a distinguished member of the Ways and Means Committee.

Mr. HULSHOF. Mr. Speaker, I thank the gentleman for yielding me time.

Mark Twain is probably the most famous constituent from my district and I think it was his quote that said, "There are lies, there are damn lies, and there are statistics."

I would say probably folks that are back in my district are home from school today because we had snow. Maybe people are taking a break from Christmas shopping and tuning into the debate, and I suspect folks are a little perplexed and a little confused. I do not know what the middle class is in Los Angeles or Cleveland or New York City or Baltimore or Seattle; but I think that at least in my congressional district, if a family is making about \$50,000 a year, they probably think themselves to be middle class.

The Democratic substitute for that sector of folks making \$50,000 or less, the Democratic substitute helps less than 200,000 taxpayers. Less than 200,000 taxpayers are helped by the Democratic substitute that are trying to sit around the kitchen table and pay their bills, wondering how they are going to pay for Christmas presents for their kids.

If we extend the capital gains and dividend tax rate, almost 8 million American taxpayers making \$50,000 or less, the underlying bill, nearly 8 million taxpayers will be benefited, and I think the choice is clear.

Now, let me say to my friend, and he is my friend from Maryland, he talked about failed economic policies. Well, over the last 2 years, since capital gains and dividends reductions were put into law, we have averaged a 4 percent growth to our GDP. 4,400,000 jobs have been added to our economy. Homeownership is up at an all-time high. Government revenues have increased 10 percent a year since the reduction in the cost of capital.

The gentleman from Maryland talks about priorities. Earlier we heard from the chairman of the Democratic Congressional Campaign Committee, and in his usual acerbic way, brought up the specter of politics. The chairman of the DCCC talked about politics with

his usual acerbic, and yet what I find interesting as we get close to the conclusion of this debate, there has been a very concerted effort by my friend from Maryland to reach out to the business community in an effort to make some political gains in the 2006 election.

After the CAFTA vote, when only 14 of our colleagues on the other side voted for increasing our opportunities for trade. There has been somewhat of a, reported at least, concerted effort to reach out to the business community.

This will be an interesting vote because we have with the Democratic substitute a tax increase of \$40 billion on businesses. And the underlying bill which, in fact, continues to reduce the cost of capital, so are we going to deny enhanced expensing for farmers and manufacturers? Are we going to tell those laborers and manufacturing companies not to purchase, not to invest, not to expand their plants. That is the choice. And for those again that at least talk to the business community, I think the choice is clear. Reject the substitute and vote for the underlying bill.

Mr. RANGEL. Mr. Speaker, I yield for the purpose of making a unanimous consent request to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, because the Republican tax bill raises the deficit \$3 trillion and because of the valuable aspect of the substitute deductions for State and local retail taxes and other provisions for working Americans, I rise in support of the substitute and oppose the underlying bill.

Mr. Speaker, we have before us a very important piece of legislation, H.R. 4297, the Tax Reconciliation Act. It is very important to understand this piece of legislation within the big picture the republicans are painting here. Just last month, the Republicans passed a bill called "The Deficit Reduction Act." This was a spending cut bill that slashed funding to many vital programs my constituents depend on, including to Medicaid, student loans, food stamps, and child support programs. The Republicans lectured us on the need to make sacrifices to control the national debt. By passing the spending cut bill, the Republicans actually asked the poor, the downtrodden, the disabled and the young to sacrifice on behalf of the rest of the country.

Now we are faced with the Tax Reconciliation Act, which will actually add \$86 billion dollars to the deficit over the next 5 years. This proposed tax cut will not help the poor and middle class, either. An estimated 40 percent of the tax cuts will go to families with incomes of \$1 million or more, and 84 percent of the major tax cuts in this bill will go to the richest 20 percent of families.

In fact, under this bill, over 17 million middle class Americans will face a tax increase next year from the Alternative Minimum Tax (the AMT)! An important aspect of this bill is the House's failure to adequately address the AMT. The Alternative Minimum Tax was en-

acted over 35 years ago enacted to ensure that the richest Americans would pay their fair share of income tax. Unfortunately, when the AMT was enacted, Congress neglected to index the tax rates to inflation. The AMT has now begun to add extra burden to middle class taxpayers at an alarming rate. The senate bill provides \$30 billion for AMT relief to the middle class, while the House republican leadership could only find \$2.8 billion for this cause.

Republicans couldn't find the money to adequately pay for AMT relief for the middle class. They can't find any money for tax relief for those affected by hurricane Katrina in the gulf coast. Last month, Republicans couldn't find the money to spare the elderly from Medicaid cuts, to spare the students from loan increases, or spare our children from child care cuts. They couldn't find the money because they are choosing to extend the dividend and capital gains tax cuts for the richest in our country. They also choose to pass the burden of paying for these tax cuts on to our children in the form of a huge deficit.

This is not how we take care of our own in Texas, and this is not how we do things in the United States. The Republicans are launching an unabashed attack on the American way by ignoring the neediest in our country to give tax cuts to the richest.

The Democrats have instead offered an amendment in the form of the substitute that is much more fiscally responsible and equitable. The Democratic Substitute extends for one year all temporary tax provisions that expire at the end of this year, similar to the majority's bill. The major difference, however is that the Democratic substitute addresses the problem of the AMT by eliminating all liabilities for middle class individuals. This will reduce the number of individuals that pay the AMT next year by 16 million people, to just over 3 million people. This provision would cost about \$45 billion dollars, but would be fully offset by rolling back a portion of the tax cuts that would otherwise go to those with annual incomes of over \$1 million for joint returns and \$500,000 for other returns. The Democratic substitute, unlike the Republican option, is a fiscally responsible bill that goes to help those who really need it instead of the very rich.

Mr. Speaker, the decision to vote up or down on this legislation isn't a blurry line involving political ideology; it isn't a debate of Republican vs. Democratic philosophy. The priorities in the republican bill are misguided. Congress should not be providing additional tax breaks for the rich less than a month after huge spending cuts aimed at the most vulnerable. In the end, this tax bill will either exacerbate our already large Federal deficits, or will force even deeper cuts in critically important domestic programs. I am strongly opposed to this legislation, and I implore my colleagues on both sides of the aisle to vote against these unreasonable cuts and instead consider the revenue neutral Democratic alternative.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. FOSSELLA).

(Mr. FOSSELLA asked and was given permission to revise and extend his remarks.)

Mr. FOSSELLA. Mr. Speaker, I thank the gentleman for yielding me time. I rise to support the underlying bill and to oppose the Democratic substitute.

The numbers three, four, and five come to mind. Three is basically a reflection of what our inflation rate is at; four for the percentage of which our economy is growing on an annual basis; and five for unemployment rate that exists in this country with historic lows.

One way we can ensure that that number five comes even lower and that number four goes even higher is to support the underlying legislation. Why? Because it is proven to work. When you reduce the taxes and the penalties on the accumulation of capital, what we see is an economy that grows. So whether you are a small business owner in Staten Island or a small business owner in San Francisco, you are able to put more people to work and we watch our economy grow and grow and grow.

My concern with the Democratic substitute is multi-fold. One is if you are sitting at home, for example, and you are waiting for your retirement, and in several years when your nest egg is about a half a million dollars, which is not that much money anymore for some folks I know living across the country, if the Democratic substitute prevails, you are looking at basically sending another check for \$25,000 to the Federal Government. That is if you support the substitute.

In addition, if you happen to be receiving dividends, and I know many people across the country in so-called investor class receive dividends on a regular basis, if the Democratic substitute prevails, you will be paying upwards of 20 percent more in taxes to the Federal Government. Not to mention the fact that the AMT, which penalizes upwards of 80 percent of the people I know who filed in Staten Island and Brooklyn, are getting punished by the AMT, the Democratic substitute does not adequately address what the House passed yesterday.

In conclusion, if we are for a pro-growth economy, if we are for bringing the unemployment rate down even further, if we are watching for our economy to grow even greater, if we are basically placing our faith in the American people and the entrepreneurs and the small business owners across country, let us not punish them with higher capital gains rates and dividend rates.

Mr. RANGEL. Mr. Speaker, I reserve the balance of my time.

Mr. CAMP. Mr. Speaker, I yield 4 minutes to the gentleman from Louisiana (Mr. McCRERY), distinguished member of the Ways and Means Committee.

Mr. McCRERY. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, it is a curious application of tax benefits that have been left out of the minority substitute. Let me just go over a few of those because I think you will agree with me that it is curious which ones are left out.

The savers credit for low income families. My friends on the other side of the aisle continually stand up for low

income families and to their credit, why on earth would they leave out a strong incentive for low income families to save? They do. They leave out the savers credit. And that goes only to lower income families in this country. Generally, those on the other side of the aisle harp about the—I will not say evils, but the excess profits, some of the bad things that big business does in this country, and yet they leave out the tax benefit for small businesses in this country, something known as section 179, expensing to help small businesspeople cope with the costs of keeping their businesses up to date, modernizing their businesses so that they can compete, so they can compete in the market place, sometimes with those big bad businesses. They leave that out.

Tax benefits for cleaning up brownfield sites. Brownfield sites are dirty sites, polluted sites where business has gone away. There is pollution there. They are usually the champions of the environment, cleaning up the environment. But they leave out that tax benefit to encourage cleaning up these dirty polluted sites. Very curious.

Now, certainly there are a couple that they leave out that I can understand. They leave out an extension of the active finance section of subpart F. That is a lot of big words. What that means is this particular tax provisional allows companies in this country who conduct financial operations to compete on a level playing field with their competitors overseas. That is what this does that they leave out of their bill. It allows American companies to compete effectively with companies overseas. They leave that out. But then they, as I said, they do not particularly like big business.

The one that gave them the most glee, of course, by leaving it out was capital gains and dividends. You have heard all the rhetoric, and I am sure you are confused about who benefits from these. The Joint Tax Committee, the committee that is vested with crunching the numbers in this Congress, has produced these statistics: For the capital gains tax, one in five Americans who claims capital gains on his tax return has income below \$50,000. Fifty-eight percent of those who claim capital gains on their tax return have incomes below \$100,000. Somewhat different from the statistics you have heard from the other side.

Dividends are even better. One in four, 25 percent of Americans who have dividend income have incomes below \$50,000; 59 percent have incomes below \$100,000.

□ 1400

Nearly 60 percent of Americans who claim either capital gains or dividend income have incomes of \$100,000 or less. That is basically middle class.

Another thing that the minority sometimes likes to do, I think, is tax. They like taxes, and they want to increase taxes; and when they can double

tax, boy, that is a real joy. That is what dividends do. That income has already been taxed once at the corporate level. They want to tax it again at the individual level as high a rate as possible.

So those are the things they leave out of this bill, Mr. Speaker; and I hope we will reject the substitute.

Mr. CAMP. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. BRADY), a distinguished member of the Ways and Means Committee.

Mr. BRADY of Texas. Mr. Speaker, it is, I think, a terrible mistake to leave out tax relief for dividends. These are the usually small amounts of money that go to people, many seniors, who have invested in a company; and these are the dividends that help ease their retirement.

Back a few years ago, we saw a number of Wall Street companies go under, the Enrons, the WorldComs, all those dot-com technology companies. They had big stock prices. They had great pieces of paper saying they were wonderful companies, but the fact of the matter is they were built on thin air. What we did under this legislation is we said to the companies, prove that you have a solid profit-and-loss statement, you have real assets, show us the money; pay it out in dividends, we will lower the cost, lower the taxes on those dividends.

Since we created this tax legislation, now Fortune 500 companies, one out of four that did not provide dividends in the past, are now providing real money to real people who have invested in them. In other words, we have changed the culture from what is good this quarter and what is good for my stock price to what is the best long term, real growth, solid businesses in America. We have changed the culture of Wall Street because of this dividend tax relief.

It is very important we not go back to the bad old days of high stock prices but built on thin air. We need businesses that are in it for the long term, that pay cash to real people, that when my mom or your mom or some other senior invests they know they are going to get a chance for a solid dividend that they can actually keep because they invested. This dividend relief, Mr. Speaker, is vitally important.

I oppose the Democrat substitute. I support keeping in dividend relief, both for our seniors and our investors, and to keep Wall Street honest.

Mr. CAMP. Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. SHAW), a distinguished member of the Ways and Means Committee, chairman of the Trade Subcommittee.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Very briefly, since the tax rate on capital gains and dividends was reduced in May of 2003, the economy has grown at an average rate of 4.1 percent; 4.4 million new jobs have been created;

government tax receipts have increased 10 percent annually.

Now we are coming to a situation in 2008 where the capital gains rate is going to go up to 20 percent; dividends go back to ordinary income.

What effect is this going to have on the economy to all of the sudden have that increase that we are looking at? The question has been, and I think it has been raised, as to what is the hurry, why do it. We want them to be able to have a tax rate that people can count on, one that people can look into the future as far as they could. I would like to extend it even further than that, but under reconciliation we are limited to the budget window.

I think this is a good bill. I ask all the Members to reject the substitute and support the base bill.

Mr. RANGEL. Mr. Speaker, it is my distinct honor to yield the remaining time to the gentlewoman from California (Ms. PELOSI) to close on our side, who represents the minority at this historic time.

Ms. PELOSI. Mr. Speaker, I thank the distinguished gentleman from New York, our ranking member on the Ways and Means Committee, for yielding me the time. I thank you and our colleagues on the committee on the Democratic side for the excellent work you did in putting forth the Democratic alternative today. You have made an excellent case for your substitute and indictment against what the Republicans are doing.

Let us talk about what is happening here today. A few weeks ago, right before Thanksgiving, there was a bill on the floor which was the Republican budget bill. So bad was this bill in terms of it not representing the values of our country that the religious community gathered in the rotunda of the Capitol of the United States, and they prayed that this Congress would make the right decisions and reject the Republican budget proposal.

They asked some questions about why we would be giving tax cuts to the wealthiest people in our country while taking food out of the mouths of America's children. They said they were going to draw a moral line in the sand because a budget should be a statement of our national values, and what we care about in our country should be reflected in that budget.

Today, we are talking about a tax bill which is hand-in-glove part of the reconciliation that the Republicans are putting forth. So embarrassed were they by their own budget and so embarrassed were they by this tax bill that they had to have 3 weeks come between the two of them so that the American people would separate the cause and effect of what they were doing with their budget bill that was poor in its values, poor in its priorities and increasing our deficit because of this tax bill today.

Yesterday, they engaged in another sham, which was to pretend that they were giving alternative minimum tax

relief for middle-class families in America. If they cared about middle-class families in America, they would have put that in this bill today which has the full protection as it goes over to the Senate. They know that that bill they passed yesterday has no weight in the Senate. It does not have the protection of the parliamentary process on the Senate side, and the same applies to what they did to try to give the illusion that they were helping our men and women in combat so that they would qualify for the low-income tax credit. If they cared about them, they would have them in the bill today.

This budget, as I said, should be a statement of our national values; and while we talk about that, let us talk about what those values are.

America has always cherished the value of opportunity, and one place where that is possible for more Americans is in the issue of education. Taking these two bills together, we are giving tax cuts to the wealthiest people in America while we are putting a burden on our young people by saying that they will pay \$5,800 more in their student loans so that we can give tax cuts to people making over \$1 million a year. That is not a statement of our national values. That takes from our children their opportunity when we should be expanding it.

Fairness. Fairness has always been a cherished American value. Fairness. We see that during the last 5 years, these 5 years of the Bush administration, 7 million more people in our country go to sleep hungry, without adequate food, because they cannot afford to buy food. Seven million more people, an increase of 12 percent, and what does this combination of reconciliation in order to give tax cuts to people making over \$1 million a year, that cuts food stamps and takes many tens of thousand of children off the school lunch program do? As the religious community said, how can we as a country give tax cuts to the wealthiest and take food out of the mouths of our children? That is not about fairness. Fairness is an American value.

Community. America has always been about community. Alexis de Tocqueville said it about the origins of our country, and community means safe neighborhoods, the safety of our people, homeland security and the rest. We are not putting adequate resources to COPS on the Beat or anything else in order for us to give these tax cuts at the high end. That is not about community. That is totally unfair, and it is diminishing opportunity.

Let us take the value of responsibility, personal responsibility, fiscal responsibility, which should be the order of the day in this conversation here. The combination of their tax bill and their budget bill in reconciliation, which I do not blame them for separating by 3 weeks because it is a total embarrassment with that, they are increasing the deficit. They are increasing the deficit by \$20 billion in order to

give tax cuts to the wealthiest Americans. They are putting the burden of debt on America's children, individual debt with their student loans and fiscal debt in terms of our national debt and what our kids will be burdened with.

It is just totally irresponsible and at the same time increases the deficit. Democrats support pay-as-you-go. No deficit spending. If something is important to you, figure out how to pay for it, but do not make my children and grandchildren have to pay for it or anybody's children and grandchildren have to pay for it.

Every opportunity I get I want to sing the praises of the Clinton administration. Coming out of that administration we were on a trajectory of 5.6 trillion with a TR, dollars in surplus. In the years of the Bush administration, that has been almost fully reversed, over \$4 trillion in deficit, a swing of around \$10 trillion, an incredible burden on the future, a tax on our children's future.

And this is the party of fiscal responsibility? Republicans have completely abdicated that. The Democrats are the party of fiscal responsibility. We showed we can do it then. We can do it again. We should not today be catering to this appetite for deficits that the Republicans cannot seem to get over. It is just absolutely immoral, immoral for us to heap those deficits on our children.

I want to commend my colleagues on the Democratic side for what they have done and put into their proposal. The House Democrats are committed to an America that works for everyone, not just the privileged few.

Our Democratic substitute reflects the values of community by shielding the middle-class Americans from the alternative minimum tax in a bill that really counts, not in some suspension of yesterday that has no weight in the conference with the Senate; and it provides tax relief, the Democratic alternative does, for our soldiers in combat in the bill. That really matters as well.

The Democratic substitute demonstrates fairness by not adding to the deficit; and it creates opportunities, spurring economic growth, generating jobs and supporting our small businesses.

Our Democratic members on the committee have eloquently made an indictment against this budget which is immoral because of the \$70 billion in tax cuts, mostly for America's wealthiest. The Republican budget decimates the very initiatives that middle-class Americans rely upon to get ahead. The poor suffer, the rich benefit, the middle class is paying the bill.

The number of people without health insurance has increased 4 years in a row. People are hungry, a 12 percent increase. The number of people who do not have health insurance has grown. They are cutting \$45 billion in Medicaid, a health insurance program that is mostly for America's poor children, many of them Katrina survivors.

Alexis de Tocqueville talked about community in America. He wrote back to the French: "America is great because America is good. If America ever ceases to be good," he concluded, "America will cease to be great."

This is a moment that no one in this body wants to hasten. We all want America to be great and America to be good. Together, we can do better by returning to our fundamental values to maintain America's goodness by rejecting this immoral tax bill.

Mr. CAMP. Mr. Speaker, I yield myself 2 minutes.

Actually, in a few minutes we will have a vote on two tax bills, and we have heard a lot of debate this afternoon about the two approaches the bill takes, and I certainly appreciate my friends on the other side for recognizing the need for tax relief.

□ 1415

In fact, in many important ways these bills are very similar. Twenty-two provisions in our underlying bill were taken by my friends on the other side and put into their bill. I guess imitation is the sincerest form of flattery.

For example, the income tax deduction for State and local taxes; the research and development tax credit, so important to our high-tech and manufacturing sectors of our economy; the above-the-line deduction for higher education expenses; and the bonds for school modernization equipment and teacher training; as well as the enhanced charitable deduction for computer donations to schools. These are provisions that we have that are the same.

What the Democrat substitute does not include is the extension of a saver's credit for low-income families; the expensing for small businesses so small entrepreneurs can grow their companies, buy the equipment, increase their businesses and hire more people; cleaning up brownfields sites so we can continue economic development in so many small towns and communities in our Nation; as well as helping our domestic manufacturers finance those large equipment sales overseas so we can export more.

Also capital gains and dividends. We have heard a great deal about that this afternoon. That tax provision, that benefit, has helped 24 million American families in this country. Twenty-five percent of those families have incomes under \$50,000 a year. Are those the rich we hear talked about so much on the other side? Fifty-seven percent, almost 60 percent of the families have incomes under \$100,000 a year. Are those the very rich our friends on the other side are so worried about us assisting?

What is irresponsible is the part of the Democrat substitute which raises taxes. Forty billion dollars in tax increases. And 80 percent of those taxes, that tax burden, would fall on small entrepreneurial businesses. I urge a vote against the substitute and in favor of the underlying bill.

Mr. Speaker, I yield the balance of my time to the gentleman from California (Mr. THOMAS), the distinguished chairman of the Ways and Means Committee.

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, actually, I do not need 12 minutes, I only need 10 seconds. This bill is a—

Mr. RANGEL. Parliamentary inquiry.

The SPEAKER pro tempore (Mr. BASS). Does the gentleman from California yield for a parliamentary inquiry?

Mr. THOMAS. No.

Mr. RANGEL. Does the gentleman from California? A parliamentary inquiry is no longer the Speaker's responsibility?

Mr. THOMAS. Mr. Speaker, who has the time?

The SPEAKER pro tempore. The gentleman from California is recognized.

Mr. RANGEL. Well, I just wanted to know how many closing speakers they had.

The SPEAKER pro tempore. The gentleman from California has the time.

Mr. THOMAS. Mr. Speaker, it is obvious the gentleman from New York wants to make sure you do not hear this.

As I said, you do not need 12 minutes to say this: If you vote "yes" for the Democrat substitute, you are increasing taxes over 5 years by \$40 billion.

That is the single largest tax increase since they were in the majority in 1993.

Mr. CAMP. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. Pursuant to House Resolution 588, the previous question is ordered on the bill, as amended, and on the amendment by the gentleman from New York (Mr. RANGEL).

The question is on the amendment offered by the gentleman from New York (Mr. RANGEL).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 192, nays 239, not voting 2, as follows:

[Roll No. 619]

YEAS—192

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher

Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Clay
Cleaver
Clyburn

Conyers
Cooper
Costa
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
DeLauro

Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee
(TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)

Leach
Lee
Levin
Lewis (GA)
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Matsui
McCarthy
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Melancon
Menendez
Michaud
Millender-
McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Nadler
Napolitano
Neal (MA)
Obey
Oliver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman

NAYS—239

Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Bean
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boustany
Bradley (NH)
Brady (TX)
Brown (SC)
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole (OK)
Conaway
Costello
Crenshaw
Cubin

Culberson
Davis (KY)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Fox
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hayes
Hayworth

Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Salazar
Sánchez, Linda
T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Wasserman
Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Wilson (NM)
Woolsey
Wu
Wynn

Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Istook
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel
E.
Mack
Manzullo
Marchant
Marshall
Matheson
McCaul (TX)
McCollum (MN)

McCotter	Platts	Shuster
McCrery	Poe	Simmons
McHenry	Pombo	Simpson
McHugh	Porter	Smith (NJ)
McKeon	Price (GA)	Smith (TX)
McMorris	Pryce (OH)	Sodrel
Mica	Putnam	Souder
Miller (FL)	Radanovich	Stearns
Miller (MI)	Ramstad	Sullivan
Miller, Gary	Regula	Sweeney
Moran (KS)	Rehberg	Tancredo
Murphy	Reichert	Taylor (NC)
Murtha	Renzi	Terry
Musgrave	Reynolds	Thomas
Myrick	Rogers (AL)	Thornberry
Neugebauer	Rogers (KY)	Tiahrt
Ney	Rogers (MI)	Tiberi
Northup	Rohrabacher	Turner
Norwood	Ros-Lehtinen	Upton
Nunes	Royce	Visclosky
Nussle	Ryan (WI)	Walden (OR)
Oberstar	Ryun (KS)	Walsh
Osborne	Sabo	Wamp
Otter	Saxton	Weldon (FL)
Oxley	Schmidt	Weldon (PA)
Paul	Schwarz (MI)	Weller
Pearce	Sensenbrenner	Westmoreland
Pence	Sessions	Whitfield
Peterson (MN)	Shadegg	Wicker
Peterson (PA)	Shaw	Wilson (SC)
Petri	Shays	Wolf
Pickering	Sherwood	Young (AK)
Pitts	Shimkus	Young (FL)

NOT VOTING—2

Brown-Waite, Hastings (WA)
Ginny

□ 1442

Messrs. SAXTON, SOUDER, MURPHY, RYUN of Kansas, GILLMOR, OBERSTAR, VISCLOSKY and Mrs. NORTHUP changed their vote from "yea" to "nay."

Messrs. OLVER, JEFFERSON, HOLDEN, and RAHALL changed their vote from "nay" to "yea."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BASS). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill in its present form?

Mr. RANGEL. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Rangel moves to recommit the bill H.R. 4297 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendments:

Strike section 203 (relating to capital gains and dividends rates) and redesignate succeeding sections accordingly, and strike the item in the table of contents relating to section 203 and redesignate the items relating to succeeding sections accordingly.

Insert after section 117 the following new section (and amend the table of contents accordingly):

SEC. 118. TEMPORARY RELIEF FROM THE ALTERNATIVE MINIMUM TAX.

(a) IN GENERAL.—Section 55 (relating to alternative minimum tax imposed) is amended by adding at the end the following new subsection:

“(f) EXEMPTION FOR INDIVIDUALS FOR TAXABLE YEARS BEGINNING IN 2006.—For any taxable year beginning in 2006, in the case of an individual—

“(1) IN GENERAL.—The tentative minimum tax of the taxpayer shall be zero if the adjusted gross income of the taxpayer (as determined for purposes of the regular tax) is equal to or less than the threshold amount.

“(2) PHASEIN OF LIABILITY ABOVE EXEMPTION LEVEL.—In the case of a taxpayer whose adjusted gross income exceeds the threshold amount but does not exceed \$112,500 (\$225,000 in the case of a joint return), the tax imposed by subsection (a) shall be the amount which bears the same ratio to such tax (determined without regard to this subsection) as—

“(A) the excess of—

“(i) the adjusted gross income of the taxpayer (as determined for purposes of the regular tax), over

“(ii) the threshold amount, bears to

“(B) \$12,500 (\$25,000 in the case of a joint return).

“(3) THRESHOLD AMOUNT.—For purposes of this paragraph, the term ‘threshold amount’ means \$100,000 (\$200,000 in the case of a joint return).

“(4) ESTATES AND TRUSTS.—This subsection shall not apply to any estate or trust.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

Mr. RANGEL (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from New York (Mr. RANGEL) is recognized for 5 minutes and a Member in opposition to the motion to recommit will be recognized for 5 minutes.

The Chair recognizes the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from Massachusetts (Mr. NEAL).

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Mr. Speaker, I want to thank the gentleman from New York (Mr. RANGEL) for offering this motion to recommit today.

The Rangel motion to recommit is about two things: truth in budgeting and truth in borrowing.

□ 1445

In almost 14 years now on the Ways and Means Committee, we have spoken of addressing the alternative minimum tax issue. There has been a lot of talk and not a lot of action. And you are going to hear in a couple of seconds, well, yesterday, we took up the Alternative Minimum Tax. What we did yesterday was a procedural maneuver that allowed everybody to cover themselves, but will have very little reality as it addresses alternative minimum tax.

The gentleman from New York's motion to recommit goes right to the heart of the matter. You can, in a few minutes, cast a vote on really doing

something about alternative minimum tax.

Now, the next thing we are going to hear today is this: The Democrats were in charge for 40 years and did not address the alternative minimum tax issue. In 1994, a couple of 100,000 people paid alternative minimum tax in America. On January 1, that number kicks up, next year, to 19 million people who will begin to pay alternative minimum tax. Mr. RANGEL's proposal addresses this issue, and we pay for it, as I indicated at the outset of my remarks, honestly. The dividends and capital gains proposal does not even expire until the year 2008. And yet, we are doing that instead of doing alternative minimum tax.

Now, this Congress had time, in the last 5 years, to repeal a series of taxes on the American people, all, by the way, for upper income groups. We certainly had plenty of time to repeal the estate tax. We had time to address dividends and capital gains. But we did not have time to address alternative minimum tax other than with Band-Aid approaches. Today, you have a chance to do something. Mr. RANGEL's proposal lacks complexity. You can, in the next couple of minutes, choose between fixing AMT or extending dividends and capital gains cuts for the wealthiest among us. And by the way, when we hear the other side say that these cuts to middle income people for dividends and capital gains, the dividend proposal that they have ought to be understood in this light. More than 50 percent, I believe, 53 or 54 percent of their dividend proposal, goes to people who made more than \$1 million last year. Alternative minimum tax is a middle class issue across this country and we can do something about it.

Embrace Mr. RANGEL's proposal. Give him a positive vote on AMT. But most importantly, give those 19.3 million Americans next year some much needed relief in alternative minimum tax.

Mr. RANGEL. Well, Mr. Speaker, you can take away our right to go to conference, our right to amend bills, but one thing you cannot take away is our right to vote. We have a game called 3 Card Molly in New York. You never know which one is under the shell. So they have an opportunity to say that they want to help the wealthiest Americans, but they like to give a whole lot of talk to those people who, through no fault of their own, except the ineptness and the inability of the Republicans to correct it, they got caught in the alternative minimum tax. Now, they will scream out that they took care of it on the suspension bill. Well, you do not have to be a parliamentarian to know when you send something to that other side and put it on the suspension calendar, you had better send a prayer over with it because any one guy can stand up and say I object.

But when you cover it because you believe in it and put it in the reconciliation bill, it means that is what you really want to do. At the end of the

day, when we vote, all we are saying is, we ask the conferees, whenever they might meet, that they are instructed by this House to take care of those who really deserve the tax privilege the most. Take care of those who were not really thrown into this thing because of increased income, but were thrown into the alternative minimum tax that was not supposed to capture them, but they got there because of inflation.

In 3 Card Molly, you do not know what is going to happen. But we will know at the end of this vote something that John Lewis knows that they said in the civil rights movement, and that is, which side are you on? What a great opportunity. Take away everything you want. Take away our votes, our opportunity to express ourselves, give us rules that you like to give us. But, on this vote, at the end of the day, people might ask how did you treat the alternative minimum tax? Some people might say, well, it did come up in the House. It was not important enough to put in the reconciliation bill and it was not important enough to allow a lot of debate. We put it on the suspension calendar because it was not paid for and we did not think it would be controversial. And so, with all of the debate, what is going to happen when you get back home is did you protect those that were most vulnerable. Forget about the poor. Forget about the rich that you are giving the incentives to. Just ask, on this one thing, no matter what happens in conference, where was the alternative minimum tax protected? It is protected in our motion to recommit.

Mr. THOMAS. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore (Mr. BASS). The gentleman is recognized for 5 minutes.

Mr. THOMAS. Mr. Speaker, I do not need to mention yesterday or the 414 who voted to fix this problem. I would tell my friend from New York that you only need 60 votes outside of a reconciliation to pass this. But I do want to mention 1985. The Tax Reform Act of 1985, under their watch, said this: "Other regular tax itemized deductions such as those for State and local taxes paid and for certain investment expenses, are not allowed for minimum tax purposes." I assume they did that knowingly. They were the ones who did it.

In 1993, they passed the largest tax increase on the American people and had a chance to adjust it again then. I will say that we have made progress today. This is an appropriate motion to recommit. It does not kill the bill. The gentleman from Massachusetts said this is about upper income groups. In fact, there was an editorial recently that said it is between the rich and the very rich. But I do want to mark the landmark comment of the gentleman from Massachusetts who said this was about middle income people. And on page 2 of the motion to recommit, "For purposes of this paragraph, the term

'threshold amount' means \$100,000 and \$200,000 in the case of a joint return." So \$200,000 is now middle income. I believe that is correct. They are the ones who have always said those are the very rich. Now, the other thing you need to understand, it is this business of how many people are going to fall under the alternative minimum tax. Do you know why?

The reason, in 1994 that there were so few people who fell under the alternative minimum tax is because the regular tax was so high. What has happened in 2001, 2002, 2003 and 2004 we have driven down the rates. And because we have lower taxes, there are more people who fall under the alternative minimum tax. Do we need to address it? Of course. But the vote today is far more fundamental than that. This vote, if you vote yes, gives money to rich people to spend on consumption. Surely, you know that pure consumption does not move the economy very much. What they want to do is deny people the opportunity to invest and to save to supply fuel to the engine of the economy so we can continue with the lowest unemployment rate and the highest productivity rate than we have seen in years. This vote is very simple. A yes vote, consumption, not much bang for the buck. A no vote, investment and savings and a lot of bang for the buck. Vote no on reconciliation, yes on the bill. If we have limited dollars to spend, spend them for the highest and best purpose.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes, if ordered, on passage of the bill and on suspending the rules and passing H.R. 1400 debated yesterday.

The vote was taken by electronic device, and there were—yeas 193, nays 235, not voting 5, as follows:

[Roll No. 620]

YEAS—193

Abercrombie
Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Barrow
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boswell
Boucher
Boyd

Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa

Costello
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards

Emanuel
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Hersteth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee
(TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)

Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Marshall
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Melancon
Menendez
Michaud
Millender-
McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Oliver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman
Roybal-Allard

Ruppersberger
Rush
Ryan (OH)
Sabo
Salazar
Sánchez, Linda
T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman
Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—235

Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Bean
Beauprez
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boren
Boustany
Bradley (NH)
Brady (TX)
Brown (SC)
Burgess
Burton (IN)
Buyer
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Coble
Cole (OK)
Conaway
Cramer
Crenshaw
Cubin
Culberson
Davis (KY)
Davis, Jo Ann
Davis, Tom

Deal (GA)
DeLay
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Foxy
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gohmert
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler

Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Istook
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Kanjorski
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas
Lungren, Daniel
E.
Mack
Manzullo
Marchant
Matheson
McCauley (TX)
McCotter
McCrery
McHenry
McHugh
McIntyre
McKeon
McMorris
Mica
Miller (FL)

Miller (MI) Putnam Sodrel Inglis (SC) Miller (MI)
 Miller, Gary Radanovich Souder Issa Miller, Gary
 Moran (KS) Ramstad Stearns Isotook Moran (KS)
 Murphy Regula Sullivan Jenkins Murphy
 Murtha Rehberg Sweeney Jindal Musgrave
 Musgrave Reichert Tancred Johnson (CT)
 Myrick Renzi Taylor (MS) Johnson (IL)
 Neugebauer Reynolds Taylor (NC) Johnson, Sam
 Ney Rogers (AL) Terry Jones (NC)
 Northup Rogers (KY) Keller Norwood
 Norwood Rogers (MI) Thomas Kelly
 Nunes Rohrabacher Thornberry
 Nussle Ros-Lehtinen Tiahrt
 Osborne Royce Tiberi
 Otter Ryan (WI) Turner
 Oxley Ryun (KS) Upton
 Paul Saxton Walden (OR)
 Pearce Schmidt Walsh
 Pence Schwarz (MI) Wamp
 Peterson (MN) Sensenbrenner Weldon (FL)
 Peterson (PA) Sessions Weldon (PA)
 Petri Shadegg Weller
 Pickering Shaw Westmoreland
 Pitts Shays Whitfield
 Platts Sherwood Wicker
 Poe Shimkus Wilson (NM)
 Pombo Shuster Wilson (SC)
 Porter Simmons Wolf
 Price (GA) Simpson Young (AK)
 Pryce (OH) Smith (TX) Young (FL)

NOT VOTING—5

Boozman Hastings (WA)
 Brown-Waite, Markey
 Ginny Smith (NJ)

□ 1513

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BASS). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. STARK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 234, nays 197, not voting 3, as follows:

[Roll No. 621]

YEAS—234

Aderholt Capito Forbes
 Akin Carter Fortenberry
 Alexander Castle Fossella
 Bachus Chabot Foxx
 Baker Chocola Frelinghuysen
 Barrett (SC) Coble Gallegly
 Barrow Cole (OK) Garrett (NJ)
 Bartlett (MD) Conaway Gerlach
 Barton (TX) Cramer Gibbons
 Bass Crenshaw Gilchrest
 Bean Cubin Gillmor
 Beauprez Cuellar Gingrey
 Biggart Culberson Gohmert
 Bilirakis Davis (KY) Goode
 Bishop (UT) Davis (TN) Goodlatte
 Blackburn Davis, Jo Ann Gordon
 Blunt Davis, Tom Granger
 Boehner Deal (GA) Graves
 Bonilla DeLay Green (WI)
 Bonner Dent Gutknecht
 Bono Diaz-Balart, L. Hall
 Boozman Diaz-Balart, M. Harris
 Boren Doolittle Hart
 Boustany Drake Hastert
 Bradley (NH) Dreier Hayes
 Brady (TX) Duncan Hayworth
 Brown (SC) Ehlers Hefley
 Burgess Emerson Hensarling
 Burton (IN) English (PA) Herger
 Buyer Everett Hobson
 Calvert Feeney Hoekstra
 Camp (MI) Ferguson Hostettler
 Campbell (CA) Fitzpatrick (PA) Hulshof
 Cannon Flake Hunter
 Cantor Foley Hyde

Saxton
 Schmidt
 Schwarz (MI)
 Sensenbrenner
 Sessions
 Shadegg
 Shaw
 Shays
 Sherwood
 Shimkus
 Shuster
 Simmons
 Simpson
 Smith (NJ)
 Smith (TX)
 Sodrel
 Souder
 Stearns
 Sullivan
 Sweeney
 Tancred
 Taylor (NC)
 Terry
 Thomas
 Thornberry
 Tiahrt
 Tiberi
 Turner
 Walden (OR)
 Walsh
 Wamp
 Weldon (FL)
 Weldon (PA)
 Weller
 Westmoreland
 Whitfield
 Wicker
 Wilson (NM)
 Wilson (SC)
 Wolf
 Young (AK)
 Young (FL)

NAYS—197

Engel
 Eshoo
 Etheridge
 Evans
 Farr
 Fattah
 Filner
 Ford
 Frank (MA)
 Gonzalez
 Green, Al
 Green, Gene
 Grijalva
 Gutierrez
 Harman
 Hastings (FL)
 Herseth
 Higgins
 Hinchey
 Hinojosa
 Holden
 Holt
 Honda
 Hooley
 Hoyer
 Inslee
 Israel
 Jackson (IL)
 Jackson-Lee
 (TX)
 Jefferson
 Johnson, E. B.
 Jones (OH)
 Kanjorski
 Kaptur
 Kennedy (RI)
 Kildee
 Kilpatrick (MI)
 Kind
 Kucinich
 Langevin
 Lantos
 Larsen (WA)
 Larson (CT)
 Leach
 Lee
 Levin
 Lewis (GA)
 Lipinski
 Lofgren, Zoe
 Lowey
 Lynch
 Maloney

Sanchez, Loretta
 Sanders
 Schakowsky
 Schiff
 Schwartz (PA)
 Scott (GA)
 Scott (VA)
 Serrano
 Sherman
 Skelton
 Slaughter
 Smith (WA)
 Snyder
 Solis

Spratt
 Stark
 Strickland
 Stupak
 Tanner
 Tauscher
 Taylor (MS)
 Thompson (CA)
 Thompson (MS)
 Tierney
 Towns
 Udall (CO)
 Udall (NM)
 Upton

NOT VOTING—3

Brown-Waite, Franks (AZ)
 Ginny Hastings (WA)

□ 1523

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. FRANKS of Arizona. Mr. Speaker, on rollcall No. 621 (final passage H.R. 4297), had I been present, I would have voted "aye".

VACATING ORDERING OF YEAS AND NAYS ON H.R. 1400, SECURING AIRCRAFT COCKPITS AGAINST LASERS ACT OF 2005

Mr. PUTNAM. Mr. Speaker, I ask unanimous consent that the House vacate the ordering of the yeas and nays on the motion to suspend the rules and pass H.R. 1400 to the end that the Chair may put the question on the motion de novo.

The SPEAKER pro tempore (Mr. BASS). Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 1400, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

PRIVILEGES OF THE HOUSE

Ms. PELOSI. Mr. Speaker, pursuant to rule IX, I rise in regard to a question of the privileges of the House, and I offer a privileged resolution.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read the resolution, as follows:

H. RES. 591

Whereas the recurring practice of improperly holding votes open for the sole purpose of overturning the will of the majority, including bullying and threatening Members to vote against their conscience, has occurred eight times since 2003, and three times in the 109th Congress alone;

Whereas on November 22, 2003, the Republican Leadership held open the vote on H.R. 1, the Prescription Drug Conference Report, for nearly three hours, the longest period of time in the history of electronic voting in the U.S. House of Representatives;