The Senate met at 12 noon and was called to order by the Honorable JOHN E. SUNUNU, a Senator from the State of New Hampshire.

PRAYER
The Chaplain, Dr. Barry C. Black, offered the following prayer:

O God, we take refuge in You. Thank You for guiding us through life’s trials and for giving us songs in the night. Strengthen the Members of this body for their important work. Guide them to make decisions that will accomplish Your purposes in our world. Give them an abiding sense of Your presence and an awareness that they are never alone. By Your grace, lead them through the seasons of their labors, through tough times as well as tranquil periods.

Give all of us the discernment to see what You are doing in our day and the willingness to be part of what You are making happen for humanity’s good. Deliver us from missing opportunities to serve You because we are preoccupied with life’s trivia. Lead us from darkness to light and from chaos to calm.

We pray in Your Holy Name. Amen.

PLEDGE OF ALLEGIANCE
The Honorable JOHN E. SUNUNU led the Pledge of Allegiance, as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE
The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,

To the Senate:
Under the provisions of rule 1, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JOHN E. SUNUNU, a Senator from the State of New Hampshire, to perform the duties of the Chair.

TED STEVENS,
President pro tempore.

Mr. SUNUNU thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER
The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE
Mr. FRIST. Mr. President, this week, we are beginning with the House message on the Taxpayer Relief Act. This bill passed the Senate on February 2 by a vote of 66 to 31. The House has appointed conferees, and we are now talking up that message to appoint Senate conferees. There will be motions to instruct the conference that will be offered by the other side. They have provided us with a list, and we hope they will not all be offered. We will be discussing that shortly after the opening this morning.

In any event, we will begin the process of appointing conferees with votes on the motions to instruct. As I announced on Friday, we will debate the motions today and stack the votes to begin around 8 o’clock this evening. Therefore, we do expect votes to begin at that time. We may decide to have some of the votes on Tuesday morning, depending on how many of these motions to instruct the other side offers, but we will make that determination after we discuss what will be offered, and hopefully, during the course of the afternoon, I am sure that will settle out. I will reiterate that we will be in session into the evening with those votes.

This is the last week of legislative business before the Presidents’ Day recess. We will first appoint conferees on the tax bill, and we will return to the asbestos bill after we address the tax bill over the course of today and likely into the early morning tomorrow.

We have a point of order pending on the asbestos bill, and Senators will desire some further debate before we vote on that waiver motion. We will be conferring with Senators on both sides to determine the best time for that vote.

Finally, I also mention that we need to address the PATRIOT Act before we leave. It is a bill that addresses concerns on both sides of the aisle, and we will proceed to that bill before finishing the week. Senators should not plan to depart early this week. As my colleagues can tell, we...
have a very busy week planned with the three matters I have mentioned.

In addition, I hope we will be able to proceed with appointing conference to the pensions bill as well. It will be a full week, and I will be updating Members as the week proceeds, but it will be a week that will require votes today, Tuesday, Wednesday, Thursday, and Friday to complete our business.

Mr. REID. Mr. President, through the Chair to the distinguished majority leader: how many votes does the majority leader intend to have tonight?

Mr. FRIST. Mr. President, through the Chair in response, it really depends on how many of these motions we have. They are coming from the Democratic side of the aisle, and although a list has been provided, how many actually will require a vote—I would think we would have at least two tonight, and then if there are a lot of motions, we would have to have more tonight because we do need to complete whatever votes there are tomorrow and then get back to the asbestos bill in the morning to continue to address the waiver of the point of order.

Mr. REID. Mr. President, the distinguished majority leader mentioned the PATRIOT Act. While the Presiding Officer is in the chair, I express my personal appreciation for the many hours of work he put forth in resolving the PATRIOT Act dispute. It was a bipartisan problem. The distinguished junior Senator from New Hampshire worked long and hard to come up with a conclusion. I appreciate being advised during the process as he was visiting with the White House. Of course, as has been said, the Presiding Officer didn’t get everything he wanted; certainly I didn’t, but it is a much better piece of legislation than when it came back from the House. So I compliment and applaud the Senator from New Hampshire for his hard work.

I ask through the Chair to the distinguished majority leader, we are ready to move forward on this legislation. As has been explained by the Senator from Tennessee, we have at least one Senator who is going to make us go through all the procedural hoops, so that will take some time. But the vast majority of the Senators over here want this matter to move forward, and we will offer help in any way we can to move this along, with the understanding that there are some who want to make sure that all of the procedural hoops are jumped.

Mr. FRIST. Mr. President, in brief response, as I outlined, we are ready pretty soon to go to the PATRIOT Act. I agree, the negotiations which have taken place under the leadership of the Presiding Officer have gone smoothly, and I think we are going to have an overwhelming vote in the Senate. The House, through their leadership, has expressed support, as I believe the administration wishes should be announced. I do wish to make a request of our colleagues that although there are procedural hoops which we can be made to jump through, I don’t think it is in the best interests of the American people to unduly delay this important bill that essentially, at least by statements today, is going to have overwhelmingly, strong support.

We don’t have a lot to do this week, and we will use the time as effectively and efficiently as possible. But if we keep having delays such as people coming back tonight to vote on motions to instruct, on which we could argue as to how useful that actually is, or we have to turn two more roadblocks based on this bill, it is going to be impossible for us to move ahead and move the country forward when we have so much important legislation. So I think we can complete all of our business this week, but it is going to take a lot of cooperation on both sides of the aisle not to throw too many procedural roadblocks in front of us.

I yield the floor.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The minority leader is recognized.

SENATE AGENDA

Mr. REID. Mr. President, we do have eight motions to instruct. I doubt very seriously that any of them will pass. I will say this: This is the procedure, and if the minority wanted to stall this budget reconciliation conference, we could do that. Under the rules of the Senate, we could have, instead of the 8 motions to instruct, 80 or 800. We are not in any way trying to prevent this legislation from going through. As bad as it is, we recognize that we have had a fair shot at it on the floor on a number of occasions. But the eight instructions are instructions that are well taken, and we believe the conferees will follow these instructions. We don’t know if any of them will be agreed to. We certainly hope so, but it is certainly something that is worth debating.

I was surprised to hear that the distinguished majority leader, when he announced we were going to this piece of legislation, this budget matter, did not call it what it has been called for more than a year; that is, the Budget Deficit Reduction Act of 2005. I guess if you are rich, it is a Taxpayer Relief Act, but for the poor and middle class, it increases the deficit and it is not a fair piece of legislation.

On asbestos, I believe there are two groups of people who really need to wake up: the Members of Congress, and those people who, through no fault of their own, get the dreaded mesothelioma and they die, and asbestos, which is aggravating and serious, and they die; one just takes longer than the other. The goal of the Senate should be to make sure these two groups of victims are compensated for their pain and suffering, which came about through no fault of their own. And we want to try to avoid the bad cases, the ones that are taking too much of the court’s time and taking valuable resources from these people who are really sick.

A commitment to the junior Senator from Texas, Mr. CORNYN, that I believe we need asbestos legislation. I really do believe that. I have told him I would be happy to work with him and Senator DURBIN, as my designee, to try to come up with legislation that is patterned after successful programs in Illinois and Texas, where there is medical criteria set up.

For example, in Illinois, they have a pleural registry where people are able to list their names if they work around asbestos; the statute of limitations is tolled, and then if something happens to them down the road, they are not prevented from going to court as a result of the statute of limitations. It would do away with the bad cases.

And I think we are committed to coming up with legislation such as that. Senator CORNYN offered some, but there wasn’t an ample amount of time to debate his suggestion, and that is too bad. But we are willing to work with him on something similar to what he came up with. I believe it is important that we do that, and I am certainly making a commitment that we will work to see what we can come up with on medical criteria legislation to, in effect, get rid of the bad cases and allow these two sets of victims to move forward.

This FAIR Act we have before the Senate is anything but fair. I have explained how this bill will harm victims by trapping them in irreparably defective and doomed to failure.

One of the primary reasons the trust fund is doomed to fail is because of unrealistic and sloppy calculations that led to the $140 billion trust fund in the first place. In designing this bill, the bill sponsors have not adequately assessed the number of future claims by asbestos victims, the borrowing costs necessary for the trust fund to function, and the administrative costs associated with operating the trust fund and claims system.

Last August, the Congressional Budget Office estimated the program could generate as much as $150 billion in claims, leaving the trust fund way short, billions of dollars short. As I have explained, even that figure understates the problem because the bill does not adequately take into account the trust fund’s borrowing costs, further depleting the compensation available to victims.

I do wish the $140 billion that approximately $8 billion will be borrowed before the first decade, an amount that will saddle the fund with huge debt-
service costs over the life of the program. The Senate Budget Committee, through its own analysis, also concludes that taxpayers will have to finance a significant amount of the fund’s debt service. Contributions to the fund will occur over a 30-year period, ending in the middle of the claims that are expected in the early years of the program. That is what the borrowing is all about.

I have spoken to Karl Rove, one of the President’s top men. He is talking about setting up some kind of a task force made up of Members of Congress and others to look at the huge costs that are out there. They are getting higher every day. We will have a vote in the next few weeks on increasing the debt ceiling from $3.2 trillion to—I don’t know how high the administration wants it raised. If people are concerned about the deficit, they have to look at this bill before the Senate, this asbestos bill, and be concerned about it even less solid fiscal footing than CBO. For instance, the Bates White economic consulting firm has concluded the program will cost as much as $600 billion or more. This is not some front by the asbestos lawyers. It amended its analysis and found another $90 billion error in CBO’s analysis because the CBO underestimated the number of cancer victims who will likely file claims.

The pending question on this bill is a long-term budget ceiling order by Senator ENSEN, my colleague from Nevada. The 2006 budget resolution prohibits any net increase in direct spending in excess of $5 billion in any of the four 10-year periods from 2016 through 2055. Based on its own estimates, which are inadequate, the CBO concluded that enacting the asbestos bill would violate that spending prohibition.

In the substitute bill, the bill’s sponsors attempted to cure these budgetary concerns and assured this body that there will be no Federal borrowing. Their efforts failed. First, the substitute bill’s supporters believe it is even less solid fiscal footing than CBO. Once programs start, these entitlement programs do not cut them off. Despite the bill’s sponsors’ best efforts, the bill continues to have enormous financial implications for the Federal Government and the American taxpayers.

Federal spending on asbestos claims facilitated by this bill will violate the 2006 budget resolution and require borrowing of taxpayer dollars in order to function.

Again, the budget point of order is valid and should be sustained. But if the point of order is sustained, that will not stop the asbestos debate. We need to do something. I have stated now, today, for the third time, I am committed to work with Senator CORNYN, and Senator DURBIN is my designee to work with him to come up with an approach that will allow these asbestos cases that are bad to get out of the system. We can move forward on this issue. But the pending bill is not the way to do it. It is a bad bill, and in light of the serious budget problems we are having in the country, with an $3.2 trillion debt ceiling about to be violated, it is important that we get this bill off the floor and do other things.

One of the things we will continue to do is, this year, work on the asbestos litigation problem.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

TAX RELIEF EXTENSION RECONCILIATION ACT OF 2005

The ACTING PRESIDENT pro tempore. Under the previous order, the House message to accompany H.R. 4297.

The Acting President pro tempore laid before the Senate a message from the House of Representatives disagreeing to the Senate to the bill (H.R. 4297) entitled "An Act to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006," and asks a conference with the Senate on the disagreeing votes of the two Houses thereon.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate insists on its amendment and asks for the request of the House for a conference.

Who yields time?

Mr. LOTT. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. The Senator is recognized.

Mr. LOTT. Mr. President, it is Monday at noon and I think the people’s business needs to boomerang rather than later, in the daylight rather than at night, so I rise to point out my concern that the Senate continues to fiddle while Rome burns. I have no idea why there is a justification for up to 10 hours of debate and multiple motions to instruct on this tax reconciliation. We have been through this already multiple times. This convoluted procedure is, in my opinion, very unhelpful for the legislative process and for the relationship between the two sides of the aisle. There is no need for this. The Senate has voted twice already on this and 66 Senators are for this bill—or 68, 66 and 68. Go back and look at the RECORD. So we are going to go to conference.

Let’s let these motions to instruct prevail. By the way, they are outrageously ridiculous, anyway. Nobody pays any attention to that. I hope to be a conferee. Do you think I am going to pay any attention to any motions to instruct me? Baloney.

The Senate leadership that is responsible for the way we do our business and the way we appear to the American people needs to get a grip on this situation. The very idea that there would be even 7 motions to instruct, let alone 8, 9, 10—we have to stop this. We have had our chance to make our speeches. We don’t need to eat up 3, 5, 10 hours of debate on this bill. What in the heck are we going to say? Are we going to talk about the snow event this weekend? Nobody is going to be snowed by what we are going to do.

The Senate leadership that is responsible for the way we do our business and the way we appear to the American people needs to get a grip on this situation. The very idea that there would be even 7 motions to instruct, let alone 8, 9, 10—we have to stop this. We have had our chance to make our speeches. We don’t need to eat up 3, 5, 10 hours of debate on this bill. What in the heck are we going to say? Are we going to talk about the snow event this weekend? Nobody is going to be snowed by what is going on here. This is delay and obstruction. We need to find a way to get over this. I realize Senators have their rights to have motions to instruct. But how can we move this process forward?
people are concerned about the future and their retirements. Will the retirement benefits be available to them and to their children? Will they be there when they need them? Will they be portable? We need pension reform. We need certainty in pensions. People need to know how they are going to do about aviation pensions? Airlines are having a difficult time. They are teetering in the balance. At least a couple of them are prepared, if they have to, to enter into bankruptcy and walk away from their pensions. But they don’t want to. They want to do the right thing. They don’t want the taxpayers to be saddled with these pensions that airlines unfortunately quite often agreed to in the past. They want some way to make sure those pensions are protected.

I urge my colleagues on both sides of the aisle, and the leadership, to find a way to move forward, to appoint conferees on the pension bill, so we can stop the issue that worries people. Why should it take days or weeks to appoint conferees on a bill that is broadly supported, is going to be bipartisan, and is important to the working men and women of America?

I know a lot of this goes on in making these appointments. You have to decide on the numbers and you have a lot of Senators who would like to be conferees. But I plead with our leadership to find a way to get the conferees appointed—not tomorrow, but Wednesday—today, because we are fiddling while people’s pensions are burning. It concerns me.

I am glad to be here. I am here. I am perfectly willing to be a pain in the neck as the day and the night, and the hours, and the minutes, and the seconds, and the moments, and the instants, and the fractions of instants, and the nanoseconds, and the picoseconds, and the femtoseconds to get this thing through. We are touching the finish line of the Senate. It is subject to a lot of abuse, no matter who is in power.

Mr. GRASSLEY. Mr. President, earlier this month we began and finished the second floor debate on the tax relief reconciliation bill. At that time, I spoke in recognition of Groundhog Day because it was just around the corner. I have next to me that portrait of Punxsutawney Phil. Phil is the groundhog.

In thinking of Phil and his unique form of weather reporting, I thought about that popular film entitled “Groundhog Day” starring Bill Murray in which a man relives the same day, Groundhog Day, over and over again. This film has taken on even greater significance for me as I seem to be in a similar situation for the third time. More than just the sense of deja vu, I feel as though I am reliving a couple of past experiences, and before these several votes tonight or tomorrow, I think everybody will agree with me.

I have before you another chart. The chart shows a scene from the Bill Murray movie “Groundhog Day.” From this movie is a picture of Phil, the groundhog, driving the car and Bill Murray is there with him. Bill Murray is in this case the copilot. Phil is driving the car. You see Phil with his paws on the wheel and Bill Murray with his copilot seated behind him.

As I said just now, I feel like the Bill Murray character in the movie. It seems we are reliving the same events over and over again. We are going through the same debates over and over again.

For those who watch C-SPAN regularly—probably not too many Americans—they know what I am talking about because it was 2 weeks ago we were debating the tax reconciliation bill, the same tax reconciliation bill we were debating back in November, and the same debate we had a couple of weeks ago.

I will summarize the floor process we have been going through this bill.

At 11:08 a.m. on Wednesday, February 1, 2006, I opened the second Senate floor debate on this bill. The rollcall vote on final passage occurred at 9:42 p.m. on Thursday, Groundhog Day, 2006. All the time permitted for debate under reconciliation—20 hours—was used in the second floor debate—again, Groundhog Day.

Three Senators were not here for the final vote. There was a total of eight rollcall votes tonight that day, including the vote on final passage.

You will recall that, as I said, this was the second time. I hope you will recall I said then that we actually had debate earlier in November on the very same bill. The very same bill is this bill right here. S. 2020, the Tax Reconciliation Act.

We started that debate at 3:35 p.m. on Wednesday, November 16, 2005. For 20 hours on Wednesday, Thursday, and into Friday we debated this bill. S. 2020. A total of 80 amendments was filed, and 7 of those amendments were agreed to. The liveliness of the legislation culminated in 18 rollcall votes.

The ACTING PRESIDENT pro tempore. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that all quorum calls which we might have on the pending issue be equally charged to both sides.

The ACTING PRESIDENT pro tempore. Is there objection? It is so ordered.

S1080 CONGRESSIONAL RECORD—SENATE

February 13, 2006
The final vote on passage came at 12:05 in the morning of Friday, the 18th of November, 2005. According to the Secretary of the Senate, 97 of us were there for that vote. I must not be the only one who is reliving this experience of Groundhog Day over and over again.

There is only one Senator whom I’ve never had to appoint conferees and get to work ironing out the differences between the House and the Senate. 

Without a doubt, we have gone through this exercise twice. When is debate on the same subject enough for the Senate? In the face of the multitude of other important issues this body needs to deal with, does the Democratic leadership want to rehash and repeat the recent debate? In my opinion, there is no need to do so. The tax reconciliation bill has already passed the Senate. The Senate is the only body that has acted on this legislation. The Senate debate was the same length as the House debate. The Senate debate lasted 147 pages long, and the second bill, H.R. 4297, as amended, is 363 pages long. The bills are very close to the same length.

What happened in between was between November and February. The Senate removed the Hurricane Katrina provisions and interest suspension provision because those proposals became law in a separate piece of legislation in November 2005. Removing the Katrina provisions and the interest suspension provision accounted for a reduction of 63 pages from this bill. The five amendments agreed to during the second floor debate added 14 pages to H.R. 4297.

Again, except for those five amendments that were put in, plus the Katrina provisions taken out, most all of this bill is pretty much the same. So why are we debating this for a third time, November of last year, 3 days, 2 days this year, on February 1 and February 2, and now back here again this very day, February 13?

My point is these two bills are virtually the same. The Senate basically debated the same popular, bipartisan bill twice, and we are going through another one of these purposeless delays at the insistence of the Democratic leadership again today, and it may take us 1 day.

As we consider what they are going to offer—we refer to them as motions to instruct the conferees—to the bill, we are going to go to conference on H.R. 4297 to work out the differences between the House and Senate. I have to ask my colleagues: Why are we still doing this? Didn’t we already go through this exercise? Shouldn’t we be finished with the Senate debate? For me, the answer to those questions is there is no need to be here. All you have to do is in 5 seconds appoint conferees and get to work ironing out the differences between the House and the Senate.

February 13, 2006
CONGRESSIONAL RECORD — SENATE

I will use some charts that describe different provisions of this legislation and how it affects the constituents of each of the Senators, on a State-by-State basis. The data is from the Internal Revenue Service. It is the latest available in the first 6 months of the year 2006. Congress does not consider the tax problems of citizens in the various States for taxes in the year 2006. I apologize for not having more up-to-date information. I suggest to people who are considering the figures on the charts to more than double the figures; that will be a rough State-by-State idea. Let us look at a chart, comparing along with the alternative minimum tax. This tax will hit 20 million Americans if we do not pass this legislation. It is not on the taxes they will file for 2005 because we are talking about the year 2006. These are the alternative minimum tax 12 months from now, when people file their taxes. I urge their constituents to pass this legislation.

When do you start a tax year, you ought to have some idea what the tax laws are going to be for the next 12 months and into the future. That is why this legislation should have been passed in conference last fall to get a permanent solution so people earning money on January 2, 2006, would know they would not be hit by the alternative minimum tax.

The basis of the bill the Senate passed and the bill that is once again before the Senate is the extension of the AMT hold harmless, so that no additional number of people will be hit by the alternative minimum tax. Everyone who is participating in this deliberate strategy of delaying our entry to conference to work out the difference between the House and the Senate is delaying the certainty these millions of American families deserve. Again, it affected 8 million in 2003. That figure now is 20 million in 2006. For my State of Iowa, it is 65,000 taxpayers. It is probably tens of thousands more now. In Nevada, there are 68,000, with a lot more than 68,000 being hit in 2006.

Those are the facts on the alternative minimum tax. Look it up in the Internal Revenue Code. The AMT relief provisions expired December 31, 2005. I ask my friends and the Democratic leadership to look at the calendar: 1½ months have passed, and the alternative minimum tax has not been extended to prevent 20 million Americans from being hit by a tax on income earned in 2006; earning the same income in 2005, they would not have had to pay that tax. The AMT hold-harmless provisions are the cornerstone of this legislation. It is the cornerstone of a bill that the Democratic leadership is delaying. I don’t want to hear people talk about the alternative minimum tax problem and at the same time delay real action to help those millions of tax-paying families. I suggest we may hear that.

This bill also includes another provision, broadly popular and broadly applicable in its tax benefits. I will talk about it beyond the alternative minimum tax. This chart shows deductibility of college tuition, first inaugurated in the tax bill of 2001. This is a benefit for families who send their kids to college. By definition, this benefit goes to middle-income families. A lot of these families are not low income so their kids
possibly do not qualify for Pell grants. They are not high income either. All they have to do is have mom and dad write out a check, and they go to college. These are families that get the full benefit of the deduction if they make up to $65,000 as a single person or up to $130,000 as a couple.

The reason I say it is conserved on the middle income is because above those figures the benefit phases out. A lot of these families are paying significant Federal, State, and local taxes, and they get no help in defraying the high costs of their kids’ college tuition. This tax deduction provides help for these hard-pressed, middle-income families with a benefit and furthers a very important national goal that we try to give attention to, the support for higher education. This deduction runs out at the end of this year, 2006. These families next year will face tax increases if we do not act on this bill. We ought to act on it now, although it does not pass out until the end of this year. During the spring, people anticipate their capability of sending their kids to college. If they cannot count on this, they have to dig up money someplace else for their kids to start college in September, which carries over into 2007.

The chart before the Senate shows the number of families, on a State-by-State basis, that benefit from this deduction. I emphasize that these are 2003 State basis, that benefit from this deduction on a State-by-State basis, who take advantage of this deduction. This deduction needs to be reenacted or there will not be incentive to save. The bill before the Senate also extends another needed tax deduction. This is for teachers who buy their own supplies for their students. This provision was developed by Senators Warner and Collins. It makes whole teachers who go that extra mile to pay out of their own pocket classroom expenses. Who is going to argue with a devoted teacher whose school district does not provide enough supply if she wants to spend out of her own salary, to buy supplies? That proves the dedication of our teachers.

I will point to the number of teachers included on the chart, on a State-by-State basis, who take advantage of this deduction. This deduction needs to be reenacted for these teachers to have the certainty that money they will spend today will be deductible from the taxes they file 12 months from now. Again, in my State of Iowa, almost 34,000 Iowa teachers benefit from this. Another State we could look at would be Nevada, where 22,000 families benefit.

Is there any reason this help to teachers—who are good teachers but want to make better use of their talent, to make sure their students have adequate supplies—why that should not be reenacted, and why, this very day, in classrooms across America, teachers are worrying about whether they are going to have this benefit to reimburse them for going that extra mile?

Now, there is another item in this bill which I do not have shown on a chart. But this bill extends what we call small business, small business, expense, so that anything which is depreciable, on an increased amount of money of up to $100,000, can be expensed in 1 year rather than spreading it out over a period of 5 to 10 years. Many small businesses use this benefit to buy equipment on an efficient, after-tax basis.

This is very good for small business. Small business creates 70 to 80 percent of the new jobs in America. So it is a job-creation tax incentive. It is good, then, for workers in these small businesses. Obviously, if you employ more people, you end up with greater economic growth in the country.

The final chart I have deals with the tax deductibility of the State and local sales tax deduction. This applies to the States of Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming.

This bill helps 12.3 million taxpayers in your States. Tennessee is one of these States. It is the home State of our majority leader. He has worked hard to get this bill to the floor. For the third time now, our majority leader, Senator BILL FRIST, has worked hard to move this bill into conference. I want the good people of Tennessee to know about this.

Now, another State that could benefit when we get this passed is Nevada, the home State of our Democratic leader. Unfortunately, this bill is going through another process of holding it up. Another day of debate, another day of holding the people in these States who have deductibility of their State taxes do not know whether, come 12 months from now when they are filing their income tax on income earned in 2006, it will be deductible.

So I would ask them to focus on the taxpayers of these respective States. I still hold out hope that the Democrat leadership will see the light. I hope they will work with me to guarantee that the folks in their States will be able to deduct the sales taxes this year. This is the third time, then, this bill has been delayed.

This is a bipartisan bill with a bipartisan consensus. This needs to pass. Maybe the third time will be a charm. Maybe we will finally get this bipartisan bill to conference because you do not get bills to conference around here that are not bipartisan because when you only have 55 Republicans in the Senate, there is no way, even when all of us vote alike—and we do not vote alike—we can move a bill to conference. So it has to be bipartisan. You have to have Democratic support. So in this particular instance, we have 15, 16, 17, roughly, of the Democrats voting for it.

Every Senator ought to help us pass this bill because of the provisions I just went through on these charts which are included in the bill. But there are also other reasons for supporting this bill.

Our bill addresses expiring business and individual provisions that are known as extenders. These provisions include items such as the research and development tax credit and the work opportunity tax credit. This bill also includes many of the charitable incentives introduced in what we call by the acronym the CARE Act and which provisions have previously passed the Finance Committee and passed the entire Senate.

In this regard, in regard to the CARE Act, in regard to the R&D credit, I have to give particular applause to Senators SANTORUM and BAUCUS in working with me to balance these incentives with several of the much-needed reforms that are supported by the charitable sector, the Treasury Department, the IRS, and donors and taxpayers to make sure charitable giving is not abused.

Last, but not least, this bill contains loophole closers and tax shelter-fighting provisions that raise revenue.

This bill is bipartisan.
Ms. DAVIS. Mr. President, I wish to separate the committee report from the Senate amendments to the bill H.R. 4297 (to provide for reconciliation pursuant to the Senate amendments to the bill). The Senate amendments to the bill S. 1083 (calendar matter) were agreed to by the Senate on February 6, 2006. These are the wrong priorities for America, and the motion I offer today gives the Senate a chance to set things right. My motion says it is wrong to give away $50 billion in tax breaks for the wealthy while cutting $50 billion from Medicare, Medicaid, and other health care needs. If we are honest about reducing the deficit and strengthening the economy, we need to stop lavishing tax breaks on the rich and start investing in the health and well-being of all families. There is the crisis facing working families more apparent than in health care.

Overall costs are soaring. Families have been losing their health insurance at the rate of 4,000 people per day—since President Bush was elected. Close to 2 million Americans in 2001 were involved in medical bankruptcy—an increase of 2,200 percent from 1981. Around 50 percent of all bankruptcies in America occurred, at least in part, by illness or medical debts, and of those, 60 percent were caused by high medical bills. High drug costs were responsible for half. Most involved had some health insurance but suffered from coverage gaps. Out-of-pocket medical costs averaged $11,854. For cancer patients, out-of-pocket costs averaged $35,878.

These are not people trying to game the system. In the 2 years before filing for medical bankruptcy, 22 percent of filing families went without food, 30 percent had a utility shut off, 50 percent failed to fill a doctor's prescription, and 61 percent went without needed medical care.

Let's look especially at what Republicans are doing to Medicare and Medicaid. The Medicare Program is key to promoting a real culture of life in America. A third of all mothers giving birth receive their care through Medicaid already enacted, the President lies subject to the new premiums lost coverage. In Oregon, around 100,000 will lose coverage over 5 years; 65,000 enrollees will lose coverage over 10 years; 60 percent of those losing coverage will be children; 13 million of the poor Americans will be forced to pay more for prescriptions by 2010; and 20 million will have to pay more by 2015.

You may ask where we get these numbers; do they represent what is happening to you? All you have to do is look at the examples. It is already happening in States across the country. In Maryland, a quarter of the families subject to increased premiums disenrolled, and those premium increases were extremely modest. In Oregon, higher costs caused disenrollment, and 67 percent of those who disenrolled became uninsurably. The list goes on. In Rhode Island, nearly one in five families subject to the new premiums lost coverage. In Vermont, 11 percent disenrolled for nonpayment 1 month and the premium increase for the insurance is what is happening. This is an attempt to destroy the Medicare and Medicaid systems, make no mistake about it.

Not satisfied with the cuts in Medicaid already enacted, the President's budget proposes another $14 billion in reductions in the program that meets the health needs of the poorest Americans. Some will try to say this does not have any effect on a family's health, but the facts say otherwise. When copayments rise for the poorest, health declines. This chart reflects a study of the Journal of the American Medical Association. It shows that increased copayments for medication for poor families caused an 88-percent increase in adverse events. This is from a study by the American Medical Association. The reference is printed in the Journal of the American Medical Association. This is what happens with copays: a dramatic increase in serious adverse events. You almost have a doubling of adverse events when individuals are required to pay more than $3.

Look at what happens in this chart: A 78-percent increase in emergency room visits when a copay is required. This represents emergency visits with...
no copay, and this is with a nominal copay. With $3 to $4 for the copay, we see a significant increase in emergency visits.

What is the result? It is going to cost the system a great deal more money. This dollar foolishness has the potential for an adverse event or who need prescription drugs in order to prevent a disease from continuing to disable them.

This debate isn’t about statistics. It is about the real harm these severe cutbacks will do to the most vulnerable Americans. A single mother with two children who makes $8 an hour currently pays $3 when she visits the doctor, and she does not have any cost sharing when her children go to the pediatrician. Under the new law, the mother who is under the care of a pediatrician with an ear infection, she may be charged $20. When she goes to a doctor for treatment and tests for diabetes, she will be charged $50, and she will have to pay as much as $652 a year. This is what we get as a result of Medicaid cuts, as the chart before us showed. A single mother with two children earning $25,000 a year now pays no premiums or cost sharing for her children’s medical care and pays $2 copayments for herself under the existing system. Under the new law, she will now be charged monthly premiums for Medicaid coverage for herself and her children. Even if she manages to pay the premiums, she may now have to pay $40 for a pediatric visit. And she will have to pay as much as $1,250 for Medicaid.

This is the wonderful Republican scenario. We’ve had no increase in the minimum wage; it has been 9 years and no increase in the minimum wage. And we are going to put more pressure on that mother, who is making $25,000 and has two children, for her family’s health care. Why? Because we want some $30 billion more in tax breaks for the wealthiest individuals. That is what this is all about. Being in the Senate is a question of voting on priorities. The Senate will have a chance to say whether they want to give $50 billion more to the wealthiest individuals, or take it off the table with a tax cut. And we have put it back in the Medicare and Medicaid Programs which this President has cut, and now into the next several years.

The President’s policies, if enacted, will cause serious hardship for the most vulnerable Americans. But the administration’s cuts to Medicaid are not the only assault on our health plans. The botched Medicare drug plan and the President’s Medicare cuts further harm working families. When it comes to the new prescription drug benefit, we had a good Medicare bill in the Senate, supported by a broad, bipartisan majority. Over 70 votes supported it. But that bill was hi-jacked once the White House entered the negotiations. Ideology trumped common sense. Instead of building on the Medicare Program that seniors know and trust, the drug bill was turned over to HMOs and private insurers. And the Secretary of Health and Human Services has blocked Medicare from negotiating the same kind of discounts for seniors that the VA is able to get for veterans. In order to promote competition under this part, and in carrying out this part, the Secretary must deal with the negotiations between the drug manufacturers and the pharmacies and the Prescription Drug Providers. There is, That effectively prohibited the administration from being involved. They pay effectively almost what the companies want.

Who is going to gain? If all of these seniors and disabled Americans are losing, we have to ask: Who wins from the Republican drug plan? Someone must win. The answer is clear. The drug companies and the insurance industry win. The Republicans turned Medicare into the “sugar daddy” for the insurance industry by dollying out $67 billion in subsidies. Here is the latest chart: $67 billion, with a $10 billion slush fund for the drug companies and the insurance industry win. The Republicans turned Medicare into the “sugar daddy” for the insurance industry by dollying out $67 billion in subsidies. Here is the latest chart: $67 billion, with a $10 billion slush fund for the drug companies and the insurance industry win. The Republicans turned Medicare into the “sugar daddy” for the insurance industry by dollying out $67 billion in subsidies. Here is the latest chart: $67 billion, with a $10 billion slush fund for the drug companies and the insurance industry win. The Republicans turned Medicare into the “sugar daddy” for the insurance industry by dollying out $67 billion in subsidies. Here is the latest chart: $67 billion, with a $10 billion slush fund for the drug companies and the insurance industry win. The Republicans turned Medicare into the “sugar daddy” for the insurance industry by dollying out $67 billion in subsidies. Here is the latest chart: $67 billion, with a $10 billion slush fund for the drug companies and the insurance industry win.

People back home in Massachusetts ought to understand that the story is the same all across America today. Retirees are being dropped. Low-income seniors are paying more in premiums. The dual eligible is also losing. Premiums are costing more than the benefits. This is another $15 billion that will lose under the Republican Medicare law. You add those together, and you have 15 million beneficiaries who are somehow going to lose. That is the reality.

Now what about windfall profits for the drug companies? This chart represents the difference between the money that is being paid now in this particular Medicare program and what would have been paid to drug companies if they had negotiated with the administration, similar to the VA system. So now we have to pay $67 billion to the HMOs and $139 billion to the drug companies. That makes over $200 billion, adding the $67 billion and the $140 billion, $300 billion. Mr. Senior Citizen. We could have given $67 billion to the insurance industry. Those are the sweeteners in the Medicare prescription drug benefit.

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Now who are the winners in this Republican scenario? Who are the people who will get hurt are going to be those who have the potential for mental illness have been denied the medications they need to maintain their health. The answer is clear. The drug companies and the insurance industry win. Those are the sweeteners in the Medicare prescription drug benefit.

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Bush propose to kick the insurance industry and companies out of Medicare and provide a real benefit? The answer is "no." Instead of strengthening Medicare, the new budget proposes $36 billion in Medicare cuts over the next 5 years. Ten percent of Medicare.

The Medicare cuts will mean higher premiums for seniors and the disabled. This will result in reductions in the quality of care at hospitals and at home health agencies. In my State of Massachusetts, President Bush's Medicare cuts will mean that our hospitals will have to cut their budget by $213 million, home health agencies by $50 million, nursing homes by $150 million.

Cutting public health programs mean that our State program to screen newborns as early as possible for hearing loss will be eliminated. Seventeen rape crisis centers across the State would face significant financial hardship. Our programs on violence prevention and the poor will be hurting. Republicans fought against Medicare and Medicaid tooth and nail when Democrats fought to create those two important programs in the 1960s. We were here on the Senate floor in 1964 when Democrats fought to create Medicare and Medicaid. Now they are at it again.

In the budget the President just submitted to Congress, no health priority is safe. Medicare, Medicaid, cancer research, newborn screening, trauma services for children, and many other essential programs will be severely reduced or even eliminated.

Look at this, Mr. President. Here is how these cuts affect the budget and undermine medical progress. This is how much they would need to have current services, to keep the inflator in the Medicare prescription drug benefit. Take the National Cancer Institute.

Right now, we are in the age of the life sciences—when the human genome project, the sequencing of the genome, potential stem cell research, and a whole range of different opportunities. Right now, under the human genome project, researchers are sequencing genes that are the greatest danger to families, using computers and other kinds of advanced technology. Those who are involved in this research believe that it is going to open up such hope and opportunity for the families and individuals impacted by cancer.

Yet we are cutting these programs $208 million.

The National Heart, Lung and Blood Institute: we are cutting that $123 million.

What are the reasons for this? To provide additional tax breaks for the wealthiest individuals. This is your choice. Do you think we ought to have the investment in cancer research and the Heart, Lung, and Blood Institute? At the National Institute of Diabetes and Digestive and Kidney Diseases, which funds diabetes research, we are cutting back. Yet $1 out of $10 from Medicare is now spent to try to deal with diabetes, along with $1 out of $10 Medicaid dollars. That makes a lot of sense, doesn't it? Of course it does not make sense.

Then there are neurological disorders and stroke and mental health, and we are cutting back on understanding these challenges, even as so many young people are suffering with increased rates of youth suicide. We're also cutting back on Child Health and Human Development, which is so important.

All of this money should go into programs at the National Institutes of Health, but instead it is coming out and going right into additional tax breaks for the wealthiest individuals in this country.

Under the President's budget, NIH will have to cut more than $3 billion less than it needs to keep up with inflation. Its budget will be flat for 2 years running. That has not been allowed to happen in more than half a century. Mr. President, of the 19 NIH institutes will lose funding, which means that NIH will fall behind in the race for new cures. At the time when we are in the life science century, we are cutting back on those opportunities for individuals and families suffering from diabetes and Parkinson's and Alzheimer's.

Is that what we want to do in the Senate? Is that the vote we want to cast? Senators will have that opportunity later on, but I believe it is the wrong priority for our Nation. The amount saved here in this budget is dwarfed by the payouts that the tax bill now under consideration in the Senate gives to the wealthy.

The tax break is particularly unfair because more than 75 percent of the tax benefits will go to people with incomes above $200,000 a year. Over half of the benefits—53 percent—will go to people with incomes over $1 million a year.

This amounts to a $35,000 gift each year from Uncle Sam to the average millionaire, but it is a loss for the millions of seniors, disabled Americans, and poor families who will see a cut in Medicaid and Medicare services.

Republicans cynically claim that capital gains and dividend income deserve special treatment because they will stimulate investment. The facts do not substantiate that claim. The stock market grew more rapidly in the early and mid-1990s when investors’ income was taxed at the same rate as wages. President Bush cut taxes on capital gains and dividend income in 2003. More tax cuts that America cannot afford will hurt the economy, not help it.

There are some provisions in the Senate bill that we need to address. The alternative minimum tax was never intended to apply to middle-class families, and they deserve tax relief. In a truly outrageous move, House Republicans took AMT relief for the middle class out of the bill so they could fit in more tax breaks for the rich. The research and development tax credit is important to our international competitiveness and should be retained. However, those worthwhile tax cuts should be paid for by rolling back some of the extravagant tax breaks that this Republican Congress has already given to the Nation's wealthiest taxpayers. We simply cannot afford more tax breaks at a time when we are facing record deficits.

Without削减 the deficit and strengthening the economy, we need to stop lavishing tax breaks on the rich and start investing in the health and well-being of all families.

The economic trends are very disturbing for any who are willing to look at them objectively. The gap between the rich and the poor in this country has been widening in recent years. Thirty seven million Americans now live in poverty, up 19 percent during the Bush presidency, which means that five American children lives in poverty; 14 million children go to bed hungry every night. Wages are stagnant while...
inflation drags more and more families below the poverty line. Mr. President, 2.8 million manufacturing jobs have been lost, and long-term unemployment is at historic highs.

The bill before us has the wrong priorities. That is why, Madam Chair, we should instruct our conferees to reject any House proposal to extend the capital gains and dividend tax cuts. The funds those cuts would consume would be much better spent on Medicare and Medicaid and on our Nation’s other health needs. The Senate should instruct our conferees to follow the right priority and the right course.

I know the point will be made at some time during the discussion that, while this is a nice instruction, under the Senate rules we cannot really instruct, even if we were able to carry the vote. Even though it involves $50 billion, we can not reallocate funds in this particular way. It is interesting that the $50 billion giveaway for capital gains and dividends is exactly the amount of the cuts for Medicaid and Medicare—$36 billion cut from Medicaid and $14 billion cut from Medicare.

Effectively, what you are doing is continuing the extension of the 2-year dividend and capital gains tax cuts over the period of the following 5 years, reaching up to 10 years. This is the $50 billion that we are talking about here.

So we know what is really going on, Mr. President. This is an opportunity for choice and for making a decision, about what priorities you want. We know the continued assault on the Medicare Program, which is happening by undercutting that program, is going to mean that our seniors are at greater risk. Our children and expectant mothers are going to be at greater risk with cuts in Medicaid. And by failing to deal effectively with the Medicare prescription drug program, our seniors are going to be more poorly served.

In 1965, the Medicare prescription drug program was not included for a very simple reason; that is, 97 percent of private plans at that time didn’t have a prescription drug program. Now they do. I was there when President Johnson signed the Medicare Program. He said: Pay your dues in Medicare and your health care needs will be attended to. That is what the Medicare prescription drug legislation did, right? Wrong. Our seniors are not attended to unless they are fortunate enough to have a prescription drug program. They are not getting it with this legislation, Mr. President.

To at least give our seniors the same alternatives for prescription drugs that they have for medical services in the hospital and for doctor’s fees under Medicare—to say that we are going to give you these same alternatives under the Medicare prescription drug program—is effectively what over 70 Senators voted for in the Senate in a bipartisan way. Then that program was effective by the industry, as well as by AARP. I might add, which poorly served our seniors and now regrets it. We have an opportunity to do something about it. But, Mr. President, without an expression by our colleagues here in the Senate, we are going to see that the rush will be on to continue the kind of expenditures that will increasingly threaten the most vulnerable in our society: the elderly, the disabled facing challenges with mental health, and the children of the Nation. Those are not the priorities, I know, for my State. I hope that at the time we vote later this evening, they won’t be the priorities for the Senate as a whole.

I yield the floor.

Mr. GRASSLEY. Mr. President, on Medicare—and I know the debate here is not about Medicare, but Senator KENNEDY spoke to one part of the new prescription drug program to which I wish to make reference. He referred in his remarks to the dual eligibles. He spoke about a problem that is real—the problem of signing up people who were dual eligibles into the new Medicare Part D prescription drug program.

I do not find fault with his explanation. I will say, however, that our committee which has jurisdiction over this, the Senate Finance Committee, has been working with Secretary Leavitt of CMS and Administrator McClellan of CMS to work through these problems. They pointed out seven problems they have identified. They have assumed responsibility for those problems, and they are giving us a program to work through those problems so they will not be repeated and enrollment will by easier and work more smoothly.

But the Secretary has told us about dual eligibles, that with 50 different States having 50 different ways of handling dual eligibles, frankly, merging the information technology system at the Federal level with the information which came out of 50 different States has been difficult to do.

Several of us in the Senate knew this was going to be a problem in 2003. That is why, in the Senate bill, along with the White House, we wanted to leave the dual eligibles just as they were—covered by Medicare and Medicaid. It happens that most of the Democrats in the Senate, along with Republicans in the House, felt we should end up with just 1 national Medicare Program so all of the 50 different States’ dual eligibles ought to be merged into the national program.

We had a debate on the Senate floor on that issue, and my point of view won on a very narrow margin. Let me see if I can find it exactly—a very narrow margin of 47 to 51. We defeated an amendment on the Senate floor to bring them together.

What bothers me is Senator KENNEDY is bringing up all these problems. If he had listened to us 2 years ago, we would not have ended up where we have because we would not be integrating dual eligibles into the national Medicare Program. But people on his side of the aisle were just totally insistent that was the wrong way to go, that we ought to have them integrated into the prescription drug Part D Program.

So, without embarrassing any Senator, I wish to quote a Democratic Senator who was in the middle of this debate. I am not going to give the name. Those of us who were there came out about how gung-ho they were to have dual eligibles in the Medicare Program. It says:

It’s not a frequent day that Chairman Thomas—

I assume that refers to Chairman THOMAS of the House Ways and Means Committee, and I are in full agreement. But he does say such a shift “ensures that all seniors across the country will have access to affordable prescription drugs, while alleviating much of the burden that states now confront.” I say to my colleagues, as I indicate, I am not al-

Continuing to quote:

Fully integrating a key benefit for prescription drugs into Medicare is a critical course of action toward improving its flaws. Not only is it unfair to exclude the poorest seniors from part of the Medicare program, it is a raw deal for some of our nation’s seniors. For those who have worked all their lives, paid into the Medicare system, it is not fair for them to be at the mercy of State coverage decisions. All Medicare beneficiaries deserve to receive Medicare benefits. There should be no exception for drugs. It would be a very bad precedent to make Medicaid pay for items that are clearly the responsibility of Medicare except at the present and in this bill for one particular discrete population.

I think that—that, coverage under Med-

I hope that at the time we vote later this evening, they won’t be the priorities for the Senate as a whole.

Meaning me, I believe— whom I so much respect.

That was on January 23, 2003.

On June 26, 2003, this quote was given by the same Senator:

Never in the history of Medicare have we provided Medicare beneficiaries from being Medicare beneficiaries. In the underlying bill, for the very first time, we do.

In that rollcall of 47 to 51, to leave the dual eligibles as they were, which presumably we would not have the problem Senator KENNEDY is complaining about now—that we have a hard time integrating them into the program—he was one of those 47 Senators who thought they ought to be put into the prescription drug program, probably to a better point than maybe their having it through our bill where they pay some copay. At least in some States, they probably didn’t have to pay a copay. We wanted to take care of the seniors who didn’t have any prescription drug coverage. By leaving the dual eligibles as they were, it would free up money to take care of more seniors.
As I said, we lost out in the final analysis. In conference, we agreed to include the dual eligibles in this program. Now I hear all this complaint about how it is working to the detriment of seniors because of the integration of 50 different State programs into this program. It will be worked out. It will be worked out.

The Secretary of HHS, Mr. Leavitt, says it will work out. He is working on it. He has identified a solution to it, and every day the signup is getting better as we sign up 94,000 people each day into the Part D prescription drug program.

The ACTING PRESIDENT pro temore. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, today, we debate this tax reconciliation bill for a third time.

We last debated this bill on February 2, Groundhog Day. My friend from Iowa, Senator Grassley, last week compared this repeated debate to Groundhog Day. That is true. This debate does remind us of the wonderful film “Groundhog Day,” where Bill Murray is forced to live the same day over and over again without any chance of giving away the story. Some of the plot of the film, let me remind my colleagues of the lesson of the film. In the film, providence dooms Bill Murray to repeat the same day—Groundhog Day, that is—until he learns to live it right. One might say that is where we are. We are doomed to debate tax policy over and over again until we get it right.

In November, when we first debated this bill, the Senate voted 64 to 33 to pass the bill to support AMT relief to middle-income families. Again, last week, the Senate voted 66 to 31 to again pass the bill and support the alternative minimum tax, otherwise known as AMT, relief for middle-income families. In particular, the Senator last week voted 73 to 24 to support the Menendez amendment to express the sense of the Senate that protecting middle-income families from the alternative minimum tax should be a higher priority in 2006 than extending capital gains and dividends tax cuts that do not expire until the end of 2008 or the beginning of 2009.

So the same question keeps popping up over and over again and the same answer keeps coming back: Let us make sure the relief from the onerous and family unfriendly AMT happens now. We must defer on extending expensive tax breaks for investors until a later date.

Yet I keep reading in the papers that Senate leaders have promised that capital gains and dividends tax cuts will still be in this reconciliation bill. The Senate position, by an overwhelming vote of 73 Senators, is providing immediate relief to more than 17 million middle-income families that otherwise would see a tax increase this year.

Since that is so, it seems to me we should accept that position, accept that view, and work toward its enactment.

Statements that we will provide AMT relief to working families separately and later in the year undermine this Senate position. It is statements such as those that have led us to this Groundhog Day. It is statements such as that call into question the Senate’s votes and cause the Senate to have to vote once again to deliver that same message. Today, we will debate several motions to instruct, and the vote on one will be Groundhog Day for AMT.

For 17 million American families, 2006 came with an unwelcome surprise—a stealth tax. The temporary protection from alternative minimum tax, or AMT, expired December 31. That means that 17 million more American families will be subject to it this year. That is an increase from 3 million to 20 million taxpayers in one year alone.

Once again, the Senate will debate whether to support our position, where AMT relief is a priority. In contrast, the House position was to prefer extending capital gains and dividends cuts, which expire in 2006; that is, over AMT relief. The AMT expired 6 weeks ago. I think the answer to that is clear.

If the House position prevails in conference, working families will lose. If we do not extend the AMT protection, a family with three kids earning $65,000 will be hit by the AMT this year. The AMT is family unfriendly. The AMT creeps deeper and deeper into working families each year. Protection from the AMT should be a priority for both sides of the aisle and both sides of the Capitol.

Instead, the House has passed a separate alternative minimum tax bill without the procedural protections of this bill. And while this other House bill purports to protect families from the AMT, there will still be 600,000 additional taxpayers paying higher taxes for this year 2006 due to this stealth tax. The House AMT patch, or otherwise known as the hold-harmless provision, as some have called it, does not really hold anyone harmless. Last year, 2005, there were 3.6 million American taxpayers paying this AMT stealth tax. Under the House bill, there will be 4.2 million taxpayers paying the AMT stealth tax in 2006; that is, 600,000.

So as we debate this issue once again, let us remember our priority: that millions of working families now subject to a tax increase courtesy of the AMT are a priority we should address. Once we accept that priority, the decision whether to allocate $50 billion to extending capital gains tax cuts becomes much more clear. So let us do what is urgent first. Let us do what working families expect and need. Doing so will be the only way to move on to better days for all of us.

I want to expand on that last point. The capital gains and dividends tax cuts contained in the House bill, as I mentioned, are among matters most in dispute in this legislation, so let me take a couple of moments to discuss why Congress does not need to extend them in this bill.

Under current law, taxpayers who exceed income in certain capital gains and dividend income pay taxes on that income at a lower rate than they do on their ordinary income; for example, wages. In 2003, we passed legislation that set the current law for the taxation of capital gains and dividend income. For taxpayers in most income brackets, capital gains and dividend income are taxed at 15 percent. Taxpayers in the lower two tax brackets do not receive a great deal of capital gains and dividend income. But for taxpayers in those two brackets, what capital gains and dividend income they receive is taxed at 5 percent now and will be tax free in 2008.

Prior law, before 2003, taxed long-term capital gains at 20 percent or 10 percent. Prior law taxed dividend income similarly. So there is a split in capital gains. The House bill would extend the lower tax rates Congress enacted in 2003 to the end of 2010.

The first question before us, therefore, is when does Congress need to act on capital gains and dividend income tax rates? Those rates do not expire this year. Those rates do not expire next year. Those rates do not expire the year after that. Rather, those rates expire on January 1, 2009, approximately 3 years from now, after the next Presidential election.

So the first thing we need to note is that extension of capital gains and dividends tax rates is far from an urgent matter.

The second question we need to ask is: Is it fiscally responsible to extend those tax cuts right now?

According to the Joint Committee on Taxation, the cost of a 2-year extension of the lower capital gains and dividends tax rates amounts to $50 billion over a 10-year budgetary horizon. Some who like lower capital gains and dividends tax rates will cite a lower 5-year cost of $20 billion, but that masks the full cost over the decade to come.

Perhaps we should be a little more frank with the American people because it is no secret that many who like lower capital gains and dividends tax rates would like to make those lower rates permanent. This is the position the administration takes. So we ought to look at the cost of making those rates permanent. According to the President’s new budget request, making these tax cuts permanent would cost more than $200 billion over 10 years.

Mr. President, $200 billion is a lot of money. Two hundred billion dollars is about what we spend on fighting crime, combating drugs, and the entire administration of Justice for 5 years. Two hundred billion dollars is about what the Federal Government spends on highways, airports, and the entire Transportation budget for 3 years. And $200 billion is about what we spend on...
veterans’ retirement and disability benefits for 6 years. So extending capital gains and dividend tax cuts costs real money.

The third question we need to ask is: Are capital gains and dividends tax cuts the best use of the money set aside for tax cuts in the budget? For there is a far more pressing need for tax relief before us in this bill and that is relief from the onerous alternative minimum tax.

Middle-class working families are beginning their annual ritual of filling out their tax returns. It takes more time than most of us would like, and millions of taxpayers are being forced to fill out their returns twice. They have to do so if they owe money under the alternative minimum tax. The need for relief from the alternative minimum tax is not some faraway possibility, several years down the road. Relief from the alternative minimum tax expired for the tax year 2006. That is the more pressing tax relief need before us.

Treasury Secretary Snow testified before the Senate Finance Committee last Tuesday. He told the committee: ‘Tax increases carry an enormous risk of economic contraction. And I can tell you today that the President will not accept that risk. He will not accept a tax increase on the American people.

That is exactly why we need to prevent a tax cut from those working American families who would be subject to the alternative minimum tax, unless we act. In the same vein, the popular research and development tax credit expired at the end of last year. Businesses have argued for years that the annual 1-year extension provides no certainty for business planning and investment. We need to extend the R&D tax credit.

Some will make breathless arguments that capital gains and dividends tax cuts are necessary. Why are they necessary, they say? They say they are necessary to prevent dire consequences in the stock market. They say that the stock market will plunge if we don’t enact this in 2 years. It doesn’t need to be enacted. They want to enact it because the current law is in existence until January 1, 2009. But they say the stock market is going to fall.

Let us look at the time period starting in May 2003, when Congress reduced the dividend and capital gains tax rates. Since then, the stock market has seen a 14-percent growth. Furthermore, let us look at the time when Congress first cut the capital gains tax rate in August of 1997. Between then and the time the further cuts were made in May of 2003, the market grew by 13 percent. Now let us look at the time before either the capital gains or dividends tax cuts. Before the 1997 tax cuts, capital gains were taxed at 28 percent, much higher than the current law, which is currently taxed at 15 percent, but the current law is based on current income, higher than under current law. In those times of higher capital gains and dividend tax rates, between the time the Clinton administration took office and August 1997, did the market grow by 13 percent or 14 percent? No. The market grew by a whopping 236 percent, far more than the 13 percent and 14 percent when the lower rates were in existence.

So the evidence is not there that lower capital gains and dividends tax cuts will lead to increased stock prices. Indeed, one would make the case that other economic factors are much more important to stock market returns than are capital gains and dividends tax rates.

One of those factors is the fiscal responsibility of the mid-1990s. After President Clinton took office in 1993, Congress and the President enacted meaningful, I mean meaningful deficit reduction. We reduced the Government’s demand for scarce capital. We freed up savings to finance productive business investments. And we put the Nation on a path to economic growth. Deficit-financed tax cuts take away savings that could be available to finance productive business investments. Increasing the deficit detracts from economic growth.

To encourage economic growth, we need to get deficits under control, and the first step we can take down that road is to stop making the deficit worse by enacting more tax cuts than we can afford.

Capital gains and dividends tax cuts do not expire for 3 years. Capital gains and dividends tax cuts cost a lot of money. Capital gains and dividends tax cuts are a less-pressing priority than relief from the alternative minimum tax. And the evidence is simply not there that capital gains and dividends tax cuts contribute to market strength. That is not the evidence. It may be contrary to today’s theory, but that is not the evidence.

So that is why we do not need to extend capital gains and dividends tax cuts today. We can face this issue later. Rather, let us address the more pressing need to extend relief from the alternative minimum tax. Let us act responsibly. Let us save capital gains and dividends tax cuts for another day.

I yield the floor.

The PRESIDING OFFICER (Mr. Sessions): The Senator from Iowa.

Mr. GRASSLEY. Mr. President, Senator KENNEDY repeats the old democratic saw about capital gains and dividends being only tax benefits for the wealthy. The facts are very different. I have two charts here which will show how wrong he is. One of these charts deals with capital gains. The other one deals with dividends.

Dividends is the first one to which I make reference because, in the State of Massachusetts, you can’t have all these folks getting away from the 15-percent dividend tax instead of what he would prefer, the 20-percent dividend tax. Don’t forget, again, as I referred in my opening remarks, these are year 2003 figures, so it could be a lot more than that right now, but these are the most up-to-date Internal Revenue Service figures we have.

In Massachusetts, we have 589,897 taxpayers who benefit from the 15-percent capital gains dividend. Don’t tell me that all 589,000 of those are millionaires. Massachusetts may be a very wealthy State, but it doesn’t have that many millionaires in it. So somewhere along the line, Senator KENNEDY ought to wake up to the fact that there are a lot of middle-income and common folks in his State who are benefiting from the 15-percent tax on dividends instead of having a 33-percent increase in that tax and having it go back to 20 percent.

My friend from Montana did make a correct judgment that this is not running out right now. But the point is that when you are asking people to incentivize the creation of jobs, they have to have the long-term view of that investment. If you want to encourage investment to create jobs, people have to know what the tax law is for the long term, not for the short term.

The point is, in order to persecute a few millionaires, Senator KENNEDY wants to punish the many. And the many are the 589,000 people in his State who benefit from the 15-percent tax on dividends.

Let’s go to the number of people in that State who benefit from the 15-percent capital gains tax. There are 212,000 people in Massachusetts—again, I remind you these are year 2003 figures because that is the most up-to-date we have from the IRS. There are more today, probably. But there are 212,000 people in Massachusetts, tax-paying families and individuals, benefiting from the 15-percent capital gains tax. Those are not wealthy people.

Again, you get back to the point of whether we ought to persecute the few, the few millionaires he is talking about, persecute them and at the same time punish 212,000 people who are in the State of Massachusetts. I don’t think so. I don’t think it is good policy.

I hope this Congress is able to have a sensible tax policy that not only includes sensible levels of taxation, but if you look at all the dividends that are being paid out today that wouldn’t have otherwise been paid out, you think you would come to a conclusion that is a sensible policy because we are really talking about billions of dollars deciding how the profits of a corporation are going to be spent instead of a few thousand chief executive officers of those same corporations deciding how it is going to be spent. When millions of people are making those decisions, it is going to respond to the dynamics of our economic system and create more jobs and important prosperity than when a few corporation executives keep all those profits internal in the corporation making those decisions.

I don’t think we ought to be persecuting a few to punish the many.
When it comes to these motions to instruct, we may have some motions to instruct on this side of the aisle that will set the record straight on what we are trying to accomplish and give people opportunities to vote on good economic policy and good tax policy. Well as well as economic policy, have had a tax policy that we are getting from some on the other side of the aisle.

In 2003, a bipartisan Congress lowered the top tax rate on dividends and capital gains to 15 percent through December 31, 2007, and middle-income taxpayers to 5 percent through 2007 and zero percent through 2008. This is going to encourage low- and middle-income taxpayers, it will be positive effects. They benefited low- and middle-income families in a meaningful way. That is the third time I have said that in the last 5 minutes. But we have to get away from this attitude of persecuting the many. I don't know whether they on the other side of the aisle realize it, but when they want to persecute a few millionaires, they are punishing hundreds of thousands of people—I guess it is millions of people, if you take all 50 States, but I was making reference to the State of Massachusetts.

According to the Internal Revenue Service estimates for 2003 tax return data, 16.5 million low- and middle-income taxpayers have $340 billion of income taxed at the 5-percent rate and saved at least $1.7 billion, or about $170 per taxpayer on average.

I know what I am going to hear from the other side today. Some on the other side will say that $170 is nothing. Why don't we let the taxpayers of this country decide whether they would rather spend that $170 or that we ought to spend it for them?

I can guarantee you they invest it, or if they spend it, it is going to do more economic good than if I spend it for them as a Member of Congress. That is the way the dynamics are and the way society works. Money spent by the Government doesn't turn over as many times in the economy as it does if it is spent in the private sector.

At these 2003 levels, these taxpayers have referred to save a heck of a lot of money. Don't forget, in 2008 that rate drops to zero percent.

My motion to instruct the conferees to ensure that Congress won't raise the annual tax bill on low- and middle-income taxpayers at the 2003 levels. That tax increase would be at least $3.4 billion. That is an average of $340 per taxpayer.

Senior citizens benefit from lower tax rates on dividends and capital gains. They have reduced the tax burden for senior citizens who rely more on investment income to help our economic recovery and continue to help the economy grow. They have made capital investments in America more competitive with the capital investment in other countries. With the globalization of the economy, that is something we always have to be cognizant of in this Congress, that you can't have a tax policy that makes our corporations, particularly in manufacturing, uncompetitive with manufacturing overseas.

Finally, these tax rates have helped impose transparency and discipline on corporate managers which is critical to protecting investments and workers.

I may or may not seek a vote on these motions to instruct, but I want to go through each one of these points which I made so that when Members come over to vote tonight, they will know some of the rationale behind Republican motions.

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The lower tax rates on dividends and capital gains have benefited low- and middle-income families in a meaningful way. That is the third time I have said that in the last 5 minutes. But we have to get away from this attitude of persecuting the many. But I filed these motions to instruct conferees to report back a conference report that includes the extension of these tax rates through 2009 and through 2010, and to do that, the lower rates of capital gains and dividends have produced several positive effects. They benefited low- and middle-income families in a meaningful way.

Can't you see that when you have a very low tax rate for certain low-income people, as one example? For low- and middle-income taxpayers, it will be 5 percent through 2007 and zero percent through 2008. This is going to encourage people to save to a greater extent, particularly people who have a lower income and don't have the ability to save.

These lower tax rates have reduced the tax burden on senior citizens who rely on their investment incomes during retirement and have contributed to our economic recovery and continue to help the economy grow. They have made capital investments in America more competitive with the capital investment in other countries. With the globalization of the economy, that is something we always have to be cognizant of in this Congress, that you can't have a tax policy that makes our corporations, particularly in manufacturing, uncompetitive with manufacturing overseas.

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The lower tax rates on dividends and capital gains have benefited low- and middle-income families in a meaningful way. That is the third time I have said that in the last 5 minutes. But we have to get away from this attitude of persecuting the many.

In this particular case, why would they be crying about what we might be doing to senior citizens in one of the recent speeches and then stand there and want to increase the tax rates from zero percent to 35 percent for some of these people who are senior citizens?

Also these reduced tax rates on dividends and capital gains have contributed tremendously to our economic recovery and continue to help our economy grow. They reduce the cost of capital for American businesses and increase return on investment, enhancing economic growth, creating more jobs, and expanding the tax base.

Companies are responding to shareholder demand created by the lower 15-percent rate on dividends by paying record levels of dividends.

According to the Congressional Budget Office, capital gains realizations increased significantly in 2003, 2004, and 2005, causing capital gains tax revenues to be $62 billion higher over those years than were projected before we changed this law.

Don't tell me that $62 billion more coming in, according to the CBO—not a partisan like me; they are non-partisan—$62 billion more didn't benefit the Treasury and reduce the deficit by reducing taxes. You know what you get out of this—a growing economy.

That means more jobs, and 44.7 million jobs have been created since this tax policy has been in effect. The unemployment rate has dropped during the same period of time from 6.1 percent to 4.7 percent.

I feel very strongly, just as the other side wants to persecute the few to punish the many by going after what they call millionaires, that we ought to state the reality: that is, my motion to instruct the reality of keeping these tax rates so the economy continues to grow.

The pro-growth policy will not expire at the end of 2008 or at the end of 2009 because investors who need the long-term view of investing know what the law is going to be and are going to make decisions.

The lower rates have done another thing—they have made our businesses more competitive with the global economy. And other countries around the world, having lower tax rates than we have, have jumped ahead of our businesses.

Even with the United States at 50.8 percent, we still have the eighth highest tax rate on corporate income among the 30 nations in the OECD. For example, the German government makes on its U.S. investments, more than half of it ends up in Federal and State governments. Without the lower
Mr. DODD moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006) be instructed to insist on the inclusion in the final conference report of the funding to support the health needs of America's veterans and military personnel contained in section 315 of the Senate amendment instead of any extension of the tax breaks for capital gains and dividends for individuals with annual incomes greater than $250,000.

Mr. DODD. I thank the clerk for reading the full motion. Normally, I would interrupt the reading by the clerk, but I thought it important that those interested in the debate would understand what the motion is. This is a motion to instruct the conferees to support an amendment this body passed 2 weeks ago.

That evening, my good friend from Iowa, the chairman of the committee, in an awkward moment—it was a rath-a-rama with a confluence of events involving an amendment—offered a substitute that took the heart of my amendment without the offsets that were included in my amendment, which this body adopted unanimously on a voice vote.

I am offering this motion to instruct the conferees to support that amendment. I also hope they will reconsider some of the offsets we suggested in the amendment I offered when this matter was debated by the full Senate. I would like to remind my colleagues that the proposal I offered the other evening was strongly endorsed and supported by the American Legion, a group that certainly understands the importance of providing the support and backing our veterans deserve, particularly those who are returning from theaters of conflict today in Afghanistan and Iraq.

I ask unanimous consent this letter from the American Legion be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

THE AMERICAN LEGION,
Washington, DC, February 2, 2006,
Hon. CHRISTOPHER J. DODD, Hon. EDWARD M. KENNEDY, U.S. Senate, Washington, DC.

DEAR GENTLEMEN: On behalf of the 2.8 million members of The American Legion, I would like to offer our support of the proposed amendment to the Tax Relief Extension Act of 2005 that would provide for the unbudgeted costs of health care for veterans returning from Iraq and Afghanistan.

The amounts offered by this amendment would be in addition to any other amounts provided for medical care under other statutory provisions and would help to avoid funding shortfalls, such as what took place last year or other problems that arise due to the discretionary funding model currently in place for VA health care. This amendment would also establish a “Veterans Hospital Improvement Fund” to provide for improvements in health care facilities treating veterans, including military medical treatment facilities, VA facilities, and other facilities (state, local and private) that provide medical care and services to veterans.

Again, we appreciate your efforts on behalf of our nation’s veterans. Your amendment acknowledges the need for adequate funding to ensure our nation’s veterans receive the health care and other benefits to which they are entitled.

Sincerely,

STEVE ROBERTSON,
Chairman
National Legislative Commission.

Mr. DODD. I have additional inclusions for the RECORD further in the debate as I lay out the arguments for this motion.

This is about priorities and choices. Those involved in public life are constantly asked to make choices and establish sets of priorities. It is not easy in many cases. Sometimes the choices are very difficult to make. In this case, the choice is a rather easy choice, it seems to me, given the facts presented by this motion. The amendment we offered 2 weeks ago and the substitute offered by the chairman of the Committee on Finance that this body agreed to provides $12.9 billion for veterans medical care, and $1 billion for veterans health facilities. I will explain those particular items in more detail in a few minutes. Basically, it is the amendment to which this body agreed.

The offset proposed in my amendment would have sunset the capital gains and dividends tax breaks for only those people making more than $1 million a year. The proposal I offered when this matter was debated by the full Senate provided that two-tenths of 1 percent of all taxpayers—99.8 percent of all other taxpayers under our proposal would not have been touched, only those making more than $1 million a year.

We suggested that the money saved by not providing the tax break for people in that small group be used to pay for the veterans benefits I have described. The House bill proposes to raise to $64.8 billion the amount we spend on disability payments to veterans, $6.9 billion for veterans medical care, and $1 billion for veterans health facilities. I will explain those particular items in more detail in a few minutes. Basically, it is the amendment to which this body agreed.

I noticed earlier our friend and colleague, the chairman of the Committee on Finance, referred to today’s proceedings as being akin to the movie “Groundhog Day.” He stated that this is the third time the Senate has debated this bill in one form or another. That is true. My colleague from Iowa, the chairman of the committee, has worked very hard on this legislation, and I think he will be the first to admit that he has had a very difficult time. I can understand his frustration as the chairman of the committee that deals with such an important matter in this tax legislation. He and my colleague from Montana, Senator BAUCUS, have worked very hard on this legislation and would like to see it moved to conference. I agree. In fact, his reference to that movie is apt, and I endorse it.

The movie “Groundhog Day” reminds us sometimes in life we get another chance to get it right. That is what we are going to try to do this evening. That is why we are here today, to hopefully get it right when it comes to paying for urgent priorities.
such as the health and safety of our troops and our veterans. I don’t know of another constituency group in America—maybe some of my colleagues might argue with what I am about to say, but I don’t think there is another group of Americans who deserves as much of our attention as people who put their lives on the line for the United States of America every day. Those young men and women who are coming back from the theaters of conflict, broken individuals, at least in body day. Those young men and women who deserve as much of our attention as people another group of Americans who de-

Nation. I don’t think it is asking too much, at a moment like this, to say to two-tenths of 1 percent of taxpayers: How about a break? How about not tak-
ing that extra tax break and providing for the veterans benefits that are needed for these young men and women who are coming back from the theaters of conflict.

When this bill last came to the Senate 2 weeks ago, I offered an amendment that would have provided crucial health funds in a fiscally responsible manner to our wounded troops coming home.

Tax legislation passed in 2003 calls for spending $43 billion over the next 5 years on capital gains and dividend tax breaks for individuals making more than $1 million a year. The bill proposed by the House of Representatives would raise this number much higher—by this chart I am showing—to $64.8 billion. Instead of spending this money on the wealthiest two-tenths of 1 percent of the population of the United States of America, my amendment would have used the resources to meet our veterans health needs—estimated by Nobel Prize-winning economist Joseph Stiglitz to be $18.9 billion over the next 5 years—establish a $1 billion trust fund for health facilities treating wounded and disabled veterans returning home, and reduce the deficit by approximately $23 billion. That was the amendment I offered 2 weeks ago.

Regrettably, this Senate did not approve my amendment. We did, however, unanimously adopt, as I mentioned earlier, a substitute offered by my colleague from Iowa, the chairman of the Committee, that still provides these needed funds—just without paying for them, as I and many other colleagues would have preferred. We believe you ought to pay for it.

Once again we are coming back. I re-
gret the need for a “Groundhog Day,” but because of the procedures we operate under, I am getting a second chance. In effect, I am giving my colleagues a second chance to get this right. Do you believe it is that difficult a choice to make to reduce that $64.8 billion that is about to provide two-tenths of 1 percent of the wealthiest Americans, to provide for the basic needs of our veterans returning from the theaters of conflict? That is the choice we will make when this vote oc-
curs later today or this evening.

The House of Representatives has proposed not only keeping in place the scheduled dividends and capital gains tax breaks but extending 2 more years of them. My motion makes no statement about these tax breaks for the 99.8 percent of Americans who will get them. But for the two-tenths of 1 percent of the population that I am talking about, I think, frankly, they could do without this. I will tell you why.

Over the last number of years, we have provided $125 billion in benefits for this very narrow group of individ-

uals. Between the 2001 and 2003 tax breaks alone, individuals in this nar-
row group—the top two-tenths of 1 percent of the population of our great country—have received more than $125 billion in benefits under the Tax Code. Meanwhile, our soldiers and veterans are coming back to us with essential items such as body armor and the health care they need and deserve.

Again, politics is often about choices. In fact, in most cases it is about choices. What I am offering my colleagues tonight is a choice on whether we continue to underscore what the House has done or what we are doing by not paying for the benefits, or do we do what all of us would like to see done; that is, do we properly take care of these men and women coming back from the theaters of war.

The motion does not ask for the re-

turn of any of the $125 billion we have given between the 2001 and 2003 legislation. It simply acknowledges the re-

ality that in a time of record budget deficits we need to make some dif-

ferent choices. Do we provide more tax breaks for a small group that has al-

ready received so much since this ad-

ministration took office, as the House and the Senate have done, or do we meet the needs of a nation at war in properly taking care of our wounded and disabled veterans as the funding approved by this Senate would do?

Over 2,400 men and women in uniform have died in combat in Iraq. Over 16,000 have been severely wounded in that conflict. But instead of addressing their needs fully and adequately, this administration has underfunded vet-

erans medical care. Let me go back to make a point on tax, so everyone knows what I am talking about. Under the House bill, this is the choice: If we adopt in the con-

ference the House bill and drop this amendment—some suggest it would not make it 10 feet down the hall between this Chamber and the House—we will be left with the wealthiest benefitting the most by extending the capital gains and dividends tax breaks.

The average tax cut in 2009 if this bill is projected and that veteran makes $50,000 or less, will be $11. If you make between $50,000 and $100,000, your tax break is $77. If you make between $100,000 and $200,000, you get a $228 tax break. If you make between $200,000 and $1 million, you get a little more than $1,300 in a tax break. If you make $1 million or more, you get $32,111 in tax breaks. That is from the Urban-Brookings Tax Policy Center, their analysis of what would happen under the tax categories. The people making $100,000 and less, to receive $75 or $85 in a tax break is hardly what I call a windfall for people in this category.

I came back again to the bene-

ficiaries under the motion I am making today and how they benefit. In fact, last year the administration devised its fiscal year 2006 VA budget that could only handle 23,000 veterans returning from Iraq. This number was drastically too low and the Veterans’ Administra-
tion is currently scrambling to meet the needs of over 103,000 Iraq veterans on top of its already existing patient load. Imagine that. They submitted a budget that only provided for 23,000, and yet over 103,000 actually came back from that theater alone, telling us we have the already overburdened patient flow. Congress was forced, of course, as my colleague may recall, to intervene in the middle of the year, and in June of last year we approved an emergency supplemental bill that added an additional $1.3 billion to address shortfalls in the VA health budget.

Now, I must stress that I have the greatest respect and admiration for former VA Secretary Tony Principi and the current occupant of that post, Jim Nicholson. I do not envy their jobs, particularly when they have an administration that does not seem to want to step up to the plate and pro-

vide the kind of backing at the budget office they deserve. They have asked the Department with great distinction and have continued to do the best they can under the circumstances. But they have had a difficult task since the cur-

rent occupants of the White House have repeatedly provided them with very, very limited resources.

I would like to show as well this article which appeared in the Washington Post. I will not read all of it, but I wish to point out a particular commenda-
tion of a Republican Member of the House. STEVE BUYER, a Republican from Indiana, because it was from his consistent questioning at the time of the VA Under Secretary for Health that they were able to determine the 1 billion shortfall existed. Had it not been for the efforts of Steve Buyer, we may not have been able to correct the short-
fall which existed at the time. From the beginning, our colleague, Senator PATTY MURRAY, as a member of the Senate Appropriations Subcommittee and the current occupant of that post, Larry Craig of
Idaho and others in her efforts. That is how the money got back in. But if it had not been for these Members, we might still be arguing about the shortfalls that were needed to provide for those people.

Mr. President, I ask unanimous consent that the Washington Post article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, June 24, 2005]

**FUNDS FOR HEALTH CARE OF VETERANS $1 BILLION SHORT**

(By Thomas B. Edsall)

The Bush administration, already accused by veterans groups of seeking inadequate funds for health care next year, acknowledged yesterday that it is short $1 billion for covering current needs at the Department of Veterans Affairs this year.

The disclosure of the shortfall angered Senate Republicans who have been voting down Democratic proposals to boost VA programs at significant political cost. Their votes have fueled the wrath of the American Legion, the Paralyzed Veterans of America and other organizations down on the GOP.

"I was on the phone this morning with Secretary of Veterans Affairs Jim Nicholson, letting him know that I am not pleased that this has happened," said Sen. Larry E. Craig (R-Idaho), chairman of the Senate Veterans Affairs Committee. "I am certain that he is going to take serious steps to ensure that this type of episode is not repeated.

The shortfall emerged during an administration midyear budget review and was acknowledged only during lengthy questioning of Jonathan B. Perlin, VA undersecretary for health, by House Veterans Affairs Committee Chairman Steve Buyer (R-Ind.) at a hearing yesterday.

"We weren't on the mark from the actuarial model," Perlin testified. He said that the department has already had to use more than $300 million from a fund that had been expected to be carried over to the fiscal 2006 budget, and that as much as $600 million for planned capital spending will have to be shifted to pay for health care.

At a noon news conference yesterday, Sen. Patty Murray (D-Wash.), a member of the Senate Appropriations subcommittee covering veterans affairs and the lead sponsor of Senate Democratic efforts to add $1.9 billion to the VA budget, accused the Bush administration of unwillingness "to make the sacrifices necessary to fulfill the promises we have made to our veterans.

In a rare display of bipartisanship on the polarized issue of veterans spending, Craig appeared with Murray at the news conference and said he agreed with many of her comments.

Murray cited an April 5 letter written by Nicholson to the Senate in a bid to defeat her amendment: "I can assure you that VA does not need emergency supplemental funds in FY2005 to continue to provide timely, quality service that is always our goal," he had said.

Mr. DODD. We cannot and should not address veterans' needs on the cheap again. According to some experts, this year, the VA health system is likely to face another shortfall of $2.6 billion due to the administration's drastically low veterans budget. And for all of the President's rhetoric about supporting our troops—and I do not in any way doubt he means it when he says it, but I remain concerned that the administration fails to back up the rhetoric with the kind of actions needed to see to it that these troops are going to get the support they deserve.

On the whole, I commend the President for finally proposing an increase of $1.9 billion in the VA budget for 2007. But as in previous years, the administration's priorities are wholly misplaced. In spite of the proposed increase, the President's 2007 request cuts the VA hospital construction budget by $576 million. To make matters worse, the administration's proposed budget would impose a doubling of veterans' prescription drug copays and assess a new $220 enrollment fee for thousands of veterans across our country.

As I mentioned on the floor before, the situation has gotten so dire that now our military personnel and veterans are more or less in the hands of private citizens to build critical health facilities to meet their needs. According to the Departments of Defense and Veterans Affairs, our military personnel are suffering inordinate numbers of injuries resulting in brain damage, spinal injuries, and amputations. About 20 percent of those injured have suffered major head or spinal injuries and an additional 6 percent are amputees. Without financial support, our veterans are actually having to depend on the charity of private citizens to finance the construction of major rehabilitation centers for the most seriously wounded.

The Bush administration is simply not meeting its obligations to those wounded in Iraq—a war that has returned home amputees at twice the rate of Vietnam. And so, instead, the Intrepid Fallen Heroes Fund is raising $7 million to build the Intrepid Center at Fort Sam Houston next year. It will be run by VA and Army personnel, but it is currently not expected to receive a dime from the U.S. Treasury for its construction because the White House would rather dole out scarce resources to the wealthiest of our fellow citizens who have already received so much. What kind of a choice are we making when we do that?

I remind my colleagues that the funding approved by this body—which without the support of this motion I fear will be wiped out in conference—will allow critical facilities such as this one to receive the investments they deserve from our Nation's Government.

Moreover, it will create a trust fund to allow private and State facilities that provide medical treatment to veterans to receive Federal funds as they meet our veterans critical health care needs. In addition to facilities such as the Intrepid Center, it will allow vital hospitals and veterans residences, such as the Connecticut State veterans home at Rocky Hill, the opportunity to tap into vital Federal resources as they strain to meet the increasing demands of caring for our veterans—young as well as old.

I cannot stress the importance of these programs enough. Our veterans need the critical care provided at our State veterans nursing homes and, regrettably, this administration is choosing to put scarce resources into more high-income tax breaks rather than addressing our veterans' essential living needs.

As a matter of fact, last year, the President actually proposed cutting off States' access to Federal funds to build and maintain State veterans homes, I did not make that up. That is what they proposed. It took an act of Congress to reverse the President's budget proposal.

This year, although the Department has a list of 129—I am going to put these in the RECORD, Mr. President; I want my colleagues to see them—all throughout the Department has a list of 129 State veterans projects approved for receiving Federal grants for new construction and improvements, 2006 allocations only provided enough for 13 of these 129 State projects around our country.

I will guarantee my colleagues, every one of your States is included in projects that will not be funded. These are your State veterans facilities, and these are good people out there doing a Herculean job of trying to provide for veterans from your States. Here they are, with 129 requests for projects they need, and only 13 of them will be funded because we are going to provide a huge tax break for people who have received $125 billion in tax breaks and are not about to get almost $70 billion more.

I would hope my colleagues would just, on this alone, be willing to support this motion. The proposed 2007 budget would flat-line this program of State construction at $85 million, providing funding, as I said, for 10 to 13 projects—it may not even be 13—and still leaving over 100 State veterans facilities looking for additional resources.

The funding approved by this body and supported by this motion I am offering this afternoon would address these shortfalls.

Mr. President, I ask unanimous consent that this Priority List of Pending State Home Construction Grant Applications—it lists the State, the facility in your State; and only the top 13 will be approved; maybe 13, maybe 10 next year—I ask unanimous consent that this list be printed in the RECORD so my colleagues can determine whether their State facility is on the list.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

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### Applications Subject to 38 CFR Priority Group 1

<table>
<thead>
<tr>
<th>FY 2006 list rank</th>
<th>FAI No.</th>
<th>State (locality)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>31-014</td>
<td>NE (Bellevue)**</td>
<td>LUS 120-Bed NIC/DOM (Repl.)</td>
</tr>
<tr>
<td>2</td>
<td>13-008</td>
<td>GA (Milledgeville)</td>
<td>Life Safety/HHC and Upgrades at the Russell Blvd.</td>
</tr>
<tr>
<td>3</td>
<td>13-011</td>
<td>GA (Milledgeville)</td>
<td>Life Safety/HHC at the Vinson Blvd.</td>
</tr>
<tr>
<td>4</td>
<td>06-010</td>
<td>TN (Nashville)**</td>
<td>LUS Fire Safety Improvements</td>
</tr>
<tr>
<td>5</td>
<td>35-009</td>
<td>NY (Cayuga)**</td>
<td>LUS 134-Bed NIC (Replacement)</td>
</tr>
<tr>
<td>6</td>
<td>39-012</td>
<td>WI (Marquette)**</td>
<td>LUS Replacement Emergency Gen. And Fire Safety</td>
</tr>
<tr>
<td>7</td>
<td>09-012</td>
<td>CT (Rocky Hill)**</td>
<td>LUS General Renovations—DOM</td>
</tr>
<tr>
<td>8</td>
<td>03-051</td>
<td>GA (Marietta)</td>
<td>LUS Code Renovations, etc.</td>
</tr>
<tr>
<td>9</td>
<td>47-008</td>
<td>TN (Memphis)</td>
<td>LUS Renovations</td>
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<tr>
<td>10</td>
<td>31-006</td>
<td>NV (Elko)**</td>
<td>LUS Facility Upgrades—Backup Generator, Fire Alarm</td>
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<tr>
<td>11</td>
<td>06-011</td>
<td>CT (Rocky Hill)**</td>
<td>LUS-Bed NIC (New)</td>
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<tr>
<td>12</td>
<td>06-044</td>
<td>CA (Granada Hills)</td>
<td>LUS-Bed NIC/DOM (New)</td>
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<tr>
<td>13</td>
<td>06-052</td>
<td>CA (Bennington)</td>
<td>LUS-Bed NIC/DOM (New)</td>
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<tr>
<td>14</td>
<td>06-053</td>
<td>CA (Fremont)</td>
<td>LUS-Bed NIC/DOM (New)</td>
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<tr>
<td>15</td>
<td>14-030</td>
<td>WI (Green Bay)</td>
<td>Adult Day Healthcare—Repl</td>
</tr>
<tr>
<td>16</td>
<td>27-018</td>
<td>MN (Minneapolis)</td>
<td>Adult Day Healthcare—Repl—35 Participants</td>
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<tr>
<td>17</td>
<td>16-006</td>
<td>AL (Alexander City)</td>
<td>Gerneral Use</td>
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<tr>
<td>18</td>
<td>06-014</td>
<td>CO (Gillette)</td>
<td>Upgrade Resident Support and Activity Areas</td>
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<tr>
<td>19</td>
<td>44-009</td>
<td>IA (Des Moines)**</td>
<td>Nursing Unit Renovation</td>
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<td>20</td>
<td>13-009</td>
<td>GA (Milledgeville)</td>
<td>Renov &amp; Upgrade Wheeler Blgd.</td>
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<tr>
<td>21</td>
<td>04-004</td>
<td>AZ (Phoenix)**</td>
<td>Renov 3 Nursing Units</td>
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<tr>
<td>22</td>
<td>24-008</td>
<td>KY (Louisville)**</td>
<td>Renov 3 Nursing Units</td>
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<tr>
<td>23</td>
<td>06-011</td>
<td>ME (Scarborough)**</td>
<td>Renovate Renovations</td>
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<td>24</td>
<td>11-006</td>
<td>AL (Alexander City)</td>
<td>Building Code Renov. And Parking Lot</td>
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<td>25</td>
<td>09-013</td>
<td>CO (Boulder)**</td>
<td>Upgrade Fire/Safety Renovations</td>
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<tr>
<td>26</td>
<td>06-051</td>
<td>CA (Yorba Linda)</td>
<td>Steam Dist. System Renovations</td>
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<tr>
<td>27</td>
<td>06-056</td>
<td>CA (Yorba Linda)**</td>
<td>Drive Renovations (5 Buildings)</td>
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<tr>
<td>28</td>
<td>13-007</td>
<td>GA (Milledgeville)</td>
<td>HVAC Renew—Wheeler Blgd.</td>
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<tr>
<td>29</td>
<td>56-029</td>
<td>NY (Albany)**</td>
<td>Replace Steam Lines</td>
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<tr>
<td>30</td>
<td>06-054</td>
<td>CA (Yorba Linda)**</td>
<td>Telecommunications &amp; Network</td>
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<td>31</td>
<td>36-010</td>
<td>NY (Orange)**</td>
<td>Building Site Utilities</td>
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<tr>
<td>32</td>
<td>27-023</td>
<td>MN (White Bear)**</td>
<td>Sewer Pipe Replacement—Building 17</td>
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<tr>
<td>33</td>
<td>27-027</td>
<td>MN (White Bear)**</td>
<td>Roof Replacement</td>
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<tr>
<td>34</td>
<td>27-029</td>
<td>MN (White Bear)**</td>
<td>Renovations, Phase 2</td>
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<tr>
<td>35</td>
<td>27-030</td>
<td>MN (White Bear)**</td>
<td>Renovations, Phase 3</td>
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<tr>
<td>36</td>
<td>25-060</td>
<td>MI (Ypsilanti)</td>
<td>Renovations, Phase 4</td>
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<tr>
<td>37</td>
<td>15-059</td>
<td>OH (Columbus)**</td>
<td>Roof Replacement—Secret Hall</td>
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<td>38</td>
<td>15-058</td>
<td>OH (Columbus)**</td>
<td>Corridor Renovation</td>
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<td>39</td>
<td>15-057</td>
<td>OH (Columbus)**</td>
<td>Mechanical Sys. Upgrade</td>
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<td>15-056</td>
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<td>General Renovations</td>
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<td>41</td>
<td>21-007</td>
<td>KY (Louisville)**</td>
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<tr>
<td>42</td>
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<td>General Renovations</td>
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<tr>
<td>43</td>
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<td>General Renovations</td>
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<tr>
<td>44</td>
<td>55-038</td>
<td>WI (Waukesha)**</td>
<td>Domestic Water Pipe Replacement</td>
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<td>45</td>
<td>06-010</td>
<td>WI (Waukesha)**</td>
<td>Sprinkler Pipe Replacement</td>
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<td>46</td>
<td>55-019</td>
<td>WI (Waukesha)**</td>
<td>Replace Windors—Glenn Hall</td>
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<tr>
<td>47</td>
<td>55-041</td>
<td>WI (Waukesha)**</td>
<td>2nd Water Supply Well</td>
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<td>48</td>
<td>06-005</td>
<td>AZ (Phoenix)**</td>
<td>Renovations, Phase 5</td>
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<tr>
<td>49</td>
<td>25-016</td>
<td>MO (Cape Girardeau)**</td>
<td>Replace Roof</td>
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<td>50</td>
<td>36-016</td>
<td>NY (Cherry Grove)</td>
<td>Renovate Building Systems &amp; Utilities</td>
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<td>51</td>
<td>06-047</td>
<td>CA (Yorba Linda)**</td>
<td>Chapel Renovation</td>
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<td>52</td>
<td>06-049</td>
<td>CA (Yorba Linda)**</td>
<td>Recreation Building Renovation</td>
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<td>53</td>
<td>23-002</td>
<td>NV (Clark)**</td>
<td>Dietary Facility</td>
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<td>54</td>
<td>23-013</td>
<td>NE (Omaha)**</td>
<td>Kitchen Upgrade—Secret Hall</td>
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<td>55</td>
<td>23-012</td>
<td>NE (Omaha)**</td>
<td>Dietary Facility Addition</td>
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<tr>
<td>56</td>
<td>23-011</td>
<td>NE (Omaha)**</td>
<td>Multiple Purpose Room Addition</td>
</tr>
<tr>
<td>57</td>
<td>23-010</td>
<td>NE (Omaha)**</td>
<td>General Renovations</td>
</tr>
<tr>
<td>58</td>
<td>23-009</td>
<td>NE (Omaha)**</td>
<td>Bus and Ambulance Garage</td>
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<tr>
<td>59</td>
<td>23-008</td>
<td>NE (Omaha)**</td>
<td>Multiple Purpose Room</td>
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<tr>
<td>61</td>
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<td>62</td>
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<td>General Renovations</td>
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<tr>
<td>63</td>
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<tr>
<td>64</td>
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<tr>
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<td>23-000</td>
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<td>75</td>
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<td>NE (Omaha)**</td>
<td>General Renovations</td>
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<tr>
<td>76</td>
<td>22-001</td>
<td>NE (Omaha)**</td>
<td>General Renovations</td>
</tr>
</tbody>
</table>

**Subtotal All Priority Group 1 Applications (Has State Matching Funds):** 419,597
Mr. DODD. The funding approved by this body and supported by this motion would address these shortfalls and allow State homes to tap into a trust fund to provide more funding for construction that has already been approved to be funded.

In light of these facts, I urge my colleagues to consider the consequences of not acting today. Call it Groundhog Day. Call it what you want. But the fact is, we have another chance now to get right what we didn’t the other night.

Again, I support and appreciate what my colleague from Iowa did by offering an amendment to provide for these priorities. But we did not provide any funding for them. And there is not a Member of this Chamber who does not know what is going to happen. They did it as basically a political cover, to have an amendment which said: Yes, we agree with you, we should be paying for these priorities. But then, when I offered the amendment to pay for them, of course, I lost.

Today, you will get a second chance, like in the movie “Groundhog Day,” to try to get right what we got wrong the other night. You make the choice. If you think $84.8 billion in tax breaks for the two-tenths of 1 percent of the American population making more than $1 million a year is a more important priority than providing for State facilities that serve veterans, providing for disability payments and veterans medical care, then you explain that to your constituents. But that is the choice I am going to offer you today. Supporting the Senate position on this issue is the very least we can do to show our full backing of America’s men and women in uniform. We owe these individuals at least that much.

I will end where I began. I do not think there is another constituency group in America that deserves as much support from the Congress as veterans do. Particularly in this day and age, if you go to Baghdad, if you go to Iraq, as many of my colleagues have, as I have—and I see my colleague, Jack Reed, in the Chamber as well, is a graduate of West Point and a veteran of the 82nd Airborne. You go there—and I have gone with him—and you meet these young men and women. It is a tough place to be. It is a tough place to be. It is a tough place to come back from, even under the best of circumstances. But if you come back physically broken, with arms and legs lost and scarred and burned, as 16,000 of them have, you deserve better. If you think millionaires deserve better than they do, I cannot disagree with you more. And I am going to give you a chance tonight to join me in this effort.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, we are next expected to hear from the Senator from Rhode Island, who will have a motion to instruct to the pending motion; and then, thereafter, we expect to hear from the Senator from New York, Mr. Schumer, who will have a motion to instruct on the tuition deduction.

To facilitate the consideration of Senator Reed’s motion, I ask unanimous consent that the pending motions be temporarily set aside so that the Senator from Rhode Island may offer his motion.

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

The Senator from Rhode Island.

MOTION TO INSTRUCT CONFEREES

Mr. REED. Mr. President, I send a motion to instruct conferences to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the motion.

The bill clerk reads as follows:

Mr. Reed moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to insist on the inclusion in the final conference report of the funding to strengthen America’s military contained in title VI of the Senate amendment instead of any extension of the tax cuts for capital gains and dividends, which does not expire until 2009, contained in section 203 of the bill as passed by the House of Representatives.

Mr. REED. Mr. President, I find myself, as I so often do, agreeing with my colleague, the Senator from Connecticut, Mr. Dodd. It is exactly about priorities. It is about whether the wealthiest, most affluent people in this country will enjoy a tax break or whether more fundamental needs of our Nation will be served.

Senator Dodd pointed to the issue of returning veterans. Again, I was pleased to travel with Senator Dodd last October to Iraq to visit with our soldiers: marines, airmen, sailors—all of our outstanding men and women in uniform. When they come home, they need the kind of support that the fund Senator Dodd identified would give them. But there is even a more immediate concern to our Armed Forces today: $50 billion in equipment that has been disabled, refurbished, brought up to operating conditions, these men and women can continue their operations on behalf of America.
I can tell you, as someone who had the privilege of commanding a company of paratroopers, the most disconcerting concept, the most disconcerting and troubling aspect, is when your equipment is poorly maintained, will not operate, is inefficient, out of date. That drives morale down as rapidly as anything. We have—not unexpectedly because of the conflict in which we are engaged—seen our equipment stocks become overused, both aviation equipment and ground equipment. More of our, yours, and others of them have taken a terrible beating in combat operations in Afghanistan and Iraq.

Just 2 weeks ago, this body agreed with my proposal to spend $50 billion to refurbish this equipment. But as Senator Dodd pointed out, they did not agree with the way we would pay for it. In fact, the proposal was just really oratory. It says: Let’s spend $50 billion which we do not have to help the military refurbish their equipment. We have to do better than that because, as the Senator pointed out, without funding, that is all well-wishes without real results. And we need real results for the men and women of our military forces.

The administration is quick to point out that we are a nation at war. That is true, although in some respects we are simply an Army and a Marine Corps, the Department of Defense, at war because the American people have not been called upon to sacrifice very much, if anything. Here we are making the point—I think it is so obvious—that the wealthiest Americans, those who enjoy the benefits of this great country, I believe would be quite willing to give up their tax break on dividends and capital gains if they knew these funds would be directed to precisely the programs I am talking about: refurbishing military equipment or caring for veterans.

There are many reasons to oppose the extension of the lower tax rates and dividends and capital gains, many macroeconomic reasons, many reasons in terms of our fiscal problems and in terms of our growing deficit. But one of the reasons is just the way it is distributed. Forty-five percent of the tax cut goes to .3 percent of families with incomes of $1 million or more. Seventy-two percent of the tax cut goes to families with incomes of $200,000 or more.

Now, in a time when our troops are being sent into the field—at times they are complaining or have complained about inadequate equipment, insufficient equipment—at a time when they are looking around and seeing their equipment stocks being drawn down and being overused, I believe it is time to ask: What is our priority, the protection of our military forces in the field or providing additional benefits to those who have so much in society today?

I think it is more important to direct these funds to our military forces. We have to do it, particularly with respect to the equipment of the Army and the Marine Corps. As Senator Dodd indicated, I had the privilege of traveling with him last October, but I just came back from my seventh trip to Iraq and fourth trip to Afghanistan. Once you are there, you see the professionalism, skill, valor, fidelity to duty and country of these marvelous men and women. You also understand that the equipment is wearing down. The equipment has to be fixed. Because they depend upon this equipment for their lives, the equipment that won’t operate properly.

A recent article in USA Today noted that the war in Iraq has taken the biggest toll on military equipment since the Vietnam war. Two weeks ago, the National Security Advisory Group, chaired by former Secretary of Defense William Perry, released a report about the strain and risk to our military.

In their words:

Given the harsh environment of Iraq and Afghanistan, repairing the force—that is, rehabilitating this equipment and repairing it—is proving more extensive and expensive than in previous operations. Estimates of the costs of rehabilitating Army equipment coming back from operations overseas continues to grow. In addition, both the Army and the Marine Corps expect to see increasing costs associated with recapitalizing aging forces and transforming their capabilities for a broader range of 21st century missions.

Gary Moteek, the Army’s deputy director for support operations at the U.S. Army Materiel Command, has stated that the Army has to repair virtually everything that goes to Iraq. Last week, General Schoomacher, the Chief of Staff of the Army, appeared before the Armed Services Committee. When I asked him what the reset and recap cost for the Army was, he replied: $4 billion per year over the next 6 years. Money has been discovered—and this might be of some confusion in terms of trying to interpret a difficult and complicated budget—is that his reply doesn’t cover the whole situation and doesn’t provide an entire explanation of what is going on.

First, I believe the Chief of Staff was discussing the repair and replacement cost, which is projected to be $24 billion over the next 6 years. He did not include recapitalization which is an additional $12 billion over the next 6 years. The total projected cost over 6 years is $36 billion. Second, this projection assumes a significant drawdown of troops beginning at the start of fiscal 2007 and ending in December 2008, when there are, according to the projections, no troops in Iraq. I believe this assumption is rather unrealistic and, therefore, we must assume that the reset and recapitalization costs will be significantly higher. Again, it is very difficult to parse out all of the different assumptions and other notions that are in the budget, but the real sense is that they are assuming, at least when it comes to maneuver units, that these units will essentially be drawn down within 2 years. That is a highly problematic assumption, but one that is within the President’s budget.

In addition, General Schoomacher’s number assumes that we do not leave a single piece of equipment for the Iraqis. Yet I have been privy to discussions here in Congress and elsewhere in which there is a notion that we will leave significant equipment behind in Iraq to provide security forces with the kind of equipment they need to operate. If we do leave equipment for them, the replacement costs, which are an element of reset and recap costs, will increase.

A much more accurate picture of this notion of what we must do to repair and rehabilitate our equipment, or reset and recap, is the actual bill we have for fiscal year 2006, what we are paying for in this fiscal year. The Administration determined that cost of resetting, recapping, and replacing equipment lost in battle for fiscal year 2006 is $13.6 billion. As long as we have approximately the same number of troops in Afghanistan we do today, and we have the same tempo of operation, then that $13.6 billion cost will be an annual occurrence. So troops draw down, that funding level could go down from $13.6 billion, but significant costs will continue to accrue until 2 years after the end of the conflict. So the annual $13.6 billion price tag supports the opinion of GEN Paul Kern, who just retired as head of the Army Materiel Command. He stated that fixing and replacing Army equipment alone could run from $60 to $100 billion.

If you step back and look at what we are encountering today in terms of costs, it is about $13 billion. Every year we are in Iraq at this level of operation, that is approximately the same number of troops in Afghanistan we have today. That is a lot more money than this budget anticipates. And so we have a huge unmet need to fund simple recapitalization and recap, rehabilitation, whatever term you want to use. But essentially we must understand that, it is simply going back and fixing all the equipment we have been using so aggressively in these different theaters. That doesn’t buy you a new Army. It doesn’t buy you a transformed Army with new, modern equipment. It simply gives you back the equipment you brought into battle in a condition that you can use it in other hostile environments.

This $13 billion seems to be the kind of level of spending we are going to have to face year in and year out, as long as we are deployed, as we are, in Iraq and Afghanistan. That is the figure we have to react to. As a result, it is going to be incredibly difficult for this $50 billion total we talked about for a 5-year period, that people support the concept of spending that kind of money. But, of course, what they refuse to do is put real assets, real resources, to pay the bills. And that is the thrust of my proposal.

I tried previously, in our debate a few days ago, to say that not only must we...
spend this money, we have to set priorities. We have to take those funds from the capital gains and dividends taxes and apply them to this fundamental need of our men and women in uniform.

That is the Army I was just talking about. Let’s turn to the Marine Corps. Last November, the Marine Corps estimated it would cost $11.7 billion to repair and replace their equipment over the next 5 years. These are, again, costs that have already been incurred. These costs are not included, as far as we can determine, in the President’s budget request. We have also discovered that the Air Force is concerned about the cost of additional flying hours and the wear and tear on their equipment. Again, we could not find explicit recognition of these costs in the President’s budget.

Last October, the GAO released a report on military readiness. It assessed the state of 30 pieces of equipment, predominantly tanks, vehicles, helicopters, and equipment. It made several disturbing observations, stating:

- GAO’s analysis showed that the reported readiness rates declined between fiscal years 2009 and 2004 for most of these items. The decline, which occurred markedly in fiscal years 2003 and 2004, generally resulted from 1. the continued high use of equipment to support current operations, maintenance issues caused by the advancing ages and complexity of the systems. Key equipment items—such as Army and Marine Corps trucks, combat vehicles, and aircraft—have been used well beyond normal peacetime use during deployments in support of operations in Iraq and Afghanistan.

The report then goes on to say:

Until the DOD ensures that condition issues for key equipment are addressed, DOD risks a continued decline in readiness trends, which could threaten its ability to continue meeting mission requirements. The military services have not fully identified near and long term program strategies and funding plans to ensure that all of the 30 selected equipment items can meet defense requirements.

I don’t think there is anything startling in the sense of their conclusion. They are stating what should be obvious. We have committed our Army and Marine Corps to battle in a very harsh environment, Iraq and Afghanistan. We are operating at robust tempo of operation. This equipment is seeing the results. We have to provide for that. What is disturbing to me is that this readiness trend portends danger in the future. This is declining. If it is not reversed, if we are asking the soldiers and marines to operate equipment that is not 100 percent, that is not fully supported by ample spare parts, that has not been rehauled, overhauled, then we are putting our troops in a precarious position which we should not.

The response, the answer? This one is relatively straightforward. Give them the money to do the job and give them sufficient resources to do so.

Another GAO report states that more than 101,000 pieces of National Guard equipment, including trucks, radios, and night vision devices, have been sent to soldiers in operations overseas. This means the Guard does not have the equipment it needs to respond to crises here. This problem was exemplified during Katrina when the Guard equipment that had been sent overseas and, therefore, was unable to operate effectively in the aftermath of that disaster.

Another impact that we all hear about is the condition of National Guard equipment. The equipment has been sent overseas and left overseas. Their equipment is also being used intensively in these operations. We have to restore and rehabilitate the National Guard equipment also. They have several missions. One critical mission is not only homeland security but preparedness for natural disasters and consequent management.

This week, Wednesday, the other body will release a report on Katrina. I am interested to see what it will say in terms of the National Guard’s ability to respond, their equipment, the fact that they have been tasked to go overseas, personnel and equipment. But we have to remind ourselves that we can’t neglect these organizations. The GAO reports particularly, should have us thinking seriously about what we must do today. Again, it comes down to priorities. Secretary Rumsfeld is right about the fact that our troops are performing magnificently well. They are superb professionals doing a remarkable job. But in order to keep that edge, they have to have the equipment and the support to be the best they are.

Secretary Rumsfeld says that Perry report and another report by Andy Krepenevich, which the Pentagon paid for, were looking at all material when they found that the military was strained. We are not looking at all material. We have to pay for what we believe, based upon review of the budget, based upon discussions with military personnel, is the condition of this equipment, and the need exists to fix it. We do have the finest fighting force in the world, but we have to make sure it has the finest equipment in the world.

Secretary Perry made the following recommendation at the conclusion of his report:

In order to restore the health of U.S. ground forces in the wake of Iraq, the nation must step up and invest substantial resources to reset, recapitalize, and modernize the force. Restoring the health of both services is not a matter of simply returning them to the status quo; it is a matter of that they are organized, trained, equipped, and restored to meet the full range of traditional and nontraditional challenges in the future.

Next year alone the Army needs about $13.6 billion and the Marine Corps needs about $7.5 billion for reset and recap, as they call it, of their equipment. This was not included in the President’s budget request. If it is not paid for with supplemental funding, the troops will have to go without, which we can all agree is not acceptable. Nothing makes our troops more vulnerable or lowers morale more rapidly than working with inadequate equipment. If the $20 billion reset and recap bill for this year alone is paid for with supplemental funding, this will add directly to our deficit. I believe when it comes to a tax proposal that benefits the wealthiest Americans, I think we would be more than willing to do so, knowing that these funds could be used directly for the welfare of our soldiers in the field and for the security of the United States.

Our men and women have volunteered to risk their lives. I believe we have to risk perhaps a little political capital and instead of providing these tax cuts to the very wealthiest Americans, provide a dividend to our soldiers and marines in the form of better equipment. Fifty billion in funding retained from not extending capital gains cuts and dividends cuts could pay for this. That is the essence of my instruction.

It is one thing to stand on this floor as a huge majority and say: We understand our troops need $50 billion to re-habilitate their equipment. It is something else to stand up and make a tough choice, set a priority, pay for it. My instruction will do that.

I yield the floor.

Mr. BAUCUS. Mr. President, people call Montana the “big sky” State. Standing on the top of Mount Sentinel—the backdrop of the University of Montana—on a clear day, a person can see nearly 50 states at a glance. What we believe, based upon review of the budget, based upon discussions with military personnel, is the condition of this equipment, and the need exists to fix it. We do have the finest fighting force in the world, but we have to make sure it has the finest equipment in the world.

Professor Dan Reisenfeld is one of the key astrophysicists working on a mission to map and study the edge of the solar system.

Professor Reisenfeld is busy playing a part in the design of the interstellar boundary explorer, or I-BEX, an instrument that uses a large-aperture camera to detect high-energy particles coming from the edge of the solar system.

What does this mean? If I-BEX is successful at gathering information about the boundaries of the solar system, this will help companies that build satellites orbiting the Earth to predict solar storms. Solar storms can disrupt a satellite’s operation and even cause irreparable damage.

Here on Earth, that means that emergency communications equipment would be able to function without the fear of interruption. And global communications can be more seamless.
Some of the most important scientific research is being done at universities across Montana and across the country. This research covers the gamut from biotechnology to stem cell research, to cutting-edge computer science. Yet institutions across the country are catching up.

In January, I visited India's Institute of Technology in Delhi. Eager, young engineering students are plotting for a better tomorrow in their country and the world. India, similar to many other developing nations, has made significant investments in education over the past several years. India produces 12 percent of the total global supply of university graduates. This percentage is increasing. China is now second only to the United States in the number of researchers in its workforce. According to the World Bank's most recent statistics, since 1985, China has seen an almost 400 percent increase in its per capita education spending.

While China, India, and other developing nations may still have a long way to go, they are training workers for a new world.

That takes me back to Professor Reisenfeld at the University of Montana. I met Professor Reisenfeld in January meeting with business leaders in Montana. Similar to most colleges and universities across the country, is a tax-exempt organization. Tax-exempt universities rely in large part on tax deductible charitable contributions from alumni, private foundations, and businesses. Legislatively proposals that encourage more giving to charity help provide scholarships, build science centers, and hire new faculty to do cutting-edge research. In large part, charitable donations from the private sector—business and individuals—help America keep its competitive edge. There is no doubt about that, Mr. President. Our universities are a very key, integral part in America's R&D and in enhancing our country's competitiveness.

The Senate-passed tax reconciliation before us includes several incentives to encourage charitable giving. One of the most important incentives for charitable giving included in the Senate-passed bill is the IRA rollover provision. According to the American Council on Education, the IRA rollover provision is supported by close to 2,000 colleges and universities across the country. The provision promises to be an important tool for planned giving—a staple of fundraising.

In addition, the IRA rollover represents a significant simplification over current law. Let me explain.

The IRA rollover provision allows older, financially secure donors to seamlessly transfer assets in their IRA to their favorite charity, without first recognizing the IRA into income.

Under current law, taxpayers who want to donate their IRAs to charity must first take the amount into income. This can trigger a huge dividend in taxes owed to the IRS. Taxpayers are not allowed to give if the amount of the IRA exceeds the donors' adjusted gross income limitation, for example.

In some cases, donors are forced to incur income for tax purposes for amounts the donor has given to charity. This makes no sense. The law should encourage taxpayers to give to charity.

For example, a taxpayer with an adjusted gross income of $40,000 and an IRA worth about $100,000, is forced to take that full $100,000 into income prior to making a gift to charity. As a result, this taxpayer is considered to have $100,000 in income, for tax purposes—even though the taxpayer is giving $100,000 away.

Because taxpayers are subject to adjusted gross income limitations, even if the donor gives the entire $100,000 in the IRA away to charity, the taxpayer can only deduct up to half of adjusted gross income—in this example, $70,000.

In short, under current law, this taxpayer is forced to recognize $30,000 more in taxable income, even though the IRA is going entirely to charity. We should not penalize charitable giving.

The IRA rollover provision corrects this problem by simply disregarding from income amounts in a donor's IRA given to charity.

This provision will have a fundamental effect on the amount of money contributed to charity. Currently, there are more than $2.5 trillion held in IRAs. If 1 percent of the assets currently held in IRAs were donated to charity, that would mean an additional $25 billion would go to benefit the type of research conducted by Professor Reisenfeld at the University of Montana. And money would also go to scholarships for the students working side by side with Professor Reisenfeld in his classroom.

The House bill does not include these new charitable giving incentives. Mr. President, the upcoming conference will highlight the priorities of each body. Won't it be nice if we highlight this provision; the House does not.

It is unclear at this point whether there will be enough revenue to extend capital gains and dividend tax treatment beyond the current law, which we all know doesn't expire until January 1, 2009, and also include the important charitable incentives included in the Senate-passed bill.

I hope that the conference committee makes charities and our future scientists its priority.

Mr. President, I want to discuss the importance of extending the R&D development tax credit for 2 years.

This is one of the key issues for conference. The Senate passed a 2-year extension of the revised and improved R&D credit, but the House only passed 1 year.

I am hopeful that 2 years will be retained in conference, as this tax incentive is essential for U.S. businesses in our global economy. Businesses depend on it. They need to know it is there. Predictability is important.

I have consistently discussed the need for America to maintain its competitive edge. To do that, we must cater to our strength: innovation.

Let me state that during the almost 2 weeks I was in Asia, China, and India in January meeting with business leaders and public officials, one thing became clear: that is rising Chinese and Indian challenge, just as other countries challenge the United States, but they constantly told us that in the private sector the one advantage America still has is innovation and creativity. Over and over again I heard that. I hope that lasts. I hope it lasts a long time. We know people in other countries are working very hard; they are aggressive and hungry and they are going to do all they can to be as creative—if not more so—as we are in the United States. But that is the one edge we have currently, and we must do our utmost to make sure that lasts.

Foreign direct investment, including research and development, is shifting heavily toward China and India. The competition for qualified researchers has increased markedly.

On my recent trips to China and India, people constantly told me, as I have said, that the one thing they admire most about America is our innovation. We must foster R&D, and extending this vital credit for 2 years would help maintain that focus.

Every morning we hear news of some new product or discovery that promises to make our jobs easier and our lives better. For example, between 2002 and 2003, the annual number of cancer deaths decreased for the first time in 70 years. Unfortunately, for women, it rose slightly, but the number of cancer deaths has decreased. One reason for that was better detection and treatment. That is a direct result of American technological innovations, and those result from R&D.

Since 1981, when America's research and development credit was first enacted, the Federal Government has been a partner in R&D. And we contribute to this effort as a society because of the benefits to society from additional research spending. It is a societal effort to get a societal benefit.

Congress clearly believes that the R&D credit is an effective policy instrument. One of the major limitations of the credit, however, is its temporary nature.

As the Electronic Industries Association wrote:

An extension of the credit that goes beyond the end of this year will also help dispel the uncertainty that has plagued companies to discount the credit's long-term value and reduce its benefit to the economy.

An analysis by the Joint Committee on Taxation found:

A credit of longer duration may more successively induce additional investment in the United States can cause companies to discount the credit's long-term value and reduce its benefit to the economy.
U.S. workers who engage in R&D activities benefit from some of the most intellectually stimulating, high-paying, high-skilled jobs in the economy. My own State of Montana is an excellent example of this economic activity. During the 1990s, about 400 establishments provided high technology services, at an average private wage of about $35,000 a year. These jobs paid nearly 80 percent more than the average private-sector wage of less than $20,000 per year during the same time. Many of these jobs would never have been created without the assistance of the R&D credit.

The R&D tax credit is vital to the economic development of our country. It is very important to American workers. It is important to help America maintain our competitive edge. I urge my colleagues to support a 2-year extension of the R&D credit. I hope you will join me in pressing our House colleagues to accept this Senate provision.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk proceeded to call the roll.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded. The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, what a difference 5 years makes. On March 21, 2001, the Finance Committee conducted a hearing entitled “Budget Surpluses and Debt Reduction.” When we held that hearing, the Office of Management and Budget projected a surplus of about $5.6 trillion over the next 10 years. A lot has changed since then.

At the end of this past December, Treasury Secretary Snow sent us letters advising us to count on the debt ceiling for the fourth time in the last 4 years. The Government is now seeking to raise the debt ceiling by $781 billion. This is on top of a $560 billion increase in 2002, a record $894 billion increase in 2003, and an $800 billion increase in 2004. With the latest debt limit increase, the Government will have raised the debt ceiling by $3 trillion in just 4 years. Remember, 5 years ago, OMB projected a surplus of about $5.6 trillion for the following 10 years. Something needs to change. We have a serious problem with our Federal budget. For the current year, the administration’s budget projects a deficit of $423 billion. That would be the highest debt in the history of the country. That deficit would equal 3.2 percent of the entire economy. While that percentage is not a record, it is far too high, with the baby boom generation about to retire just around the corner. The retirement of this large generation will dramatically raise the costs of Social Security, Medicare, and Medicaid. Their retirement will put enormous pressures on the budget.

We should rather be entering this stressful period with a balanced budget. We should be paying down the debt. We should be getting ready. We should not be running record budget deficits. We need to change course. We need to return to the policies and procedures that helped reduce that $5.6 trillion surplus.

One of those procedures was the pay-as-you-go rule. That rule made it difficult for Congress to enact new spending or tax cuts without paying for them. That simple rule had a powerful effect, but that rule ended a few years ago. Congress replaced it with a newer, toothless version, and we have paid the price in higher deficits and debt. Congress must reinstate the original pay-as-you-go rule.

Beginning in 1990, we also enacted policies to reduce deficits and debt. First, following a budget summit, Congress enacted the deficit reduction package of 1990. Then, in 1993, in the first year of the Clinton administration, we narrowly enacted a $500 billion deficit reduction package. What happened? Long-term interest rates dropped, economic growth ensued. The deficit came down.

Finally, both parties worked together again in 1997 and enacted another deficit reduction package. That package was intended to balance the budget by 2002. But economic growth was strong. These years were a part of the longest peacetime economic expansion in American history. The Government balanced its budget in 1998, earlier than expected, and then the Government balanced the budget even without using Social Security surpluses. It is incredible, if you stop and think about it.

That set the stage for the projections of 2001, with a $5.6 trillion surplus for 10 years. But now we are projecting huge deficits and debt for both the long term and the near term. The time has come for Congress to work together to achieve another agreement to reduce our deficits. But in order to be successful, we need to put everything on the table, and I mean everything. We need to put all spending, not just entitlement spending, on the table. We need to put all corporate tax loopholes and tax breaks for special interests on the table, and we need to put the $350 billion yearly tax gap between revenues owed and revenues collected.

I don’t know the answers, but I do know we cannot keep on going as we are. Something has to change. We need to come together to reduce Federal deficits. The task is clear, and I can only hope that all our leaders will take up the task.

Mr. President, in Proverbs, King Solomon begins by offering words of encouragement to the Israelites to embrace learning:

Let the wise hear and gain in learning, and the discerning acquire skill.

A little later in the passage Solomon admonishes:

Fools despise learning and wisdom.

I hope the upcoming conference committee will take this proverb to heart. It is past time for this country to start taking education seriously again, and be ready to make investments in our children’s future now. Delay would be foolish.

The Senate-passed bill takes a step in the right direction by including a provision to eliminate the barriers in the Tax Code to the charitable giving of books to schools, libraries, universities, and literacy programs. Educational institutions and literacy programs are beset by budget cuts and continued challenges to our Nation’s commitment to literacy. Two-thirds of American classrooms have fewer than 50 children’s books, and almost 60 percent of childcare centers buy less than 1 book per child a year.

This is not just an issue in the classroom. Almost 12 million children living below the poverty level in the United States today are denied minimally adequate access to books. According to First Book, a nonprofit that focuses on child literacy, more than 60 percent of low-income families have no children’s books in their homes, and more than 80 percent of programs serving children in need have no age-appropriate books or other printed materials.

In my home State, as in many other States, there is a real need. In 2003, according to the Montana State Library Association, the Montana State library system was a victim of a 26-percent budget cut. These reductions mean less money for local libraries, and these reductions mean cuts in State subsidies that funded book purchases.

Large-scale book donations are crucial to these libraries, and these donations also greatly assist adult literacy efforts. Programs such as the Montana Adult Basic and Literacy Education, or ABLE, serve adults who lack sufficient education to function in society, a high school diploma, or basic English skills. ABLE is meeting real needs. According to the State agency in charge of adult literacy in Montana, nearly 75,000 adults in Montana do not have a high school diploma or GED.

Because of the tremendous need for books in Montana and across the country, I filed an amendment in the Finance Committee with Senator Hatch to include incentives for book donations in the Senate-passed bill. Here is how it works.

Current law provides special tax incentives for gifts of property including books to certain organizations. Current law, however, requires the donor to make the gift targeted solely to the ill, the needy, or infants.

Unfortunately, books donated directly to educational programs at public libraries and universities are not eligible for that tax deduction. Why? Because they don’t exclusively serve the ill, the needy, or infants.

In addition to the exclusion of those institutions, donations are sometimes...
discouraged when the differences in educational and commercial market elude the IRS when valuing the donation. If book donations do not qualify for the enhanced deduction, the value of the deduction for charitable giving is not quite what they would give if the mere threw them away. As a result, it is often more economical for publishers to truck these books to a dump than it is to distribute them to needy schools and libraries, especially given the manpower and postage costs of determining worthy donees and shipping books.

In the Senate-passed bill, we have provided legislative language to ensure that public libraries, universities, and literacy programs are eligible with enhanced deductions that already exist in the Tax Code for other kinds of charitable donations.

To protect against publishers making unwanted donations of dated materials, the provision includes a requirement that the Internal Revenue Service certify the materials are suitable and appropriate for their educational programs.

In addition to organizations in Montana such as ABLE, many Gulf area government agencies that are in desperate need after Hurricanes Katrina and Rita have written us petitioning for this change. We have heard from the Mississippi Department of Education, Louisiana-Mississippi school and library systems and library associations, as well as the Texas Library Association and Mississippi’s Barksdale Reading Institute. Numerous national educational organizations have written us, including the American Library Association, the Education Industry Association, and the Association of Educational Publishers.

The lack of access to books poses the greatest barrier to literacy. We shouldn’t allow books to be taken to the landfill because of an unintended obstacle in the Tax Code, particularly when one considers the massive loss of books along the gulf coast.

I might add, I was down at the gulf coast. I was standing next to a library that was obliterated on the gulf. There were books strewn open, and you could see where a cake of mud was left after the water receded and we were standing on ruined books. You won’t believe this, but I reached down to pick up a book and look at it to see what it was, and out of all of the books, guess what I took. Perfect Storm, I couldn’t believe it. It was pure happenstance, pure coincidence, but I can tell you that having visited the gulf, they need books.

As students and families make the slow return to the gulf and an incredible effort to rebuild their communities, it is necessary to remember that equally important to the rebuilding of these important institutions is the need to restock them with sufficient numbers of books and quality educational materials.

As First Lady Laura Bush said on September 24 last year, it is our duty to “rebuild these schools on the Mississippi coast and in New Orleans and make sure the libraries are built better and stocked even better than they were before.”

The book provision in the Senate-passed bill to restock schools from the gulf to Montana and across the country. As the First Lady admonished, this is our duty. I hope the conference committee agrees.

Mr. President, continuing in a series of statements prefacing the conference and other measures that might be coming up later this year, I wish to spend a moment on health savings accounts. High-deductible health plans and health savings accounts, otherwise known as HSAs, have become the centerpiece of the administration’s effort to reform the health care system. In fact, the proposed budget would spend an additional $1.5 billion over 10 years to encourage more Americans to choose these plans and accounts.

Mr. President, for the record, I am concerned that high-deductible plans will do more harm than good, and the billions of dollars the President wants to spend on beefing up the limits on HSAs, health savings accounts, will not benefit those who need coverage the most. That is because HSAs favor the healthy and they favor the wealthy. As healthy insureds join these arrangements, the average cost for those remaining in comprehensive plans will increase, and that will make those comprehensive plans less affordable for those who need coverage.

Do HSAs favor those who are healthy and can afford something? Let me quote from the High-Deductible Health Plans and Health Savings Accounts Worksheet, found on the Federal Government’s Office of Personnel Management Web site. This worksheet is designed to help Federal employees decide whether to use plans such as these which are now part of the Federal employee health benefit plan. Step three of this worksheet reminds us that preventive care is not subject to the high deductible. Then it goes on to say:

Absent other health care needs, if you contribute a higher amount to your HSA, you will receive a higher tax deduction plus a higher balance in your HSA to use for future expenses. Since your out-of-pocket costs before plan benefits begin also defines the maximum amount of personal, tax-deductible contributions you can make, contributing a larger amount isn’t necessarily bad. If you use a relatively low amount of health care, you will make maximum contributions to your HSA. However, if you use your full maximum contribution, you may be attracted to these aspects of HDHPs with HSAs.

That is high-deductible health plans and the health savings account. This is what it says in the Federal brochure for Federal employees. If you use a relatively low amount of health care and you can afford to make the maximum contribution, you may be attracted to it.

If we enacted the higher HSA contribution limit proposed by the President’s budget, the attraction of HSAs for those who are healthy and can afford to contribute the maximum would only grow stronger. Why? Because that statement was written before the proposal that the administration has before us, to dramatically increase the deductibles and eligibilities of those plans which I think are basically insurance vehicles, not health vehicles.

Billie Holiday sang, “Them’s that got shall get, them that’s not shall lose.” That’s a pretty good description of the effect of expanding HSAs on our health care system.

Some may argue that this preference of healthy, well-to-do taxpayers for HSAs would not be a problem if we just put everyone into a high-deductible plan and eliminated more comprehensive arrangements. Eliminating choice takes care of adverse selection. If there were no choice, and therefore no adverse selection, would expanding HSAs be a cost-effective solution? Would tax dollars spent on expanding HSAs go to increase coverage and control costs?

Mr. President, for the record, that we force everyone, healthy or not, into a high-deductible health plan with a $1,500 deductible. And let’s go further, and put $1,500 into an HSA for every employee, so ability to save not a factor. Wouldn’t that address my concern that the President wants to spend money on the healthy and wealthy instead of focusing on those who need help most?

The answer is no, not as HSAs currently operate. And certainly not with the President’s proposed increase in the contribution limit.

To illustrate my concerns, let’s consider two taxpayers: John and Jane, both 30 years old. Jane is healthy. John has a chronic condition that requires him to take medications every day and occasionally pay a midnight visit to the emergency room.

Every year, $1,500 is deposited to Jane and to John’s HSA accounts. Each year, John must withdraw his $1,500 contribution to pay out-of-pocket medical expenses. Jane only has to withdraw about $500 a year, leaving the other $1,000 to accumulate for retirement.

Over the next 35 years, if Jane can earn 5 percent investment return, she will accumulate an HSA account balance of more than $90,000. If the President’s higher contribution limits were in place and Jane could afford to contribute the maximum to her HSA, she could have more than $400,000 in her HSA at retirement. Because he had to contribute $1,500 a year to pay medical expenses, John will retire with a zero balance in his HSA.

In other words, the President’s health tax proposals may or may not expand health coverage and will do little to control costs. But they will definitely create retirement savings for the healthy.

I am all for retirement savings, but using tax dollars to increase retirement savings for individuals with low medical expenses is a strange and ineffective approach to covering the uninsured, and controlling health care costs. Surely we can do better.
Mr. President, I am going to stop speaking pretty soon here. I very much hope Senators come to the floor with motions to instruct because time is passing. Just because I am speaking, it doesn’t mean someone can’t come to the floor. If at all, she comes to the floor, I will stop speaking.

Mr. President, Yale Law School professor Michael Graetz once said: A tax shelter is a deal done by very smart people that, after the tax considerations, would be very stupid.

A GAO study estimated that tax shelters cost the American taxpayer up to $18 billion a year in lost revenue. The list goes on. The KPMG scandal, the German SILO people out there putting together some $18 billion a year in lost revenue. These deals cost the American taxpayer up to tens of billions. We need to finish up the work that we started in the American Jobs Creation Act. That bill bequeathed every tax shelter. It increased penalties for wrongdoers.

We need to pass legislation that will clarify the economic substance doctrine. Clarifying the economic substance doctrine will put an end to the erratic and inconsistent court decisions that have determined the legitimacy of tax shelters.

The economic substance doctrine is a common-law doctrine that courts use to determine whether transactions that don’t provide a meaningful change to the taxpayer’s economic position other than the tax benefit itself.

In other words, the doctrine requires that a transaction must have economic reality and a business purpose apart from the tax consequences.

The proposed change clarifies how the courts should apply this doctrine. It doesn’t require them to use the doctrine. But if they do decide to use the doctrine, the change would give them standardized criteria to use as litmus tests to decide if a transaction has any real economic purpose. The courts have employed the economic substance doctrine to resolve these inconsistencies.

The courts are such a ‘nice guy,’ they offer to give the taxpayer another $1 to add to the $9 so the taxpayer can just give him back a $20 bill.

When the taxpayer reconsiders her registration, she will end up with a tax bill of $10. She will probably end up paying the $10 out of her own pocket. I don’t know if you follow that. It’s a little complicated, isn’t it? The tax shelter is a pretentious smart guy who took advantage of the unsuspecting cashier.

He took a routine transaction and turned it into something complicated and stupid. Yet, all those steps, all that shifting of money back and forth, didn’t add one iota of substance to the transaction. It is the role of Congress to pass legislation clarifying the economic substance doctrine to stop this kind of abuse to our economy.

We must give the courts a reliable and consistent standard to use when considering the economic substance doctrine. Failure to do so protracts the cat-and-mouse game that taxpayers, the IRS and the courts have played for years.

You might ask: If passing a law to clarify the economic substance doctrine will stop this kind of abuse to our
The conference agreement that comes back to our respective bodies needs to extend these investment tax rates to give these investors certainty and to give businesses certainty about how they raise funds to expand their operations.

When Secretary Snow testified before the Finance Committee a week ago, he said it was his opinion that the investors in the country, those people who helped create jobs by investing in our businesses, had already determined that it was likely these tax rates would be extended.

He said, if we do extend them, which we anticipate doing, that is built into the market right now. But he said if we should fail to do so, we could anticipate that the market would react very negatively to our failure to do so. The reason, of course, is obvious. Investors want to know what the return on their investment will be 3 or 4 years out. That is when they will likely turn the money that will pay off a deficit for them. They want to know what that return is likely to be, which means they want to know what the tax rate is.

The tax rates that will expire in 2008 do not tell them what they need to know.

We have the opportunity to extend those tax rates through 2010 and prevent an increase from occurring, and that is precisely what we ought to do. It is interesting that these particular taxes are very important to the majority of taxpayers in the country. These are not the so-called tax cuts for the rich. These are a continuation of existing tax rates for a majority of tax filers.

More than half of all Americans own stocks, either directly or through mutual funds. The 2003 marginal rate cut on investment income worked by giving investors an incentive to put more money to work in the markets. At the lower rates, the tax penalty imposed on the additional investment earnings, the reward for taking on additional risk, is smaller than before, and it makes the risk more attractive.

When investors get to keep more of their reward, they are encouraged to invest more. With more investment, businesses have an easier time attracting the capital they need to expand, create new goods and services, and also create new jobs.

It is all part of this additional economic activity that creates this economic growth.

Americans support the extension of these tax rates.

A recent poll by the Pew Research Center, released on January 24, found that “halves of Americans support extending reductions in taxes on investment income such as capital gains and profits from stock dividends, while 35 percent believe these tax cuts should not be extended.”

I intend, by the way, to support extending the tax cuts by 34 percent, 35 percent. The reason is very apparent—
because it benefits millions of taxpayers.

These lower rates have helped millions more taxpayers than other popular tax provisions; for example, the alternative minimum tax relief that we want to extend now.

Let me do a comparison between the AMT, which both Senator BAUCUS and I would like to see repealed, how many people would benefit from our relief from the alternative minimum tax versus how many would gain relief from an extension of current rates on capital gains and dividends.

It turns out, of all taxpayers that pay the AMT—those are figures from the 2003 tax year, which is the last year—9.7 percent had adjusted gross incomes under $100,000. Meanwhile, of all taxpayers reporting capital gains in 2003, 67.5 percent had adjusted gross incomes under $100,000. Of those reporting dividend income in that year, more than 70 percent had adjusted gross incomes under $100,000.

Nationwide, fewer than 8 million filers would be helped by the AMT hold-harmless provisions, while nearly 20 million filers would be helped by the dividend relief that we would extend, and 20 million more would be helped by the relief from capital gains.

Here is the bottom line: A lot of Americans—over half—are now invested in the stock market. A lot of people will receive benefits if we continue these current tax rates on dividends and capital gains. Over 20 million of these filers under $100,000 will have dividend income and over 7 million will have capital gains income. That is compared to those taxpayers whom we will help under the AMT relief that we provide of about 8 million filers.

The bottom line is, other than the wealthy in our country, we are talking about helping people with both kinds of relief, but far more will benefit from the capital gains relief, and especially the dividend relief, than will benefit from the AMT relief. Some of our colleagues understand that and say: We understand in terms of pure numbers there are a lot more taxpayers, especially in the lower income categories, who will benefit from dividends and capital gains relief than AMT relief.

What about the fact that maybe they do not get as much relief, that the dollar amount is not as much? There is a myth out there that it is actually very low. In fact, there is something being quoted as IRS statistics—and they are not IRS statistics. They are from a report of a group called the Center on Budget and Policy Priorities and also the Brookings Institute Tax Policy Center, which claims IRS data shows the taxpayers with income of $50,000 or less only receive a benefit of $11 per return from the lower rates on dividends and capital gains, and the benefit for taxpayers with income under $75,000 would only be $77 per return.

That is just plain wrong. First of all, the data is not from IRS. What is the data from IRS showing? Mr. President, I ask unanimous consent a couple of charts be printed in the RECORD after these remarks to show what I am talking about.

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

(See exhibit 1.)

Mr. KYL. The IRS statistics—and this comes specifically from table 3.6, 2003, of a report called “Individual Income Tax Returns, Returns with Modified Taxable Income: Taxable Income and Tax Classified by Each Rate at Which Tax Was Computed and by Marital Status.” If you look under that table, what you will find is that based upon actual IRS data estimated from 2003, the people who had taxable income of less than $50,000 on a per return basis, saved about $171 each. In 2008, the tax rate is reduced from 5 percent to zero for these taxpayers. Based upon the same data, that allows the rate to expire, which would result in a $341 tax increase on each of the almost 10 million taxpayers in these two lowest income tax brackets if we do not extend this tax rate at its current level.

What are we saying? If we do not take action and extend this current rate, what we are going to have for those lower income tax payers, those who make $50,000 or less, is they will see a $341 tax increase on each of those almost 10 million taxpayers. That is a fairly small figure of $11, which is simply wrong.

The bottom line is, not only will more taxpayers receive relief under the extension of the capital gains and dividends part of what we hope will be the conference report than those who receive AMT relief, it will be substantial relief. If we allow these rates to expire, there is going to be a substantial tax increase on these people in the lowest brackets, those making $50,000 and below. If I were to see a $341 tax increase, I would call that real money. I call that amount of people real people.

I mentioned before the people making $100,000 or less. What about those making less than that? If you look at those with adjusted gross incomes of $30,000, for example, with regard to dividends, 19.2 percent of the people reporting dividends were in that income category. With respect to capital gains, likewise, at that lower adjusted gross income of $30,000, 19.5 percent of those reporting long-term capital gains were in that category.

The bottom line is, whether you are talking about less than $100,000, less than $30,000—I mentioned the amount of money received from those making less than $50,000—whatever category you are looking at, you better extend the current rates or there will be millions and millions of these low-income taxpayers receiving a big hit on their taxes.

Let me be very plain. We are not talking about additional cuts in taxes. What we are talking about is just keeping the existing tax rates. If we do not extend them, millions of low-income Americans are going to see a huge increase in their tax bill; one that is unanticipated, unappreciated. We cannot afford to allow that to happen.

I hope we could agree, those who argue there should be relief on the alternative minimum tax, that we also need to continue to provide the relief from the dividends in capital gains taxes as well.

In addition to talking about this in terms of American families, it is important to understand what this has done for our economy. The fact is, all taxpayers, all workers in this country, all people who have jobs, all benefit from the economic expansion that has occurred largely as a result of the tax policies the President has proposed and to which Congress has agreed. It would be folly to allow those tax policies to expire.

What kind of impact have these tax policies had on the gross domestic product? Whether you embrace these lower rates or not, you have to acknowledge they have helped our economy, which grew at a 4.1-percent annual rate in the third quarter of last year, the 10th straight quarter in which the economy has grown at a rate above 3 percent. It is interesting to compare this with the European economies. For 2005, the Euro area gross domestic production grew at only 1.4 percent. Economists predict for 2006 it will be about 1.9 percent. The United States, by contrast, is expected to grow at 3.6 percent for 2006, according to the CBO.

What does this mean, or how does the gross domestic product actually increase? You have to have business investment, primarily small businesses. Interestingly, business investment fell in the nine consecutive quarters before the 2003 tax rate bill was passed. For nine consecutive quarters, businesses were not investing. Investment was declining. So in 2003 we passed these additional tax rates. What happened was cutting taxes on capital helped reverse the decline. In the 11 consecutive quarters since these tax cuts, business investment measured by nonresidential fixed investment has increased each and every quarter. In fact, business investment has continued to increase even after the expiration of the temporary bonus depreciation for business investments expired.

Interestingly, it has not just been businesses that have seen additional revenue as a result of the investment, but there has been job creation from these tax cuts. But, ironically, these tax cuts—or paradoxically, I could say—have also provided increased revenues to the Federal Treasury. According to a recent report by the CBO, capital gains revenue is 16 times greater than it was forecast to be. Government estimators predicted that the reduction in capital gains foreseen in 2003 would cost the Federal Government $27 billion in lost revenues for 2004. CBO’s most recent report shows...
that the lower rates actually brought in an additional $26 billion in revenue. Instead of costing $27 billion, the lower rates actually made $26 billion for the Treasury.

Why does that happen? It is fairly obvious. When you are holding assets, and if you sell them, it will cost you 20 percent in taxes, 20 percent of the gain. That is a pretty stiff tax. You do not want to do that. Congress comes along and says: We will reduce that down to 15 percent. Small businesses, in particular, there is an extra cost in that event. We will pay less in taxes, 25 percent less. We will go ahead and sell the asset and only pay 15 percent.

So more people do that than were expected to sell assets so even at a lower rate, because of the increase in volume, the Government ends up making a lot more money.

Think of it this way. You are a department store. When you go to the department store and there is a big sale over the week, how can the department store make any money? It is simple. They reduce the price they sell their product for, but there is so much more of the product sold that they more than make up for the reduced cost by the volume of sales.

It is the same thing that occurs here. Lower the rate a little bit, but that attracts people to sell their assets, to take advantage of that lower rate. And that increases income in sales more than makes up for the reduction in the rate. That is why you have to be a little careful with the CBO projections about the cost to the Treasury of lowering the tax rate. It is simple. They reduce the price they sell their asset for, but there is so much more of the product sold that they more than make up for the reduced cost by the volume of sales.

It is interesting that according to the same CBO report, the Government took in $100 billion in capital gains taxes in fiscal 2000 which is a 20 percent increase from 2003. And it is projected that capital gains taxes coming into the Treasury increased another 25 percent in 2005—up $75 billion. That is real money no matter how you calculate it.

We cannot say for certain that the lower tax rates will always continue to make revenue for the Treasury in the future, but looking back we can sure conclude that these investment tax rates have thus far been nothing but good news for the Treasury. That means good news for all of us because instead of the Government going further into a deficit situation, this increased revenue is helping us to keep the deficit more under control.

It is interesting that overall revenues are up in 2005. The Treasury collected $2.15 trillion in revenues, which is the highest level of Federal receipts in history, and it is $274 billion more than collected in the previous year. Remember, this increased revenue at lower tax rates. Yet we still expect an increase in $274 billion more than collected the year before. That is a 14.6 percent increase overall. CBO has projected individual revenues for 2006 will be up 8.2 percent, greater than they were from 2005, and that corporate receipts will be 8.6 percent higher. Revenues for December 2005, just to take that month, were 12 percent higher than they were for December 2004. Corporate receipts were up 33 percent, and receipts from individual income tax payments were up about 5 percent.

This is the biggest reason we should not in any contemptuous arguments that somehow we need to have what some people around here call pay-go, where you take the CBO estimates of how much a tax reduction is going to cost the Treasury, and somehow you make that up in increased revenue. So that net, you are not reducing taxes on the taxpayers at all.

What is the point of a tax reduction if it is not a real tax reduction; if you are just taking money out of one pocket but then you have to add it from the other pocket? It makes no sense. In fact, it is just reversed. We should not be talking about the cost to the Treasury; we should be talking about the cost to the taxpayers. They are the ones who are hit by hard-earned money. We cannot spend a dime in Congress that somebody did not work very hard to earn to send back to Washington in the form of taxes.

When we talk about increasing taxes or decreasing taxes or keeping the level of the taxes where they are right now, and we calculate the cost to the Federal Treasury, I say forget that. I am worried about the cost on my constituents. Those who will invest. They are the ones who will hire more people if we let them keep more money. And that means more people will have jobs. If people have jobs, they will pay more in taxes and the Government will continue to collect more revenue.

The statistics I have quoted demonstrate that a sensible tax policy, one which does not set the rates too high, will actually end up bringing more revenue to the Treasury than the revenue from one which tries to set the rates too high. That is why since pay-go does nothing about the spending side of the equation, which is what is driving up the deficit—because our big entitlement programs: Medicare, Medicaid, and Social Security are not affected by that. It does nothing to affect them whatsoever. The only thing it does is if we have a tax reduction we have to have a tax increase somewhere else to come out even. That does not do the economy any good at all.

The bottom line is the provisions of the bill before the Senate, as well as those that are likely to come back to the Senate from conference, will be helpful to individual taxpayers in the lower income brackets and helpful to families who create small businesses, who have small businesses that create jobs. They will be helpful to the economy as a whole and also help to the Federal Treasury.

I will refer a little bit to this argument made by some, including my good friend from Montana, that we cannot afford to do both the 1-year fix for AMT; that is to say, have most people not pay the uncomplicated taxes under the alternative minimum tax, and also the relief we would provide by considering the AMT to be a temporary capital gains and dividends. The fact of the matter is, we can, and we will, do both. Within the next 3 or 4 weeks, we will have done both, and the country will be better off for it.

So more people do that than were expected to sell assets so even at a lower rate, because of the increase in volume, the Government ends up making a lot more money.
There are some other extenders. The President talked about some of these in his State of the Union speech. For example, the R&D tax credit is so important to continued research and development in our country. And there is the 15-year depreciation recovery period for restaurant improvements, the 15-year depreciation recovery period for leasehold improvements. This bill also extends the deduction for teachers who pay for some expenses out of their own pocket. This is something I introduced some years ago. In fact, if my recollection serves, the average teacher spends about $500 a year out of her or his own pocket to bring supplies to school that are not paid for by the schools in order help teach the kids. We provide a deduction for that. Nationwide, there are 3.3 million filers who take advantage of that. And 62,000 of those are in my State of Arizona.

Finally, to mention the sales tax deduction. This is very important. It is not important in my State in particular, but it sure is important in some other States. For 2004 and 2005, taxpayers living in States without income taxes could take an itemized deduction for State and local sales taxes, in lieu of the existing deduction for State and local income taxes, from which they get no benefit. The reconciliation bill would extend this option for 2006. Nationwide, 12.3 million families and individuals will benefit from the sales tax deduction this year, 2006.

So the bottom line of all of this is that this bill is not just about the AMT and capital gains and dividends; it is about a lot more. My colleagues who want to help average taxpayers, people who do not even itemize their deductions, teachers, small businesses—all of these taxpayers are benefited by the bill we have before us. It is important for us to support these taxpayers, by the millions, as I said.

There is a final point; that is, a point that Senator Baucus has raised concerning the so-called Byrd rule. This is a very technical, rather arcane point about revenue loss beyond the budget window. The two tax-writing committee chairmen in the House and the Senate are well aware of this requirement and will make certain the conference agreement complies with all the rules of the Senate by including any necessary offsets, as the Senate-passed reconciliation bill complies with all the rules of the Senate. So I want to assure my colleagues that the problem that has been raised is not going to be a problem by the time we conclude voting. They can rest assured of that.

So, Mr. President, I urge my colleagues, as they consider any motions to instruct conferees to note that it is all well and good to tell our conferees what we think, but the bottom line is, we need to get this bill into conference so the conference committee can issue a conference report that we will then deal with and our House colleagues will then deal with, that will continue the tax rates that currently exist, that will continue the deductions and exemptions we currently have for all these taxpayers we talk about, that will not allow taxes to increase on our constituents. That is what this bill is all about—nothing more, nothing less—no tax increases.

Thank you, Mr. President.

EXHIBIT 1

TABLE 3.2—2003, INDIVIDUAL INCOME TAX RETURNS WITH MODIFIED TAXABLE INCOME: TAXABLE INCOME AND TAX CLASSIFIED BY EACH RATE AT WHICH TAX WAS COMPUTED AND BY MARITAL STATUS

(All figures are estimates based on samples—money amounts are in thousands of dollars)

<table>
<thead>
<tr>
<th>Marginal tax rate classes</th>
<th>All returns</th>
<th>Joint returns and returns of surviving spouses</th>
<th>Returns of married persons filing separately</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of returns</td>
<td>Income taxed at rate</td>
<td>Income tax generated at rate</td>
</tr>
<tr>
<td>All tax rates</td>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>15 percent (capital gains)</td>
<td>349,114</td>
<td>7,050,630</td>
<td>1,812,607</td>
</tr>
<tr>
<td>25 percent</td>
<td>2,188,286</td>
<td>75,411,601</td>
<td>15,082,320</td>
</tr>
<tr>
<td>15 percent (capital gains)</td>
<td>9,461,124</td>
<td>205,205,659</td>
<td>30,780,849</td>
</tr>
<tr>
<td>5 percent</td>
<td>9,833,227</td>
<td>33,552,373</td>
<td>1,677,619</td>
</tr>
<tr>
<td>8 percent</td>
<td>1,058,265</td>
<td>3,780,577</td>
<td>324,666</td>
</tr>
<tr>
<td>10 percent</td>
<td>100,386,201</td>
<td>2,086,592,861</td>
<td>780,056,566</td>
</tr>
</tbody>
</table>

*Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Figures exclude returns of nonfilers.


TABLE 3.3—2003, INDIVIDUAL INCOME TAX RETURNS WITH MODIFIED TAXABLE INCOME: TAXABLE INCOME AND TAX CLASSIFIED BY EACH RATE AT WHICH TAX WAS COMPUTED AND BY MARITAL STATUS—continued

(All figures are estimates based on samples—money amounts are in thousands of dollars)

<table>
<thead>
<tr>
<th>Marginal tax rate classes</th>
<th>All returns</th>
<th>Returns of heads of households</th>
<th>Returns of single persons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of returns</td>
<td>Income taxed at rate</td>
<td>Income tax generated at rate</td>
</tr>
<tr>
<td>All tax rates</td>
<td></td>
<td>(10)</td>
<td>(11)</td>
</tr>
<tr>
<td>8 percent</td>
<td>34,235</td>
<td>80,776</td>
<td>6,462</td>
</tr>
<tr>
<td>5 percent</td>
<td>803,327</td>
<td>35,131,048</td>
<td>2,853,916</td>
</tr>
<tr>
<td>3 percent</td>
<td>4,013,135</td>
<td>46,945,023</td>
<td>4,013,135</td>
</tr>
</tbody>
</table>

*Estimate should be used with caution because of the small number of sample returns on which it is based.

Note: Income from investments and estates and trusts.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, the next motion will be a motion by the Senator from Oregon, Mr. WYDEN, on energy. I ask unanimous consent that the pending motions be temporarily laid aside so the Senator from Oregon may offer his motion.

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

The Senator from Oregon.

MOTION TO INSTRUCT CONFERENCE

Mr. WYDEN. Mr. President, I send a motion to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the motion.

The assistant legislative clerk read as follows:

Mr. WYDEN moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 96)) be instructed to insert in the reconciliation bill that repeals accelerated depreciation for geologic and geo-physical costs for oil and gas exploration by the 5 major oil companies for the following reasons:

(1) In April 2005, President Bush stated that “With $55 oil, we don’t need incentives for oil and gas companies to explore.” On February 2006, oil futures trading on the New York Mercantile Exchange closed at $61.84 per barrel.

(2) At a November 9, 2005, joint hearing of the Committee on Energy and Natural Resources and the Committee on Commerce, Science, and Transportation, the Chief Executives of ExxonMobil, ChevronTexaco, ConocoPhillips, BP, and Shell all testified that the new tax breaks in the Energy Policy Act of 2005 were unnecessary for their companies to explore for oil. Accelerated depreciation for geologic and geophysical costs for oil and gas exploration is one of the new tax breaks provided by the Energy Policy Act of 2005.

(3) The Joint Committee on Taxation estimates that this special interest tax break for major oil companies costs the taxpayers and the United States Treasury more than $200,000,000 over the next 5 years and almost $300,000,000 over 10 years. The United States taxpayers will have to pay higher taxes to provide this tax break for big oil companies.

(4) The 5 major oil companies whose Chief Executives testified before the joint hearing of the Committee on Energy and Natural Resources and the Committee on Commerce, Science, and Transportation reported net profits of more than $111,000,000,000.

(5) At a time of record high oil company profits and high Federal budget deficits, hardworking American tax payers should not have to provide record subsidies to major oil companies. Congress should eliminate this special interest tax break for the largest oil companies that even these oil companies say is not needed.

Mr. WYDEN. Mr. President, I thank particularly, the distinguished Senator from Montana, who is on the floor, Mr. BAUCUS, and Senator GRASSLEY, for working very closely with me on this issue because I think this illustrates something the Senate is going to have to tackle aggressively in the days ahead. This, at least, makes a modest step in the right direction.

At a time when the oil companies have been making record profits and often charging record prices at the pump, it does not seem to me, they ought to be receiving record subsidies from the taxpayers.

What we are doing means—and this would mean for the first time in, as far as I can tell, 20 years—the Congress would actually be rolling back a subsidy to the oil industry. This would limit one of the new tax breaks that the major oil companies received in last year’s Energy bill.

The reason I feel so strongly about this, colleagues, is we have the major oil companies before the Energy Committee recently, and I asked the CEOs of the five largest oil companies if they agreed with the President’s statement—and I quote here—“With $55 oil, we don’t need incentives for oil and gas companies to explore.”

The CEOs of ExxonMobil, ChevronTexaco, ConocoPhillips, BP, and Shell all agreed that the new tax breaks for exploration in the Energy bill were unnecessary. In fact, ExxonMobil CEO Lee Raymond said: “When you add it all up that energy legislation is zero in terms of how it affects ExxonMobil.”

So what we have is the bizarre situation where the Congress sends billions of dollars of new subsidies to the oil companies when the oil companies actually show up at congressional hearings and say they do not even need these subsidies that the Congress is sending them.

Now, ExxonMobil recently announced it had posted an all-time record profit of $36 billion in 2005. That huge amount is not just the highest profit ever for an oil company. It is the highest profit ever for any company. And ExxonMobil is not the only oil company to post a record-high profit in 2005. ConocoPhillips reported its profits shot up 66 percent to $13.5 billion, while ChevronTexaco’s profits jumped to more than $14 billion. The five largest oil companies in the country had combined profits of more than $110 billion.

So I would only say to the Senate today, it is one thing to talk about new tax breaks to the oil companies and look at them, as we are doing today, and to particularly say: Do the oil companies need these tax breaks in order to promote exploration and secure the energy our country needs? What we new have is the situation where the oil companies have come to the Congress and have said publicly, before the Congress, they do not need these kinds of tax breaks.

At a time when they make record profits and consumers have recently paid record-high prices, the Federal Government simply should not record-high subsidies to these companies.

The Senate tax reconciliation bill includes an amendment I had the opportunity to work with Chairman GRASSLEY and Senator BAUCUS on to eliminate one of the new tax breaks for the oil companies to explore. This is exactly the type of incentive the major oil company CEOs and President Bush have said they do not need. The five largest oil companies, when the price of oil is over $60 per barrel. That is $7 per barrel higher than the price at which the President said they
Federal courts have ruled that these costs are the responsibility of the companies, the people who came to the Senate and said they do not need new subsidies. This amendment is about making sure these major firms don’t get a tax break they now have testified they don’t need. The fact is, over the past 2 years, oil companies have already increased their drilling operations as the price of oil has skyrocketed from $45 per barrel to over $70 per barrel. The number of rigs in operation and the amount of drilling have also been increased by a third since 2003. Most of this increased drilling occurred before the new tax break went into effect.

What it comes down to is Congress should not subsidize profitable oil companies. It is a step in the right direction. What we tried to do in this bipartisan amendment of the Tax Code and energy policy in the days ahead. My own sense is, in the last energy bill, we subsidized an awful lot of people to do the wrong thing. Getting a new energy policy is arguably the most red, white, and blue issue the Congress could possibly take up. I think about our soldiers in Iraq and Afghanistan, these individuals who honor us every day with their courage and valor. I want to make sure their kids and grandkids are not off in the Middle East fighting a war and Congress is still dallying on oil.

This is a step in the right direction. I suspect other colleagues want to discuss this issue. I reserve the remainder of my time. In fact, how much additional time do I have on this motion?

The PRESIDING OFFICER. The Senator has 18 minutes.

Mr. WYDEN. Mr. President, will the Senator from Oregon yield for a couple questions?

Mr. WYDEN. Absolutely. Mr. LOTT. I wanted to make sure I understood what the Senator was advocating.

Is the Senator proposing a motion to instruct that would basically say that the Senate should insist on the position it had in our version of this reconciliation tax package in conference?
I thank the distinguished Senator from Mississippi and reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. LOTT. Mr. President, the President pro tempore is a pertinent parliamentary inquiry. Are we now on the conference report itself so that I could yield myself time off of the overall report?

The PRESIDING OFFICER. The time can be yielded from the general debate.

Mr. LOTT. I ask unanimous consent that I be yielded time off of the debate which is scheduled on our side of the aisle.

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

Mr. LOTT. Mr. President, I will be brief. In line with what I was just saying, I have been informed by the staff that the Parliamentarian probably would not be prepared to offer one in this AMT area or defer to the chairman, if he would prefer to do so.

This is an area in which we should act. I remember a few years ago when we got into the discussion of the alternative minimum tax, the desired goal was to make sure that everybody paid some minimum amount of taxes. It was aimed at the wealthy. But as we all have learned, because of the way the Tax Code works, more and more middle-income Americans have been pulled into this AMT web. It has gotten to be a serious problem, so we have proposed to do something in the Senate-passed bill on a temporary basis on the AMT.

My proposal would be, if it is the right thing to do, make it permanent. This is the kind of thing we are playing around with that is inappropriate. Why would we do it for a year or two? If it is the right thing to do, let’s make it permanent.

I suspect there are some people in the Senate who will not want to do that for whatever reason. My question is: Why not, if it is the right thing to do? The same thing is true with some of the other proposals which have been considered. If we are going to extend the tax break for some of these families with children so they won’t get hit with a tax increase, shouldn’t we do it here? Who now wants to stand up and defend the fairness of what is happening with this alternative minimum tax, what it is doing to middle-income workers?

With all the complaints we hear about the AMT on both sides of the aisle, why in the world wouldn’t we support a motion to instruct to make it permanent? I would hope that we would. I think that substantively, this is a no-brainer. Yet I understand there is resistance to doing that. Maybe there are those people who don’t want to vote on that motion to instruct.

There are 20 million American families affected by this pernicious provision in the Tax Code which has taken on aspects we never intended. If it is the right thing to do, then the budget should reflect that. This tax reconciliation should reflect that. We ought to make the change in the AMT permanently.

I would hope that we wouldn’t get into a long list of motions to instruct. They are irrelevant anyway. But both sides need to know that if we are going to start down that trail, there are going to be some uncomfortable motions to be considered and we are going to get a chance to vote on making the changes in the unfairness of the alternative minimum tax that affects all these millions of families permanent.

I yield the floor. Observing no other Senator wishing to speak, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I think around 8 we will probably have two votes. It is also my understanding that the other side of the aisle will be offering various motions to instruct which presumably will be votes on as well as motions to instruct on this side of the aisle.

I must say, though, I have glanced at the proposed motions to instruct on the other side, and I find it very curious. Why do I say that? I say that because we in the Senate passed a bill. The House has passed a bill. We are going to go to conference on the two bills now. Presumably, it is the Senate conference which are charged to defend the Senate bill. Presumably, the House conferees are charged to defend the House bill. After all, that is what a conference is all about. The Senate passes a bill and goes to conference; the House passes a bill and goes to conference.

These motions that are going to be offered, however, do not defend the Senate bill. Quite to the contrary, they are opposed to the Senate bill. They defend the House-passed bill, the capital gains treatment. I find that very curious. I, frankly, find it very disconcerting, because if this is the case, it will set the precedent basically for a motion to instruct, not to defend the body’s views. Most of the motions to instruct on the other side will be motions not to defend the Senate bill, but urge provisions in the House bill. That is nuts.

Most of the motions to instruct by Members on this side are asking the conferees to defend the Senate-passed provisions. I just point out that because, as I said, it is curious and disconcerting, and I hope all Members recognize what is going on here; namely, what I just outlined. I hope this is an aberration and that it doesn’t continue. Otherwise, this is another example of the chaos, the virtual free-for-all around here, and disrespect for procedure, for rules, for civility, and for both sides working together. I hope maybe that is an oversight by the other side of the aisle with all the motions that are going to be coming up.

Nevertheless, I have them before me. To tell us what they seem to say. I point out that for Members; it is an observation before we vote to take into consideration. Most of the instructions I see are with respect to capital gains treatment. There is no provision for extending current law which doesn’t expire until January 1, 2009; whereas, there are provisions in the House-passed bill to extend it for 2 more years, even though current law doesn’t expire until January 1, 2009.

The motions to be offered are to basically take up and encourage the conferees to pass the House provisions. That is very curious.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I see the Senator from Illinois, and I ask unanimous consent that the pending motions be temporarily set aside so that the Senator from Illinois may offer a motion.

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

MOTION TO INSTRUCT CONFERREES

Mr. OBAMA moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to agree to the House amendment. That is very curious.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will report the motion.

The bill clerk read as follows:

Mr. OBAMA moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to agree to the House amendment. That is very curious.

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Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. BAUCUS. Mr. President, I see the Senator from Illinois, and I ask unanimous consent that the pending motions be temporarily set aside so that the Senator from Illinois may offer a motion.

The PRESIDING OFFICER. Without objection, it is so ordered.
For the convenience of my colleagues, I agreed not to demand a vote on that amendment. But I rise again to urge my colleagues not to forget Katrina and her victims who continue to struggle. In a bill with $70 billion of tax cuts, surely we can find $274 million to help families in the hardest hit states for the most vulnerable members of our society.

In the weeks after Katrina made landfall, President Bush vowed to do what it takes to help the region recover. To believe him, we had witnessed the devastation caused by the hurricane, and we saw the terror of poor families with their lives turned upside down, homes destroyed, jobs and businesses lost, families separated, and lives permanently changed.

At the time, the President said:

We have a duty to confront this poverty with bold action.

Almost 6 months later, the Government’s actions have not matched the President’s rhetoric. Evacuees are getting nowhere in their quest to get their homes back. This week because FEMA stopped paying the bill. Thousands of temporary mobile homes ordered by FEMA are sitting empty in nearby Southern States. The Federal response continues to be inadequate to get the families back on their feet.

We can do better for these families. At a time when we are debating $70 billion of tax cuts, most of which will benefit corporations and people who need help the least, why not set aside a small fraction to help those who need it most?

One way to help those who need help the most is to enhance the refundable portion of the child tax credit. Under current law, families who earn less than $11,000 get no benefit from the refundable child credit. That means that a child does not get any benefit from the credit even if her parents work full time at the minimum wage. And the child does not get the full benefit of the $1,000 credit until her parents earn close to $18,000, or even more if the child has siblings. As a result, almost 17 million children get less than the full credit. Wouldn’t it make sense to recognize the damage wrought by the hurricane and to eliminate the income threshold that excludes the poorest of children from getting the credit? Wouldn’t it make sense to say to the children affected by Katrina that they will no longer be denied at least a partial credit so long as their parents are working?

The cost of this fix is estimated at $274 million over 2 years. To get a sense of perspective, that is less than one-half of 1 percent of the cost of this entire bill. It is a matter of compassion sense and fairness—the least we can do when we are cutting taxes for wealthy Americans. If we do this, hundreds of thousands of this country’s most disadvantaged children will see an increase in their credit—not as a handout but because their parents work.

I hope we don’t forget the images we witnessed in the aftermath of the hurricane—the people, their suffering, and the devastation. We shouldn’t forget the daily struggles families right now are going through trying to rebuild their lives. Let us not forget our Government’s promise to do what it takes for families along the gulf coast. Let us not forget our duty. President Bush put it, to confront poverty with bold action.

I urge my colleagues to join me in instructing the Senate managers to provide tax relief for the most vulnerable members. Furthermore, let us urge them to remember the low-income victims of Katrina and the children and families too poor to benefit fully from the refundable child credit. Obviously, this is a modest piece of legislation. It is a motion to instruct. My suspicion is that even if it passed, other priorities would move to the fore.

Let me say in closing that it is shameful, what is happening in the gulf coast right now. I think all of us recognize the scope of the devastation. All of us were embarrassed at the slow response immediately after the hurricane. It has now been 6 months. We have not shown the sense of urgency that the American people did privately for their hurricane. I would hope that at least we can send some small signal that we are concerned about the kids who are languishing, who have been uprooted, who aren’t in the schools they were attending and in the neighborhood in which they grew up.

This is one way to send that signal, and I urge my colleagues to support my motion.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.

Mr. BAUCUS. Mr. President, I strongly support extending the deduction for tuition costs through December 31, 2009, as provided for in the Senate bill.

To compete successfully in the world today, America must make education a top priority and invest in our greatest talent pool: our workforce to be left behind. To remain the most competitive and innovative country in the world, we need to make education affordable.

Let me state a small anecdote. I was in Bangalore, India, not too long ago, about 3 or 4 weeks ago, and I asked the head of the research center there, the Jack Welch Research Center, which, frankly, is one of the two or three best research centers General Electric has, I asked the manager of it: Why are you here? Why are you here in Bangalore? Guess what he said. He said: Because this is where the greatest talent pool is.

Let’s talk about where is the next greatest talent pool for your top-flight scientists and engineers here?

He said: China.

I asked: Well, where is the United States in terms of ranking for the best talent pool?

Frankly, he said it was way down on the bottom. Not the very bottom. He said: You are down there.

So I asked him: What can we do in America to be more competitive than we are today, to make sure we have the best jobs for our kids, and, more importantly, for our kids and grandkids so that we in America can pass on to our kids and grandkids the same standard of living we have today, which our parents gave to us?

His answer: You guys have to spend more on education, and you have to make it less expensive so more students can get the quality education they want and need. Also, you have to lower your health care costs. It is too costly in America to get a good education. We have said: You also have to lower your health care costs.

About 280 million, 290 million, something like that. I would say we are way behind the eight ball. We need to spend much more time than we are on education.

Congress has responded with a number of income tax breaks to higher education and financing. Tax incentives such as the HOPE scholarship and lifetime learning credits, the Coverdell education savings account and prepaid tuition and college savings plans help American families pay for college. The House legislation for qualified higher education tuition and related expenses, section 222 of the Tax Code, was first added as part of the 2001 Economic Growth and Tax Relief Reconciliation Act.

Let me explain more. We cannot allow America’s workforce to be left behind. To remain the most competitive and innovative country in the world, we need to make education affordable.

Almost 6 months later, the Government’s actions have not matched the President’s rhetoric. Evacuees are getting nowhere in their quest to get their homes back. This week because FEMA stopped paying the bill. Thousands of temporary mobile homes ordered by FEMA are sitting empty in nearby Southern States. The Federal response continues to be inadequate to get the families back on their feet.

We can do better for these families. At a time when we are debating $70 billion of tax cuts, most of which will benefit corporations and people who need help the least, why not set aside a small fraction to help those who need it most?

One way to help those who need help the most is to enhance the refundable portion of the child tax credit. Under current law, families who earn less than $11,000 get no benefit from the refundable child credit. That means that a child does not get any benefit from the credit even if her parents work full time at the minimum wage. And the child does not get the full benefit of the $1,000 credit until her parents earn close to $18,000, or even more if the child has siblings. As a result, almost 17 million children get less than the full credit. Wouldn’t it make sense to recognize the damage wrought by the hurricane and to eliminate the income threshold that excludes the poorest of children from getting the credit? Wouldn’t it make sense to say to the children affected by Katrina that they will no longer be denied at least a partial credit so long as their parents are working?

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I hope we don’t forget the images we witnessed in the aftermath of the hurricane—the people, their suffering, and the devastation. We shouldn’t forget the daily struggles families right now are going through trying to rebuild their lives. Let us not forget our Government’s promise to do what it takes for families along the gulf coast. Let us not forget our duty. President Bush put it, to confront poverty with bold action.

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Let me say in closing that it is shameful, what is happening in the gulf coast right now. I think all of us recognize the scope of the devastation. All of us were embarrassed at the slow response immediately after the hurricane. It has now been 6 months. We have not shown the sense of urgency that the American people did privately for their hurricane. I would hope that at least we can send some small signal that we are concerned about the kids who are languishing, who have been uprooted, who aren’t in the schools they were attending and in the neighborhood in which they grew up.

This is one way to send that signal, and I urge my colleagues to support my motion.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Montana.
Americans have to spend a lot more time boosting our talent pool so we have more scientists and engineers than we currently have in the United States. We have a lot of them, and they are good, but it is also very clear that other countries are catching up and are good, but it is also very clear that other countries are catching up and are good. We have a lot of them, and they are good, but it is also very clear that other countries are catching up and are good.

From 1981 to 1995, tuition at a 4-year public college/university increased by 234 percent. That is right. From 1981 to 1995, tuition increased by 234 percent. That is three times the growth in median household income and may account for three times the increase in the cost of living over this same period. That is unsustainable, clearly unsustainable. That is wrong. I don’t know why this country doesn’t start to address that more. That is being done more frontally, because the earlier we do, the more jobs and the more high-paid jobs we are going to have for Americans.

For tax years 2002 and 2003, taxpayers with adjusted gross incomes of less than $65,000—say $55,000—for married couples filing jointly—are allowed to deduct $3,000 for qualified higher education tuition and related expenses. Three thousand dollars. Remember how costly education is, the figures I just gave you a moment earlier.

For tax years 2004 and 2005, the maximum deduction is $4,000 for those same families and $2,000 for Americans with adjusted gross incomes of $65,000 to $80,000 for a single person or from $120,000 to $150,000 for married couples filing jointly. Unfortunately, this important deduction expired at the end of 2005.

Critics of extending the deduction for tuition costs ask why we have both this deduction and the HOPE and lifetime learning tax credits. It is true that the current system can be complicated, and it is complicated. Families that qualify for tax credits are sometimes better off with a deduction. Unfortunately, families don’t always have the time or knowledge or energy to figure out which tax choice is best for them. So we are looking at whether the tax incentives for education should be combined or should be simplified. But until we do, I wish to put the deduction on the same timetable as the tax credits which are in effect until 2010.

Let us look at the House. The House only extends this deduction for 1 year—clearly not enough. Senators on both sides of the aisle have agreed that this deduction is important to working families trying to get their children a good education. We must, therefore, preserve this deduction and, as proposed in the Senate bill, extend this important deduction for 4 years.

If America is going to be competitive in the global economy, it must make education a top priority. Extending the deduction for tuition costs through December 31, 2010, will help. By extending the deduction by helping provide our children with affordable education. Therefore, I will work hard to ensure the deduction for tuition costs is extended through December 31, 2009, as provided for in the Senate bill, and urge my colleagues to support this extension.

I may sound like a broken record, but every fiber in me, my bones and my muscles, my blood and whatever is in me, I just know that we have to work a lot harder, a lot more effectively to address American competitiveness, and most of that comes down to education. It is making sure that our kids and we ourselves are educated as best as we possibly can. Education is a lifetime effort; it is not just K through 12. It is what happens pre-K, after K, and up through college ages—Prestart, Head Start, K through 12, college. It also includes votech training for job skills. It is continuing education. It is bringing us more up to date. For those of us who graduated a long time ago maybe we are going to be continuing to be up to date with what is going on and are able to translate new ideas into jobs.

I have traveled a lot overseas and I have seen a lot of countries, especially in Asia. I want to talk to you about China in the march. Speaking primarily of the Chinese and the Indians—clearly Japan is a very large country, with the second largest economy in the world, but it will not be long before China is the largest economy in the world. I am guessing by the year 2030 China will be the largest economy in the world. That is not far away. It is only 24 years from now. I may be off by 10 years; it may be 10 later or 10 earlier. But 24 years is a lot, but it takes to get us up to speed, the time it takes to get education programs in place, the time it takes to make sure we are graduating more scientists and engineers and have a tax and health care policy that makes more sense, and an energy policy that makes more sense.

We are a wonderful, big country. We are extremely lucky. We are the luckiest people in the world to be Americans. We don’t see people head-in-the-sand in other countries, including China. Rather, people want to live in America. They want to come to America because of our values, et cetera.

It is true in the last couple of years our image overseas has been greatly tarnished. The image of America today is not what it was several years ago. That is due, I think, primarily to the foreign policy of this country. But nevertheless, overall most people would rather live in America than some other country. Americans certainly continue. We want the best to continue as long as it possibly can, not just for ourselves but, more importantly, for our children and for our grandchildren.

That is the legacy we want to pass on to them.

To do that, you have to have some kind of plan. You can’t let these go helter-skelter. Other countries have plans. They definitely have plans. It is not a coincidence, China has a plan. I don’t know if they are going to do it, but they have a plan. They know what they want to do. They know that they have to boost and are boosting their science and engineering education. They know they have to develop the interior provinces, not just the eastern coastal provinces. What are they doing about it? They are doing something about it. They have a plan. They are spending a lot of money and building big super-highways out in western China. There is a big, fancy airport in western China. I was in Chunking 4 or 5 weeks ago, at a huge, massive, fancy, wonderful airport in western China. That is government policy.

They have plans to deal with unemployment. They have plans, frankly, to put on what they think will be the world’s best Summer Olympics in 2008. I bet they have a plan to win more gold medals than any other country, too. They have plans. You have to take your hat off to them. They are doing what they think they have to do to progress and bring themselves out from the lower living standards they have had for so many years.

It is true many Chinese live in poverty, but that is different from millions in poverty. That is also true. But they have plans to address that. I remember not too many years ago I was in Shanghai. I was talking to the mayor of Shanghai about all these wonderful fancy buildings in Shanghai. I said: You must be proud of all you are doing in Shanghai.

The mayor turned to me and said: We have problems.

I said: What do you mean?

He said: They have high unemployment by China’s standards. This is what we are doing to retrain people. Some of these jobs are old jobs. As the Chinese Government works to downsize these state-owned enterprises, Government-owned enterprises that are all subsidized, they know as they enter the World Trade Organization they have to get rid of a lot of these state trading enterprises. Man, oh, man, they know as that happens they are going to have huge unemployment problems. So they have done a lot for all they have to do, in their plan to address that job loss in China.

Then he pointed to the river there in Shanghai and he said: Pollution; this river is polluted. We have a 10-year plan to clean up this river so it is no longer polluted.

I don’t know whether it has been successful or not. That was 5 years ago. I assume the river is probably polluted. But you could tell, talking to him, he is working to address the problems that we have.

India certainly is the same. When I was in India a couple or 3 weeks ago,
they have plans how they are going to build up India. I went to the subway in Delhi. That is a fancy subway. That makes our subway in Washington, DC—it is comparable. But guess what. In the Indian subways you can use your cell phone because they make sure when they tunnel under they have the radio stations there, the towers, so you can use your cell phones. They are building 18 more subways in India, fancy ones.

Other countries are building them. It is not us. When I was there, I heard constantly from all over India: Where are the Americans? Where are you? Australians are here and Malaysians, other countries are here, Germans and French. The subway was 60 percent Japanese financed. Where are the Americans? They want us there, but we are not there.

What I am saying is things are happening in this world. We have to get with it. Much of that is education. Much of what is going on. Much of that is forming partnerships where both countries do well. We can’t stick our heads in the sand. Things are happening and I think a large part of this is education.

Let me ask, again, about that same point. When Tom Friedman’s book came out, “The World Is Flat,” I took it on myself to travel around the United States by myself and ask CEOs: What do you think of this book? Have you read this book? They all read it, of course. I said: What do you think? Do you agree? They all agreed. Some said: This is scary. Some said: Yes, this is a challenge.

Then I asked the next set of questions: What do we do about all this? Sure, it is true, largely true. Sure, it is a little scary. Sure, it is a challenge. What do we do about it?

That kind of set them back a little bit. You can’t just think about solutions; a little bit. But the solution they all tended to gravitate to was education. We Americans have to focus much more on quality education, quality teachers. We are doing a good job. I got a great education when I grew up in Helena, MT, in Missoula, MT. The teachers, I thought, were excellent. They were tough and they were good. Current teachers are good. But all I am saying is whoever we are, we know we have to keep moving and progressing. You don’t want to be the people who you tread water you are likely to sink. You can’t keep treading water. You have to go ahead.

I am often reminded of the former head of Intel, Andy Grove, who wrote a book, “Only The Paranoid Survive.” That is probably true in the semiconductor industry, but I think it is partly true in life. That is not to say we all have to be paranoid. Clearly not. But it is to say you have to be vigilant, and really vigilant.

Frankly, if I were President, what I would do is change this budget around massively. I would put a lot more in this budget for education. I would put a lot more into making sure we can solve our health care cost problems in this country; more coverage. I would make sure we tackled and made America energy independent. This thing about independent 25 years from now is not true. We have to get started now. I suggest developing DARPA for energy. DARPA, in the Defense Department, developed lots of great technologies, military technologies, applicable in the private, will help protect the same on energy. That will attract bright minds. It will help us be more energy independent, make us less hostage to events overseas.

It is so clear to me. I may be wrong, but I tell you it is clear to me, anyway, what we need to do. I think in my gut most Americans sense that, this sort of sense we have to get moving here. I think a lot of Members of this body may feel the same. If we were to be much more bold, as to the gratitude Americans would show to Congress for finally taking the lead and doing something.

We have to get organized somehow, not seen to be prescriptive, not seen to pick winners and losers, but I am saying harness the energy that is in America and help focus it a little more on where we should be going. After all, that is why many of us sought these jobs. We sought these jobs to represent our people in the best way we could. We sought these jobs because we thought, many of us—most of us think we have pretty good judgment and priorities and common sense. If that is the case, I urge us to get out of our little boxes, get out of our little cubbyholes, get out of our daily routines, get out of the stuff that pulls us apart from our real job here, just a little bit—maybe a surprising if we were to be much more bold, as to the gratitude Americans would show to Congress for finally taking the lead and doing something.

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seem to be stuck in the mind-set that perpetual temporary extensions represent de facto permanence. Why worry about making the credit permanent when there is little or no doubt about its getting extended again? Doing so represents poor tax policy, but it seems to be the way Congress likes to handle this problem.

I will never forget the gap that once occurred between the expiration of the tax credit and our ability in the Congress to act.

Let’s be realistic. We all know that the cost of these temporary extensions is no less than the cost of a permanent extension. If we think we are saving revenue to Treasury by our current practice of extending the credit a year or two at a time, we are only fooling ourselves.

However, by not making the credit permanent, we are driving down the amount companies are willing to spend on innovative research. Even though we all know that the next extension for a year or two is practically a sure thing, the private sector does not see it that way. They do not, and cannot, plan for the credit on a long-term basis if we only extend it for a temporary period.

Thus, we continually engage in a kind of self-defeating behavior—trying to fool ourselves into thinking we are saving taxpayer money by passing these temporary extensions while we tell ourselves it does not matter anyway because we are always going to extend the credit again for a year or two whenever. All the while, though, companies are keeping down their R&D spending because of the uncertainty provided by this practice.

Now, we see a Democratic motion to instruct the conferees to insist on another two years of the otherwise expiring tax credit, but to be paid for by not extending the lower rate on capital gains and dividends, which is in the House bill.

That seems not only extreme. It knocis the very important set of tax principles that have kept the economy going. I think we ought to have all of these.

Let’s face the facts. This motion is nothing more than a weak attempt to embarrass Republicans by forcing us to choose between the research credit and the capital gains and dividends provisions.

However, it does not work for all the reasons I have indicated. The motion presumes false choices. Another temporary extension of the research credit in this body, whether for 1 year or for 2 years, is practically a foregone conclusion. Virtually all of us are in favor of it. It is going to happen regardless of what the motion to instruct says.

My point, and the point of my own motion to instruct, is to ask, if we really believe the research credit is good policy, why not instruct the conferees to push for a permanent credit? It doesn’t cost any more than a series of temporary extensions.

The motion from the other side is not really about the research credit, and everyone knows it. It is about the lower rates for dividends and capital gains.

I continue to hear claims that Republicans are interested only in giving tax breaks to the rich. This mantra is false and insulting. We are advocating continuing the lower rates on dividends and capital gains because we want to do a favor for the rich.

We believe that people respond to incentives, and that higher net benefits result from more — in this case— saving. There is ample evidence for this, and this concept is not controversial among economists—they might argue how sensitive saving is to the returns on saving, but no one disputes that higher returns affects saving.

Higher saving leads to more investment by firms, which increases productivity and with it, wages and economic growth. Every worker benefits from an increase in saving. Nobel Laureates Robert Lucas and Ed Prescott have stated that lowering the tax on investment income is the closest we can come to a free lunch.

Some of my colleagues would have the American people believe that by supporting an extension of the lower tax rates on capital gains and dividends, Republicans are hurting those with lower incomes. I submit that by increasing saving and investment, we are helping lower income people more than we could in any other way.

Besides, if you look at how many people are now invested in the market, either through pensions or otherwise, or through mutual funds or otherwise, a good 50 percent of all taxpayers in America are now in the stock market.

Frankly, they all benefit from having these lower rates that we have been talking about.

Incentives lead to more saving. More saving leads to more investment. More investment leads to higher productivity and economic growth. Productivity and economic growth lead to more and better jobs for everyone. It is time for us to stop playing political games and get to work helping Americans realize their highest potential. We can start by appointing the conferees to the tax bill.

That is something that in the past we never had difficulties with, but in the last few years we have.

I send this motion to instruct conferees to the desk and ask for its immediate consideration by the Senate.

The PRESIDING OFFICER. Without objection, the pending motion is set aside.

The clerk will report the motion.

The legislative clerk read as follows:

Mr. HATCH moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for extension of the temporary R&D tax credit for high-risk R&D projects in the United States) be instructed to agree to the Senate amendments to the bill in lieu of the conference report, with a view to统一 permanent nature of the credit just makes no sense.

The Senate-passed bill is a credit extension for 2 years. I remind my colleagues that the current credit is expired. It expired at the end of last year. We are now in February. The Senate bill extends it for calendar years 2006 and 2007, and the House bill just has 1 year, 2006.

I am for more predictability, more certainty, especially with respect to the R&D tax credit.

I also received a letter from the R&D Credit Coalition, a group representing 85 trade associations and more than 1,000 small, medium, and large companies. In the manufacturing sector alone, which performs nearly 60 percent of all private and industrialized R&D in the United States, there are 14 million manufacturing employees who get the benefit of this credit.

The coalition in their letter said:

‘The Coalition believes the Senate-passed provision will help make the credit a more powerful incentive to undertake long-term, high-risk R&D projects in the United States. Consistent with the provision you and 45 of your Senate colleagues have taken as sponsors of a permanent and strengthened R&D credit, extending this credit for an additional year will better enable the intended stimulative effect of the tax credit to be realized.

I ask unanimous consent that the letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

R&D CREDIT COALITION,

Hon. CHARLES GRASSLEY,
Chairman, Committee on Finance, U.S. Senate,
Washington, DC.

Hon. MAX BAUCUS,
Ranking Democrat, Committee on Finance, U.S. Senate,
Washington, DC.

DEAR CHAIRMAN GRASSLEY AND RANKING MEMBER BAUCUS: On behalf of the members
of the R&D Credit Coalition, we thank you for your leadership in amending the Tax Relief Act of 2005 to include a two-year extension of a strengthened research tax credit (the "R&D" tax credit). It is critical that the credit be extended and strengthened and the additional length of the proposed extension will provide needed certainty to businesses that are making investment and hiring decisions.

The Coalition believes the Senate-passed provision will help make the credit a more powerful incentive to undertake long-term, high-risk R&D projects in the United States. Consistent with the position you and 45 of your Senate colleagues have taken as sponsors of a permanent and strengthened R&D credit, extending this credit for an additional year will better enable the intended incentive effect of the tax credit to be realized. The best incentive is one on which businesses can rely and one that applies broadly to all research-intensive companies. The members of the R&D Credit Coalition applaud your efforts to strengthen this credit and to lengthen its extension period. We look forward to working with you on this issue.

Sincerely,

BILL SAMPLE
Microsoft Corporation,
Chair, R&D Credit Coalition.

DONNA SUE GLEASON,
The Boeing Company,
Vice Chair, R&D Credit Coalition.

KEITH R. SUMMERS,
United Technologies Corporation,
Chair, R&D Credit Coalition,
Government Affairs Committee.

KAREN MYERS,
C/o Chair, R&D Credit Coalition,
Government Affairs Committee.

MONICA M. MCGUIRE,
National Association of Manufacturers,
Executive Secretary, R&D Credit Coalition.

Mr. BAUCUS. Mr. President, spending for R&D will increase in 2006, but America has challenges to face, such as major increases in the funding of offshore operations. The total amount of foreign direct investment, including R&D, is shifting heavily towards India and China, and competition for qualified researchers will increase markedly over a short period of time.

Most important is to keep American jobs. Keep them here, keep them at home. R&D has some of the most highly paid and intellectually stimulating jobs. With offshore operations and foreign R&D investment shifting to India and China, jobs for U.S. workers will decrease in this area.

I strongly urge support of both the motion to instruct by Senator HATCH and also the motion to instruct that the Senate the week before last. I was pleased we affirmed that the permanency of the child tax credit is a priority of the Senate and should be addressed during conference on this tax reconciliation bill. Even though I applaud that effort, I still say it is not enough. It is not enough to not look further to see who is working Americans who are still not going to be helped. It is not enough because the credit in its current form does not work for all low-income working families.

We can and should take one additional step. As some may be aware, to be eligible for the refundable child tax credit, working families must meet an income threshold. If they earn less than enough, they do not qualify for the child tax credit. The problem is, some of our parents are working full-time every week of the year. Yet they still do not earn enough to meet the income threshold to qualify for the credit, much less to receive a meaningful refund.

Heaven forbid we look at what they are making. Is it enough to safely and adequately raise their children? We have an obligation to make sure those people, those hard-working Americans who were willing to play by the rules to get a job, to work hard, to perform things that are important to our quality of life, too, that they have the same opportunity to love and nurture their children and work for their children a better opportunity than they may have had.

I will say this again because it is right and it is important people know. I will say it again to make sure the point is not missed. There are working parents who do not qualify for the child tax credit because their incomes are simply too low. Again, people playing by the rules, working hard so our lives might be a little bit better. For those minimum wage, they do not make enough.

If we are talking about American values, if we are talking about family values, if we want to reinforce the aspect of work instead of handouts, if we want to reinforce caring for all of America’s children because we know all of America’s children are part of our future, our future leaders, if what we want to do is reinforce working, caring for our children, taking the responsibility of our family—that does not mean just my children or just a few children; it means all children—are we not then going to step up to the plate and say to those hard-working Americans that your children are just as important as my children?

In 2003, the income threshold was set at $10,500. The threshold is indexed for inflation and thus has increased the last 2 years. It was $10,750 in 2004 and $11,000 in 2005. And, yes, it will go up again in 2006.

Unfortunately, the low-income worker’s wage is not increasing at the same pace, or even at all, for that matter, as we look at the low-income working wages that exist in this country. A single working mother or father in the State of Arkansas or across this Nation perhaps, who makes minimum wage, is going to get $5.15, working a 40-hour week, every week of the year. That is not going to step up to the plate and say to those hard-working Americans that your children are just as important as my children?

I applaud the action taken in the Senate the week before last. I was pleased we affirmed that the permanency of the child tax credit is a priority of the Senate and should be addressed during conference on this tax reconciliation bill. Even though I applaud that effort, I still say it is not enough. It is not enough to not look further to see who is working Americans who are still not going to be helped. It is not enough because the credit in its current form does not work for all low-income working families.

Mr. BAUCUS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.
February 13, 2006

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Please, let’s not repeat this mistake again. If the opportunity arises to take action on the child tax credit in this conference, we must not only extend it, but we must ensure that it works for all of America’s working families.

We may also remember that budgets reflect priorities, the priorities of those who put those budgets together. We know priorities create choices. The choices we make in budgets and in decisions on the floor of the Senate and in conferences over such critical issues have real and substantive consequences, not just to those working families out there who so desperately want success for their child, but it has consequences for our Nation. If we set our priorities so low that we leave behind the children of hard-working American families, the consequences for our Nation will be great.

I thank you, Mr. President, and again encourage my colleagues to support the credit in its current form. And, yes, I hope we have refocused our efforts not only of a child tax credit, but also making sure it is fair to all working families of our Nation.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The assistant legislative clerk proceeded to call the roll.

Mr. DEWINE. Mr. President, I ask unanimous consent that the pending motion be set aside.

The PRESIDING OFFICER. The assistant legislative clerk proceeded to call the roll.

Mr. DEWINE. Mr. President, I ask unanimous consent that the pending motion be set aside.

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

MOTION TO INSTRUCT CONFEREES

Mr. DEWINE. Mr. President, I have a motion at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

Mr. DEWINE moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to accept the veterans’ mortgage bonds program as a full substitute of the Senate-passed provision on this matter.

Mr. MENENDEZ moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to accept the veterans’ mortgage bonds program as a full substitute of the Senate-passed provision on this matter.

Mr. MENENDEZ moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to accept the veterans’ mortgage bonds program as a full substitute of the Senate-passed provision on this matter.
tax—known as AMT—in the final bill they report back from the conference committee.

It reaffirms the Senate's position that AMT relief should take priority over extending tax cuts for capital gains and dividends.

If the conference agreement fails to include relief from the AMT, 15 million taxpayers will face higher tax bills this year.

The Senate has expressed its support for AMT relief two times as this legislation has made its way through the legislative process.

First, the Finance Committee included AMT relief in the bill that it reported to the Senate floor.

Then, during floor consideration the Senate overwhelmingly approved the amendment offered by Senators MENENDEZ, SCHUMER, KERRY, FEINSTEIN and others to express the Senate's desire that AMT relief take priority over tax cuts for capital gains and dividends.

That amendment was approved by the Senate by a vote of 73 to 24.

The conferees for the Senate should respect the Senate's instructions and include AMT relief in the final bill.

There are two reasons that the Senate conferees should insist on including AMT relief in the final bill and reject tax cuts for capital gains and dividends. First, AMT relief is needed to protect taxpayers this year. Married couples with children are most affected by the AMT.

At least 15 percent of the reduction in the tax rates on capital gain and dividend income goes to taxpayers with $1 million or more, which is 3 percent of all taxpayers. The average tax cut for these taxpayers will be about $32,000.

The House included exemption levels that were enacted in 2003 expired at the end of last year. Without this provision, middle-class taxpayers will be hit with higher AMT liabilities when they file their 2006 returns. The lower tax rates for capital gains and dividends do not expire until 2009.

Second, extending lower tax rates on capital gains and dividends reflects misplaced priorities. The benefits of lower taxes on capital gains and dividends are disproportionately to wealthy taxpayers.

According to an analysis by the non-partisan Tax Policy Center, jointly run by the Urban Institute and the Brookings Institution, about 50 percent of the benefits of lowering taxes on capital gains and dividend income goes to taxpayers with $1 million or more of income.

In 2005, the average tax cut for millionaires was nearly $30,000. In contrast, 92 percent of all taxpayers received a tax cut of less than $100 as a result of the reduced tax rates on capital gains and dividends.

At a time when we face record budget deficits, Congress should not consider tax cuts whose benefits so clearly go to the most well off in our country.

Mr. KERRY. Mr. President, less than 2 weeks ago we debated the importance of the individual alternative minimum tax. Without congressional action, this year 17 million families will be impacted by the AMT. And this problem is growing. Without a permanent solution to the AMT, as many as 30 million families will be impacted by it in 2010.

We all seem to agree that the alternative minimum tax needs to be addressed, but we differ on how big a priority it should be. Very recently, 73 Members of this body voted to address the AMT before addressing tax cuts that do not expire until the end of 2008. This sense of the Senate specifically stated that "protecting middle class families from the alternative minimum tax should be a higher priority for Congress in 2006." Lowering tax cuts that do not expire until the end of 2010...

Some of my colleagues believe we can address both the AMT and extend the capital gains and dividends tax cut, but I believe that it will be difficult to do within the confines of a $70 billion tax bill. The House has made their position clear that they would rather address AMT outside the reconciliation tax bill. This is troubling because it would result in a total of over $100 billion in tax relief that is not paid for. We cannot afford another costly debt-financed tax cut. The Senate-passed bill does include some revenue offsets, but I do not expect the conference report to include any revenue offsets.

Not less than a week after we debated the alternative minimum tax, the administration's budget submitted to Congress for fiscal year 2007 failed to adequately address the AMT. Once again, the budget makes the 2001 and 2003 tax cuts permanent but ignores the looming problem of the AMT.

The President only chose to address the AMT for 1 year—2006. He chose not to address it for fiscal year 2007. In addition, the relief provided in the budget for 2006 is not as generous as the AMT relief in the Senate-passed bill. Under the budget proposal, an additional 1.2 million families would be impacted by the AMT. The Senate-passed bill prevents additional taxpayers from being impacted by the AMT. The budget deliberately leaves out a more permanent solution for the AMT for two reasons. First, the AMT would add additional costs to the budget. Second, the AMT masks the true costs of the 2001 and 2003 tax cuts.

Back during the debate on the Economic Growth and Tax Relief Reconciliation Act of 2001, I stressed the fact that the legislation would result in more individuals being impacted by the AMT and that not addressing the AMT hid the real cost of the tax cuts. This holds true today. Revenue estimates show us that it would be cheaper to address the AMT if the tax cuts were repealed than if the tax cuts were made permanent.

A choice was made in 2001 to provide more tax cuts to those with incomes of over a million dollars rather than addressing a looming tax problem for the middle class. The Economic Growth and Tax Relief Reconciliation Act of 2001 did include a small adjustment to the AMT but it was not enough. We knew at the time that the number of taxpayers subject to the AMT would continue to rise steadily. The combination of lower tax cuts and a minor adjustment to the AMT would cause the AMT to explode.

The amendment that I offered would have simply exempted those with incomes of less than $100,000 from the AMT and it was offset by decreasing the amount that the top rate would be reduced. It would have reduced the top rate to 37 percent instead of 35 percent. This amendment was not a panacea to the AMT, but we would not be in the situation that we are today because the amendment would have addressed the interaction between the tax cuts and the AMT by exempting middle class taxpayers.

The Joint Committee on Taxation estimated that the amendment would have prevented 18 million taxpayers from being impacted by the AMT.

Each year that we wait to address the AMT, more taxpayers are impacted and the cost of addressing it increases. We missed an opportunity in 2001 to address the AMT. Repeatedly, the AMT has been pushed aside to give priority to making the tax cuts for the wealthiest Americans permanent. So often we
hear that the bulk of the tax cuts assist the average American family. This is ironic because by 2010, the AMT will take back 21.5 percent of the promised tax breaks for individuals making between $75,000 and $100,000 per year and 47 percent from individuals making between $100,000 and $200,000. So the wealthiest households with annual income over $1,000,000 will only lose 9.2 percent of the tax cuts.

Once again today, we have the opportunity to help hard-working families or very wealthy investors. We can choose to protect 17 million middle class families by voting for the motion offered by my colleague, Senator MENENDEZ. Not addressing the AMT this year would result in tax increases as large as $3,640. The other choice is to extend the capital gains and dividends rate cuts that go to households with income over $1 million. Over 50 percent of the benefit goes to these households that make up only 0.2 percent of all households. These tax cuts do not expire until the end of 2008.

Last week, the Senate Finance Committee heard from Treasury Secretary Snow that the capital gains and dividends tax cut helps individuals with income coming over $1 million. I believe that he was trying to make the argument that more middle class taxpayers would benefit from the capital gains tax relief than from AMT relief. I disagree. The important statistics to look at are the percentage of income that is capital gains and dividends and the amount of the tax cut. In 2009, those making over $1 million would receive an average tax cut of $32,000 and those with incomes below $50,000 would receive an average tax cut of $11. IRS income tax data for 2003, which is the most recent data, shows that capital gains and dividends income accounts for nearly one-third of all income for millionaires. For those making less than $100,000, capital gains and dividends account for 1 percent of total income and it is even less for those with incomes of $50,000.

I urge my colleagues to choose hard-working families. We can reexamine the issue of capital gains and dividends tax cuts once we have our fiscal house in order. The budget that was sent to Congress last week projects the largest deficit in history for fiscal year 2006. In Congress last week projects the largest deficit in history for fiscal year 2006. In February 2006 the Senate projects the largest deficit in history for fiscal year 2006. In fiscal year 2006 (H. Con. Res. 77), the deficit is projected to increase by $1 trillion. We can take back 21.5 percent of the promised tax relief.

The PRESIDING OFFICER. The clerk will report.

The clerk clerk reads as follows:

Ms. STABENOW moves that the managers on the part of the Senate at the conference on the disagreeing votes of the House on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 77)) be instructed to insist on the inclusion in the final conference report of a permanent extension of the AMT credit for increasing research activities and to resolve any difference of the tax rates for capital gains and dividends which does not expire until 2009.

Ms. STABENOW. Mr. President, I rise this evening to introduce a motion to instruct conferees to extend the R&D tax credit permanently and offset costs related to that by striking capital gains and dividends provisions of the House bill in the conference committee. I realize my colleague from Utah has introduced something similar to extend the R&D tax credit permanently. I believe that the most responsible approach is to provide as much of an offset as possible so we are not extending the national debt which is already the largest in our Nation’s history.

This is a very difficult time for Michigan families. Michigan lost 11,000 manufacturing jobs since 2000. Last week, GM announced more bad news. Plant closings and job losses are becoming a common headline in our newspapers. There needs to be a sense of emergency in Washington about helping to protect and maintain these good-paying jobs and the way of life these jobs have offered for Americans. Our middle-class way of life is truly at risk. We are still not seeing any action from this administration. I was so disappointed to see the President did not mention the word “manufacturing” in his State of the Union Address, despite all that is happening and all that needs to be done on behalf of Michigan families, Michigan businesses, and those across the country that are affected.

People in my State are worried about their jobs, they are worried about the fact that they might lose their pension that they worked for, for 30 years. Who would have thought, in the United States of America, people would have to worry about paying into a pension system and possibly not having that when they retire? That is immoral. They see their health care premiums continue to rise every year, they are struggling to fill their gas tank and pay their home heating bill and are feeling squeezed on all sides. We need to take that seriously because there are things we can do to help turn that around.

What does the House bill dealing with taxes propose to do to help middle-class families? Absolutely nothing. Instead, it gives more tax cuts to the wealthiest few.

We can do better. We must do better for the people we represent. Hard-working families should be able to have a good-paying job, send their kids to college, retire with dignity, including health care and a pension and Social Security. We need to lower health care costs which are hurting American manufacturers and promote new health IT technologies that can save billions in health care costs. I was pleased to see the President mention that in the State of the Union.

Senator Snow and I have legislation, working with colleagues on both sides of the aisle. We can get this done and save hundreds of billions of dollars that can go back into lowering health care costs and paying for access to health care for our families.

We need to protect people’s pensions and uphold the fundamental principle that if you work hard and pay into a retirement fund, you get every cent you have earned and you deserve.

We must also investigate and enforce our trade laws. Countries such as China and Japan should be required to play by the rules, stop manipulating their currency. Countries such as Japan and China should be required to play by the rules, stop manipulating their currency. This is what we should be doing.

The House bill only provides a 1-year extension of the R&D tax credit, leaving businesses to worry about whether longer term projects will be terminated. A 1-year extension undermines our commitment to innovation and economic prosperity. Instead, the House bill provides $50 billion in tax breaks for the wealthy few who do not have to worry about losing their jobs or pensions tomorrow or struggling to pay their bills.

We need to be investing in our manufacturers and our workers to prepare for the future by planting seeds for the next innovative idea. I am very proud that in Michigan we have been the heart of so much innovation. We create ideas. We build great products, not just automobiles but furniture and all kinds of products. And we are on the cutting edge today of new innovations.

But it is time to reinvest in what has led our country to economic prosperity and to support these on-going efforts. We need the best minds in the world. We need the brightest minds in the world. We know American workers can compete with any workers from any country if we make it a priority to invest in education and innovation—and, by the way, if we enforce our trade laws so other countries are not cheating—and change the way we fund health care. That is the prescription for success, for maintaining our way of life as Americans.

Countries such as Japan and China have been doubling and tripling their investments in R&D over the last decade. Japan, which has always invested in R&D, increased their funding by 25
percent. Korea has doubled their R&D. China has tripled their R&D. In China, engineering professors and graduate students even receive bonuses every time they are published in an international journal.

Our Federal Government must be a strong partner with American manufacturers, American businesses, and American workers, and support innovation in this country for the next generation of workers. My home State of Michigan invests over $20 billion in R&D expenditures—the second highest of any State, according to the National Science Foundation. Although Federal investments in R&D only contribute 17 percent of total investments, these Federal funds are used to attract even more research dollars from businesses. It is a great investment for us.

It makes perfect sense for us in the Federal Government to help spur this innovation by being partners with the private sector. In total, about $25 billion is provided by the Federal Government and over $200 billion by businesses. This partnership in innovation is at the center of American companies competing in the global marketplace. Everyone who stays ahead can help themselves, their companies, and America. That means education. That means innovation by being partners with the manufacturers, American businesses, and engineering professors and graduate students who will be competing with our workers. We need to turn that around, make them play by the rules, change the way we fund health care in our country, and protect our patents by aggressively invest in education and innovation.

To see the kind of bold, aggressive investment we need means we need to extend the R&D tax credit. We need to send a message to American businesses around this country that this is a permanent tax credit, the R&D tax credit. We also need to send a message that we are going to choose, when choices have to be made, to extend the support right now to keep jobs here in America and those who down the road may be interested in having an additional tax cut on top of those they have already received. I believe it is about the future of our country, which approach will create opportunity, which approach will create jobs for the future.

My vote is with our manufacturers who are deciding, maybe at this very moment, whether to lay off more people in Michigan or around the country, who need this tax credit to invest in the future of their companies. That is my priority, not a few, most blessed in the history of the Department of Education—over $2 billion in cuts proposed in this budget. That certainly is going in the wrong direction. But permanently extending the R&D tax credit goes in the right direction, and helping to pay for that also goes in the right direction of fiscal responsibility.

As I indicated before, the distinguished Senator from Utah, Mr. HATCH, has offered a motion to instruct on a permanent extension of the R&D tax credit without an offset—in other words, without paying for that. I would suggest there is a more fiscally responsible approach and that we are not providing a long-term incentive for investment by just extending the credit for a year at a time or by not paying for it. I believe we need to have a permanent extension of the R&D tax credit, but we need to do that in a way which is fiscally responsible.

The problem this evening is really about our values and about our priorities and who will benefit from the tax bill. Are we going to give another $50 billion in tax cuts to those who are most blessed and extend the capital gains tax cut which is not even going to expire for 2 years or are we going to help people who are trying to create jobs and working men and women right now, manufacturers who right now need some support as they move into the future to compete internationally and bring jobs right now? Is there right now support, by extending the R&D tax credit so they have the partnership they need, the support they need for those new ideas which will allow them to compete on into the future? This is about what is happening to families right now. In Michigan, people are asking the President and asking us to look at what is happening to families at this moment and to take action now. Let’s stop China and Japan from cheating by stealing our patents or by counterfeiting—counterfeit autoparts, for example, is a $12 billion industry which has cost over 200,000 jobs in this country—or by manipulating their currency. Let’s force them to play by the rules and have a level playing field, but turn around and look at what they are doing on R&D and education. While they are cheating and stealing our ideas, they are educating more engineers and more scientists and those who will be competing with our workers. We need to turn that around, make them play by the rules, change the way we fund health care in our country, protect our patents, and aggressively invest in education and innovation.

To see the kind of bold, aggressive investment we need means we need to extend the R&D tax credit. We need to send a message to American businesses around this country that this is a permanent tax credit, the R&D tax credit. We also need to send a message that we are going to choose, when choices have to be made, to extend the support right now to keep jobs here in America and those who down the road may be interested in having an additional tax cut on top of those they have already received. I believe it is about the future of our country, which approach will create opportunity, which approach will create jobs for the future.

My vote is with our manufacturers who are deciding, maybe at this very moment, whether to lay off more people in Michigan or around the country, who need this tax credit to invest in the future of their companies. That is my priority, not a few, most blessed in the history of the Department of Education—over $2 billion in cuts proposed in this budget. That certainly is going in the wrong direction. But permanently extending the R&D tax credit goes in the right direction, and helping to pay for that also goes in the right direction of fiscal responsibility.

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My vote is with our manufacturers who are deciding, maybe at this very moment, whether to lay off more people in Michigan or around the country, who need this tax credit to invest in the future of their companies. That is my priority, not a few, most blessed in this country who have a capital gains tax cut in place which does not even expire until 2008—those who are not worried today about whether that pension is going to be there or whether they can pay their heating bill or whether they can send their kids to college or whether they are going to have a job tomorrow. They have a tax cut in place which does not even stop until 2008.

We can do better than the bill that was certainly passed by the House of Representatives. I hope the conference committee will do better. I urge support for my motion to instruct, with a clear message. This is about bold innovation for the future, permanently extending the R&D tax credit. It is about fiscal responsibility. And it is about making the right choices and values that say we are going to focus on those right now, those businesses right now which need our help, and make those families a priority for us.

It is about our way of life in this country. It is a fight we can win if we are serious about it. And I believe innovation is an important part of our future. I urge the support of my colleagues for this motion for the conference report of the pending amendment.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise for the purpose of offering some motions to instruct for myself and my colleagues.

The clerk will report.

The legislative clerk read as follows:

Mr. GRASSLEY moves that the managers on the part of the Senate at the conference on the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 510)) be instructed to insist on the inclusion in the final conference report of the funding to support the health needs of America's veterans and military personnel contained in section 358 of the Senate amendment and the funding to strengthen America's military contained in title VI of the Senate amendment.

Mr. GRASSLEY. Mr. President, in explaining the rationale for this motion to instruct, I will be referring to other motions to instruct that two Senators on the other side have put in place, Senator Dodd of Connecticut and Senator Reed of Rhode Island.

The Dodd motion to instruct is yet another episode in the tale of “groundhogization” of this tax relief reconciliation bill, a long journey. The Senate adopted the alternative to the Dodd amendment, a Grassley amendment, that passed, including the following budget Act language:

‘ querying waiver language. You see, the waiver language of title VI of the conference report of the bill is to be instructed for the purposes of our action in the Senate. If Senator Dodd were to prevail, the conference could not follow his directive without violating the Budget Act. It is because the Dodd motion deals with outliers. We can’t do outliers in a budget reconciliation package. I might add that the Reed motion that we expect to vote on tomorrow suffers from the same defect. The conferees, even if they were inclined, can’t return from conference with a provision that contains them.

We all know this is a political season. If you look at this motion, and if you look at the Reed motion, both cannot
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be adopted and followed. You can draw your own conclusion, then, why they are adopted, unless the Members don't know that this is a parliamentary situation. I can't believe they don't know what that parliamentary situation is.

While I am tempted to offer a motion to clarify what the Dodd and Reed motions are all about. Basically, if you support the principles of providing more health care for veterans, the supposed purpose of the Dodd amendment, you are at it; secondly, assisting our troops with body armor, the supposed purpose of the Reed amendment, then vote for the Grassley motion. If you support these two principles but don't support a tax increase on America's seniors, at a higher cost of capital for American business, support the Grassley motion. If you just want an increase, then vote for the Dodd motion.

I will summarize it this way: I appreciate Senator Dodd's attention to the issue of veterans health care, etc. This issue is of utmost importance to the Members of the Senate, as evidenced by the fact that we appropriated a massive amount of extra money last fall for the fiscal year we are in. One of the needs of veterans, particularly those who were not recognized, people returning wounded from Iraq. But my colleagues suggest that in order to provide this support, we should give up the important economic tax policy of reduced capital gains and dividends tax, the present tax policy, just continue it for 2 more years so that people have a long-term view of what the tax policy is so that they know what they are going to invest.

The Dodd motion claims to be paid for by capital gains, but capital gains offsets don't even come into play until the year 2009. I have offered a motion that supports military health care facilities, but we don't tie it up with an offset that is 3 long years down the road.

You will remember that the Senate debated this issue on Groundhog Day and voted to accept my amendment that provides the same benefits but does not raise taxes to pay for it. I urge my colleagues to vote against Senator Reed's motion and to support my motion to instruct conferees on the amendment we have already passed.

To sum up, if you are against a tax increase but for veterans health care and properly equipping our military, vote for the Grassley motion. If you are for a tax increase, then look elsewhere to our colleagues who are offering their version of it.

MOTION TO INSTRUCT CONFEREES

Mr. GRASSLEY. Mr. President, I am setting several motions to the desk now. I ask that these be taken up together. I ask that the clerk would read each one at a time because I want to speak to each one. I would ask the clerk to read the first one. The PRESIDING OFFICER. Without objection, the pending motion is set aside.

The clerk will report.

The legislative clerk read as follows: Mr. SANTORUM moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to report a final conference report that includes the "hold-harmless" relief from the individual alternative minimum tax in 2006 (sections 106 and 107 of the amendment passed by the Senate) to protect middle-class American families and includes an extension of lower tax rates on capital gains and dividends (based on section 203 of the bill passed by the House of Representatives) to protect tax cuts for middle-class families.

Mr. GRASSLEY, Mr. President, the motion to instruct that was just read is mine. Simply stated, this is a motion that says there are sufficient funds to do both alternative minimum tax and capital gains and dividends and that we should do both in other words, as an instruction to conferees.

MOTION TO INSTRUCT CONFEREES

Mr. GRASSLEY. Mr. President, I ask the clerk to read the motion that I am introducing for Senator LOTT, listed as No. 3.

The PRESIDING OFFICER. Without objection, the pending motion is laid aside and the clerk will report the motion.

The legislative clerk read as follows: Mr. LOTT moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to report a final conference report that includes the repeal of the individual alternative minimum tax (based on sections 106 and 107 of the amendment passed by the Senate.)

Mr. GRASSLEY, Mr. President, as I said, I am doing that for Senator LOTT of Mississippi, I think it is self-explanatory. If we set a rule, this motion, on behalf of Senator LOTT, calls for full and permanent repeal of the alternative minimum tax.

MOTION TO INSTRUCT CONFEREES

Mr. GRASSLEY. Mr. President, I now go to motion No. 4, which is for Senator HUTCHISON.

The PRESIDING OFFICER. Without objection, the pending motion will be set aside, and the clerk will report the motion.

The legislative clerk read as follows: Mrs. Hutchison moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendments to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95) be instructed to insist on the inclusion in the final conference report of a permanent extension of the election to deduct State and local general sales taxes (based on section 106 of the amendment passed by the Senate).

Mr. GRASSLEY. Mr. President, this is repetitive, but I will state this for Senator Hutchison. This resolution of instruction calls for a permanent deduction of State and local general sales tax.

MOTION TO INSTRUCT CONFEREES

Mr. GRASSLEY, Mr. President, I offer motion No. 5 for Senator SANTORUM.

The PRESIDING OFFICER. Without objection, the pending motion is set aside.

The clerk will report.

The legislative clerk read as follows: Mr. Santorum moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to report a final conference report that includes a permanent extension of the above-the-line deduction for tuition and fees (based on section 106 of the amendment passed by the Senate).

Mr. GRASSLEY. Mr. President, this motion I offer on behalf of Senator Santorum of Pennsylvania would make permanent the above-the-line deduction for tuition and fees. As I have noted on other occasions, this bill is really a "tax increase prevention" bill. One of the many important elements is the college tuition deduction. This provision was established in the 2001 tax relief bill and provides an above-the-line deduction for higher education expenses, commonly called the college tuition deduction. The eligibility for this deduction is limited based on income and is aimed at helping middle-class American families that are struggling to meet the rising...
cost of college tuition. It benefits students and their families at all types of institutions—from community colleges to 4-year schools, and both public and private institutions.

However, because we have had to slow walk this bill with some foot dragging and the tuition deduction expired on December 31, 2005. Nonetheless, it is important that we not only extend this provision, but make it permanent. The college tuition deduction is an important and popular education tax benefit, particularly for middle class. It is not available to taxpayers with income above $80,000 in the case of single returns, and $160,000 in the case of joint returns.

In 2003—the last year for which official data are available—more than 3½ million Americans benefited from the tuition deduction, with nearly $7 billion in college tuition costs covered by the deduction—an increase of nearly 9 percent from the previous year. Tax incentives for college tuition helped nearly 11 million Americans realize the dream of a college degree. This represents more than two-thirds of all college students. In the Commonwealth of Pennsylvania, over 150,000 families and students took advantage of this deduction. The tuition deduction is a crucial part of our education tax incentives and must be made permanent. We should send the message to parents of high school students that this deduction will be there when their students begin college.

I urge my colleagues to support this motion and support these families and students striving for a college education.

MOTION TO INSTRUCT CONFERENCE

Mr. GRASSLEY. Mr. President, I turn to motion No. 6, which is my own. I ask for the reading of it.

The PRESIDING OFFICER. Without objection, the pending motion will be laid aside, and the clerk will report.

The legislative clerk read as follows:

Mr. GRASSLEY moves that the managers on the part of the Senate at the conference on the disagreements votes of the 2 Houses on the Senate amendments to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95) be instructed to insist on the inclusion in the final conference report of a permanent extension of the tax incentives for the child tax credit made by the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that at 8 p.m. tonight, the Senate proceed to a vote in relation to the Grassley motion on veterans, to be followed by a vote in relation to the Dodd motion on veterans, with no amendments in order on either motion.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. BAUCUS. Mr. President, I ask that the pending motions be set aside so the Senate from New Jersey can consider the issue. Under the rules, he has at least a half hour, maybe even longer. Senator SCHUMER from New York is coming over. Under the rules, he would have the same length of time. We are going to vote about 8 o’clock, but, of course, that can slip a little to accommodate the Senators from New Jersey and New York. I counsel my friends from New Jersey and New York to not use all of their time unless they really want to. I admire the Senator from New Jersey. He is concise and to the point in his presentation.

MOTION TO INSTRUCT CONFERENCE

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that the pending motion be set aside, and I send a motion to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the pending motion will be set aside. The clerk will report.

The legislative clerk read as follows:

Mr. LAUTENBERG moves that the managers on the part of the Senate at the conference on the disagreements votes of the 2 Houses on the Senate amendment to the bill H.R. 4297 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95) be instructed to report a final conference report that does not increase the national debt of the United States.

Mr. LAUTENBERG. Mr. President, I want to discuss this motion to instruct conferees that I bring to this bill. You see here a display of a credit card. It is on the “Banker’s Future.” My amendment is simple. It asks the conferees, please, do not increase our national debt.

A lot of what we do around here is highly complex and compounded budget rhetoric. But to put matters simply, this bill allows President Bush to charge another $50 billion on the credit card of the United States of America. But when he leaves office, who is going to pay the debt that is left behind? Certainly, it will not be their rich or infamous friends. They are guaranteed to be safe from the bill collector. The reality is that the President is going to leave repayment of this credit card debt to our kids and our grandchildren.

I don’t want to have that burden on my grandchildren or my children. They work hard and they pay their debts and they pay their taxes—my children, I am talking about, my grandchildren are young. They are willing to pay their taxes and they are proud of this country of ours.

The Democrats want to pay for these tax cuts by ending giveaways to rich special interests. But the Republican side said, No, no, don’t persecute millionnaires.

I had a very successful business career. It happened because I live in America and America responds to ingenuity and hard work. I don’t mind paying my taxes. I want to pay my taxes to be sure that America is strong internally, not just on the weapons front but strong in character, strong in mission.

My colleagues on the other side, all good folks, will not admit they are passing this burden on to future generations. They claim they are going to cut spending to make up the difference. Are they? As President Bush insists, are they willing to cut Medicare and make health care more expensive for seniors? Are they, as President Bush insists, willing to cut student loans? Isn’t tuition expensive enough for the average family in America? Are they, our colleagues, et cetera, as President Bush insists, going to eliminate the Safe and Drug-Free Schools Program? Are they willing to cut the Head Start Program for children who don’t have the benefit of being in a home where they can learn, who don’t have the benefit of guidance from parents often? Those children often get their only nutritional meal in a facility that is supported by the Federal Government. We are now only serving 800,000 of 1.6 million children who would be otherwise.

Even if we do all these things, we are still going to be in the hole with massive deficits because of the President’s
insistence on irresponsible tax cuts, and I use the word advisedly.

I know something about balancing budgets. I was a senior Democrat on the Senate Budget Committee that produced the first balanced budget in 30 years, and we had a budget surplus of $236 billion. In 2001, President Bush enjoyed a surplus of $128 billion. We were ready to pay off our national debt by the end of President Bush's last term. We were in the middle of the longest economic expansion in the history of our country. But the Republicans plunged into massive tax breaks for the wealthy and the special interests, tax breaks that will cost $3.4 trillion to make them permanent over the next decade. One-third of that, more than $1 trillion, will go to the richest 1 percent of our population.

So here is how the Republican tax cuts translate. If you make $1 million a year, you get an average tax cut of $136,000, but if you make less than $20,000 a year, you get a whopping $19. To what end? Instead of paying off our national debt, President Bush and the Republican majority are set to double our national debt. If we continue on this path, our national debt will be more than $12 trillion by 2011.

With this bill, we are being asked to approve another $50 billion charge on our credit card. The most tragic thing is that there is no reason to charge these tax cuts to the national credit card.

When we were considering this bill a few weeks ago, our senior colleague on the Budget Committee, Senator Conrad, offered a way to pay for these tax cuts by closing corporate loopholes. Closing these loopholes would have shut down abusive foreign tax shelters. I don't understand why we should give cover to abusive foreign tax shelters. It would have made polluters pay to clean up the damage they cause to our environment, it would have required tax withholding on payments to Federal contractors, such as Halliburton, just like every American has on their paycheck. Every Member on this side of the aisle voted for budget deficits, and every Member of the other party voted for budget recklessness.

We still have a chance to put a stop to this. We can adopt my motion. It is simple. It says to the people across: Don't increase our national debt. Is that too much to ask, don't increase our national debt?

Of course, we could go ahead and get a second mortgage on the White House or this Capitol Building or the Pentagon. Every day across America will take a second mortgage in a similar situation. "Similar situation" means when your debt exceeds your ability to pay it down. The administration is willing to do that.

So if my colleagues think we should saddler our children and grandchildren with more debt, then I suggest they oppose my motion, but if they think it is wrong to run up our Nation's debt to special interests, such as Halliburton and polluters, can get off scot-free, then vote for my motion.

Every American's share of the national debt now is $27,529. This bill will raise that national debt payment per adult and child in this country. By voting for my motion, we say no to debt for our kids.

I urge my colleagues to support this motion and show that they want some fiscal responsibility put into place.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I see several Senators on the floor. I believe—and perhaps someone can correct me—the Senator from New York was here earlier.

MOTION TO INSTRUCT CONFEREES

Mr. SCHUMER. Mr. President, I wish to offer a motion.

Mr. BAUCUS. Mr. President, I ask that the pending motions be set aside.

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

The clerk will report the motion. The legislative clerk read as follows:

Mr. SCHUMER moves that the managers on the part of the Senate at the conference on the disagreeing votes of the 2 Houses on the Senate amendment to the bill H.R. 2597 (to provide for reconciliation pursuant to the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95)) be instructed to report a conference report that includes the Senate-passed provision to extend the above-the-line deduction for tuition and fees through December 31, 2009 (section 103), before it includes the House-passed extension of the expired provisions (section 203) given budget constraints, noting that a conference report which maintains the tax deduction will provide needed tax relief to one-third of American families each year that are struggling to keep pace with rising tuition costs.

Mr. SCHUMER. Mr. President, in the Senate-passed tax reconciliation bill, we have recognized the importance of the tax deduction for college tuition, and the bill we are sending to conference extends it for 4 additional years, through 2009. Unless extended by the 108th Congress, the deduction will not be available to taxpayers filing 2006 through 2009 returns. It is urgent that the provision be extended in this bill, so families can plan for their kids' education.

The House bill, in sharp contrast with the bill that the Senate passed with 66 votes, extends this commonsense, middle-class tax relief for only 1 year. Given that we face choices and budget limitations, and we can't do it all, this motion instructs the Senate conferees to insist that the conference report should include Senate-passed 4-year extension of the tuition deduction, rather than extending the tax cuts for dividends and capital gains that will not expire for nearly 3 years.

That is the gist of my motion. We simply do not need to take action on dividends and capital gains today, but on issues such as the college tuition deduction and the alternative minimum tax, Congress must act now. If we can pass a bill that has been reconciled, then the tax cuts for the middle class that have already expired should take priority.

The supply-siders who insist that cutting taxes for millionaires in 2009 is more important than cutting taxes for middle-class families, urge that low tax rates on investments are central to our economic well-being. Like many of my colleagues, I agree that lower taxes are generally preferable to higher taxes. That is not a controversial position. The question is, when we have large budget deficits, what are our highest priorities?

We have to make choices. And in today's information-driven economy, a college degree is no longer a luxury, it is necessity.

In terms of long-term economic growth and developing this country's human capital—which is ultimately the true source of innovation and competitive advantage—we could make few better investments than by ensuring that future generations have access to an affordable college education.

And talk about a tax cut that pays for itself over time. According to the Census Bureau, workers 18 and over with a bachelor's degree earn an average of $51,206 a year, while those with a high school diploma earn $27,915, and the disparity has been growing over time. College graduates make more money, and they will pay more in taxes as a result. Making college easier to afford is a real investment, and you don't need so-called dynamic scoring to make the case.

The challenge for American families is that the cost of college tuition has increased faster than any other major consumer item, including health care, over the last 20 years. It has skyrocketed from $5,156 in 1981 to $29,026 in 2005, an increase of 462 percent.

Even in real, inflation-adjusted dollars, the price of a 4-year public or private college education has almost doubled over the past two decades.

While many of my colleagues talk about lower taxes on investment, when a family spends money on college tuition, including the interest on their student loans, they are investing in the future of their children's education.

In today's global, interconnected world, who is to say that these investments in human capital are not just as important, if not more so, than the buying and selling of stocks? I urge each of my colleagues to think about how quickly tuition costs are rising in their States and consider whether the majority of taxpaying
families in their States really need an extension of capital gains relief or whether they really need relief from the AMT and college tuition costs.

Here are just a few examples from my State—At Adelphi University on Long Island, tuition cost $5,114 in 1983 and $17,800 in 2003–2004, a more than three-fold increase. At SUNY Purchase in Westchester County, tuition increased from $1,005 in 1983 to $4,079 in 2003–2004, or 4 times as much.

At Niagara University outside Buffalo, tuition has nearly quadrupled, from $3,300 in 1983 to $17,800 in 2003–2004. I am sure each of us has similar stories to tell. I urge my colleagues to support my motion, and keep the college tuition deduction in place for at least another year.

The skyrocketing rise of college tuition is not the only trap ensnaring an unsuspecting, and undeserving, American middle class. The individual Alternative Minimum Tax tax—a tax that we speak for a moment on the motion to be offered by the minority leader.

Unless we act, the alternative minimum tax’s crushing burden will be felt by 17 million middle- and upper-middle income taxpayers this year than in 2005, and millions more in the years to come. AMT relief is a critical part of the Senate’s version of this bill and we all must do everything we can to ensure that this tax—which affects middle- and upper-middle class taxpayers—is addressed this year.

It would be nearly impossible to overstate the AMT issue in its importance and urgency. By the end of the decade, the AMT will enmure more than 30 million taxpayers, the majority of which will have incomes below $100,000, and the National Taxpayer Advocate at the IRS has identified the alternative minimum tax as the most serious problem facing individual taxpayers.

Here are a few statistics I want to reinforce for my colleagues, which I mentioned on the floor earlier this month:

The year 2006 is the tipping point for the AMT, as the number of taxpayers affected nationally will explode from 3.6 million to more than 20 million, if the Congress fails to act;

If AMT relief is extended through 2006, about two-thirds of the benefits will be realized by families earning under $200,000, with more than half of the total benefits going to families with incomes between $100,000 and $200,000. In New York and many other States, where middle income households, a combined income of $100,000 or $150,000 does not make you rich.

Contrast this with the tax relief for dividends and capital gains, where more than half of the total benefit goes to families with incomes of $1 million. This is more than 50 percent of the benefit going to less than one-half of one percent of all taxpayers in the country.

It was for these reasons that 73 Senators voted earlier this month to support a sense-of-the-Senate resolution that AMT relief should be a higher priority for this Congress than a dividend and capital gains tax cut. The American people now expect us, and our conferees, to follow through on that pledge.

When you consider the statistics I mentioned, about who will become subject to the AMT this year if we fail to act, it becomes pretty obvious that addressing the AMT problem—or extending the college tuition tax cut—should be far more important than extending a tax cut on investment income that doesn’t expire for nearly 3 more years.

That is common sense, and it is an entirely separate question from who benefits from which tax cut, or what your ideology may be.

In conclusion, we need a bill back from conference that mirrors the previous Senate versions of reconciliation. We passed a bipartisan bill that excluded the dividends and capital gains cuts and provided generous AMT relief for 2006. That bill passed the Senate with 64 votes. Two weeks ago, a modified version of the bill received 66 votes. I strongly encourage our conferees to bring a similarly bipartisan bill back from conference.

Mr. BAUCUS. Mr. President, even though the hour of 8 is about to arrive, I yield whatever time the Senator from Texas requires.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, when the hour of 8 o’clock arrives, I ask to be notified. I wish to speak on the motion made on my behalf by Senator GRASSLEY earlier to instruct conferees to make the sales tax deduction permanent.

This is very important to the States that have a sales tax but no income tax. There are seven States that have no income tax. Yet the citizens of all the other States of our country are able to deduct the income taxes they pay at the State level from their Federal income taxes. Two years ago, we enacted the law that would bring sales-tax deductions for every State would be treated the same. We are now faced with another 2-year extension, or we will have this inequity continue because the sales tax deduction that was enacted by Congress lapsed at the end of last year. We have to make this deduction permanent.

I ask that our conferees be instructed to make it permanent so that every person in America can deduct their sales-tax deduction of whatever kind that may be, from their Federal income taxes. This is a matter of equity. It is only fair that sales-tax States be treated the same as income-tax States.

I urge my colleagues to vote to make sales-tax deductions permanent. Give people a choice. That is the right thing to do.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the vote now occurs on the motion to instruct conferees offered by the Senator from Iowa, Mr. GRASSLEY, relating to veterans.

Mr. BAUCUS. Mr. President, I ask unanimous consent that 2 minutes be allocated to explaining these motions and that 2 minutes be equally divided.

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

Who yields time?

Mr. BAUCUS. Mr. President, I will yield my time.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER. Without objection, it is so ordered. Is there further debate?

Mr. STEVENS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MCCONNELL. The following Senators were necessarily absent: the Senator from North Carolina (Mrs. DOLE), the Senator from Montana (Mr. BURNS), and the Senator from Arizona (Mr. McCAIN).

Further, if present and voting, the Senator from North Carolina (Mrs. DOLE) would have voted “yea.”

Mr. DURBIN. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Delaware (Mr. BIDEN), the Senator from Vermont (Mr. JEFFORDS), the Senator from New Jersey (Mr. MENENDEZ), and the Senator from Maryland (Ms. MIKULSKI) are necessarily absent.
The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 92, nay 0.

[Rollcall Vote No. 14 Leg.]

YEAS—92

Akaka
Alexander
Allard
Allen
Baucus
Bennett
Bingaman
Borum
Boxer
Brownback
Bunning
Burr
Byrd
Cantwell
Carper
Chafee
Chambliss
Clinton
Colburn
Collins
Conrad
Cornyn
Craig
Crapo
Dayton
DeMint
DeWine
Dodd
Domenici

Bayh
Biden
Burns

The motion was agreed to.

The PRESIDING OFFICER. Under the previous order, there will be 2 minutes equally divided on the Dodd motion to instruct.

The Senator from Montana.

Mr. Baucus. Mr. President, I ask unanimous consent that the Grassley motion for Senators TALENT and SNOWE be the Grassley amendment for TALENT, SNOWE, and LINCOLN.

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

The Senator from Connecticut.

Mr. Dodd. Mr. President, parliamemtary inquiry: How long did that last vote require?

The PRESIDING OFFICER. Approximately 37 minutes.

Mr. Dodd. I thank the Chair.

Let me briefly explain to my colleagues the distinction between the vote you just took and the motion I offer. Very simply put, it is whether we are going to pay for the language we just adopted with the motion of the chairman of the Finance Committee to have $39.9 billion for veterans and then not provide the resources to achieve that goal. Everyone in this Chamber knows what will happen. That amendment will be dropped before this bill even gets out the door. If you adopt the motion I offer, you will support taking the $19.9 billion out of the $64.8 billion that the House of Representatives proposes to spend on the two-tenths of 1 percent of American taxpayers who make incomes of more than $1 million a year. For that small amount, we can pay the veterans who desperately need the kind of services all of us know they need. If you want to do something for the Grassley amendment, then adopt this motion which will provide the resources we have not adopted with the Grassley provision.

I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. Grassley. Mr. President, the words "paid for" also mean tax increase. The difference between these motions is, the Grassley motion does not contain the tax increase. This Dodd motion asks the conference to raise taxes.

Mr. Dodd. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be.

The question is on agreeing to the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. McConnell. The following Senators were necessarily absent: the Senator from Montana (Mr. Burns) and the Senator from Arizona (Mr. McCain).

Mr. Inouye. I announce that the Senator from Indiana (Mr. Bayh), the Senator from Delaware (Mr. Biden), the Senator from Vermont (Mr. Jef- fords), the Senator from New Jersey (Mr. Menendez), and the Senator from Maryland (Ms. Mikulski) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 40, nays 53, as follows:

[Rolecall Vote No. 15 Leg.]

YEAS—40

Akaka
Baucus
Bingaman
Burr
Byrd
Cantwell
Carper
Chafee
Collins
Conrad
Cornyn
Craig
Crapo
DeMint
DeWine
Dodd
Domenici

Bayh
Biden
Burns

The motion was rejected.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. Grassley. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT—MOTIONS TO INSTRUCT

Mr. Frist. Mr. President, I ask unanimous consent that the only motions to instruct be those currently pending and that no other motions be in order; I further ask consent that no amendments be in order to the motions; provided further that when the Senate adjourns this evening, all remaining debate time under the statute be considered as having expired; further that when the Senate convenes tomorrow, the Senate begin to vote in relation to the motions, with the Republican alternatives occurring prior to the votes in relation to the Democratic amendments; and I send a list to the desk with the order of votes; further that prior to the Kennedy motion and the Grassley motion on capital gains/ dividends, there be 2 minutes per side for debate prior to the votes on each, with debate before all other votes limited to 2 minutes equally divided and all votes after the first vote in the sequence be limited to 10 minutes each.

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

FAIRNESS IN ASBESTOS INJURY RESOLUTION ACT OF 2005—Resumed

Mr. Frist. Mr. President, I ask unanimous consent that the Senate now return to the consideration of the asbestos bill.

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

The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 852) to create a fair and efficient system to resolve claims for victims of bodily injury caused by asbestos exposure, and for other purposes.

Pending:

Frist (for Specter/Leahy) amendment No. 2746, in the nature of a substitute.

Specter Modified amendment No. 2747 (to amendment No. 2746), to provide guidelines in determining which defendant participants may receive inequity adjustments the Administrator shall give preference.

Kyl amendment No. 2747 (to amendment No. 2746), to reduce the impact of the trust fund on smaller companies and to expand hardship adjustments.

Ensign point of order that the pending bill and the pending amendment in the nature of a substitute (Frist (for Specter/Leahy) amendment No. 2746 (listed above) violate section 407 of H. Con. Res. 95, the concurrent resolution on the budget for fiscal year 2006. Specter motion to waive the point of order (listed above).

CLOTURE MOTION

Mr. Frist. I now send a cloture motion to the substitute to the desk.

The PRESIDING OFFICER. The cloture motion having been presented.
under rule XXII, the Chair directs the clerk to read the motion.

The legislative clerk read as follows:

**CLOSURE MOTION**

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the pending substitute amendment to Calendar No. 131, S. 852: a bill to create a fair and efficient system to resolve claims of victims for bodily injury caused by asbestos exposure, and for other purposes.


**CLOSURE MOTION**

Mr. FRIST. I now send a cloture motion to the bill to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

**CLOSURE MOTION**

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on Calendar No. 131, S. 852: A bill to create a fair and efficient system to resolve claims of victims for bodily injury caused by asbestos exposure, and for other purposes.


**MORNING BUSINESS**

Mr. FRIST. Mr. President, these votes would occur on Wednesday. We are still working on the time during Tuesday’s session for the vote on the motion to waive. We will announce that when it is locked in.

I ask that there be a period for morning business.

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

**LEAVE NO ONE BEHIND**

Mr. FRIST. Mr. President, today, I would briefly like to recount the details of a troubling series of events that resulted in the capture of four Americans, one of whom was executed, in the jungles of Colombia. I recently received word of this story from a special operations officer with intimate knowledge of these and subsequent events.

Three years ago today, a contract surveillance plane operated by four American Defense Department contractors and a Colombian military sergeant, was flying in support of our joint counternarcotics efforts in Colombia. Engine troubles forced the crew to crash land the aircraft in the Colombian jungle south of the capital Bogota.

While there was a small window of opportunity to mount a search and rescue effort, the launch of the rescue team was never authorized. All five crew members were captured by the Revolutionary Armed Forces of Colombia.

FARC is a known terrorist organization that has terrorized Colombian civilians and political figures for decades. It has kidnapped and killed numerous American citizens and poses a serious threat to U.S. interests in Colombia. FARC is also very actively involved in drug trafficking and extortion.

FARC immediately executed the lone Colombian serviceman and one of the Americans and moved the other hostages further south, deeper into the Colombian jungle. In the 3 years since their abduction, there has been only one serious attempt to rescue the three remaining American contractors. This took place in late August and early September of last year.

Their names are Keith Stansell, Thomas Howes, and Marc Gonsalves. These three Americans and their families here at home deserve more.

Our military, in coordination with its Colombian counterparts, needs to take more assertive action to rescue the captive Americans. In order to carry out this mission, American personnel on the ground need access to better, more reliable, and more actionable intelligence.

They have a better chance of uncovering the location and well-being of the hostages by increasing contacts with Colombian troops patrolling the jungles and interrogating captured FARC members.

It is also important to seek tips from the local population that might have information on the whereabouts of these soldiers. But there must be incentives for these civilians, who must also endure FARC violence and intimidation, to come forward. For example, radio broadcasts in the surrounding areas could inform local civilians of the situation and offer rewards that the locals will truly value. Access to land and livestock could prove to be a great incentive for those with any information on the hostages to come forward.

We also need to increase our coordination with Colombian intelligence personnel. They have the most intimate knowledge of their country and are likely to have more access to contacts with information. Greater coordination and stronger links with these Colombian intelligence units will give our military a better opportunity to act when relevant information becomes available.

For 3 years, three brave American civilians contractors have been held hostage by a ruthless terrorist organization deep in the Colombian jungle. Though rescue attempts can be dangerous and entail numerous risks to both the hostages and the rescuers, the failure to launch more than one serious rescue attempt is a disservice to those men and to their families here at home. We can only imagine the anguish, uncertainty, and doubt they have endured for those 3 long years.

I urge the administration to redouble its efforts to rescue these three Americans. A more assertive response is required. We owe it to these men and to their families to take a more serious effort to rescue them.

**HONORING OUR ARMED FORCES**

**LANCE CORPORAL WESLEY DAVIDS**

This morning, Mr. President, I rise today to honor the life of a brave young man, who was known for his incredible spirit and selflessness. Marine LCpl Wesley Davids, from Dublin, OH, was killed by an explosion in Iraq on May 11, 2005—exactly one day after his 20th birthday.

Ronald Reagan once said that “some people spend an entire lifetime wondering if they’ve made a difference. The Marines don’t think about it!” Indeed, all of our U.S. Marines are making a difference each and every day, and Marine LCpl Wesley Davids was no exception.

Wesley was born to loving parents Michael and Jody Davids. Even from the time he was a little boy, he loved anything that moved fast. When he got older, he loved driving fast cars and fast boats. He owned a Mustang GTS and two other cars. He also worked at a National Tire & Battery store on the North side of Columbus.

Wesley’s friends at Dublin Scioto High School, from which he graduated in 2003, describe him as having boundless energy and that between working on his cars and going off-roading, Wesley lived a very active, very full life.

He loved a challenge and testing his own limits. Wesley was a stand-out member of his high school’s crew team. According to his coach, Russ Merritt, Wesley was just impressive, strong young man. You just had no doubt that he would give 100 percent.” Amy Speck, who rowed with Wesley, wrote the following about her teammate in a posting on an Internet tribute site dedicated to Wesley:

I had the privilege to be Wes’s coxswain in his crew boat his sophomore year and my senior year. Wes helped lead us to winning the Midwest Championships. He always led by example and was a fighter with a courageous spirit from the beginning.

It was that courageous spirit and strong sense of leadership that prompted Wesley to join the Marine Corps after the September 11th attacks. His mother, though concerned about Wesley’s safety, came to accept his choice to enlist and respected the passion he brought to his decision.

Jody knew that her son’s determination in his pursuit was strong, and she was very proud of him.

She said that the same passion that defined Wesley in the boat when he
rowed for the crew team, defined him as a Marine. "He wanted the camaraderie—the team spirit—of being part of something bigger than he was."

During their last phone conversation, Jody said that Wesley sounded very happy and enthusiastic. She said, "Wes, you sound really great. Are you having a good time?" Wesley replied to his mother, "I'm having a great time. I love the guys I'm serving with. I love what I'm doing. We're really well-trained. The mission is worth it."

One of Wesley's very good friends and high school classmates, Brian Fry, addressed the crowd at Wesley's funeral. He greeted Wesley in a way that I am sure he would have loved. Brian said this:

"Wes, we know you're in Heaven. And your Heaven is probably one big mud pit! We'd just like to say, take a ride for us, and we'll see you soon."

"Memories he left behind. Brian conveyed. He loved him and to thank him for the memories he left behind. Brian concluded the poem by saying:

"Thank you for sending this wonderful gift to us—even if it was for just 20 years and a day."

An Air Force chaplain who had known Wesley well read from a poem titled Dash, which refers to the mark between the birth and death dates on a tombstone:

He never made it to mid-day. But he lived, and paid the ultimate sacrifice for people he didn't even know. And, that—that is love.

This past Veterans Day held special meaning for Wesley's family and friends. As his mom Jody said:

"Previously, Veterans Day was a day; it could just slip by even though my dad is a veteran and my husband's father is a veteran. This year, it has new and intense meaning for us."

She went on to say:

"To stand up for what they believed in, to do it just to show off. Anything to get a laugh out of people. He liked them all."

Wesley once said, "As far as I'm concerned, I'm just a daredevil and as a handsome ladies man, Chris didn't have a girlfriend, but he was a charmer. He could charm with blue eyes and light brown hair that bleached to blonde in the summer—time. His mother said that when it came to girls, 'He liked them all.'"

"Not afraid of anything, Chris was a true adventurer. He loved to fish, hunt, and ride his dirt bike, while standing on the seat, going full speed into Wayne National Forest. An avid bowler, Chris would show off bowling tricks at Rainbow Lanes on South High Street in his hometown of Obetz, OH."

He worked in the bowling alley before joining the marines and liked to impress his friends by knocking down pins after facing backwards and rolling a ball through his legs. As friend Michele Hatfield remembers:

"He'd do it just to show off. Anything to get a laugh out of people."

Chris graduated from Hamilton Township High School in 2004, and joined the marines a week later. According to his mom, Chris dreamed of becoming a marine since the start of high school. He was assigned to Lima Company, which is part of the 3rd Battalion, 25th Marine Regiment out of Columbus. When he was sent to serve in Operation Iraqi Freedom, his unit was attached to Special Combat Team 2, 2nd Marine Division, 2nd Marine Expeditionary Force.

On May 22 of this year, I had the honor of meeting Chris Dixon's family and friends at the calling hours following his death. I saw pictures of Chris talks with his mom and his dad, Beckie and David Dixon, and his older brother Chad. Beckie said that after she learned of Chris's death, she put up 18 flags, one for each year of his life to date."

"Chris's closely knit town of Obetz was devastated by the young marine's death and the community grieved together. Allen Lantrip, 17 at the time, said Chris was among the best the town had to offer. Chris was one of the first people who welcomed Allen to Hamilton Township High School last year. The two talked before Chris departed for Iraq. Allen said Chris was very optimistic about going on the mission and coming home some day."

Another friend, Jordan Wall, also said Chris never worried about the possibility of not coming home. She had known him for 7 years, as he had lived one street over from her. Jordan said Chris wasn't scared that he was happy to be in the marines. She said Chris was always trying to help somebody. He knew he would be helping people in the marines by serving his country.

At Chris's memorial service, Reverend William L. Snider said:

"While Chris's death at such a young age is devastating, he did not waste his youth and he died living his dream of protecting his country as a marine. He gave his best for what he believed in. He gave his best for the best."

Several of Chris's friends paid their respects to his life through postings on an Internet tribute site. Chris's friend Daniele Reifel from Columbus wrote the following:

"Chris, my good friend, I miss you so, but I could not be any more proud with how you lived your life. You are a true hero, and now, my guardian angel. I will never forget all our phone conversations and how beautiful that smile of yours was. You lived out your dream and I know you are so happy right now in heaven. I know I will meet you again. Your mark and your heart will be forever with me."

"Chris Dixon epitomizes everything a good friend should be. People adored this young man and deeply respected his commitment to serving our country. He was a good person, a good person who loved what he was doing and was proud to be helping to protect America and help rebuild the lives of the people in Iraq."

I wish to conclude my remarks with something that Chris's friends Danielle and Nick from Obetz wrote in tribute to him:

"Chris, you are someone who will be in our hearts forever. We think of you daily and talk about your precious memories, laughing about the crazy things you did. I'll always remember going on double dates with you and your girlfriends, going to the zoo, or trying to find a haunted house on my first date with Nick. I am blessed that I got the pleasure of knowing you. Spending the precious time you spent with Nick before you left are some of the fondest memories he has of you, and believe he, he couldn't be happier having all of those memories—hanging out in the hot tub, playing pool and Ping-Pong and, most of all, the long talks. You are always with me and Nick, and we will never forget what it concerned and he will never forget that.

"We are proud of you. We knew you would do something great with your life. You died for us at home so we could live free and be safe. You made a sacrifice that no one will ever forget. You are truly our hometown hero. We love you, Chris."

"My wife Fran and I continue to keep Christopher Dixon's family in our thoughts and in our prayers."
H.R. 32, the Stop Counterfeiting in Manufactured Goods Act of 2005, addresses a problem that has reached epic proportions as a result of a loophole in our Criminal Code: the trafficking in counterfeit labels. Criminal law currently prohibits the trafficking in counterfeit trademarks or in connection with goods or services. However, it does not prohibit the trafficking in the counterfeit marks themselves. As such, there is nothing in current law that prohibits an individual from selling counterfeit labels bearing otherwise protected trademarks within the United States.

This loophole was exposed by the Tenth Circuit Court of Appeals in United States v. Giles, 213 F.3d 1247, 10th Cir. 2000. In this case, the United States prosecuted the defendant for manufacturing and selling counterfeit Dooney & Bourke labels that third parties could later affix to generic purses. Examining title 18, section 2320 of the United States Code, the Tenth Circuit held that persons who sell counterfeit trademarks that are not actually attached to any “goods or services” do not violate the Federal criminal trademark infringement statute. Since the counterfeit labels were bearing up the marks to “goods or services,” the court found that the defendant did not run afoul of the criminal statute as a matter of law. Thus, someone caught red handed with counterfeit trademarks walked free.

H.R. 32 closes this loophole by amending section 18, 2320 of the United States Code to criminally prohibit the trafficking, or attempt to traffic, in “labels, patches, stickers” and generally any item to which a counterfeit mark has been applied. In so doing, H.R. 32 provides U.S. Department of Justice prosecutors with the means not only to prosecute individuals trafficking in counterfeit goods or services, but also traffickers who flout the law in traffick in labels, patches, and the like that are later applied to goods.

Congress must act expeditiously to protect U.S. held trademarks to the fullest extent of the law. The recent 10-count indictment of 4 Massachusetts residents of conspiracy to traffic in approximately $1.4 million of counterfeit luxury goods in the case of U.S. v. Luong et al., 2005 D. Mass., underscores the need for this legislation. According to the indictment, federal agents raided self-storage units earlier this year and found the units to hold approximately 12,231 counterfeit handbags; 7,651 counterfeit wallets; more than 17,000 generic handbags and wallets; and enough counterfeit labels and medallions to turn more than 50,000 generic handbags and wallets into counterfeiters. Although the U.S. Attorney’s Office was able to pursue charges of trafficking and attempting to traffic in counterfeit handbags and wallets, they could only charge for the labels and medallions to turn more than 50,000 counterfeit labels and medallions. As such, these defendants will escape prosecution that would have otherwise been illegal if they had only been attached to an otherwise generic bag. This simply does not make sense and had the Stop Counterfeiting in Manufactured Goods Act of 2005 been in effect at the time of indictment, U.S. prosecutors would have been able to bring charges against the defendants for trafficking and attempting to traffic in not only counterfeit goods but also counterfeit labels.

Assistant Attorney General Alice Fisher said, “Those who manufacture and sell counterfeit goods steal business from honest merchants, confuse or defraud honest consumers, and illegally profit on the backs of honest American workers and entrepreneurs.”

This point is underscored by the Bureau of Customs and Border Protection estimate that trafficking in counterfeit goods costs the United States approximately $200-250 million annually. With each passing year, the United States loses millions of dollars in tax revenues to the sale of counterfeit goods. Further, each counterfeit item that is manufactured overseas and distributed in the United States costs American workers tens of thousands of American workers and entrepreneurs.

To be sure, counterfeiting is not limited to the popular designer goods that we have all seen sold on corners of just about every major metropolitan city in the United States. Counterfeiting has a devastating impact on a broad range of industries. In fact, for almost every legitimate product manufactured and sold within the United States, there is a parallel counterfeit product being sold for no more than half the price. These counterfeit products range from children’s toys to clothing to Christmas tree lights. More frightening are the thousands of counterfeit automobile parts, batteries, and electrical equipment that are being manufactured and placed into the stream of commerce with each passing day. I am told that the level of sophistication in counterfeiting has reached the point that you can no longer distinguish between the real and the counterfeit good or label with the naked eye. However, just because these products look the same does not mean that they have the same quality. The counterfeit products are not subject to the same quality controls of legitimate products, resulting in items that are lower in quality and likely to fall apart. In fact, counterfeit products could potentially kill unsuspecting American consumers.

In addition to closing the “counterfeit label loophole,” the Stop Counterfeiting in Manufactured Goods Act strengthens the Criminal Code and provides heightened penalties for those trafficking in counterfeit marks. Current law does not provide for the seizure and forfeiture of counterfeit trademarks, whether they are attached to
providing law enforcement with the tools needed to capture these thieves.

Senator SPECTER, it is also my understanding that the U.S. Sentencing Commission recently promulgated new Federal sentencing guidelines to account for the escalating nature of intellectual property crimes as committed. Could you clarify for the record why we have authorized the U.S. Sentencing Commission to further amend the Federal sentencing guidelines and policy statements for criminal offenses in violation of title 18, section 2318 or 2320, of the United States Code?

Mr. SPECTER. As Senator LEAHY is aware, periodically the Sentencing Commission has sought to update the Federal sentencing guidelines upon the periodic directive of Congress to reflect and account for changes in the manner in which intellectual property offenses are committed. The recent amendments to which you refer were promulgated and authorized pursuant to the authorization in the Family Entertainment and Copyright Act of 2005, also known as FECA. These amendments to the Federal sentencing guidelines, which took effect on October 24, 2005, address changes in penalties for intellectual property rights crimes particularly those involving copyrighted prerelease works and issues surrounding “uploading.” For example, these guidelines provide for a 25 percent increase in sentencing enhancements involving prerelease works. In addition, the Commission revised its definition of “uploading” to ensure that the guidelines are kept up with technological advances in this area.

I would like to make it clear for the record that the directive to the Sentencing Commission in section 3 of H.R. 32 is not meant as disapproval of the Commission’s recent actions in response to FECA. Rather, section 3 covers other intellectual property rights crimes that Congress believes it is time for the Commission to revisit. Specifically, section 3 directs the Commission to review the guidelines, and particularly the definition of “infringement amount,” to ensure that offenses involving low-cost items like labels, patches, medallions, or packaging that are used to make counterfeit goods that are much more expensive are properly punished. It also directs the Commission to revise the penalty provisions for offenses involving all counterfeit goods or services or devices used to facilitate counterfeiting are properly addressed by the guidelines. As it did in response to the No Electronic Theft Act of 1997 and FECA, I am confident that the Commission will ensure that the Federal sentencing guidelines provide adequate punishment and deterrence for these very serious offenses, and I look forward to the Commission’s response to this directive.

Mr. LEAHY. Senator SPECTER, thank you for that clarification. As you are aware, there has been overwhelming support for this legislation. It has been very heartening to see such overwhelming support for this important bill. Counterfeiting is a threat to America. It wreaks real harm on our economy, our workers, and our consumers. This bill is not enough, but it will give law enforcement improved tools to fight this form of theft. The bill is short and straightforward, but its impact should be profound and far-reaching.

Mr. SPECTER. At this point, I would like to take this opportunity to thank Representative Jim Sensenbrenner, Chairman of the House Judiciary Committee, and Representative Joe Knollenberg for their leadership in the House with regard to H.R. 32. In January of 2005, Representative Knollenberg introduced H.R. 32 in the House. When the bill was in Committee, he fostered negotiations between the Department of Justice, the U.S. Chamber of Commerce, and the International Trademark Association to ensure that it passed the House. I would also like to thank my colleague Senator LEAHY, ranking member of the Senate Judiciary Committee, and Senators Alexander, Bayh, Brownback, Cornyn, DeWine, Feingold, Feinstein, Hatch, Levin, Reed, Stabenow, and Voinovich for their cosponsorship of S. 1699, the companion legislation to H.R. 32. It is through the hard work of all of these Members that we were able to achieve truly bipartisan support for language that will ensure the protection of American-held trademarks.

Mr. LEAHY. Some of our most important legislation is produced not only when we reach across the aisle in the name of bipartisanship but when we work across chambers and reach true consensus. I would also like to thank Senators Alexander, Bayh, Brownback, Coburn, Cornyn, DeWine, Feingold, Feinstein, Hatch, KyL, Levin, Reed, Stabenow, and Voinovich for their cosponsorship of the Senate companion legislation. Counterfeiting is a serious problem that does not lend itself to a quick and easy solution. This legislation is an important step toward fighting counterfeiting. I hope we can build on the success of this law.

PRINCIPLES OF TELECOM REFORM

Mr. NELSOn of Nebraska. Mr. President, when the last major telecommunications bill was passed in 1996, fewer than half of American households owned a computer, only one out of four owned a cell phone or had Internet access, almost no one had residential broadband Internet access, and Internet commerce was in its infancy. Regulations were based on the assumption that telephone networks only offered voice service, cable television networks only offered video service, and the Internet only offered data service. Today, however, many cable systems offer Internet access and phone service,
telephone networks support Internet access and will soon offer video, and the Internet supports an amazing variety of applications.

I believe reform to our telecommunications laws is needed, and we should make reform a priority. It is time to tear down regulatory barriers between telephone, wireless, video, and the Internet to unleash innovation and encourage private investment.

I applaud the leadership of Senator Specter and Senator Inouye on the Senate Commerce Committee in scheduling an ambitious slate of hearings to address telecom reform. As the hearings begin, I want to outline some basic principles I would like to see embodied in any reform legislation that moves forward out of committee.

In order to tap the infinite potential technology has to improve the way we communicate, I believe we should do the following:

No. 1, eliminate regulatory barriers that hinder innovation and encourage private investment in new telecommunications facilities and services; No. 2, streamline video franchising requirements to facilitate greater consumer choice of video providers, allowing municipalities to protect community interests; No. 3, encourage a favorable regulatory environment for robust competition among communications providers, while protecting consumers' access to content and services; No. 4, allow for the development of uniform consumer protection standards, while recognizing the importance of State and local regulators in addressing consumer concerns; and No. 5, use the public spectrum to promote development of new wireless communications services such as broadband Internet.

Any telecom reform must address the needs of every American consumer regardless of where they live. Rural areas like mine must not be left behind. I believe that technology holds enormous economic promise to rural America, and innovation and competition must be encouraged in even the most remote areas of our country. Therefore I advocate that reform legislation do the following:

No. 1, ensure the stability of the Universal Service Fund in order to preserve affordable telephone service in rural areas, and for all Americans, as well as continue support for schools, libraries and rural health care providers; No. 2, promote private investment in and deployment of broadband Internet and other advanced telecommunications services, in rural America; No. 3, encourage increased wireless coverage and introduction of new wireless services to rural America.

In order for the United States to be a leader in the global economy, we must modernize our telecommunications laws to ensure we are fostering development, innovation, and competition and not impeding progress. We also must ensure that everyone—regardless of where they live—benefits from modernization of our telecom laws.

I believe we must act now to protect our place in the world as a leader in communications, and I look forward to the debate on this very important issue.

CELEBRATING BLACK HISTORY MONTH

Mr. FEINGOLD. Mr. President, this year, as we celebrate Black History Month, we also mourn the loss of two great civil rights leaders: Rosa Parks and Coretta Scott King.

These women were both pivotal figures in the civil rights movement, leaders who inspired all of us with their commitment, their dignity, and their incredible courage.

Both dedicated their lives to the cause of freedom— to riding the South of the cruelty of segregation and rid- ing our society of the scourge of racism.

Both lived to see tremendous progress in America and both lived to see how much is still left undone.

As we mourn the passing of these he- roic figures of the civil rights move- ment, we must ensure that the cause of justice for which they worked so hard, and sacrificed so much— marches on. As we mourn these great leaders, and celebrate their lives, we must also ask ourselves what we can do to honor the contributions they made, and the way they worked to transform our Nation. I am reminded of something Rosa Parks once said about Dr. King. She was con- cerned that, while the birthday of Dr. King had become a national holiday, he was being depicted as merely, "a dreamer." As I remember him," she said, "he was more than a dreamer. He was an activist who believed in acting as well as speaking out against oppression."

Once again, Rosa Parks was right: It is not only Dr. King's dream that en- dures, although it does endure, and has given strength to so many. It is the ac- tions of Dr. King, and Coretta Scott King, and Rosa Parks, and the actions of so many millions of others, that have brought us forward in an inex- orable march to freedom.

Dr. King said it himself, in a dif- ferent way, when he spoke about the Montgomery Bus Boycott: "We came to see that, in the long run, it is more honorable to walk in dignity than ride in humiliation. So, in a quite dignified manner, we decided to substitute tired feet for tired souls, and walk the streets of Montgomery."

They met injustice with action. They walked in dignity, for 381 days, until they met with victory. And today we, too, must move forward on the civil rights issues that press us to action— on racial profiling, on voting rights, on the death penalty; and also on access to health care, on addressing the HIV/AIDS cri- sis, and all the issues where inequality still plagues our Nation.

Dr. King, Coretta Scott King, Rosa Parks—they, and so many others, would rather have tired feet than tired souls, and so must we.

During Black History Month, as we pay tribute to their accomplishments, and as we rededicate ourselves to the goals they have set, we must know that those great Americans would never be complacent, would never tire, would never be satisfied with anything less than justice. And neither must anyone in this body, or in this country. We must commit to walk on together in that march for equality in this coun- try, and justice in this world, resolving that we, too, may have tired feet but never a tired soul.

ADDITIONAL STATEMENTS

TRIBUTE TO PACCAR, INC.

Ms. CANTWELL. Mr. President, I rise today to celebrate a great American innovator. It is a special pleasure to recognize an exceptional company which today has earned the prestigious National Medal of Technology, the highest honor given in our Nation for technological innovation. PACCAR Incorporated is a model of success and a Washington State institution. In 2005, the company celebrated its 100th year in business. You might not recognize the PACCAR name, but perhaps you have heard of some of PACCAR’s finest brands: Kenworth and Peterbilt trucks.

PACCAR is one of our Nation’s top truck manufacturers and today they are cited for: “pioneering efforts and industry leadership in the development and commercialization of aerodynamic, lightweight trucks that have dramati- cally reduced fuel consumption and in- creased the productivity of U.S. freight transportation.”

This National Medal is a distinct honor bestowed by the President since 1985. It was first mandated by Congress in 1980, established to recognize the significant contributions that America’s leading innovators have made to the Nation’s economic strength and standard of living. The award is given annually to individuals, teams, and/or companies or divisions whose work has made a lasting impact on our lives through the development and commer- cialization of groundbreaking technol- ogy in our Nation.

Past recipients include leaders in our Nation’s cutting-edge science and high-tech communities—companies such as Dow, Dupont, and Corning or individ- ual business. You might not recognize the first human heart transplant and invented the first whole-body CT scan- ner. The National Medal serves to honor the legacy of innovation that has made our Nation a technological leader for more than two centuries. You might not recognize the future generations of innovators who will keep our Nation strong for years to come.
This year, PACCAR, a Bellevue, WA company has earned this special recognition. But what, you may ask, do a lot of big rigs have to do with science and innovation?

Well, PACCAR’s time and again led the industry in the design and manufacture of fuel efficient and lightweight trucks. They were the first to use a diesel engine in a heavy-duty truck. They were the first to introduce a truly aerodynamic truck design. And they were the first to use lightweight composites and aluminum in truck suspensions on a large scale. It would be difficult to name a single innovation in the recent history of truck design without finding a PACCAR product at its foundation.

These advances have required both significant investment and no small amount of risk. But PACCAR’s faith has paid serious dividends to the truck buyer, the consumer, the economy, and the environment. For too long, heavy-duty trucks couldn’t improve beyond a weak 10-mile-per-gallon fuel efficiency ceiling. But today, thanks to Peterbilt’s and Kenworth’s transformation, they have soared above and beyond this limit, significantly altering the economic and environmental forces at play in the market.

PACCAR’s example has shown that it makes sense to support and advance fuel efficient technology, not only to protect our precious natural resources and reduce our dangerous reliance on foreign oil but also to help our economy thrive and grow. We would be wise to note PACCAR’s model as we develop a comprehensive strategy for thoughtful investment in our energy future.

Day and night in all 50 States, PACCAR’s trucks travel our Nation’s highways—roads that have no end, constantly curving, folding and merging into one another. In our complex world of commerce and the vast transportation system on which that world relies, change is great and inevitable. PACCAR recognizes this beautiful evolution embraces it, and seizes the opportunities it creates.

I rise to congratulate PACCAR Incorporated. It has made Washington State proud, it has made our Nation strong. The National Medal of Technology they receive today is well deserved.

THE 100TH ANNIVERSARY OF THE SAN FRANCISCO EARTHQUAKE AND FIRE: IN COMMEMORATION

Mrs. BOXER. Mr. President, I rise to recognize the 100th anniversary of one of the most significant disasters in California history, San Francisco’s Great Earthquake and Fire of 1906.

One hundred years ago, the city of San Francisco experienced this horrific tragedy when the city shook for almost 60 seconds and communities from as far away as Oregon, Los Angeles, and Nevada felt the tremor. The Richter scale was not yet in existence in 1906, but seismologists today estimate this earthquake had a magnitude of 7.7 to 8.0.

Following the earthquake, fires broke out across the city and raged for 3 days. In fact, the fires did more damage than the earthquake. As a result of this disaster, over 3,000 people were killed, 300,000 people became homeless, and the city suffered about $500 million worth of damage. Telephone services were destroyed as well as the municipal railway and all government buildings.

The 100th anniversary of this historic tragedy provides an opportunity to reflect on what we have learned and how to better prepare for a similar event. We now know that residents must be prepared to be self-sufficient for 72 hours following a disaster. And the city of San Francisco has done a great deal to make the community safer.

San Francisco Mayor Gavin Newsom has spearheaded an updated citywide emergency plan—the first time it has been done in 10 years. The San Francisco Fire Department offers training in disaster area response for residents. Over 11,000 San Francisco residents have completed the course in the past 15 years. San Francisco has also invested $2.5 million in leading the development of a regional response plan with seven other bay area counties. This is one of the first regional response plans in the country. I commend the city and county of San Francisco on its efforts to ensure the city is ready to respond to a disaster.

Having witnessed the slow response to Hurricane Katrina in the Gulf States, I wrote to the Federal Emergency Management Agency, FEMA, in September asking for a copy of their disaster response plan for a serious earthquake in California. I am still waiting to receive their plan. Without the plan in hand, I remain very concerned that FEMA is not prepared should a major earthquake or natural disaster occur in California.

It is very likely that the State of California and its residents are working to prepare themselves for a major disaster. I have created a “Getting Ready” guide on my Senate Web site to help my constituents prepare their homes and families for a disaster. This guide is organized in easy-to-follow steps and provides links to other preparedness sites—www.boxer.senate.gov/equake.cfm.

On the 100th anniversary of the Great San Francisco Earthquake and Fire, I rise to honor the memory of those who lost their lives during this disaster. I also pause to reflect on the tragedy that befell this great city and its citizens. The community came together to repair and restore the city, and today San Francisco is one of the United States’ top tourist destinations and a dynamic urban center.

I also commemorate this anniversary by encouraging all of us to look forward and ensure our families are prepared for a major earthquake or similar disaster. I will continue fighting to ensure the Federal Government is taking the steps necessary to help our local communities in disaster response.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Ms. Evans, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

The nominations received today are printed at the end of the Senate proceedings.

ECONOMIC REPORT OF THE PRESIDENT: DATED AUGUST 2003

WITH THE ANNUAL REPORT OF THE COUNCIL OF ECONOMIC ADVISERS FOR 2006—PM 39

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report which was referred to the Joint Economic Committee:

To the Congress of the United States:

The United States economy continues to demonstrate remarkable resilience, flexibility, and growth. Having previously endured a stock market collapse, recession, terrorist attacks, and corporate scandals, this year the economy showed strong growth and robust job creation in the face of higher energy prices and devastating natural disasters.

This is the result of the hard work of America’s workers, supported by pro-growth tax policies.

In 2005, the Nation’s real gross domestic product (GDP) grew 3.5 percent for the year, above the historical average. About 2 million payroll jobs were added in 2005, and the unemployment rate dropped to 4.7 percent last month, well below the averages of the 1970s, 1980s, and 1990s. Real disposable personal income increased, and real household net worth reached an all-time high. This growth comes on top of an already strong expansion. More than 4.7 million payroll jobs have been added since August 2003.

Compared with the performance of other nations’ economies, our economic growth is especially impressive. The United States has added more jobs in the past two-and-a-half years than Japan and the European Union combined. Real GDP growth in the United States has been faster than in any other major industrialized country since 2001, and America is forecasted to continue as the fastest-growing country over the next two years.

Our economy’s fundamental strength comes from the ingenuity and hard work of our workers. Productivity—how much workers produce per hour—
has accelerated since 2000. In the past five years, productivity has grown faster than in any other five-year period since the mid-1960s. The productivity of the United States is increasing faster than any other major industrialized country.

Productivity growth raises our standard of living and plays a central role in our competitiveness in the worldwide economy. Productivity growth will be even more important as new technologies accelerate global economic integration and as the American population ages.

We must now build on this fundamental strength by making robust investments in physical science, improving private incentives for research and development, and boosting math and science education and worker training. The American Competitiveness Initiative will help us remain a world leader in science and technology, which means good high-paying jobs for the American people.

We must also continue to pursue pro-growth economic policies and foster a culture of entrepreneurship. To adopt innovations effectively, our companies and workers need the incentives and flexibility that support a thriving free-market economy.

Maintaining a low tax burden is essential for our economic growth and competitiveness. Tax relief has helped our economy, and raising taxes will increase the burden on our families and small businesses. To keep our economy growing, Congress needs to make the tax relief permanent.

Two years ago, I called for cutting the budget deficit in half by 2009 by restraining spending and spurring economic growth. Every year of my presidency, we have reduced the growth of non-security discretionary spending, and last year Congress passed bills that cut this spending. This year, my budget will cut it again, and it will reduce or eliminate more than 140 programs that are performing poorly or not fulfilling our priorities. By adopting these reforms, we will save the American taxpayer another $14 billion next year, and we will stay on track to cut the deficit in half by 2009.

 Contrary to popular belief, cutting discretionary spending alone is not enough, however. We have recently passed significant savings in mandatory spending programs. We need to do more because the only way to solve our Nation’s fiscal challenges is to address the explosive growth of entitlement programs like Social Security, Medicare, and Medicaid. I have called for a bipartisan commission to examine the full impact of the Baby Boom retirement and help us come up with bipartisan answers. The longer Congress waits to act, the more difficult the choices will become.

Working together, we accomplished other significant pro-growth reforms that will help our Nation’s economy grow stronger and create more jobs. More remains to be done.

Growth in spending on health care has been more rapid than general inflation, straining consumers, employers, and government budgets. Two years ago, we created Health Savings Accounts (HSAs) to help patients more control over their health care decisions and to make health care more affordable. This year, I signed legislation to allow more people to use HSAs to make them more widely available, valuable to consumers, and attractive to small businesses—and to make it easier for people to keep their insurance policies when they change jobs. Last year, we worked with Congress to pass a patient safety bill to reduce medical errors. Getting doctors and patients the information they need on the quality, cost, and effectiveness of different treatments will help Americans get the highest quality and highest value care. This year, my Administration will push to make more information about price and quality available to consumers, and move forward on these and other policies to lower the cost of health care.

Our Nation’s liability laws allow too many frivolous lawsuits and raise costs for consumers and businesses. A year ago, we worked with Congress to pass a bipartisan class action reform to help curb lawsuit abuse. I urge Congress in the coming year to pass other essential legal reforms, including asbestos and medical liability reforms.

Energy prices have risen in the last year, but the underlying causes of high prices are long-standing. Last year, we passed the first major energy bill in over a decade. It encourages new technologies and updates government regulations. Over time, the new law will help increase the reliability of our energy supply, make it possible for us to diversify the energy we have. We must continue to find new ways to diversify our sources of energy. I have proposed the Advanced Energy Initiative to help increase research in alternative energy sources and technology and to make America less dependent on foreign sources of energy.

Because 95 percent of the world’s customers live outside of our borders, opening international markets to our goods and services is critical for our economy. My Administration will continue to work tirelessly to open markets and knock down barriers to free and fair trade so that American farmers and workers can compete on a level playing field worldwide.

These and other issues are discussed in the 2006 Annual Report of the Council of Economic Advisers. This report is prepared by CEA to help policymakers and the public understand the impact of a variety of issues and trends as our Government makes decisions regarding our economic future. By adopting sound economic policies that build on our strengths, we will keep our economy moving forward and extend prosperity for all Americans.

GEORGE W. BUSH
THE WHITE HOUSE, February 2006.

The following bills were read the second time, and placed on the calendar:

S. 2271. A bill to clarify that individuals who receive FISA orders can challenge non-disclosure requirements, that individuals who receive national security letters are not required to disclose the name of their attorney, that libraries that are not wire or electronic communication service providers unless they provide specific services, and for other purposes.


EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC-5695. A communication from the Assistant Administrator, Office of Administration and Resource Management, Environmental Protection Agency, transmitting, pursuant to law, reports (3) relative to vacancy announcements within the Agency; to the Committee on Environment and Public Works.

EC-5696. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, the URL address of a report entitled “Initial Distribution System Evaluation Guide for Systems Serving <10,000 for Final Stage 2 Disinfectants and Disinfection Byproducts Rule,” to the Committee on Environment and Public Works.

EC-5697. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, the URL address of a report entitled “Revised Compliance Dates for National Pollutant Discharge Elimination System Permit Regulation and Effluent Limitation Guidelines for Concentrated Animal Feeding Operations” (FRL No. 8031-3) received on February 8, 2006; to the Committee on Environment and Public Works.

EC-5698. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled “Revisions to the California State Implementation Plan; San Joaquin Valley Unified Air Pollution Control District; Air Quality Management District” (FRL No. 8029-4) received on February 8, 2006; to the Committee on Environment and Public Works.

EC-5699. A communication from the Principal Deputy Associate Administrator, Office of Policy, Economics, and Innovation, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled “FISA Amendments Act of 2005; FISA Amendments Act of 2005; FISA Amendments Act of 2005” (FRL No. 8030-5) received on February 8, 2006; to the Committee on Rules and Administration.
EC-5701. A communication from the Chairman, Federal Election Commission, transmitting, pursuant to law, the report of a rule entitled "Definition of Federal Election Activity" (RIN 3419-AC00) received on February 8, 2006, to the Committee on Rules and Administration.

EC-5700. A communication from the Counsel for Legislation and Regulations, Office of Housing, Department of Housing and Urban Development, transmitting, pursuant to law, the report entitled "Revised FWA Credit Watch Termination Initiative" (RIN2502-AH00)(FR-4652-P-03) received on February 8, 2006, to the Committee on Banking, Housing, and Urban Affairs.

EC-5703. A communication from the Chairman and Chief Executive Officer, Farm Credit Administration, transmitting, pursuant to law, the report of a rule entitled "Govemance, Conflict of Interest, Compensation Disclosure, and Audit Committee Standards" (RIN0562-AC19) received on February 8, 2006, to the Committee on Agriculture, Nutrition, and Forestry.

EC-5704. A communication from the Secretary: Office of Policy and Management, Department of Veterans Affairs, transmitting, pursuant to law, the report of a rule entitled "Eligibility for Health Care Benefits for Filipino Veterans of the United States" (RIN2900-AM03) received on February 8, 2006, to the Committee on Veterans' Affairs.

EC-5705. A communication from the Chief, Publications and Regulations Branch, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Section 45 Credit Offset" (Revenue Ruling 2006-9) received on February 8, 2006, to the Committee on Finance.

EC-5706. A communication from the Secretary of Transportation, transmitting, pursuant to law, the Semiannual Report of the Office of Inspector General for the period ending September 30, 2005; to the Committee on Homeland Security and Governmental Affairs.

EC-5707. A communication from the Acting Assistant Secretary, Land and Minerals Management, Department of the Interior, transmitting, pursuant to law, a report entitled "Comprehensive Inventory of U.S. OCS Oil and Natural Gas Resources"; to the Committee on Energy and Natural Resources.

EC-5708. A communication from the Assistant Secretary of Defense (Homeland Defense), transmitting, pursuant to law, a report entitled "Homeland Defense Asset Baseline" provided for essential security and safety for civilian sporting events during calendar year 2005; to the Committee on Armed Services.

EC-5709. A communication from the Director, Regulations and Rulings Division, Alcohol and Tobacco Tax and Trade Bureau, transmitting, pursuant to law, the report of a rule entitled "Quarterly Excise Tax Filing for Small Alcohol Excise Tax Payers" (RIN1513-AE17)(T.D. TTB-41) received on February 8, 2006, to the Committee on Judiciary.

EC-5710. A communication from the Assistant Secretary for Legislative Affairs, Department of State, transmitting, pursuant to Executive Order 13416 of July 8, 2004, the annual certification of the effectiveness of the Australia Group; to the Committee on Foreign Relations.

EC-5711. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting, pursuant to the Case-Statute Act, 3 U.S.C. 112b, as amended, the report of the texts and background statements of international agreements, other than treaties (List 06-21-06-34; to the Committee on Foreign Relations.

EC-5712. A communication from the White House Liaison, Department of Education, transmitting, pursuant to law, (6) reports relative to vacancy announcements within the Department; to the Committee on Health, Education, Labor, and Pensions.

EC-5713. A communication from the Board Members, Railroad Retirement Board, transmitting, pursuant to law, a report entitled "Justification of Budget Estimates for Fiscal Year 2007" to the Committee on Health, Education, Labor, and Pensions.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. DURBIN (for himself, Mr. DORAN, Mr. JOHNSON, and Mr. LUCNERSHERO):

S. 2277. A bill to promote accountability and prevent fraud in Federal contracting; to the Committee on Homeland Security and Governmental Affairs.

By Mr. COCHRAN (for himself, Mr. FURST, and Mr. LEAHY):

S. J. Res. 29. A joint resolution providing for the reappointment of Alan G. Spoon as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

By Mr. COCHRAN (for himself, Mr. FREST, and Mr. LEAHY):

S. J. Res. 30. A joint resolution providing for the appointment of Phillip Frost as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

ADDITIONAL COSPONSORS

S. 345. At the request of Mr. DURBIN, the name of the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of S. 345, a bill to amend title XVIII of the Social Security Act to deliver a meaningful benefit and lower prescription drug prices under the Medicare program.

S. 914. At the request of Mr. ALLARD, the name of the Senator from Massachusetts (Mr. KERRY) was added as a cosponsor of S. 914, a bill to amend the Public Health Service Act to establish a competitive research program to build capacity in veterinary medical education and expand the workforce of veterinarians engaged in public health practice and biomedical research.

S. 1082. At the request of Mrs. HUTCHISON, the name of the Senator from Florida (Mr. MARTINEZ) was added as a cosponsor of S. 1082, a bill to restore Second Amendent rights in the District of Columbia.

S. 127. At the request of Mr. NELSON of Nebraska, the name of the Senator from Arkansas (Mr. PRYOR) was added as a cosponsor of S. 1272, a bill to amend title 46, United States Code, and title II of the Social Security Act to provide certain individuals who served in the United States merchant marine (including the Army Transport Service and the Naval Transport Service) during World War II.

At the request of Ms. MIKULSKI, the name of the Senator from Ohio (Mr. DEWINE) was added as a cosponsor of S. 1799, a bill to amend title II of the Social Security Act to provide that the recipient of the combined monthly benefits which are required in the case of spouses and surviving spouses who are also receiving certain government pensions shall be equal to the amount by which two-thirds of the total amount of the combined monthly benefit (before reduction) and monthly pension exceeds $1,200, adjusted for inflation.

S. 1800. At the request of Ms. SNOWE, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 1800, a bill to amend the Internal Revenue Code of 1986 to extend the new markets tax credit.

S. 1818. At the request of Mrs. FEINSTEIN, the name of the Senator from Indiana (Mr. BAYH) was added as a cosponsor of S. 1818, a bill to require the Secretary of the Treasury to mint coins in commemoration of the Old Mint at San Francisco otherwise known as the "Granite Lady"., and for other purposes.

S. 1819. At the request of Mr. PETERS, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of S. 1819, a bill to authorize the grant program of the Department of Justice for reentry of offenders into the community, to establish a task force on Federal programs and activities relating to the reentry of offenders into the community, and for other purposes.

S. 1956. At the request of Mr. BROWNACK, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 1956, a bill to amend the Federal Food, Drug, and Cosmetic Act to create a new three-tiered approval system for drugs, biological products, and devices that is responsive to the needs of seriously ill patients, and for other purposes.

S. 2253. At the request of Mr. DOMENICI, the name of the Senator from Kentucky (Mr. BUNNING) was added as a cosponsor of S. 2253, a bill to require the Secretary of the Interior to offer the 181 Area of the Gulf of Mexico for oil and gas leasing.

S. 2255. At the request of Mrs. FEINSTEIN, the name of the Senator from Nebraska (Mr. NELSON) was added as a cosponsor of S. 2255, a bill to amend title XVIII of the Social Security Act to prohibit removal of covered part D drugs from a prescription drug plan formulary during the plan year once an individual has enrolled in the plan.

S. 2259. At the request of Mr. ISAACSON, the name of the Senator from North Carolina (Mr. BURR) was added as a cosponsor of S. 2258, a bill to amend the Tennessee Valley Authority Act of 1933 to
increase the membership of the Board of Directors and require that each State in the service area of the Tennessee Valley Authority be represented by at least 1 member.

S. 2273

At the request of Ms. Snowe, the name of the Senator from New Hampshire (Mr. Sununu), the Senator from Pennsylvania (Mr. Specter), the Senator from Vermont (Mr. Leahy), the Senator from New York (Mr. Schumer), the Senator from Massachusetts (Mr. Kerry), the Senator from New Jersey (Mr. Menendez) and the Senator from New York (Mrs. Clinton) were added as cosponsors of S. 2273, a bill to make available funds included in the Deficit Reduction Act of 2005 for the Low-Income Home Energy Assistance Act of 1981 program for fiscal year 2006, and for other purposes.

S. J. RES. 28

At the request of Mr. Stevens, the name of the Senator from Pennsylvania (Mr. Specter) was added as a cosponsor of S. J. Res. 28, a joint resolution approving the location of the commemorative work in the District of Columbia honoring former President Dwight D. Eisenhower.

S. CON. RES. 71

At the request of Mr. DeWine, his name was added as a cosponsor of S. Con. Res. 71, a concurrent resolution expressing the sense of the Senate that a National Methamphetamine Prevention Week should be established to increase awareness of methamphetamine and to educate the public on ways to help prevent the use of that damaging narcotic.

S. RES. 313

At the request of Ms. Cantwell, the name of the Senator from Oregon (Mr. Wyden) was added as a cosponsor of S. Res. 313, a resolution expressing the sense of the Senate that a National Methamphetamine Prevention Week should be established to increase awareness of methamphetamine and to educate the public on ways to help prevent the use of that damaging narcotic.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. Durbin (for himself, Mr. Dorgan, Mr. Johnson, and Mr. Lautenberg)

S. 2273. A bill to promote accountability and prevent fraud in Federal contracting; to the Committee on Homeland Security and Governmental Affairs.

Mr. DURBIN. Mr. President, this week marks five months since President Bush stood in Jackson Square in New Orleans and promised, "Through-out the area hit by the hurricane, we will do what it takes, we will stay as long as it takes, to help citizens rebuild their communities and their lives."

America must keep that promise, and we must do so responsibly. So today, I am introducing a proposal to ensure that from here on out, federal reconstruction dollars needed to rebuild the Katrina-ravaged Gulf Coast—and Iraq—are not awarded to companies with histories of cheating American taxpayers.

My bill, the Reconstruction Accountability and Anti-Fraud Act, will promote accountability and prevent fraud in two of the largest reconstruction projects ever undertaken by the United States.

Under my proposal, firms that have cheated American taxpayers by overcharging, improperly billing, or defrauding the government of more than $10 million over the last five years will be ineligible to compete for reconstruction work in either the Gulf Coast or Iraq.

Katrina is a national tragedy and rebuilding Iraq is a national responsibility, and neither should be an opportunity for profit-seeking.

Firms that have misused Iraq construction funds should be held accountable—not rewarded with no-bid contracts to rebuild the Gulf Coast.

Sadly, we've already seen examples of just that sort of misuse of taxpayer dollars.

New Orleans were still waist-deep in flood waters when Halliburton and its subsidiary, Kellogg, Brown & Root, were awarded some of the first multibillion dollar no-bid contracts for Katrina reconstruction work. The companies received those contracts despite repeatedly overcharging during the government for work in Iraq.

Listen to these abuses: In 2004, Halliburton was found to have overcharged the Defense Department by $167 million to import gasoline into Iraq from Kuwait.

A year later, a Pentagon audit revealed another $108 million in overcharges by KBR, a Halliburton subsidiary, for delivering gasoline to Iraq.

In 2003, KBR overcharged the government $27.4 million over 9 months for meals at five military bases in Iraq and Kuwait, where they billed the government for an average of 42,000 meals a day but served only 14,000 meals a day.

Last month, former KBR employees testified at a Senate Democratic Policy Committee hearing that water provided by KBR to thousands of U.S. troops in Iraq contained twice as much fecal coliform and other harmful bacteria as untreated water from the Eu-phrates River.

Yet incredibly, instead of banning Halliburton and KBR from competing from Katrina reconstruction work, the Bush administration awarded these same companies multibillion dollar no-bid contracts for Katrina work.

Not only that many of the contracting practices blamed for wasteful spending in Iraq—including the "cost-plus" provisions that guarantee profits to contractors no matter how much they charge, or how well or poorly they perform—are being used in the Gulf coast.

American taxpayers and the people of the gulf coast can't afford reconstruc-

tion based on the Halliburton business model of waste, fraud, and abuse. We must increase oversight and accountability in Iraq, and we must demand the same accountability here at home.

A growing number of reports demonstrate why this bill is needed.

Since November 2003, Congress has appropriated $21 billion for Iraq reconstruction and relief. On a bipartisan basis, this Congress has given the President everything he has asked for to support his ambitious plans to re-build Iraq.

Earlier this week, Stuart Bowen, the Special Inspector General for Iraq Reconstruction, told the Senate Armed Services Readiness Subcommittee that nearly all of that money is either spent or obligated, and what remains, "will not permit completion of all projects that were envisioned."

We know how dangerous Iraq has become, not only for our troops but also for everyone involved in reconstruction. Dangerous conditions have caused many setbacks and delays, and they have forced USAID, the Department of State, and others to devote increasing amounts of money to security, rather than reconstruction. Security is important and will remain a serious problem, but it is by no means the only reason that the United States Government has spent billions of dollars for Iraqi reconstruction—and Iraq still struggles to rebuild.

The reports of the Special Inspector General for Iraqi Reconstruction fully address the serious security challenges our men and women in Iraq face today, and every day, but they also paint a grim picture of conditions in Iraq, and of poor planning, execution, and oversight of reconstruction efforts by the administration.

Let me be very clear: These failings are not the fault of our troops or of the men and women of USAID, of the Department of State, or of the agencies that are risking their lives and working heroically to help the Iraqi people rebuild their shattered nation and create a better future, and they deserve our thanks and respect.

The Special Inspector General found that the CPA—the Coalition Provisional Authority—burned through nearly $100 million in Development Fund for Iraq money with few records to show for how that money was spent. In many instances, the money simply vanished. That is simply inexcusable.

In the town of Hillah, for example, the Special Inspector General found that the CPA left $7 million worth of projects uncompleted. The money allocated for these projects is missing.

Thanks to the good work of Special Inspector General Bowen, the American criminal justice system is going to hold at least a few people accountable.

Unfortunately, because of poor record-keeping, there may be no way now to trace and recover all of the billions of dollars that have disappeared in Iraq.
I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the text of the bill was ordered to be printed in the Record, as follows:

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

SECTION 1. SHORT TITLE. This Act may be cited as the “Reconstruction Accountability and Fraud Prevention Act of 2005.”

SEC. 2. ACCOUNTABILITY IN FEDERAL CONTRACTING.

(a) IN GENERAL.—Except as provided in subsection (b), none of the funds appropriated or otherwise made available by the Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005 (Public Law 109-61), by the Second Emergency Supplemental Appropriations Act to Meet Immediate Needs Arising From the Consequences of Hurricane Katrina, 2005 (Public Law 108-335), or through the Iraq Relief and Reconstruction Fund may be obligated or expended in connection with a contract or covered task order entered into after the date of the enactment of this Act with a contractor that, during the previous 5 years—

(1) has been found by an executive agency or any Inspector General to have overcharged or improperly billed the Federal Government by a total of at least $10,000,000 through one or more overcharges;

(2) has been found by an executive agency or any Inspector General to have committed one or more fraudulent acts resulting in total costs or losses to the Federal Government of at least $10,000,000; or

(3) has been suspended or debarred for a period of at least one year under the Federal suspension and debarment regulations.

(b) NATIONAL SECURITY WAIVER.—The President may waive the restrictions under subsection (a) on a case-by-case basis if the President determines that such waiver is in the national security interest of the United States and submits to the appropriate congressional authorities a report describing the reasons for such determination.

(c) DEFINITIONS.—In this Act:

(1) APPROPRIATE CONGRESSIONAL AUTHORITIES.—The term “appropriate congressional authorities” means—

(A) the Majority Leader and the Minority Leader of the Senate;

(B) the Speaker of the House of Representatives and the Minority Leader of the House of Representatives; and

(C) the Committees on Appropriations of the Senate and the House of Representatives.

(2) COVERAGE.—The term “covered contract” means a covered contract entered into before the date of the enactment of this Act.

(3) EXECUTIVE AGENCY.—The term “executive agency” means an agency of the United States government.

(d) CONSERVATION.—The term “covered task order” means a task order valued at more than $10,000,000 entered into pursuant to a contract entered into before the date of the enactment of this Act.

(e) OTHER TERMS.—Except as otherwise provided in this Act, terms defined in the Federal Acquisition Regulation (41 U.S.C. 403) and the Federal Property and Administrative Services Act of 1974 (41 U.S.C. 43) have the meanings given to such terms in such acts.

S. J. Res. 29

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, in accordance with section 561 of the Revised Statutes (20 U.S.C. 31), the vacancy on the Board of Regents of the Smithsonian Institution, in the class other than Members of Congress, occurring by reason of the expiration of the term of Alan G. Spoon of Massachusetts, is filled by reappointment of the incumbent for a term of 6 years. The reappointment shall take effect on the date of enactment of this joint resolution.

Philip Frost
Chairman of the Board and CEO, Ivax Corporation, Miami Beach, FL

Nationally recognized for his creative entrepreneurship, business and marketing acumen, and generous support of education and the arts, Phillip Frost has held leadership positions with numerous companies and organizations in the technology, communications, and financial industries.

S. J. Res. 30

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, in accordance with section 561 of the Revised Statutes (20 U.S.C. 31), the vacancy on the Board of Regents of the Smithsonian Institution, in the class other than Members of Congress, occurring by reason of the expiration of the term of Alan G. Spoon of Massachusetts, is filled by reappointment of the incumbent for a term of 6 years. The reappointment shall take effect on the date of enactment of this joint resolution.

By Mr. COCHRAN (for himself, Mr. FRIST, and Mr. LEAHY):

S. J. Res. 30. A joint resolution providing for the appointment of Phillip Frost as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

By Mr. COCHRAN (for himself, Mr. FRIST, and Mr. LEAHY):

S. J. Res. 29. A joint resolution providing for the appointment of Alan G. Spoon as a citizen regent of the Board of Regents of the Smithsonian Institution; to the Committee on Rules and Administration.

By Mr. COCHRAN (for himself, Mr. FRIST, and Mr. LEAHY):
Hospital of the University of Pennsylvania. He then served as a lieutenant commander in the U.S. Public Health Service at the National Cancer Institute and completed a one-year internship at Jackson Memorial Hospital in Miami. He joined the faculty of the University of Miami School of Medicine in 1966 and then moved to Mount Sinai Medical Center in New York in 1961, after which he completed his internship at New York Presbytary. He was named the 2001 National Ernst & Young Entrepreneur of the Year.

Since 1987, Dr. Frost has served as chairman of the board of directors and chief executive officer of IVAX; he also was president from 1991 to 1995. IVAX was recently acquired by TEVA Pharmaceutical Industries Ltd. and, according to published reports, Dr. Frost will receive more than $1 billion of TEVA stock as a result of its sale.

The purpose of the hearing is to receive testimony regarding S. 2197, to improve the global competitiveness of the United States in science and energy technology, to strengthen basic research programs at the Department of Energy, and to provide support for mathematics and science education at all levels through the resources available through the Department of Energy, including at the National Laboratories.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, Washington, DC 20510-6150.

For further information, please contact Kathryn Clay or Steve Waskiewicz.
13, 2006, at 8:30 a.m., for a field hearing at James J. Hill Reference Library in St. Paul, MN, entitled “Volatility in the Natural Gas Market: The Impact of High Natural Gas Prices on American Consumers.”

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

PRIVILEGES OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent that the following list of fellows and interns with the Finance Committee staff be allowed on the Senate floor for the duration of the debate on the tax reconciliation bill:


The ACTING PRESIDENT pro tempore. Is there objection?

Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I ask unanimous consent that Anne Freeman and Theresa Pattara of the Finance Committee staff be given privileges of the floor for the duration of consideration of the House message to accompany H.R. 4297.

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

APPOINTMENTS

The PRESIDING OFFICER. The Chair, on behalf of the Majority Leader, pursuant to Public Law 109–59, appoints the following individuals to serve as members of the National Surface Transportation Policy and Revenue Study Commission: Paul Weyrich of Virginia and Patrick E. Quinn of Tennessee.

MEASURES PLACED ON THE CALENDAR—S. 2271 AND S. 2273

Mr. FRIST. Mr. President, I understand there are two bills at the desk due for a second reading.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (S. 2271) to clarify that individuals who receive FISA orders can challenge nondisclosure requirements, that individuals who receive national security letters are not required to disclose the name of their attorney, that libraries are not wire or electronic communication service providers unless they provide specific services, and for other purposes.

A bill (S. 2273) to make available funds included in the Deficit Reduction Act of 2005 for the Low-Income Home Energy Assistance Act of 1981 program for fiscal year 2006, and for other purposes.

Mr. FRIST. In order to place the bills on the calendar under the provisions of rule XIV, I object to further proceeding en bloc.

The PRESIDING OFFICER. Objection is heard. The bills will be placed on the calendar.

ORDERS FOR TUESDAY, FEBRUARY 14, 2006

Mr. FRIST. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until 9:45 a.m. on Tuesday, February 14. I further ask that following the prayer and the pledge, the morning hour be deemed to have expired, the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate then resume consideration of the House message to accompany H.R. 4297, as under the previous order.

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

PROGRAM

Mr. FRIST. Mr. President, tomorrow the Senate will complete consideration of the pending motions to instruct the conferees on H.R. 4297, the tax relief bill, and send that bill to conference. We will have multiple votes starting close to 10 a.m. Senators should plan to stay around the floor for a series of up to 16 stacked votes in the morning. I truly hope that some of those will not be pushed to a rolcall vote and we would finish at a reasonable time.

Tomorrow afternoon, we will resume consideration of S. 582, the asbestos bill. There is a pending motion to waive the Budget Act that must be disposed of before we can move forward with the amendment process.

ADJOURNMENT UNTIL 9:45 A.M. TOMORROW

Mr. FRIST. Mr. President, if this is no further business to come before the Senate, I ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 9:58 p.m., adjourned until Tuesday, February 14, 2006, at 9:45 a.m.

NOMINATIONS

Executive nominations received by the Senate February 13, 2006:

Export-Import Bank of the United States

James Lambright, of Missouri, to be President of the Export-Import Bank of the United States for a term expiring January 20, 2009, Vice Philip Merrill, resigned.

Department of Energy

Dennis E. Spurgeon, of Florida, to be an Assistant Secretary of Energy (Nuclear Energy). (New Position)

Office of Personnel Management

Robert Irwin Cusick, Jr., of Kentucky, to be Director of the Office of Government Ethics for a term of five years, Vice Amy L. Comstock, resigned.

Department of Justice

Donald J. DeRegabrielle, Jr., of Texas, to be United States Attorney for the Southern District of Texas for the term of four years, Vice Michael Taylor Shelby.
### SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, February 14, 2006 may be found in the Daily Digest of today’s RECORD.

### MEETINGS SCHEDULED

**FEBRUARY 15**

9 a.m.  
Foreign Relations  
To hold a closed briefing on the challenges and responses with respect to a nuclear Iran  
S–407, Capitol  

9:30 a.m.  
Armed Services  
To hold hearings to examine the nominations of Preston M. Geren, of Texas, to be Under Secretary of the Army; Michael L. Dominguez, of Virginia, to be Deputy Under Secretary of Defense for Personnel and Readiness, James I. Finley, of Minnesota, to be Deputy Under Secretary of Defense for Acquisition and Technology; and Thomas P. D’Agostino, of Maryland, to be Deputy Administrator for Defense Programs, National Nuclear Security Administration.  
SD–106

Environment and Public Works  
Business meeting to consider the nominations of Terrence L. Bracy, of Virginia, to be a Member of the Board of Trustees of the Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation, and Dennis Bottorff, Susan Richardson Williams, and William B. Sansom, all of Tennessee, Robert M. Duncan, of Kentucky, Howard A. Thralkill, of Alabama, and Donald R. DePriest, of Mississippi, each to be a Member of the Board of Directors of the Tennessee Valley Authority.  
SD–628

Appropriations  
Labor, Health and Human Services, Education, and Related Agencies Subcommittee  
To hold hearings to examine proposed budget estimates for fiscal year 2007 for the Department of Health and Human Services.  
SD–192

9:35 a.m.  
Environment and Public Works  
To hold hearings to examine the President’s proposed budget request for fiscal year 2007 for EPA.  
SD–628

10 a.m.  
Banking, Housing, and Urban Affairs  
To hold hearings to examine rebuilding needs in Hurricane Katrina-impacted areas.  
SD–538

Budget  
To hold hearings to examine understanding the causes and solutions to addressing the Federal tax gap.  
SD–608

Commerce, Science, and Transportation  
To hold hearings to examine video franchising.  
SD–562

Health, Education, Labor, and Pensions  
Employment and Workplace Safety Subcommittee  
To hold hearings to examine communication and mine safety technology issues.  
SD–430

Judiciary  
To hold hearings to examine the nominations of Stephen G. Larson, to be United States District Judge for the Central District of California, Jack Zouhary, to be United States District Judge for the Northern District of Ohio, and John F. Clark, of Virginia, to be Director of the United States Marshals Service, Department of Justice.  
SD–226

Foreign Relations  
To hold hearings to examine the challenges and responses with respect to a nuclear Iran.  
SH–216

10:15 a.m.  
Energy and Natural Resources  
To hold hearings to examine developments in nanotechnology.  
SD–366

Appropriations  
Legislative Branch Subcommittee  
To resume hearings to examine the progress of construction on the Capitol Visitor Center.  
SD–138

2:30 p.m.  
Commerce, Science, and Transportation  
To hold hearings to examine developments in nanotechnology.  
SD–562

Energy and Natural Resources  
Public Lands and Forests Subcommittee  
To hold hearings to review the progress made on the development of interim and long-term plans for use of fire retardant aircraft in Federal wildfire suppression operations.  
SD–366

Intelligence  
To receive a closed briefing regarding certain intelligence matters.  
SH–219

**FEBRUARY 16**

9:30 a.m.  
Armed Services  
To hold hearings to examine priorities and plans for the atomic energy defense activities of the Department of Energy and to review the President’s proposed budget request for fiscal year 2007 for atomic energy defense activities of the Department of Energy and the National Nuclear Security Administration.  
SD–106

Judiciary  
Business meeting to consider pending calendar business.  
SD–226

10 a.m.  
Banking, Housing, and Urban Affairs  
To hold hearings to examine the semi-annual monetary policy report to the Congress.  
SD–538

Budget  
To resume hearings to examine the President’s fiscal year 2007 budget proposal.  
SR–325

Energy and Natural Resources  
To hold hearings to examine S. 2253, to require the Secretary of the Interior to offer the 181 Area of the Gulf of Mexico for oil and gas leasing.  
SD–366

Health, Education, Labor, and Pensions  
To resume hearings to examine the role of education in global competitiveness.  
SD–650

Finance  
To hold hearings to examine the Administration’s trade agenda for 2006.  
SD–215

Joint Economic Committee  
To hold hearings to examine the economic report of the President.  
2322 RHOB

2:30 p.m.  
Commerce, Science, and Transportation  
To hold hearings to examine NOAA budget.  
SD–562

Energy and Natural Resources  
National Parks Subcommittee  
To hold hearings to examine S. 1870, to update the feasibility and suitability study originally prepared for the Trail of Tears National Historic Trail and provide for the inclusion of new trail segments, land components,
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Committee</th>
<th>Subcommittee</th>
<th>Description</th>
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<tr>
<td>FEBRUARY 28</td>
<td>9:30 a.m.</td>
<td>Armed Services</td>
<td>To hold hearings to examine current and future worldwide threats to the national security of the United States; to be followed by a closed session in SH 219.</td>
<td>SH-219</td>
</tr>
<tr>
<td>FEBRUARY 28</td>
<td>2 p.m.</td>
<td>Indian Affairs</td>
<td>To hold oversight hearings to examine Indian gaming activities.</td>
<td>SR-485</td>
</tr>
<tr>
<td>FEBRUARY 28</td>
<td>2:30 p.m.</td>
<td>Energy and Natural Resources</td>
<td>To hold hearings to examine the Bureau of Reclamation Reuse and Recycling Program (Title XVI of Public Law 102-575).</td>
<td>SD-366</td>
</tr>
<tr>
<td>MARCH 1</td>
<td>9:30 a.m.</td>
<td>Indian Affairs</td>
<td>To hold joint hearings with the House Committee on Resources to examine the settlement of Cobell v. Norton.</td>
<td>SH-216</td>
</tr>
<tr>
<td>MARCH 1</td>
<td>10:30 a.m.</td>
<td>Appropriations</td>
<td>Legislative Branch Subcommittee</td>
<td>To hold hearings to examine proposed budget estimates for fiscal year 2007 for the Library of Congress, Open World Leadership Council, and Government Accountability Office.</td>
</tr>
<tr>
<td>MARCH 1</td>
<td>2:30 p.m.</td>
<td>Commerce, Science, and Transportation Disaster Prevention and Prediction Subcommittee</td>
<td>To hold hearings to examine winter storms.</td>
<td>SD-562</td>
</tr>
<tr>
<td>MARCH 1</td>
<td>3 p.m.</td>
<td>Energy and Natural Resources</td>
<td>To hold hearings to examine the role of the Forest Service and other Federal agencies in protecting the health and welfare of foreign guest workers carrying out tree planting and other service contracts on National Health System lands, and to consider related Forest Service guidance and contract modifications issued in recent weeks.</td>
<td>SD-366</td>
</tr>
<tr>
<td>MARCH 7</td>
<td>9:30 a.m.</td>
<td>Armed Services</td>
<td>To hold hearings to examine military strategy and operational requirements in review of the Defense Authorization Request for fiscal year 2007 and the future years defense program.</td>
<td>SD-430</td>
</tr>
<tr>
<td>MARCH 8</td>
<td>2:30 p.m.</td>
<td>Armed Services</td>
<td>To hold hearings to examine the Department of Defense quadrennial defense review; to be followed by a closed session in SR-222.</td>
<td>SH-216</td>
</tr>
<tr>
<td>MARCH 12</td>
<td>10 a.m.</td>
<td>Commerce, Science, and Transportation</td>
<td>To hold hearings to examine aviation security and the Transportation Security Administration.</td>
<td>SD-562</td>
</tr>
<tr>
<td>MARCH 14</td>
<td>9:30 a.m.</td>
<td>Armed Services</td>
<td>To hold hearings to examine military strategy and operational requirements in review of the Defense Authorization Request for fiscal year 2007 and the future years defense program.</td>
<td>SH-216</td>
</tr>
<tr>
<td>MARCH 15</td>
<td>10:30 a.m.</td>
<td>Appropriations</td>
<td>Legislative Branch Subcommittee</td>
<td>To hold hearings to examine proposed budget estimates for fiscal year 2007 for the Secretary of the Senate, Architect of the Capitol, and the Capitol Visitor Center.</td>
</tr>
<tr>
<td>MARCH 16</td>
<td>9:30 a.m.</td>
<td>Armed Services</td>
<td>To hold hearings to examine military strategy and operational requirements in review of the defense authorization request for fiscal year 2007 and the future years defense program; to be followed by a closed session in SH-219.</td>
<td>SH-216</td>
</tr>
<tr>
<td>MARCH 28</td>
<td>10 a.m.</td>
<td>Commerce, Science, and Transportation</td>
<td>Disaster Prevention and Prediction Subcommittee</td>
<td>To hold hearings to examine impacts on aviation regarding volcanic hazards.</td>
</tr>
<tr>
<td>MARCH 30</td>
<td>10 a.m.</td>
<td>Commerce, Science, and Transportation</td>
<td>Aviation Subcommittee</td>
<td>To hold hearings to examine Federal Aviation Administration budget and the long term viability of the Aviation Trust Fund.</td>
</tr>
<tr>
<td>APRIL 4</td>
<td>10:30 a.m.</td>
<td>Appropriations</td>
<td>Legislative Branch Subcommittee</td>
<td>To hold an oversight hearing to examine National Polar-Orbiting Operational Environmental Satellite System.</td>
</tr>
<tr>
<td>APRIL 5</td>
<td>10:30 a.m.</td>
<td>Appropriations</td>
<td>Legislative Branch Subcommittee</td>
<td>To hold hearings to examine Federal Aviation Administration funding options.</td>
</tr>
<tr>
<td>APRIL 26</td>
<td>10:30 a.m.</td>
<td>Appropriations</td>
<td>Legislative Branch Subcommittee</td>
<td>To resume hearings to examine the progress of construction on the Capitol Visitor Center.</td>
</tr>
<tr>
<td>MAY 3</td>
<td>10:30 a.m.</td>
<td>Appropriations</td>
<td>Legislative Branch Subcommittee</td>
<td>To hold hearings to examine proposed budget estimates for fiscal year 2007 for the Government Printing Office, Congressional Budget Office, and Office of Compliance.</td>
</tr>
<tr>
<td>MAY 24</td>
<td>10:30 a.m.</td>
<td>Appropriations</td>
<td>Legislative Branch Subcommittee</td>
<td>To resume hearings to examine the progress of construction on the Capitol Visitor Center.</td>
</tr>
<tr>
<td>CANCELLATIONS</td>
<td>11 a.m.</td>
<td>Energy and Natural Resources</td>
<td>To hold hearings to examine military strategy and operational requirements in review of the defense authorization request for fiscal year 2007 and the future years defense program; to be followed by a closed session in SH-219.</td>
<td>SD-366</td>
</tr>
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Daily Digest

Senate

Chamber Action

Routine Proceedings, pages S1077–S1133

Measures Introduced: One and two resolutions were introduced, as follows: S. 2277, and S.J. Res. 29–30.

Page S1129

Fairness in Asbestos Injury Resolution Act: Senate resumed consideration of S. 852, to create a fair and efficient system to resolve claims of victims for bodily injury caused by asbestos exposure, taking action on the following amendments proposed thereto:

Pages S1121–22

Pending:

Frist (for Specter/Leahy) Amendment No. 2746, in the nature of a substitute.

Page S1121

Specter Modified Amendment No. 2747 (to Amendment No. 2746), to provide guidelines in determining which defendant participants may receive inequity adjustments the Administrator shall give preference.

Page S1121

Kyl Amendment No. 2754 (to Amendment No. 2746), to reduce the impact of the trust fund on smaller companies and to expand hardship adjustments.

Page S1121

Ensign point of order that the pending bill and the pending amendment in the nature of a substitute (Frist (for Specter/Leahy) Amendment No. 2746 (listed above) violate section 407 of H. Con. Res. 95, the concurrent resolution on the budget for fiscal year 2006.

Page S1121

Specter motion to waive the point of order (listed above).

Page S1121

A motion was entered to close further debate on Frist (for Specter/Leahy) Amendment No. 2746, in the nature of a substitute and, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, a vote on cloture will occur on Wednesday, February 15, 2006.

Page S1121–22

A motion was entered to close further debate on the bill and, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, a vote on cloture will occur on Wednesday, February 15, 2006.

Page S1122

Senate will continue consideration of the bill on Tuesday, February 14, 2006.

Page S1122

Tax Relief Extension Reconciliation Act Motions to Instruct Conferees: Senate began consideration of the message of the House of Representatives to accompany H.R. 4297, to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006, insisting on its amendment, agreeing to the request of the House for a conference, and taking action on the following motions to instruct conferees proposed thereto:

Pages S1079–S1121

Adopted:

By a unanimous vote of 92 yeas (Vote No.14), Grassley Motion to Instruct Conferees to insist that the final conference report include funding to support the health needs of America’s veterans and military personnel contained in section 315 of the Senate amendment and the funding to strengthen America’s military contained in title VI of the Senate amendment.

Page S1121

Rejected:

By 40 yeas to 53 nays (Vote No. 15), Dodd Motion to Instruct Conferees to insist that the final conference report include funding to support the health needs of America’s veterans and military personnel contained in section 315 of the Senate amendment instead of any extension of the tax breaks for capital gains and dividends for individuals with annual incomes greater than $1,000,000.

Page S1121

Pending:

Kennedy Motion to Instruct Conferees to reject the extension of the capital gains and dividends rate reduction contained in section 203 of the bill as passed by the House of Representatives.

Pages S1083–90

Reed Motion to Instruct Conferees to insist that the final conference report include funding to strengthen America’s military contained in title VI of the Senate amendment instead of any extension of the tax cuts for capital gains and dividends, which does not expire until 2009, contained in section 203 of the bill as passed by the House of Representatives.

Pages S1094–S1105

Wyden Motion to Instruct Conferees to insist that the final conference report include a provision that
repeals accelerated depreciation for geologic and geophysical costs for oil and gas exploration by the 5 major oil companies. Pages S1105–07

Obama Motion to Instruct Conferees to insist that the final conference report include tax relief for the most vulnerable members of our society, including the low-income victims of Hurricane Katrina and children in families that are too poor to benefit fully from the refundable child tax credit. Pages S1107–10

Hatch Motion to Instruct Conferees to insist that the final conference report include a permanent extension of the credit for increasing research activities (based on section 108 of the amendment passed by the Senate), in order to improve American competitiveness. Pages S1110–13

DeWine Motion to Instruct Conferees to insist that the final conference report accept the veterans' mortgage bonds expansion provisions contained in section 303 of the bill as passed by the House of Representatives with such revisions as are necessary to provide veterans in all 50 States with access to lower-rate mortgages. Page S1113

Reid (for Menendez) Motion to Instruct Conferees to insist that the final conference report include the Senate passed “hold-harmless” relief from the individual alternative minimum tax (AMT) in 2006, and does not include the extension of lower tax rates on capital gains and dividends. Pages S1113–15

Stabenow Motion to Instruct Conferees to insist that the final conference report include a permanent extension of the credit for increasing research activities, and to reject any extension of the tax rate for capital gains and dividends which does not expire until 2009. Pages S1115–16

Grassley Motion to Instruct Conferees to insist that the final conference report include the “hold-harmless” relief from the individual alternative minimum tax in 2006 (sections 106 and 107 of the amendment passed by the Senate) to protect middle class families and includes an extension of lower tax rates on capital gains and dividends (based on section 203 of the bill passed by the House of Representatives) to protect tax cuts for middle class families. Pages S1116–17

Grassley (for Santorum) Motion to Instruct Conferees to insist that the final conference report include a permanent extension of the above-the-line deduction for tuition and fees (based on section 103 of the amendment passed by the Senate). Pages S1117–18

Grassley Motion to Instruct Conferees to insist that the final conference report ensure that in 2009 and 2010, the international competitiveness of the United States in attracting capital investment, and therefore job creation, is not weakened further by a higher combined corporate and individual income tax rate on corporate and capital income as a result of a higher dividend tax rate. Page S1118

Grassley (for Talent/Snow/Lincoln) Motion to Instruct Conferees to insist that the final conference report include a permanent extension of the modifications to the child tax credit made by the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003. Page S1118

Lautenberg Motion to Instruct Conferees to insist that the final conference report does not increase the national debt of the United States. Pages S1118–19

Schumer Motion to Instruct Conferees to insist that the final conference report include the Senate-passed provision to extend the above-the-line deduction for tuition and fees through December 31, 2009 (section 103), before it includes the House-passed extension of lower tax rates on capital gains and dividends (section 203), given budget constraints, noting that a conference report which maintains the tuition deduction will provide needed tax relief to more than 4,000,000 American families each year that are struggling to keep pace with rising tuition costs. Pages S1119–20

A unanimous-consent agreement was reached providing that on Tuesday, February 14, 2006, at 9:45 a.m., Senate continue consideration of the House message to accompany H.R. 4297, that the only motions to instruct be those that are currently pending and that no other motions be in order; further, that no amendments be in order to the motions; provided further, that all remaining debate time under the statute be considered as having expired; further, that when the Senate begins to vote in relation to the motions, the Republican alternative amendments occur prior to the votes in relation to the Democratic amendments; provided further, that prior to the vote on Grassley motion and Kennedy motion on capital gains/dividend, there be 2 minutes per side for debate; further, that debate before all other votes be limited to 2 minutes equally divided and all votes after the first vote in the sequence be limited to 10 minutes each. Page S1133
CONGRESSIONAL RECORD—DAILY DIGEST

February 13, 2006

Messages From the President: Senate received the following message from the President of the United States:

Transmitting, pursuant to law, the Economic Report of the President dated February 2006 with the Annual Report of the Council of Economic Advisers for 2006; which was referred to the Joint Economic Committee. (PM–39). Pages S1127–28

Appointments:

National Surface Transportation Policy and Revenue Study Commission: The Chair, on behalf of the Majority Leader, pursuant to Public Law 109–59, appointed the following individuals to serve as members of the National Surface Transportation Policy and Revenue Study Commission: Paul Weyrich of Virginia, and Patrick E. Quinn of Tennessee. Page S1133

Nominations Received: Senate received the following nominations:

James Lambright, of Missouri, to be President of the Export-Import Bank of the United States for a term expiring January 20, 2009.

Dennis R. Spurgeon, of Florida, to be an Assistant Secretary of Energy (Nuclear Energy).

Robert Irwin Cusick, Jr., of Kentucky, to be Director of the Office of Government Ethics for a term of five years.

Donald J. DeGabrielle, Jr., of Texas, to be United States Attorney for the Southern District of Texas for the term of four years. Page S1133

Measures Placed on Calendar: Pages S1128, S1133

Executive Communications: Pages S1128–29

Additional Cosponsors: Pages S1129–30

Statements on Introduced Bills/Resolutions: Pages S1130–32

Additional Statements:

Notices of Hearings/Meetings: Pages S1126–27

Authorities for Committees to Meet: Page S1132

Privileges of the Floor: Pages S1132–33

Record Votes: Two record votes were taken today. (Total—15). Page S1133

Adjournment: Senate convened at 12 noon, and adjourned at 9:58 a.m., on Tuesday, February 14, 2006. (For Senate's program, see the remarks of the Majority Leader in today's Record on page S1133.)

Committee Meetings

(Committees not listed did not meet)

HURRICANE KATRINA

Committee on Homeland Security and Governmental Affairs: Committee held a hearing to examine Hurricane Katrina response issues, focusing on waste, fraud, and abuse during the disaster, expedited assistance for victims of Hurricanes Katrina and Rita, and oversight of sheltering initiatives, receiving testimony from Gregory D. Kutz, Managing Director, and John J. Ryan, Special Agent, both of Forensic Audits and Special Investigations, Government Accountability Office; Richard L. Skinner, Inspector General, Department of Homeland Security; and Alice S. Fisher, Assistant Attorney General, Criminal Division, and Chairman, Hurricane Katrina Fraud Task Force, Department of Justice.

Committee will meet again on Tuesday, February 14.

House of Representatives

Chamber Action

The House was not in session today. The House is scheduled to meet at 2 p.m. on Tuesday, February 14, 2006.

Committee Meetings

No committee meetings were held.

NEW PUBLIC LAWS

(For last listing of Public Laws, see DAILY DIGEST, p. D 62)

S. 1932, to provide for reconciliation pursuant to section 202(a) of the concurrent resolution on the budget for fiscal year 2006 (H. Con. Res. 95). Signed on February 8, 2006. (Public Law 109–171)
COMMITTEE MEETINGS FOR TUESDAY,
FEBRUARY 14, 2006

(Committee meetings are open unless otherwise indicated)

Senate

Committee on Armed Services: to resume hearings to examine the defense authorization request for fiscal year 2007 and the future years defense program, 9:30 a.m., SD–106.

Subcommittee on Readiness and Management Support, to hold hearings to examine improving contractor incentives in review of the defense authorization request for fiscal year 2007, 2:30 p.m., SR–222.

Committee on Banking, Housing, and Urban Affairs: to hold hearings to examine the nominations of Randall S. Kroszner, of New Jersey, and Kevin M. Warsh, of New York, each to be a Member of the Board of Governors of the Federal Reserve System, and Edward P. Lazear, of California, to be a Member of the Council of Economic Advisers, 10 a.m., SD–538.

Committee on the Budget: to continue hearings to examine the President’s fiscal year 2007 budget proposal, 10 a.m., SD–608.

Committee on Commerce, Science, and Transportation: Subcommittee on Trade, Tourism, and Economic Development, to hold hearings to examine the economic impacts of the Canadian softwood lumber dispute on U.S. industries, 2:30 p.m., SD–562.

Committee on Energy and Natural Resources: to hold hearings to examine the Energy Information Administration’s 2006 annual energy outlook on trends and issues affecting the United States’ energy market, 10 a.m., SD–366.

Committee on Foreign Relations: to hold hearings to examine the President’s proposed budget request for fiscal year 2007 for foreign affairs; and, if a quorum is present, consider and vote on the nominations of Claudia A. McMurray, of Virginia, to be Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, Bradford R. Higgins, of Connecticut, to be Assistant Secretary for Resource Management and Chief Financial Officer, Department of State, Jackie Wolcott Sanders, of Virginia, to be U.S. Alternate Representative for Special Political Affairs in the United Nations, with the rank of Ambassador, and to be U.S. Alternate Representative to the Sessions of the General Assembly of the United Nations during her tenure of service as U.S. Alternate Representative for Special Political Affairs in the United Nations, Janet Ann Sanderson, of Arizona, to be Ambassador to the Republic of Haiti, Bernadette Mary Allen, of Maryland, to be Ambassador to the Republic of Niger, Patricia Newton Moller, of Arkansas, to be Ambassador to the Republic of Burundi, Steven Alan Browning, of Texas, to be Ambassador to the Republic of Uganda, Robert Weisberg, of Maryland, to be Ambassador to the Republic of Congo, Michael W. Michalak, of Michigan, for the rank of Ambassador during his tenure of service as United States Senior Official to the Asia-Pacific Economic Cooperation Forum, Janice L. Jacobs, of Virginia, to be Ambassador to the Republic of Senegal, and to serve concurrently and without additional compensation as Ambassador to the Republic of Guinea-

Bissau, Jeanine E. Jackson, of Wyoming, to be Ambassador to Burkina Faso, James D. McGee, of Florida, to serve concurrently and without additional compensation as Ambassador to the Union of Comoros; Kristie A. Kenney, of Virginia, to be Ambassador to the Republic of the Philippines, Gary A. Grappo, of Virginia, to be Ambassador to the Sultanate of Oman, Patricia A. Butenis, of Virginia, to be Ambassador to the People’s Republic of Bangladesh, Donald T. Bliss, of Maryland, for the rank of Ambassador during his tenure of service as Representative of the United States of America on the Council of the International Civil Aviation Organization, Ben S. Bernanke, to be United States Alternate Governor of the International Monetary Fund, International Monetary Fund; and 2 Foreign Service Officer promotion lists received in the Senate on December 13 and December 14, 2005, respectively, 10 a.m., SH–216.

Committee on Health, Education, Labor, and Pensions: Subcommittee on Retirement Security and Aging, to hold hearings to examine the Older Americans Act, 2:30 p.m., SD–430.

Committee on Homeland Security and Governmental Affairs: to continue hearings to examine Hurricane Katrina response issues, focusing on the Homeland Security Department’s preparation and response, 10 a.m., SD–342.

Committee on Indian Affairs: to hold oversight hearings to examine the President’s proposed budget request for fiscal year 2007 for Indian programs, 2:30 p.m., SD–106.

Committee on Veterans’ Affairs: to hold hearings to examine the President’s proposed budget request for fiscal year 2007 for the Department of Veterans Affairs, 10 a.m., SR–418.

House

Committee on the Budget, hearing on Members’ Day, 2 p.m., 210 Cannon.


Committee on International Relations, Subcommittee on Europe and Emerging Threats to mark up a resolution expressing support for the efforts of the people of the Republic of Belarus to establish a full democracy, the rule of law, and respect for human rights and urging the Government of Belarus to conduct free and fair presidential elections in 2006, 6 p.m., 2200 Rayburn.

Subcommittee on Oversight and Investigations, hearing on Chinese Influence on U.S. Foreign Policy through U.S. Educational Institutions, Multilateral Organizations and Corporate America, 2 p.m., 2172 Rayburn.

Committee on Veterans’ Affairs, Subcommittee on Economic Opportunity, oversight hearing on the VA’s Fiscal Year 2007 budget request for the education, vocational rehabilitation, and loan guaranty programs, 10 a.m., 334 Cannon.

Subcommittee on Health, oversight hearing on the Department of Veterans Affairs Fiscal Year 2007 budget request for the Veterans Health Administration, 2 p.m., 334 Cannon.
Next Meeting of the SENATE
9:45 a.m., Tuesday, February 14

Senate Chamber
Program for Tuesday: Senate will continue consideration of the message from the House of Representatives to accompany H.R. 4297, Tax Relief Extension Reconciliation Act, with votes on the pending motions to instruct to occur thereon.

Next Meeting of the HOUSE OF REPRESENTATIVES
2 p.m., Tuesday, February 14

House Chamber
Program for Tuesday: To be announced.