deficit. I get a little bit tired of people talking about the need for equity. If we cannot address a situation where some of the most profitable corporations in America pay zero Federal taxes and, in fact, get a tax rebate, then I am not quite sure what this institution is doing.

So we now have an opportunity to move forward, to address our deficit crisis. We have an opportunity to move forward to transform our energy system. We have an opportunity in this amendment to create jobs and break our dependency on fossil fuel.

I ask unanimous consent that the Senate now proceed to a debate on amendment No. 4318; that the time for such debate be limited to half an hour equally divided; that once the time has expired on this debate, the Senate proceed to a vote on amendment No. 4318.

The PRESIDING OFFICER. Is there objection?

Mr. INHOFE. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. SANDERS. Mr. President, I hear my friend's objection. I think that is unfortunate. The American people should be able to have a different vote and debate on this issue. But I hear what the Senator has said.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. INHOFE. Mr. President, I think the regular order is to go out now. First, I suggest that I will want some time this afternoon to explain what this amendment really does and also to explain in some detail the marginal wells this would affect. The average marginal well in my State of Oklahoma is 2 barrels a day. We are not talking about giants here. This is a totally different situation. We will have an opportunity to pursue that after resuming the regular order.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 1:01 p.m., recessed, and reassembled when called to order by the Presiding Officer (Mr. BEGICH).

The PRESIDING OFFICER. The Senator from Iowa.

ALTERNATIVE MINIMUM TAX

Mr. GRASSLEY. Mr. President, I wish to bring to my colleagues' attention the fact that we have this problem we deal with too often called the alternative minimum tax. I bring it to my colleagues' attention.

Last week, I had an opportunity to address my colleagues on the unfinished tax legislative business. These four items are the unfinished business to which I was referring. The legislation before the Senate deals with only one but, of course, an important piece of the unfinished legislative business. These tax extenders are on their second legislative stop through the Senate.

As the chart shows, the tax extenders, which are overdue by almost half a year, are not alone in that unfinished business. There are three other major areas of unfinished business. As we can see from the chart, we have the death tax with which we have not dealt. Another area is the 2001 to 2003 tax rate cuts and family tax relief package. Then the third area is the AMT patch, the alternative minimum tax.

Over the past few years, the AMT is frequently a subject of many of my addresses to my colleagues. I intend to keep talking about the AMT until this Congress actually takes action on reforming the AMT.

Instead of taking action, Congress this session has done absolutely nothing, and the problem continues to get worse for at least 26 million American families—let me emphasize middle-class American families—who will be caught in this AMT trap and, as a matter of fact, are now already caught.

Those being caught or are caught are the families who make estimated tax payments and who will be making their second payment this very day.

Last year, in 2009, a bit over 4 million families were hit by the alternative minimum tax. I think this was 4 million families too many, but it is considerably better than the more than 26 million additional families who will be hit this year in 2010 if Congress does not take action.

The reason we are experiencing this large increase this year is that over the last 9 years Congress has passed legislation that would temporarily—and only temporarily—increase the amount of income exempt from the alternative minimum tax. These temporary exemption increases have prevented millions of middle-class American families from falling prey to the alternative minimum tax until right now.

While I have always fought for these temporary exemptions, I believe the AMT ought to be permanently repealed. One reason I have previously given for permanent repeal is that it may be difficult for Congress to revisit the alternative minimum tax on a temporary basis every year. Of course, this current situation, now 6 months into this year, proves me right. Congress has yet to undertake any meaningful action on the alternative minimum tax.

The budget resolution, passed well over a year ago, provided revenue room for a short-term extension of the alternative minimum tax patch. That was a lot less than what President Obama's budget did, which made the patch permanent.

On this point, since too often people think I do not agree with President Obama enough, this is one point where I believe the tax policy of President Obama has it exactly right.

About 18 months ago, much to the criticism of some on the other side, I made the 2009 AMT patch an issue in the economic stimulus legislation. The reason I did is that 24 million middle-class families would have, on average, paid $2,400 more in income taxes for 2009 if the patch had been abandoned. For those 24 million people, paying $2,400 more into the Federal Treasury would have been a real hurt. My 2009 AMT patch amendment was adopted in the stimulus legislation by the Finance Committee. That was 18 months ago.

Despite assurances the AMT relief is an important issue, nothing has actually been put forward as a serious legislative solution this year. Again, we can see the checklist chart. There has been no House committee markup or floor action, no Senate committee markup or floor action. This year is almost half done. A theoretical discussion is not a substitute for real action, to which anyone making a quarterly payment today will attest.

I am hopeful I can get folks on Capitol Hill rethinking about the AMT and realize that it is a real problem right now. Everyone seems to agree that something needs to be done quickly, but the discussion does not go any further than just discussion.

The second quarterly payment is due today. Today taxpayers across the country are under a legal requirement to pay their estimated taxes, and with it the additional money that would be owed because the AMT has not been patched. They would use form 1040–ES. I bet I will be here September 15 when the third payment comes due saying largely the same thing.

Congress does not seem to be under any pressure to actually take action. Many on the other side insist that, unlike new spending proposals or extensions of existing programs, AMT reform should happen only if it is revenue neutral. That means any revenues—I want to put quotes around these words—any revenues ''not collected'' through reform or repeal of the AMT must be offset by new taxes from somewhere else.

Notice I said ''collected,'' and I did not say ''lost.'' This distinction is important for the simple reason that the revenues we do not collect as a result of AMT relief are not, in fact, lost to the Treasury. The AMT collects revenues it was never supposed to collect in the first place. In other words, middle-class income people were not supposed to pay this tax in the first place—that is that 24 million—because this AMT was originally conceived as a mechanism to ensure that high-income taxpayers were not able to completely eliminate their tax liability. From that standpoint, even the AMT has failed because in 2004, IRS Commissioner Everson told the Finance Committee the same percentage of taxpayers continue to pay no Federal income tax as they did back in 1969. Even I think, on raw numbers, it is a much larger number. Back then it was only 155 taxpayers.

Today, at least 24 million to 26 million middle-class families are in these alternative minimum tax crosshairs. That is quite a change from the 155 rich people in 1969 who were not paying any tax, the reason for the alternative minimum tax to be passed in the first place.

Finally, if we offset revenues not collected as a result of AMT repeal or reform, total Federal revenues over the long term are projected to push through the 30-year historical average and then keep going.

The AMT then is a completely failed policy that is projected to bring in future revenues that it was never designed to collect in the first place.

President Obama met those of us who favor repeal partway by staking out a position on AMT reform during his 2008 campaign. His position provided for a permanent AMT patch. His budgets have maintained that position.

While permanent repeal without offsetting is the best option, we absolutely must do something to protect taxpayers and do it now, even if it involves a temporary solution, such as an increase in the exemption amount.

Of course, if we do that, we are going to be in the same fix next year, and I will be making that same point again.

Today, Tuesday, June 15, 2010, taxpayers making quarterly payments are going to once again discover that the AMT is neither the subject of an academic seminar nor a future problem that we can put off dealing with. The AMT is a real problem right now, and if this Congress is serious about tax fairness, it needs to stand up and take action.

JOB CREATION

Mr. President, I wish to address the Senate for a minute on another issue about how many jobs the stimulus bill created.

In recent weeks, a number of my colleagues have come to the floor to proclaim the success of the massive $862 billion stimulus bill Congress enacted in 2009. Although the number of private sector jobs has increased by only about half a million since 2009, they continue to insist the stimulus bill has created millions of new jobs. How do they justify these claims?

The stimulus bill requires certain recipients of stimulus funds to report the number of jobs they have created or saved or, more accurately, they report the number of jobs funded with the stimulus dollars.

The stimulus bill also requires the Congressional Budget Office to issue a quarterly report on these numbers. The Congressional Budget Office is careful to point out that the number of jobs being reported by stimulus recipients is not a comprehensive estimate of the economic impact of the stimulus bill. According to the Congressional Budget Office, the actual numbers could be higher or lower.

According to CBO ''estimating the law's overall effects on employment requires a more comprehensive analysis than the recipients' reports provide.''

For this analysis, CBO relies on a computer model. In other words, CBO does not look at the actual jobs data. Instead, it looks at a model of the economy.

CBO is very upfront about all of this. CBO used a computer model to predict how many jobs the stimulus bill would create before it was enacted into law. Now the stimulus bill is, in fact, law, and CBO is using a computer model to tell us it did just what they said it would do—create jobs.

Why would CBO rely on a model instead of actual data? According to CBO—and I have a three- or four-sentence quote here:

> Data on actual output and employment are not as helpful in determining the stimulus bill's economic effects because isolating those effects would require knowing what path the economy would have taken in the absence of the law. Because that path cannot be observed, there is no way to be certain about how the economy would have performed if the legislation had not been enacted.

My judgment is that CBO is saying this: CBO doesn't know how much better or worse the economy would have been if the stimulus bill had not been enacted. That means the Congressional Budget Office also doesn't know how much better or worse the economy is now as a result of the stimulus bill. So basically CBO is saying: Trust us—or more specifically: Trust our model. But if the model was wrong to begin with, then wouldn't it still be wrong? According to the Congressional Budget Office, their model relies on historical relationships to determine estimated multipliers for each of several categories of spending and tax provisions in the stimulus bill. The problem is that there is no way to know whether these historical relationships remain constant over time or whether they change under different economic circumstances.

In short, the jobs numbers attributed to the stimulus bill are based on assumptions which may or may not have any basis in reality.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

AMERICAN JOBS AND CLOSING TAX LOOPHOLES ACT OF 2010

Mr. BAUCUS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The clerk will report the pending business.

The legislative clerk read as follows:

> Motion to concur in the House amendment to the Senate amendment to H.R. 4213, an act to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

Pending:

> Baucus motion to concur in the amendment of the House to the amendment of the Senate to the bill, with Baucus amendment No. 4301 (to the amendment of the House to the amendment of the Senate to the bill), in the nature of a substitute.
>
> Franken amendment No. 4311 (to amendment No. 4301), to establish the Office of the Homeowner Advocate for purposes of addressing problems with the Home Affordable Modification Program.
>
> Sanders amendment No. 4318 (to amendment No. 4301), to amend the Internal Revenue Code of 1986 to eliminate big oil and gas company tax loopholes and to use the resulting increase in revenues to reduce the deficit and to invest in energy efficiency and conservation.
>
> Vitter amendment No. 4312 (to amendment No. 4301), to ensure that any new revenues to the Oil Spill Liability Trust Fund will be used for the purposes of the fund and not used as a budget gimmick to offset deficit spending.
>
> Reid amendment No. 4344 (to amendment No. 4301), to amend the Internal Revenue Code of 1986 to extend the time for closing on a principal residence eligible for the first-time home buyer credit.
>
> Thune/McConnell amendment No. 4333 (to amendment No. 4301), of a perfecting nature.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, George Santayana wrote:

> Those who cannot remember the past are condemned to repeat it.

Today, we must remember the past. We must learn from past mistakes, and we must do our best to avoid repeating them.

In its response to the Great Depression of the 1930s, the Federal Government made a serious mistake. It is important to remember this past so we are not condemned to repeat it. The stock market crashed in 1929. By 1933, the unemployment rate reached a high of 25 percent. A few years later—4 years later, to be precise—in 1937, the economy was rebounding. The unemployment rate had fallen to 14 percent, gross domestic product was growing at an average rate, if you can believe it, of 9 percent a year, and the stock market had more than doubled over the past 4 years. That was 1937. The economy was on the road to recovery. But this exceptional economic growth did not just happen. It resulted from strong actions by the Federal Government. From 1933 to 1937, for example, the United States dramatically increased the money supply. Lower interest rates and greater credit availability helped to stimulate spending and economic growth. New Deal programs also helped. Spending was modest but significant compared to the magnitude of the Great Depression. But the response provided a notable boost to the economy, and it helped instill confidence in the Federal Government's ability to tackle the Depression.

But in 1937, after 4 years of growth, the government made a mistake. Concerned about short-term deficits, what did it do? It began to cut spending and it began to raise taxes. A bonus for World War I veterans, which provided a boost in consumer spending, was allowed to expire in 1937. Social security taxes were collected for the first time in 1937. And marginal tax rates increased dramatically. What happened? This premature attempt to reduce deficits pushed the economy back over the edge. It was premature. The jobless rate shot back up to 19 percent. In 1938, gross domestic product fell by 3 percent. Shortsighted policy decisions