

FURTHER DISCUSSION ON TAX BILL JUST PASSED BY THE HOUSE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. BECERRA] is recognized for 5 minutes.

Mr. BECERRA. Mr. Speaker, we now move on to the Senate to discuss what has happened here today in the House of Representatives, where we have just provided to the privileged few in this Nation, the opportunity to have massive tax cuts. I would like to have an opportunity to go through a few of the things that we have just heard discussed over the last several hours of debate on this tax bill. But I would like to do it under the context of what will happen in many situations that will, of course, not help at all with single Americans, especially middle-income Americans, but will in effect help some of the wealthiest, not so much individuals, but some of the wealthiest corporations in America.

I have before me some headline news. Headline news not of 1995, although I must tell you that the headlines will be very appropriate in 1995 if this tax bill goes through, but these are headlines from 1984, 1985, and 1986, years when we did not have what we call the alternative minimum tax.

The alternative minimum tax, for those who do not know, is a proposal that took effect in 1986 because we had situations, as you see here, declared in some of our major newspapers throughout the country. We had situations as *Newsday* reports where 50 major firms paid no U.S. taxes. We are talking about firms that made profits in the billions. We had corporations, as the headlines say, that paid less taxes than our families, in some cases families earning less than \$20 to \$30,000. We had headlines of firms misusing their tax breaks, as demonstrated in studies that were done.

We see also that in a study that was done as well that 50 big firms paid the IRS zippo, nothing, not a single cent, when we had taxpayers earning perhaps \$20 to \$30,000 paying much, much more than the biggest corporations in America, the biggest corporations throughout the world.

Because of situations like this, in 1986 Congress passed the alternative minimum tax. What we said is that at some point at the end of that year, a corporation that has made billions of dollars in profits has to pay some minimum tax. You cannot get off with no taxes, when even some of America's poorest families are paying even slight amounts of taxes.

Well, in 1986 this went through. Now every corporation in America that shows some profits must pay some taxes. That seems pretty fair to me.

Well, this bill that just passed this House floor by a very small margin will now eliminate the alternative minimum tax, which means we will revert to the days before 1986 where we saw banner headlines like this in our major newspapers. So let us not be surprised

when we hear people say "Why am I not receiving anything out of this supposed tax cut bill for America, and I hear that corporations no longer are having to pay any taxes, even though they have made billions in profits?" That is, in my mind, very disturbing for America.

But let me go through some of other aspects of this particular legislation that just went through that also should concern Americans, especially those who are middle-income taxpayers and those that are making perhaps less than that.

Touted throughout the day by Members on the other side of the aisle was this tax break, \$500 tax break for children. A family with children would be able to deduct \$500 per child. That, of course, went for families with incomes up to \$200,000, which includes the wealthiest 2 percent of Americans in this Nation.

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But what they did not say was that if you happened to earn about \$18,000 in your family income and you have a child, you are not going to benefit from that particular tax break for children, because although you have children, because your tax rates are going to be so low or your taxable income will be so low because you make so little that you will not be able to benefit.

So you are lucky if you are very wealthy because you have a lot of things to deduct that \$500 from, but if you happen to be a very hard-working American with a child, you will not have a chance to deduct a single cent because your income level is too low to make use of a \$500 deduction.

There are other things like the child care credit which will not go to those families that are lower income and when you take a close look, you will see that this is not a tax break for America. It is a tax break for the very privileged few.

CHANGE IN ORDER OF TAKING SPECIAL ORDER

The SPEAKER pro tempore. Mr. SMITH from Michigan is recognized for 5 minutes.

Mr. CASTLE. I would ask unanimous consent to have Mr. SMITH of Michigan's time yielded to me in his absence tonight.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Delaware [Mr. CASTLE]?

There was no objection.

OTHER PROVISIONS IN GEPHARDT PACKAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Delaware [Mr. CASTLE] is recognized for 5 minutes.

Mr. CASTLE. Mr. Speaker, I would like to go back to about an hour ago on the floor of the House of Representatives when the minority leader pre-

sented a motion to recommit with respect to the tax cut package which went through.

He stated specifically and had a placard, a board which showed that this bill does four things and that is all he spoke to. He says it substitutes \$95,000 for the threshold level for the family tax credit. The retirement changes are lowered only for Members of Congress. It closes a loophole of renouncing American citizenship and avoiding taxes. It includes the Browder-Castle language with respect to thresholds that would have to be met and other matters pertaining to being able to balance our budget.

Quite frankly, that was a very attractive package to me as I listened to him and it gave me a great deal of pause as to whether or not I should go ahead and support that because this does encompass some of the things that had concerned me in this bill, as it went along.

He mentioned one thing at that point that caught my attention, though. He says this is 16 pages. At some point in the middle of that he said that. We got a copy of this and have checked it out since that time.

I think to establish the RECORD, we need to show here, Mr. Speaker, exactly what else was in that 16 pages that was not mentioned by Mr. GEPHARDT here tonight.

The provisions which he filed in the 16 pages eliminate the tax credit to reduce the marriage penalty. It eliminates the American dream savings account or the IRA. It eliminates the spousal IRA. He did not mention that he eliminates the child tax credit altogether in the first year then reduces from \$500 to \$100 in the next 2 years and raised it to \$300 thereafter. He also failed to mention that he reduces the income eligibility for the child tax credit from \$200,000 to \$60,000.

Mr. WISE. Would the gentleman yield?

Mr. CASTLE. I will yield very briefly.

Mr. WISE. There are several statements. For instance, on your last one, you are not probably representing that.

Mr. CASTLE. Let me reclaim my time and finish.

Mr. WISE. If the gentleman is—

Mr. CASTLE. Reclaiming my time.

Mr. WISE. If the gentleman is going to attack the minority leader, then he ought to yield.

Mr. CASTLE. It eliminates the repeal of the tax on social security benefits. It eliminates the tax coverage for long-term insurance, accelerated death benefits and long-term care benefits. It eliminates the capital gains tax reduction. It eliminates the neutral cost recovery provisions. It eliminates the repeal of the alternative minimum tax. It eliminates the taxpayer debt buy-down. It eliminates the small business expensing. It eliminates the elderly care tax credit. It eliminates the tax credit for adoption. It eliminates the

increase in social security earnings test.

In other words, Mr. Speaker, what this piece of legislation did or this attempt on the motion to recommit was a lot more than the four items which were mentioned here. Quite frankly, this is one Member who was influenced by what he said and what he put on that board and would be tremendously impacted by that, perhaps even at the sake of a vote and I think that is a real problem in the House of Representatives.

Quite frankly, I have a problem with motions to recommit anyhow. They come in at the last minute. You have 10 minutes to consider them. This is a general problem, I am speaking to now. Unfortunately, sometimes these things can try to get slipped by in the course of oral testimony which is given here usually when the chambers are filled and it makes it very, very difficult.

I would like to make this a part of the RECORD. I did not put this together. It was done by the Ways and Means people. If somebody wants to try to split hairs and take it apart, fine, that could be done.

Mr. SOLOMON. Would the gentleman yield?

Mr. CASTLE. I will yield to the gentleman from New York.

Mr. SOLOMON. I would just like to say to the gentleman, he is absolutely correct. I even spoke to some Members of the Democratic party on that side who had the sense to vote against that motion to recommit and when they found out that this was in there, they were just outraged that they would be misled this way. I just thank the gentleman for bringing this to Members' attention.

Mrs. SMITH of Washington. Would the gentleman yield?

Mr. CASTLE. I will yield to the gentlewoman from Washington.

Mrs. SMITH of Washington. I was really confused during the vote, but am I to understand that when people file their tax return next year that there was another provision in there, too, that would have eliminated a child tax credit in the first year? I do not think he said that either. He then reduces it from 500 to 100 the next 2 years and raises it back. Otherwise, he basically eliminated any benefit. I do not recall that that was made a point. Did I miss that?

Mr. CASTLE. Reclaiming my time, the gentlewoman is absolutely correct. You did not miss it. It was not made a point. It does eliminate it for one year. It is a lower level altogether to begin with. He did state it was a lower income level, but there was some question about what that particular level was but clearly the other omissions were not stated.

Mrs. SMITH of Washington. So when they file their tax returns, if they have two kids next year, right now they would have \$1,000 they could keep to buy a washer or dryer or something for their family. Under this, they would

have to wait for 2 years out, hopefully, and then it would be reduced.

Mr. CASTLE. That is correct the way it has been interpreted.

Mrs. SMITH of Washington. That would have been wrong. He would have been eliminating the children's tax credit.

Mr. CASTLE. Mr. Speaker, may I ask unanimous consent to have this submitted as part of the record?

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

There was no objection.

WHAT GEPHARDT "FORGOT" TO TELL US ABOUT HIS MOTION TO RECOMMIT

Page 3 (bottom) "strike subtitle A of title VI of the bill (other than section 6101)."

This eliminates the tax credit to reduce marriage penalty.

This eliminates the American dream savings accounts.

This eliminates the spousal IRA.

Gephardt failed to mention that he eliminates the child tax credit in the first year, then reduces it from \$500 to \$100 for the next two years and raises it to \$300 thereafter (see page 4).

He also failed to mention that he reduces income eligibility for the child tax credit from \$200,000 to \$60,000 (representing it as \$95,000).

*Page 5 (top) "strike subtitles B, C, D, and E of title VI."

This eliminates the repeal of the tax on Social Security benefits.

This eliminates the tax preference for long-term insurance, accelerated death benefits and long-term care benefits.

This eliminates the capital gains tax reduction.

This eliminates the neutral cost recovery provisions.

This eliminates the repeal of the alternative minimum tax.

This eliminates the taxpayer debt buydown.

This eliminates small business expensing.

This eliminates the elderly care tax credit.

This eliminates the tax credit for adoption.

This eliminates the increase in Social Security earnings test.

CHANGE IN ORDER OF TAKING SPECIAL ORDER

The SPEAKER pro tempore. The gentleman from New York [Mr. OWENS] is recognized for five minutes.

Ms. JACKSON-LEE. Mr. Speaker, I would ask unanimous consent to take the place of Mr. OWENS, please. I am Ms. JACKSON-LEE from Texas.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman?

There was no objection.

GEPHARDT TAX SUBSTITUTE CLEAR

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas [Ms. JACKSON-LEE] is recognized for 5 minutes.

Ms. JACKSON-LEE. Mr. Speaker, I think it is important as I heard the discussion with my colleagues on the other side of the aisle I heard some individuals talking about confusion and

not knowing what they voted for. I think it is important that the American people but as well my constituents in the State of Texas really focus on what we did tonight.

First of all, I think it was very clear what the Gephardt tax substitute did. If focused on reducing the deficit at the same time as if did in giving the right kind of tax benefits to those working Americans. But what it did for the State of Texas and this was what the State of the Texas would lose under the rescissions bill, which unfortunately was passed, and this was simply to give this uninformed and incorrect and biased tax cut to those who do not need it.

So we are losing family nutrition. We are going to lose in AFDC training and emergency assistance, school nutrition, Medicaid. We are going to lose summer jobs and, yes, our college students are going to lose their ability to go to college with the college loans.

Mr. Speaker, I would simply say that even with the so-called Republicans that support this tax cut, in the quite moments of reflection they tell the truth. What about the capital gains Tax? Is that widely popular among business? Let me tell you what they have said.

"The rationale is to encourage Americans to save and invest more of their money." This is in the Washington Post with an article in headlines, GOP Tax Cut Publicly Backed But Privately Doubted. "A goal supported by nearly all economists, but even those who support it concede," meaning the capital gains tax, "there is no evidence that it will work. In all honesty, as an economist I cannot say that a change in the capital gains rate will have any measurable impact on savings or investment."

There goes your tax cut for the business folk. Then this is supposed to be a jewel. It is simply paste.

Let me tell what you the Gephardt tax cut did. What it did is it ensured that we would be able to assess each time we were getting a cut as to whether or not it met the test of cutting the deficit. Each year, 1996, 1997, 1998, 1999, 2000, 2001, we were going to determine deficit targets: 150 billion, 125 billion, 100 billion, 75 billion, 50 billion, and 25 billion.

But most of all, Mr. Speaker, I think the most important point is that we would have a tax cut that responded to working Americans.

I see the gentleman from Louisiana [Mr. FIELDS] and I wanted to yield to him and make an inquiry, because we are confronted and faced with hard decisions in this Congress. I do not think we are afraid of hard decisions.

Mr. FIELDS of Louisiana. Without question. I thank the gentlewoman for yielding.

One of the points that I wanted to make was the point of the alternative minimum tax proposal that was eliminated in this piece of legislation. I