

However, I cannot and will not support this "Reverse Robin Hood" tax relief package that robs from the poor and gives to the rich.

I am also mindful of my duty as a Member of Congress to act in the best interest of the people I represent. That is why I cannot, shirk my responsibility to act in the best interest of all the American people by transferring nearly \$189 billion from programs that help the neediest Americans, to our Nation's most privileged and wealthy Americans. This shortsighted and rushed legislation before us will fail to put a dent in the deficit, but will plunge scores of Americans on the edge of poverty down that slope and decrease the standard of living for this Nation's middle class and working poor.

H.R. 1215 represents the majority's most significant attack on poor and working citizens of this country. It is cynical and repugnant to me that this bill, under the guise of providing tax relief to Americans, seeks to cut: Federal retirement packages; Medicare for our elderly; welfare for innocent children; wages for organized labor; and eliminates or reduces spending on countless other Government programs that help protect our economy, our citizens, and the environment. This flawed and hurried measure should be defeated because it represents a clear attack on the neediest in America.

The stated purpose of H.R. 1215 is to cut taxes for individuals and businesses by \$189 billion. Under this bill, families making up to a quarter of a million dollars a year would receive a tax credit of up to \$500 per child, excluding low-income families who don't make enough to qualify for significant tax cuts. This legislation also contains provisions that significantly reduce the tax on capital gains income, repeal the minimum tax on corporations, and provide businesses with more generous tax loopholes.

While I agree that Congress should look to provide tax relief to all Americans whenever fiscally prudent, the attempt to pit less privileged citizens against our most privileged corporations and citizens is offensive. This legislation goes well beyond its legitimate objective of providing tax relief. In fact, this bill is specifically designed to enrich big businesses and our Nation's wealthiest Americans.

Contrary to the assertions of the Republican supporters of H.R. 1215, 52 percent of the benefits of this so-called tax relief will go to the top 13 percent of taxpayers making over \$100,000 per year. The facts clearly show that the nearly 61-percent of the population that constitutes poor and middle class citizens share of the tax cuts represents only 16 percent of the benefits of tax relief. While I applaud all Americans who have been able to enrich themselves through hard work, innovation, and creativity, I cannot support a tax relief package that so disproportionately benefits the top 13 percent of the American public.

This legislation does not stop at providing huge, disproportionate advantages to rich individuals through tax cuts. H.R. 1215 also exempts some corporations from paying any corporate tax on their profits. By repealing the corporate minimum tax enacted in 1986 designed to assure that profitable companies have to pay some reasonable amount in Federal income taxes, many wealthy corporations will be able to use H.R. 1215's tax loopholes to avoid paying any tax at all.

Prior to the enactment of the 1986 minimum tax, nearly 50 percent of this Nation's wealthi-

est and largest corporations were able to pay no Federal income tax. Adoption of this bill will return us to the days when companies profited while citizens paid—AT&T received \$636 million in tax rebates between 1982 and 1985, despite making \$24 billion in pre-tax profits—DuPont supplemented \$3.8 billion in pre-tax profits with \$179 million in tax rebates—General Dynamics benefited for 4 years from 1982 to 1985 by paying no taxes and received a total of \$91 million in tax rebates. Companies like these will be able to enjoy paying no Federal income taxes under the unfair and ill-advised provisions of this tax bill.

In addition to providing tax breaks to America's richest citizens and corporations, this bill also fails to provide meaningful deficit reduction. The fact is, under current law we will enjoy greater future deficit reduction in fiscal years 1999 and 2000 than would be enjoyed if this bill is adopted into law. The cost of the Republican tax cuts will total \$189 billion in the first 5 years and, according to the Treasury Department estimates, that cost will balloon to over \$630 billion by fiscal year 2005. Therefore, by fiscal years 1999 and 2000, deficits under current law would be \$3.8 billion and \$12.4 billion less respectively, than deficits under H.R. 1215. We all agree that deficit reduction in and of itself is a good thing, but as projections show, this Republican legislation simply does not deliver any better deficit reduction than we would experience under current law.

Mr. Chairman, the unfair distribution of the benefits of this bill and its bogus deficit reduction claims were not enough for our colleagues on the other side. They would have us pay for these tax breaks for the rich by mandating a massive \$189 billion in Federal spending reductions in programs serving those who can least afford it.

The largest portion of the spending cuts is characterized in the bill as "general purpose" spending cuts, totaling \$100 billion over the next 5 years. The effects of these proposed cuts will be unmistakable—they will fall on the poorest, the most vulnerable, the most needy of our citizens. They will fall especially hard on the elderly, the disabled, and children.

This assault on the well-being of these individuals is worsened by the transfer of over \$62 billion in welfare funding to finance this tax break for the rich. This action is a cruel and callous attempt to eliminate the most basic income support for desperately needy children and their families. There is no doubt that many of our Nation's poor will suffer under this proposal. Almost 70 percent of the individuals currently receiving benefits, or 9.7 million people, are children. According to the Department of Health and Human Services, it is estimated that more than 6 million children would lose their financial support to finance this tax cut for the rich.

In addition to the \$100 billion in general purpose spending cuts and \$62 billion in welfare cuts, this bill will snatch \$11 billion from Federal employees pensions, and over \$10 billion in Medicare cuts for medical treatment for our elderly.

It is my belief that H.R. 1215, and the circumstances under which it is presented in this House, attempt to mislead the American people to believe that unfair and insensitive solutions will cure what ails this Nation. Nothing could be further from the truth. This legislation unfairly and unjustifiably expands the gap be-

tween rich and poor, and contributes to the impoverishment of our neediest citizens. The American people elected us to act in their best interest, not compromise their welfare because the new Republican majority wants to satisfy campaign promises and grant tax breaks to the rich. I strongly urge my colleagues to vote against this bill.

CONTRACT WITH AMERICA TAX  
RELIEF ACT OF 1995

SPEECH OF

**HON. BENJAMIN L. CARDIN**

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, April 5, 1995*

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1215) to amend the Internal Revenue Code of 1986 to strengthen the American family and create jobs:

Mr. CARDIN. Mr. Chairman, looking at the tax bill we have before us today, I can't help feeling a bit like the proverbial kid in a candy store. The store is full of tempting goodies. But there are two problems. The "goodies" aren't good for me, and I can't afford them.

The bill is loaded wall-to-wall with goodies. It provides a fifty percent exclusion for capital gains. It greatly expands eligibility for Individual Retirement Accounts. It offers needed relief from the alternative minimum tax for corporations trapped in a way never intended when the AMT was designed.

In each of these areas, however, the bill's approach is seriously flawed. The capital gains exclusion will help unlock assets and encourage new investment, especially in venture capital enterprises. But the bill also provides indexing of capital gains, which raises serious complexity problems, and, because the bill indexes only gains and not debt, raises the danger of new tax shelter activities.

The IRA proposal in the bill is designed to limit the revenue losses in the first five years—the so-called budget "window." That concern has led to a proposal for "back-loaded" IRAs. Under traditional IRAs, taxpayers can deduct a contribution, then have earnings accrue on a tax-deferred basis until the funds are withdrawn at retirement.

The American Dream Savings Account invites taxpayers to make non-deductible contributions. That feature may restrict the attractiveness of the proposal. The incentive to contribute to an ADSA IRA is that the initial, after-tax contributions, plus all earnings, accrue tax free forever.

The bill also provides relief to corporations beset by the alternative minimum tax. I strongly support AMT relief for capital intensive corporations. That's why I have introduced H.R. 1092, which would eliminate the depreciation preference from the AMT. Under the regular tax system, we provide accelerated depreciation to encourage companies to modernize and invest in new plant and equipment. Then, under the AMT, we turn around and punish them for acting on the incentive we have provided. It makes no sense.

The problem with this bill is that it goes beyond providing sensible, moderate AMT relief, and completely repeals the corporate AMT.

We should not send a signal that we are willing to return to the days when profitable corporations could completely escape taxation.

One proposal in the bill is so atrocious it requires special mention. The so-called "neutral cost recovery system" is a potentially disastrous idea masquerading as a simple, fair investment incentive.

NCRS, or "nickers", as it is known, aims to help solve a real problem for American business. But it is plainly the wrong answer to the right question. The question is, "What can we do to make the depreciation rules more simple and more favorable to investment?" The answer provided by NCRS is to add complexity, make depreciation a multiple choice game, raise the prospect of tax shelter activities, and try to hide \$120 billion in lost revenues by pushing it outside the budget window.

Other provisions in the bill pursue worthwhile goals. For instance, the bill correctly identifies the "marriage penalty" as a problem for many American families. Yet the solution it proposes would require these families to plow through a complex set of instructions and calculations, only, at the end, to qualify for a maximum of \$145 in relief.

The centerpiece of the plan is the proposal to provide tax relief to beleaguered American families through a child credit. But characteristically, the bill goes too far. The bill's sponsors make the case that middle class families making thirty to fifty thousand dollars a year are hard-pressed and deserve relief. But that argument cannot be made with the same force to apply to families making \$150,000 to \$200,000 a year. Yet they will enjoy the full benefit of this child tax credit.

The point here is not that upper income Americans should be punished for their success. The point is that the problem with this entire bill, and the reason we should defeat it, is that we simply can't afford it.

Mr. Chairman, the national debt of the United States is fast approaching five trillion dollars. We continue to add two hundred billion dollars a year to that total.

This Congress has talked a strong game on deficit reduction. We have talked about amending the constitution. We have talked about making the hard choices. Today, though, we are not making hard choices. We are making easy choices.

We have before us a bill that provides specific tax cuts. \$630 billion worth, over the next ten years, of very specific tax cuts. Every American knows about the \$500 child credit. Every business knows about the AMT relief. Every investor knows about the capital gains exclusion. We have been specific in making the easy choices.

But when it comes to spending cuts, we have not been specific. We have passed a package of rescissions. \$12 billion dollars. We have passed a welfare reform bill that would, if enacted, cut spending by \$62 billion over five years. We have in this package today Medicare savings and reforms of the pension plans for federal employees, Members of the House, and our staff, that will save, combined, \$21 billion over five years.

The total spending cuts—specific, identified spending cuts—included in this package will save \$87 billion over five years. Add in the \$12 billion saved in the rescission, and you have \$99 billion. That amount is slightly more than half the \$189 billion cost of the tax cuts.

Where is the rest of it? It comes in the form of a promise. The sponsors of the bill promise

they will save the rest of the money by lowering the caps on discretionary spending. They have issued an "illustrative list" of spending cuts.

But we have no specific cuts. We can tell the American people what taxes we are cutting, and how much of their money we are giving back. We know how much federal revenue we will give up in the process. But when the American people say, "Thank you very much for the tax cut. But I thought the government was deep in debt. How can you afford to cut taxes?" this bill answers "Don't worry, we'll tell you later."

Mr. Chairman, that is not good enough. To balance the federal budget will require \$1.2 trillion in savings over the next seven years. This bill takes a giant step backwards in achieving that goal. It would add \$630 billion in red ink over the next decade.

Let's make this clear—we need deficit reduction now—first. If, after we have cut spending and reduced the deficit to the point where it no longer acts as a drag on the economy, then we can talk about further spending cuts to provide tax relief. But the spending cuts have to be specific, not just promises. That's the reason I will vote no on this legislation.

#### TRIBUTE TO RALPH G. NEAS

#### HON. KWEISI MFUME

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 2, 1995

Mr. MFUME. Mr. Speaker, I want to submit for the RECORD a column prepared by the chairperson of the Leadership Conference on Civil Rights [LCCR], Dr. Dorothy Height. This column speaks to the endless contributions that this organization's executive director, Ralph G. Neas, has made over the years. Ralph is completing his 14-year tenure at the helm of the LCCR and I wanted to take this time to share this article which reflects upon his contributions to equal opportunity for all Americans.

#### THE NEAS YEARS AT THE LEADERSHIP CONFERENCE ON CIVIL RIGHTS

Last summer, Ralph G. Neas announced that he would be leaving as Executive Director of the Leadership Conference on Civil Rights [LCCR]<sup>1</sup> in the Spring of 1995. Much too soon that time has come. As Ralph completes his fourteen-year tenure at the helm of the Nation's oldest, largest, and most broadly-based coalition, it is an appropriate moment to reflect upon his extraordinary contributions to the cause of equal opportunity for all Americans and some of the reasons why he has earned his reputation as an effective leader, strategist, advocate, and coalition builder.

#### THE BIPARTISAN LEGISLATIVE SUCCESSES

Ralph Neas took over as Executive Director of the Leadership Conference, the legislative arm of the civil rights movement, on March 31, 1981, after eight years as a chief legislative assistant to Republican Senators Edward W. Brooke and Dave Durenberger. Ronald Reagan had just been sworn in as president. Senators Strom Thurmond and Orrin Hatch had just replaced Senators Edward Kennedy and Birch Bayh as chairs of

the Senate Judiciary Committee and the Senate Subcommittee on the Constitution, respectively. The previous year, Senator Hatch had successfully filibustered to death the Leadership Conference's top legislative priority, the Fair Housing Act of 1980. Many feared that a similar fate awaited the Conference's top priority in the 97th Congress, the legislation to extend the Voting Rights Act of 1965, which was to be introduced in early April of 1981.

No small wonder then that many friends of Ralph, who just two years earlier had been totally paralyzed, on a respirator, and near death in a Minneapolis hospital room, told him that this was not their idea of a brilliant career move. But Ralph believed that his professional training in the Senate, where he had been the senior staffer on civil rights issues, and his bout with Guillain-Barre Syndrome, which had profoundly influenced his life, had prepared him for such a professional challenge.

The situation in the Spring of 1981 demanded bipartisanship, creativity, pragmatism, and leadership. Ralph and his LCCR colleagues showed an abundance of these qualities during the arduous eighteen month campaign to enact the 1982 Voting Rights Act Extension. Many people argued that the time for federal control over local voting processes had ended. But LCCR advocates demonstrated a continuing need and their efforts helped pass the extension by votes of 389 to 24 in the House of Representatives and 85 to 8 in the Senate, leaving President Reagan with no choice but to sign the historic measure into law. That law not only extended the Voting Rights Act for 25 years, but also extended the Act's bilingual assistance provisions and overturned a 1980 Supreme Court decision by reinstating the results standard in the Voting Rights Act.

The remarkable victory against great odds set the tone for the next fourteen years for LCCR. Indeed, the 1982 Voting Rights Act Extension campaign embodied several of Ralph's principal legislative theorems. Theorem number one is to always put together the strongest possible bipartisan bill that can be enacted into law. During the twelve years of the Reagan-Bush presidencies, that usually meant having at least two-thirds majorities in both Houses. Theorem number two is that any successful national legislative campaign must effectively integrate grassroots, Washington lobbying, and media strategies. If one component is absent, the legislative campaign is likely to fail. And third, it is essential that the coalition always remains cohesive and united, never allowing adversaries to successfully use the tactics of divide and conquer. If these basic principles are understood, then one can comprehend the success of the 1982 Voting Rights Act Extension and the legislative victories that followed.

And there were many other LCCR legislative successes. No one could have predicted that more than two dozen LCCR legislative priorities would be enacted into law during Ralph's years at LCCR. In addition to the 1982 Voting Rights Act Extension, Ralph coordinated many of these legislative achievements for the Leadership Conference, including the:

Civil Rights Act of 1991—Overturned eight Supreme Court decisions which had made it much more difficult for victims of discrimination to get into court and to prove discrimination (the first time Congress has ever overturned more than one Supreme Court decision at one time). It also codified the "disparate impact" standard. And it provided for the first time monetary damages for women,

<sup>1</sup> On May 3rd, at its Annual Dinner to be held at the Hyatt Regency on Capitol Hill, the Leadership Conference will be celebrating its 45th Anniversary and presenting its Hubert H. Humphrey Civil Rights Award to Ralph G. Neas.