

to rise until we can get our fiscal house in order.

Since 1993, we have made substantial progress toward reducing our deficit. Despite the opposition of every Republican in the Senate, we passed a tough deficit reduction bill which included unpopular tax increases and spending cuts. The results have been clear. Our deficit has fallen for 5 years in a row, unemployment is at a 24 year low, inflation is minimal, interest rates are down, 12.1 million new jobs have been created, and business investment is at a post-war high. Yet, instead of building on this progress, we have chosen to abandon ship and engage in the political temptation of tax cuts.

Mr. President, our Nation is experiencing a period of prosperity, partially because we were courageous enough to make the right choice in 1993 and begin to reduce our deficit. We should stay on this course until we truly balance our books. Instead, this year's budget deal engages in the same old trickery of back loaded tax cuts, borrowed trust funds, and unrealistic economic assumptions. Rather than doing what is right for the American people, we have chosen to do what is right to get us past the next election. I fear, however, that the results of this measure will be felt long after then. •

#### MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, the Speaker will now be in a period for morning business.

The Senator from Maine.

#### THE TAXPAYER RELIEF ACT OF 1997

Ms. COLLINS. Mr. President, I rise today to commend the members of the Senate Finance Committee, ably led by chairman ROTH and ranking member MOYNIHAN, for their willingness to work in a bipartisan fashion to bring meaningful and much-needed tax relief to the American people.

The Taxpayer Relief Act of 1997 is extremely important legislation. While it makes many significant changes, I want to focus my remarks on the provisions that will provide long-overdue estate tax relief for family-owned businesses and farms and on those that will help lower- and moderate-income families put their children through college.

The first bill I sponsored as a U.S. Senator was targeted death tax relief for family-owned businesses and farms. This was no accident, for I firmly believe that small, family-owned enterprises hold the key to our economic future. It is these family businesses that will create two-thirds of all new jobs for the people of the United States in the 21st century.

Regrettably, our current tax code penalizes family-owned businesses by making it difficult, if not impossible in some cases, for families to pass the business down from generation to gen-

eration. In fact, fewer than one-third of all family-owned businesses survive the transition from the first generation to the second.

Our tax policy should produce the very opposite result, and I am gratified that a strong, bipartisan majority of the Senate Finance Committee recognized this problem and supported action to put us on the right track. Specifically, S. 949 establishes a \$1 million exemption from Federal estate taxes for closely-held family businesses, thereby making it easier for parents to pass their business along to their children. My estate tax relief bill, S. 482, contained the very same provision, and I commend the Finance Committee for including it in their legislation which we just passed.

The Finance Committee's proposal will help to make real the dreams of those Americans who work long hours to build a business so they can turn it over to their children. It will help individuals like the potato bag manufacturer in northern Maine who would expand his business and hire more new employees were it not for the money he has to invest in estate planning and insurance. And it will help the small businesswoman in Portland, ME, who wishes to leave her restaurant to her son and avoid the problem she faced when her father died and the family had to sell 24 of their 25 restaurants to pay the estate tax bill.

Mr. President, by preserving family-owned enterprises, we not only strengthen American businesses, we also strengthen American families.

Mr. President, I also want to commend the Finance Committee for including several very important provisions that will help lower- and middle-income families finance college educations for their children. Many of the provisions are similar to those in my legislation, the College Access and Affordability Act of 1997.

For the last 30 years, the Federal Government has helped make post-secondary education available to millions of high school students, thereby giving them a chance to fulfill their potential to the greatest extent possible. The primary vehicles for this invaluable Federal assistance to lower-income and middle-income families have been the Pell grant and student loan programs, both of which I wholeheartedly support.

But our student aid programs have had the unintended consequence of punishing those families who struggle to save for their children's education and then become ineligible for Federal assistance because of their savings. To its credit, the Finance Committee recognized that with the greatly increased cost of a college education, these families also are deserving of help, and it took several important steps in that direction.

First, the bill that we just passed also establishes education investment accounts to help families save for their children's college education. Under

this plan, families can contribute up to \$2,000 a year to a special savings account and not have to pay taxes on the account's earnings if they use the money for qualified educational expenses, such as room, board, and tuition. Along similar lines, the Finance Committee approved a proposal that allows families who have created Individual Retirement Accounts [IRA's] to withdraw funds for post-secondary and graduate education without penalty.

Second, the Committee's bill allows annual dedications of up to \$2,500 for interest paid on student loans. This will help to soften the financial burden on students like the young woman in my State who recently graduated from college with \$18,000 in debt and who returned to her home town in rural Maine where high-paying jobs are simply not available.

Finally, the Committee adopted a permanent extension of the section 127 program, which allows employees who receive up to \$5,250 in employer-provided tuition assistance to exclude this assistance from their taxable income. We live in times of rapid change when workers may often need new skills to remain employable, and the section 127 program can be the key to making this possible.

Taken together, these proposals represent a major step forward in our efforts to help lower-income and middle-income families finance higher education for themselves and their children. These changes will benefit not only our students but also our Nation, for a better educated population will be better able to compete in our global economy. By making education more affordable for all, we also reaffirm that America is the country of opportunity, where success is there for all who are willing to work for it.

Mr. President, let me conclude my remarks with the observation that S. 949 is notable not only for what it provides but also for how it was produced. Led by their Chair, the members of the Taxation Committee put aside partisan concerns and crafted a bill which can command widespread support both in Congress and in the country. Despite the rhetoric of those bent on sowing the seeds of division, the legislation benefits all Americans, as reflected in the fact that a family of four earning \$30,000 will receive a 53 percent tax cut under the plan.

Mr. President, the people of my State want results and not rhetoric, cooperation and not confrontation. The Family Tax Relief Act of 1997 shows what we can accomplish when we honor the wishes of those who sent us here.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

#### TAX CUTS FOR COLLEGE EDUCATION

Mr. BUMPERS. Mr. President, let me say first of all that in the Senate in 1981 there were only 11 votes cast