much of which is going to be addressed successfully with our private sector approach that is included in this bill.

Today we celebrate the first balanced budget in nearly three decades, we celebrate the first tax cut in 16 years, and we mark the transformation of Bill Clinton from a tax-and-spend liberal to custodian of the Republican legacy of lower taxes and less government. It is a great day for every American.

TAXPAYER RELIEF ACT

(Mr. McDERMOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. McDERMOTT. Mr. Speaker, the last speaker and I probably are bookends for this Congress. Yesterday and today, 44 million people without health insurance in this country; maybe we gave health insurance to 2 million children. The other 42 million, we could not seem to address that issue, while we can give a $95 billion tax break this afternoon.

Now, in my view, this is payday for people who pay for campaigns. There are a few bones for people who have kids and a little bit for education, but the long-term effects of this bill are for those people who contribute to campaigns.

The New York Times says the deal's long-term effects has economists uneasy because they look at what happens in the long run. I believe that we have to deal with the issue of soft money in campaigns when we come back in September. The Members of this House have to be prepared to sit and deal with that issue if we are going to change the way this country's economics go.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Sherman Williams, one of his secretaries.

MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Lundregan, one of its clerks, announced that the Senate has passed a bill of the following title in which the concurrence of the House is requested.

S. 871. An act to establish the Oklahoma City National Memorial as a unit of the National Park System; to designate the Oklahoma City Memorial Trust, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2015) ''An Act to provide for reconciliation pursuant to subsections (b)(1) and (c) of section 105 of the concurrent resolution on the budget for fiscal year 1998.''.

CONFERENCE REPORT ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. DREIER, from the Committee on Rules, submitted a privileged report (Rept. No. 105–221) on the resolution (H. Res. 206) waiving points of order against the conference report to accompany the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998, which was referred to the House Calendar and ordered printed.

Mr. DREIER. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 206 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 206

Resolved, That upon adoption of this resolution it shall be in order to consider the conference report to accompany the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998. All points of order against the conference report and against its consideration are waived. The conference report shall be considered as read. The conference report shall be debatable for two and one half hours equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

Mr. DREIER. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Texas [Mr. FROST]. All time yielded is for the purpose of debate only. Mr. Speaker, I yield myself such time as I may consume.

(Mr. DREIER asked and was given permission to revise and extend his remarks and to include extraneous material.)

Mr. DREIER. Mr. Speaker, if I were to address the American people, I would say, Today, you can finally believe that you will get a tax cut. We will pass it. The President will sign it. You can take this tax cut to the bank.

This rule provides for consideration of the conference report on H.R. 2014, the long-awaited Archer tax cut bill. The rule waives all points of order against the conference report to accompany H.R. 2014 and against its consideration. The rule provides that the conference report be considered as read. The rule also provides for 2½ hours of debate equally divided and controlled between the chairman and ranking minority member of the Committee on Ways and Means.

Mr. Speaker, I want to point out at the beginning that a balanced budget, even with this tax relief, will not solve all of our Nation's problems. However, the Archer bill is a major victory for American workers who pay the taxation that run the Government.

The American family has not seen tax relief from their excessive Federal tax burden since 1981. Taxes eat up too much of the average family budget. I am honored to represent many working families who, unfortunately, pay more in taxes then they spend on food, clothing, and housing combined. Hard working people who save for retirement or struggle to build a small business or family farm see Federal taxes eat up far too much of their savings and investments. The Archer bill will help to address those problems.

Last November, the American people gave Congress and the President a mandate to balance the Federal budget, provide tax relief for working families, create incentives for private sector job creation, preserve the Medicare program, and promote quality educational opportunities for all children.

Let us face it, Mr. Speaker, many Americans did not believe that we would deliver. Commitments from elected officials mean little or nothing to those disillusioned by broken promises of big government and high taxes.

A Washington Post columnist, David Broder, once described the President's trust deficit with the American people as even more damaging than the budget deficit. Congress is helping to eliminate both.

In November of 1994, American voters made Republicans the majority in Congress for the first time in four decades. They wanted a change, and the new Congress vowed to succeed where previous Congresses had failed. That change in leadership sent us down the path that we are on today.

Mr. Speaker, the Republican majority believed that keeping promises was as important a goal as balancing the budget, cutting taxes and reducing the size and scope of the overly intrusive Federal Government. Now, there is no doubt that this zeal did not always adapt well to the political realities of divided government. The American people have watched Washington's rocky moments with some understandable frustration, but they have also witnessed some momentous accomplishments, and from my perspective, the Archer tax relief legislation is at the top of that list.

As the sponsor of the bipartisan, job creating and investment encouraging capital gains tax relief bill, which I join with my colleague, the gentlewoman from Kansas City, MO [Ms. McCARTHY] and other Democrats and Republicans, we put together the largest number of cosponsors, I want to thank the gentleman from Texas [Mr. ARCHER], the chairman, for the tremendous work that he did in the face of the outdated class warfare rhetoric that came from some of our colleagues on the other side of the aisle. Reducing the job killing, investment stifling capital gains tax is the single best way to promote wage growth, spur real economic growth, and ensure that we will balance the budget by the year 2002. I applaud the effort of our negotiators because they share the commitment to raise the wages of American workers and ensure that strong growth balances the budget.

At the end of the day, when the dust clears, we must look back over the past 3 years with some amazement and

pride. We have enacted a balanced budget, cut taxes on families and job creators, reformed welfare, controlled illegal immigration, saved Medicare, and made private sector health insurance more available and affordable.

Combine the achievement of those bedrock Republican Party goals with the expansion of free trade through the North American Free Trade Agreement and the GATT Uruguay Round of the General Agreement on Tariffs and Trade in the 103d Congress and the election and historic reelection of the Republican Congress, and we can make the case that President Clinton has compiled one of the most impressive Republican legacies of any President in this century.

Mr. Speaker, the Republican-led Congress has put policy ahead of blind partisanship. I congratulate the President for working with us to make Government a more cost-effective vehicle, for improving the standard of living of the American people.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at the end of the day, when this tax package is taken apart, it will be apparent that House Democrats, who have throughout this debate insisted on fairness, have been successful. What started out as a bill cutting taxes solely for the benefit of the wealthiest among us, while denying any sort of tax relief to those who really need it the most, has been modified to meet the fairness test.

My Republican colleagues have for months insisted that working families who make less than $30,000 a year do not pay taxes and should not get a tax break. But House Democrats have stood fast and insisted that young families with children, those families just starting out in life who are trying to make ends meet, perhaps pay a mortgage, take the kids to McDonald's and maybe see a movie every once in a while need a tax break also.

Why, we wondered, should a family making $29,000 a year be denied tax credits? Who says they do not pay taxes? Not the Democratic Members of the House, that is for certain. We know that everyone that works pays taxes. We all pay income tax, but we also pay Social Security and Medicare taxes, State income taxes, and unemployment taxes. Those taxes count every bit as much for the family making $29,000 a year as they do for a family making twice or three times as much. Maybe they count even more.

And so, in the end, Mr. Speaker, Democrats have prevailed in our position. This bill will provide the tax credit for every family with children under the age of 17 who make $18,000 or more a year. That is what Democrats stood for, and that is what Democrats achieved.

Democrats have stood firm in our insistence that education be a top priority in this bill and we joined with the President in insisting that the HOPE scholarship program be instituted to make the first 2 years of college as universally available as a high school diploma is today.

We need more opportunities for our young people to advance their education, and Democrats insisted that this package provide a way for everyone to continue education. And this package does that. We have components of this package which will go a long way toward ensuring that our work force in the 21st century is productive and globally competitive.

Democrats stand for things like penalty-free IRA withdrawals for undergraduate, post-secondary vocational, and graduate education expenses. Democrats stand for tuition tax credits for juniors, seniors, undergraduate students, and for working Americans who are seeking to enhance or upgrade their skills. Democrats stand for things like education savings accounts and for extending the exclusion of employer-provided undergraduate educational benefits.

Mr. Speaker, since those things are in this tax bill, Democrats achieved what they stand for. Mr. Speaker, the fact that this tax bill provides for families and for those Americans who want to pursue an education make this bill much more palatable to Democrats. But I should point out that in spite of the infusion of fairness in this package, our Republican colleagues have managed to ensure that the upper end of the income scale has been taken care of.

□ 1045

I wonder how many of us really understand that the child tax credit is available in some form for couples with adjusted gross incomes up to $150,000 a year. Democrats are, of course, in the minority in the House and we cannot win on every point, but I do find it interesting that a party that was so willing to deny this tax credit to families making less than $30,000 a year is now so willing to extend it to families making five times that much.

However, Mr. Speaker, that we are in a position to be able to discuss a balanced budget and tax cuts simultaneously is because 4 years ago, this House, or should I say the Democrats in this House, passed a deficit reduction package that has now produced an economy that is so healthy and so productive that our deficit has fallen by 75 percent since 1993. When the House passed that package, Mr. Speaker, it was done without a single Republican vote. It was done, Mr. Speaker, while the current Republican leaders lamented loudly that it would send the economy straight down the tubes.

Yes, as my Republican colleagues are so fond of pointing out, that deficit reduction package did contain some tax increases, but I would like to remind my colleagues that those increases were aimed primarily at the upper end of the economic scale, at those people who are doing so well today that the stock market has soared in value, so much so that it has increased in value by 50 percent in the past 2 years.

That deficit reduction package which the Republicans opposed unanimously set the stage for the action of the Congress this week. That package created an economy which this year has the lowest unemployment rate in 24 years and has created 12.5 million new jobs. I voted for that package in 1993, just as I voted for the spending cuts on Wednesday. I voted to bring Federal spending under control and to balance the Federal budget for future generations.

Mr. Speaker, my Republican colleagues now crow and claim credit for balancing the budget, but more importantly, Democrats can claim credit for ensuring that the proposals of the Republican majority are tempered and made much more fair for working men and women, their children, our seniors and for our vulnerable groups in society. Democrats stand for fairness and equity as do the American people. I think we won on these basic points in this debate.

Mr. Speaker, I reserve the balance of my time.

Mr. DREIER. Mr. Speaker, I was very privileged to come to the Congress in 1981 and vote for the Economic Recovery Tax Act of Ronald Reagan. I did so along with my very dear friend from Glens Falls, NY, the distinguished chairman of the Committee on Rules.

Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SOLOMON].

Mr. SOLOMON. Mr. Speaker, I thank very much the gentleman from California, the vice chairman of the Committee on Rules, for yielding me this time.

Yes, Mr. Speaker, the gentleman from California [Mr. DREIER] is right. I had been here for a couple of years before he and Ronald Reagan arrived. With the gentleman and Ronald Reagan and the gentleman from Texas [Mr. ARCHER] in the back here, and the rest of us Republicans, we began to change the philosophy of this Government, we began to cut taxes, meaningful tax cuts and shrink the size and the power of the Federal Government to go along with it; and yes, Ronald Reagan's legacy lives on and is being carried out today.

Mr. Speaker, I hope the former President, one of the greatest Presidents this country has ever known, is able to watch part of this debate today because it is devoted to him.

Yes, back in 1981, President Reagan signed into law the historic 25 percent across-the-board tax cut for all working Americans, a package that liberated our economy and our Nation from the fiscal straitjacket of stagflation, and the rising unemployment of the 1970's. President Reagan's foresight paved the way for the longest peacetime economic expansion in our Nation's history, that created 17 million new jobs, an increase in real average

family income from the richest to the poorest income groups and a steady and sustained growth in real GDP and productivity throughout the entire 1980's. This was one of the most successful decades of the history of this great country of ours.

Today, 16 years later, the Republican Congress and President Clinton, stand on the threshold of delivering America's working families and America's businesses a long-awaited second installment of that tax cut, an installment that Ronald Reagan tried for years to get after the initial tax cut in 1981 but was deprived of by the Democrats in this House.

In 1994, when the American people gave Republicans control of the people's House, we promised to cut taxes. Today Republicans deliver on that promise. Yesterday we delivered on the promise of a balanced budget. Today on tax cuts. It makes me proud to be a Republican today. Both are real, both are consistent and both, Mr. Speaker, are sustainable.

Four years ago this same Congress under a Democrat majority passed the largest tax increase in American history. Today the Republican Congress will roll back our Nation's tax burden by at least $95 billion. And you have not seen nothing yet. Wait until next year and the year after, because we are going to come back to eliminate capital gains taxes and we are going to further cut taxes off the American people.

Mr. Speaker, this permanent tax relief takes many forms and will assist many sectors of our economy. A sharp cut in the capital gains tax cut will, without question, stimulate job growth, and investment, and the real incomes of all working American families.

According to the Congressional Budget Office, and this is so terribly important because it goes back to this business of class warfare. According to the Congressional Budget Office, three-quarters of America's families own assets such as stocks, bonds, homes, real estate and businesses. NASDAQ reports that 47 percent of all investors are women. The Treasury Department, and this is perhaps the most important of all, the Treasury Department reports that nearly two-thirds of all tax returns reporting capital gains income are filed by people whose incomes are under $50,000. Fifty percent of two-thirds of all of these people are senior citizens living on fixed incomes with a few returns of the stocks and bonds from their investments. Clearly these figures show that a capital gains tax cut benefits middle-class American families and older Americans.

In addition, family-owned small businesses and family farms are provided further relief through cuts in the estate tax. Educational and retirement opportunities are enhanced. And, Mr. Speaker, middle-class parents are allowed to keep more of their income to take care of their families with child tax credits. How terribly important that is to the average American in this country.

Mr. Speaker, contrary to what we are going to hear from the other side of the aisle, the majority of this tax relief, more than 72 percent of it, will go to middle-income wage earners, families making between $20,000 and $70,000 a year. This will better enable all American families to care for their children, to improve their communities, and represents a good first step in rolling back the high level of Government interference which has grown out of all proportion over the last 20 to 30 years.

Mr. Speaker, while this tax cut may represent a major victory for the Republican Party and the American people, it is also the product of bipartisanship. In the same spirit, let me repeat a quote I stated yesterday. In introducing his tax cut plan to the American people in 1962, President John F. Kennedy, a Democrat, and I was a John F. Kennedy Democrat back in those days, stated that, quote, ''prosperity is the real way to balance the budget. By lowering tax rates, by increasing jobs and incomes, we can expand tax revenues and finally bring our budget into balance.''

President Kennedy was right then and this bill before us today is right now. Over the past 16 years, this Congress has raised our Nation's taxes over five times and by hundreds of billions of dollars, taking money out of the pockets of the American people. Today we reverse that trend and we pass the first tax cut in 16 years and make good on another promise to the American people. Yes, Republicans. Promises made, promises kept. Come over here and vote for this great bill and let us keep this economy moving.

Mr. FROST. Mr. Speaker, I yield 5 minutes to the gentlewoman from Texas [Ms. JACKSON LEE].

Ms. JACKSON-LEE of Texas. Mr. Speaker, it gives me a great deal of pleasure to come and simply add to setting the record straight and clearly speaking to those who least of all have an ability to come to this House and lobby for their causes.

Let me say, Mr. Speaker, that any legislation that is passed in this body does nothing unless it gets to those who are at home and on the front line. Democrats are known for confronting the hard issues and working to get legislation that practically addresses those who every day are turning the engine of this Nation, to ensure that those who are running the engine of this Nation by working every day are appropriately protected and defended.

That is why I can rise with maybe a troubled heart but a sure mind that we are making the right decision today and I am making the right decision today to vote not only for this rule but for this tax agreement. It allows me to thank those who were around the negotiating table but it has also allowed me to thank those who finally listened to my constant agitation and advocation for ensuring that those who did make under $30,000 a year were treated as American citizens and respected for what they have given to this Nation, by giving them tax relief.

This agreement cuts Federal taxes $95.2 billion over 5 years, nearly $10 billion more than the House-passed bill. Why did that happen? Because it was the Democratic caucus that forced that increase so that tax cuts could come to those lower-income families who earn the earned income tax credit. They too can get a child tax credit. This effort stands and represents those who are least vocal and most vulnerable. It gradually raises the amount exempt from Federal estate taxes to $1 million, and it makes IRA's more widely available, so to encourage Americans to save.

What does that say? Mr. Speaker, what that says is to the many small businesses around this Nation who have cropped up over the last 20 years, who pay their taxes, who work either in their homes or small offices, who employ only one or two persons or maybe a little bit more, it says that Democrats understand that small businesses have become the business of America.

Then we go to the HOPE scholarships, something that was confused under the Republican plan, did not respect those who might be moving from welfare to work, looking for opportunities at less expensive community colleges or junior colleges or 4-year colleges. We give the HOPE scholarship with no strings attached. You can get 100 percent of $1,000 the first year. You can get your foot in the door. We did not hear from large businesses and advocates of large tax cuts on this issue. However, Democrats realize that education is the great equalizer, so along with President Clinton we fought for this change.

To my family farmers, let me say we heard your voices. I am from an urban district, however most of my constituents have come in from the rural areas and their families are still harvesting the crop on small family farms. How gratified I am to be able to give them a $1.3 million unified tax credit, something that will start not 7 years down, not the year 2000-and-something, but January 1, 1998.

Democrats, realizing who drives this Nation, fought hard in conference and before in strategies on the floor of this House to say that we must stand up for working people, the most vulnerable on welfare, and family farmers and small businesses. Yet I have supported tax incentives to help large businesses invest in job creation.

And then we understand that there are some of us that can save a few more pennies. We can save a few more pennies, those of us who do that, by a deduction of up to $2,500 on interest for qualified student loans.

Mr. Speaker, I realize that we cannot come to this floor and abdicate our responsibilities, and so I say to Members

that I am going to be a diligent student of this tax plan. I am going to be watching whether there is a potential of exploding the deficit in the outyears and be at the fight to correct and fix what may damage the most vulnerable of this Nation.

□ 1100

Nevertheless, at the same time I am going to be able to go to my community and get to working on cleaning up inner-city areas because we have got a 3-year brownfield tax incentive that allows economically distressed areas to clean up environmentally damaged areas.

And yes, this tax bill follows an amendment that I made as a freshman in this House to give tax incentives to employers who hire welfare recipients. We are going to do that now because Democrats recognize that we want to boost up the opportunity for those moving from welfare to work.

This is a bill that needs to be supported, it needs to be watched, it needs to be monitored, the Tax Code must be simplified, and we need to stand ready to fix anything that hurts Americans as this bill moves forward to drive the economic engine of this Nation in order to create more jobs for all Americans.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

What a fascinating debate. The American people know that the words ''tax cutting'' and ''Democrat'' heretofore would clearly be an oxymoron. It is wonderful now to hear the great statements emerging from the other side of the aisle. I have to say that one of the fighters for meaningful tax reduction is my very good friend from Guilford County, NC.

Mr. Speaker, I yield 2 minutes to the gentleman from Greensboro, NC [Mr. COBLE].

Mr. COBLE. Mr. Speaker, I thank the gentleman from California for yielding this time to me.

How far down this road we have advanced. Now a balanced budget is within our grasp. The White House, Republicans, Democrats are all taking credit for it, and that is fine. But these tax reductions, Mr. Speaker, would not be before us were it not for a Republican Congress, and if there are those who do not believe this, see me after work and I will sell you a used bridge. Capital gains tax reduction, educational tax benefits, estate tax exemption threshold increased.

I could recall just a few recent years ago when some of our Democrat friends were daring to lower the threshold of the estate taxes from $600,000 down to $200,000. That sent a shock wave throughout America, throughout rural America particularly, and now family farms and residents and estates will now be exempt from that heavy hand of the death tax. It has been a long time coming, but it is here.

These matters, Mr. Speaker, constitute the Republican agenda. Everyone knows that unless they have been residing in a cave. The President has embraced our agenda and, some say, is receiving more credit for it than are the Republicans. That is OK. It has been said, ''Anything can be accomplished if you don't care who gets the credit for it.''

This is a day, Mr. Speaker, when empowerment is being returned to hard-working Americans, and that is where it belongs. I commend everybody who had a hand in it, Democrats, Republicans alike, but most particularly I say to the gentleman from Texas [Mr. ARCHER], chairman of the Committee on Ways and Means, Well done.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. TRAFICANT].

(Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, when the President first took office, he invited 5 groups of 13, 65 total, to the Cabinet room. I was in the last group. He told us that he caught that Greyhound and it is different than what he thought it was and he was going to have to raise taxes. I was later told by the Vice President that 64 of the Members there said they agreed with him and they would support him. They said I was the only one that disagreed with him and told him not only would I not support a Btu tax, I would work to defeat a Btu tax.

I also reminded the President when he campaigned in my district, the biggest crowd he ever had in his political life, he made a promise to cut taxes. Not only was he not going to cut taxes, he was going to have the biggest tax increase in our history, and he also said, ''Don't worry about it, we're also going to hit the rich.''

I told the President then that I thought that type of strategy and politics was very bad, ''We've already chased jobs, Mr. President,'' exactly what I told him, ''in factories overseas. Be careful you don't chase our money overseas.''

Vice President come to me, he said, ''I can't believe, Jim, you take this position.''

I said, ''It's very simple, Mr. Vice President. I come from a poor family. My dad never worked for a poor guy.''

This politics of class warfare is very bad. I disagreed with it then, I disagreed with it throughout this whole debate, and I want to now commend the Democrats for taking a look at the facts, and I want to give credit to the Republican Party. The Republicans have kept the President's feet to the fire on the campaign promise to cut taxes for people in America. That is the truth of it.

I support tax cuts. I supported them all along. I knew that some of those provisions would be removed, but I am a Democrat, and Democrats were the very first to cut taxes with JFK, and by God, as a party, how did we give the Republicans the patent on it in the first place?

But I want to say this, I hope this bill is the end of this class warfare. We, they; they, we; rich, poor; old, young; politics of division, politics of fear, politics that are bad for America, politics that are wrong for America, politics that are dangerous for America.

I voted for this tax bill all the way through, I am going to vote for it today, and I want to close with commending now Democrat leaders who have taken out some of the provisions that I did not like either, but the Republican Party kept the President's feet to the fire. That is the bottom line, and I think it is good for our country.

Our Government is working.

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank my friend from Youngstown, OH [Mr. TRAFICANT] for telling it like it is.

Mr. Speaker, I yield 3 minutes to the gentleman from Florida [Mr. GOSS], distinguished chairman of the House Permanent Select Committee on Intelligence and chairman of the Subcommittee on Legislative and Budget Process.

(Mr. GOSS asked and was given permission to revise and extend his remarks.)

Mr. GOSS. Mr. Speaker, I thank my friend from downtown San Dimas, CA Mr. DREIER, vice chairman of the Committee on Rules and chairman of the Subcommittee on Rules and Organization of the House. I commend him for his very hard work to eliminate the punitive and the self-defeating taxation on capital gains, and I know he feels there is a great step forward here today and even more to do down the road.

Two years ago a new Republican-led majority pledged to balance the budget, to save Medicare, and provide overdue tax relief to the American people. Republican after Republican and some Democrats joined us here in the well and said we would do those things, and we are doing them. The naysayers and the big spenders said it cannot be done, cannot be done, country cannot afford it, we have to keep raising taxes. Well, my colleagues, they were wrong. Here we are today to prove it.

Today on this House floor we are going to complete the pledge that we made by providing Americans with the first relief from taxation in 16 years, almost a generation. The good news is there is something in this package for just about everyone in America, across the land, in all different pursuits and in all different situations.

For families trying to pay bills, that is most of us, we have provided a $500 per child tax credit. That is $500 more that you can use for things like school clothes or taking the kids for a summer vacation, some have not been able to do that, or anything else that they choose to do, because the bottom line here is that the people are going to decide what they are going to do with their money, not the folks here in Washington who may have a different idea about how to spend it.

For senior citizens about to embark on their retirement, and many of those come to Florida and my district, we have cut the capital gains tax so they can sell some assets without Washington confiscating, ''confiscating'' is the word I choose, nearly one-third of the gain.

But most importantly, as we look to the future of our children, we have made it easier for young Americans to get a college education, and I see lots of young Americans around this building this time of year.

Our package is going to allow Americans to withdraw tax free from new super IRA's to pay for college education expenses. This commonsense provision was part of our Contract With America, many will remember, and I am pleased that these new American dream savings accounts are soon going to be an option for all Americans.

We have also created the HOPE scholarship, which will provide $5,000 in credits for individuals who wish to go to college or get a graduate degree.

Mr. Speaker, these are the right kind of incentives, and I hope that Americans will take advantage of them, and I know they will take advantage of them because I talk to Americans every day who are looking for these things.

As my friend from California [Mr. DREIER] knows, though, we are far from done. We need to come back next year to zero out the capital gains tax and eliminate the marriage penalty as well, send the right incentive about our family values. We need to repeal the Clinton tax hike on Social Security benefits, particularly of doctors. This is such an onerous benefit on senior citizens who are on fixed income, and I have again a great many in southwest Florida, where I represent, have the honor to represent, and these folks get taxed who cannot afford to pay the tax. They are on fixed income, they are beyond their earning years, what do they do? This is a tax that needs to be repealed. We have not got it done here today. It is a target for tomorrow. The Clinton administration was wrong on that tax, and they should help us in that effort to repeal it. But most of all, we need to have comprehensive reform to simplify and flatten our convoluted, incomprehensible, and unfair Tax Code, and that lies ahead for us to do as well.

I know that when I return to my district in southwest Florida and other colleagues return to their districts around the country we can now look constituents in the eye after we pass this bill and say ''Look, next year Uncle Sam's tax bite isn't going to be quite as bad because we're listening to you and doing the job you asked us to do.'' I think we are going to be able to let them know that more of their money and decision making is going to stay with them, their own individual responsibility, and I think that is a great trend and a great sign for America. That is what we are great at doing so well together, is making the decisions.

I urge support of this rule and the very important tax cuts that it makes in order.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, here we are today on the last day of this session of the Congress before the big recess engaged in the big lie, the big lie. This is a balanced budget agreement. Well, after we voted yesterday, the Congressional Budget Office came up with an analysis, and the analysis is, guess what? Deficits have gone down for the last 5 years, but next year for the first time in 5 years they will go up and we will double the deficit by 1999.

The American people know we cannot give away huge tax breaks, increase spending, and balance the budget. Congress did this once before in the early 1980's, and guess what. Three years later they came back and they had to repeal substantial portions of what they did.

This bill today will reduce revenues to the Federal Government by $275 billion over 10 years, and it is going to balance the budget. This is great. We are going to have zero tax on capital gains, the Republicans tell us now by next year, and that will balance the budget. We will not tax capital gains, but all those little people who work for wages will pay taxes, and that is how we will balance the budget.

What an absurd and very, very cynical assertion on their side of the aisle. Listen to a few things in here:

Simplify foreign tax credit limitation for dividends from 1,050 companies to provide look-throughs starting in 2003. Now all the middle-class Americans out there looking for that foreign deduction for the look-through starting in 2003, that is a billion dollar gift. Well, I am sure that a lot of my constituents, average working Americans, are looking forward to that.

Then we have the capital gains provisions, $21 billion, and now they say they want to repeal the tax.

Had a young woman in my office yesterday. She wants to become a neurosurgeon. We talked a little bit. She said, ''What does this mean?''

I said, ''It means if you become a neurosurgeon, you earn $250,000 a year, you'll pay 40 percent of your income in taxes. But the rich kid who went to college with you who has not worked a day in his or her life who then just invests for a living will pay taxes at half that rate.

She was outraged. She said, ''How can that be fair?''

Well, they are saying it is not fair, the rich kid who inherits the money tax free should pay zero income tax his or her entire life; that is the Republican position. That is absurd.

Then we have the alternative minimum tax. It was so embarrassing in the 1980's when the largest, most profitable corporations in America not only did not pay taxes, they got tax refunds paid for by the rest of us for taxes they did not pay, that Ronald Reagan supported putting in place an alternative minimum tax for corporations. They are repealing that here today. That will cost $20 billion, a nice gift to the large corporations. Oh, that is for middle-income America.

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That is for middle-income America. Sure it is, Mr. Speaker.

Then we have the subtotal here for gift and generation-skipping tax provisions, which they call estate tax relief, $35 billion. So the sum total here today is $275 billion in tax rates; crumbs for the middle class, and just wonderful bounty for the wealthiest in America.

Mr. DREIER. Mr. Speaker, I am happy to yield 3 minutes to the gentlewoman from Columbus, OH [Ms. PRYCE], the hardworking Secretary of the Republican Conference and a member of the Committee on Rules.

Ms. PRYCE OF Ohio. Mr. Speaker, I thank the hardworking gentleman from California [Mr. DREIER], who has fought so hard over the last several years for tax fairness, for yielding me this time.

Mr. Speaker, I rise in strong support of the rule for the Taxpayer Relief Act. Just as history shows tax increases hamper economic growth, it will also show that the proper path to creating new jobs in growth is by lowering taxes. That is what we are about to do today with this historic conference report. We are going to put America back on track to growth and prosperity.

For years Republicans have wanted individuals and families to control their own economic destinies. We fought for changes in the Tax Code to allow them to keep more of their hard-earned dollars, and we have pushed for commonsense changes to encourage savings and investment.

Today, Mr. Speaker, I am absolutely elated that we are taking another historic step, indeed, a giant leap in fact, toward a new era of growth and opportunity that will touch the lives of all of those who still believe in the American dream.

This conference agreement is a balanced plan to unite our country behind a new economic strategy that will expand opportunities for so many Americans. I implore my colleagues who might oppose this bipartisan effort to put away the tired refrains of class warfare. As my Democratic colleague, the gentleman from Youngstown, OH [Mr. TRAFICANT], earlier so rightly stated, this is not good for America, it is not right for America, and it is actually very, very dangerous for America.

It is time to recognize that an economic system that allows individuals and families to create opportunities for themselves and their communities is infinitely more preferable than government barriers to entrepreneurship and innovation.

Mr. Speaker, it is hard to find someone this Taxpayer Relief Act does not help. To ease the financial burden on families with children, this plan includes a $500-per-child tax credit. There is capital gains relief. There is estate tax or death tax relief, as it should be called. There is an equally important provision to make higher education more affordable, to expands IRA's and to increase tax deductions for the self-employed.

Mr. Speaker, these are just a few of the items in this package that I believe will change this Nation's economic destiny for the better. When all is said and done, I am confident that we will look back at what we began here this week and say that we curbed the size of government, we lowered taxes, and we revived the economic potential of the American people. Better than that, there will be more to come next year.

Most important, Mr. Speaker, we will be able to say that we gave the taxpayers the tools they needed and they completed the job. Mr. Speaker, I urge my colleagues to restore the economic hope across the country. Vote for this fair rule. Support the Taxpayer Relief Act.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. MCDERMOTT].

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, the political vote today is yes, but I intend to vote no because of the issue of fairness. This country was founded on a battle about taxation without representation with the British Government. We have had rebellions in this country, Shay's Rebellion, the Whiskey Rebellion, when people felt the taxation was unfair.

We rely in this country on taxpayers, voluntarily collecting from people. We have a basis in this country of fairness. This bill is unfair. It is unfair to give somebody making $30,000 with two kids and trying to deal with all that is involved in raising a family $1,000 for their kid credit, while somebody making $109,000 gets an average of a $16,000 tax break on their capital gains.

The lowering of the capital gains rate benefits the wealthy in this country, and it is clear that what will happen when we get the rate down to 18 percent, which is almost the lowest tax rate on regular income, that this will have thrown gasoline on the whole class warfare issue.

If I am making $500,000 or $600,000 or $800,000 and I can get my pay given to me in stock options, I will pay 18 percent. That is exactly what people making $30,000 in this country are paying. We have brought the tax rate for the richest in this country all the way down to 18 percent. I do not see how anybody can call that fair.

When I look at it, I hear it being made worse by the gentleman from New York [Mr. SOLOMON] and the Speaker, who are publicly saying they are going to reduce the tax rate on capital gains to zero in the next Congress. That means if you are out there working as an aerospace mechanic for the Boeing Co. and you make $35,000 or $40,000, you will be paying somewhere between 15 or 20 percent of your income in taxes. But if you are making all your money in capital gains, you will pay nothing. That is unfair, and this bill ought to be defeated.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair will remind all persons in the Gallery that they are guests of the House, and that any manifestation of approval or disapproval of proceedings is a violation of the rules of the House.

Mr. DREIER. Mr. Speaker, I am happy to yield 2 minutes to my good friend, the gentleman from Iowa [Mr. GANSKE], an able member of the Committee on Commerce.

Mr. GANSKE. Mr. Speaker, I want to talk briefly about two important items in the tax bill. One is the tax bill does close loopholes. People have been concerned about the Tax Code providing special breaks. In a bulletin put out yesterday by the Joint Committee on Taxation, there are four pages of fine print provisions on closing tax loopholes, one of the most important being the so-called Morris Trust structure used by several companies to sell subsidiaries on a tax-free basis. That is closed. The bill also eliminates hedging techniques such as shorting against the box and equity swaps.

I realize these are technical terms and technical provisions, but a real attempt was made in this bill to close tax loopholes. In return, we get an expansion of individual retirement accounts.

This bill basically makes for three types of IRA's. The first would be similar to the current model, but it would greatly expand the number of people who can be in an IRA, and particularly housewives or household members who are not working outside the home will be included in this.

The second choice will be a new account called IRA Plus, whose contributions would not be tax deductible, but withdrawals from the account would be tax-free if the IRA is held for 5 years and the holder is now over 59 years old.

The third expansion of IRA's would be an IRA that would allow you to roll over savings from your current IRA into an account that would feature tax relief distributions.

Mr. Speaker, we need to have more savings in our country. Savings will generate capital investment. Capital investment will generate new jobs. We have as a nation one of the lowest savings rates in the world. These tax provisions will encourage average-income citizens to take advantage of savings in the form of IRA's, and at the same time we are closing some corporation loopholes, tax loopholes, that we have needed to do.

Mr. Speaker, this is a good tax bill. I am in favor of this. I encourage all of my colleagues on both sides of the aisle to do the same.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

When the vote occurs later in the day, Mr. Speaker, on this conference report, a significant number of Democrats will vote in favor of it. I would point out to those watching this proceeding on television that no Democrats who are going to vote in favor of it have asked for time during this debate. The only Members who have asked for time are the ones who are opposed. The Committee on Rules grants the time to the Members who come to the Chamber and ask for time.

Mr. Speaker, I yield 3 minutes to the gentleman from Rhode Island [Mr. KENNEDY].

Mr. KENNEDY of Rhode Island. Mr. Speaker, I thank my colleague from Texas for yielding time to me.

Mr. Speaker, the reason I am going to be voting against this tax cut is that I do not think it is good public policy for this country. I came in in the 104th Congress and I heard a lot from my Republican colleagues how they wanted to balance the budget, reduce deficit spending, preserve prosperity for the future of this country. Guess what? Two years into the leadership, guess what they do? They go back to the voodoo economics that got us into this deficit dilemma to begin with.

Just understand what this rule is saying. It puts in order a tax bill that will basically lock in a tax cut to the tune of $290 billion over 10 years. As the gentleman before me from my side of the aisle, the gentleman from Washington [Mr. MCDERMOTT] said repeatedly, four times, the top 20 percent of the income filers get four times the tax benefit as the bottom 60 percent. So it locks this tax cut in.

Guess what else it locks in? It locks in spending reductions, we are not hearing about that, Mr. Speaker, spending reductions like a 23-percent cut in the Social Security Administration. Guess what that means? Elderly citizens in my district who are trying to arbitrate to get their Social Security check, who are already waiting 3 months right now, are going to have to wait an additional year.

Why are they going to have to wait an additional year to get their measly $435 a month? Because we want to give a $16,000-a-year tax break to the wealthiest 1 percent in this country. Does that sound fair to the Members? I do not think it does. But do Members know what this rule does? It shoves this tax bill down the throats of the American people, because they do not know what is in it. They do not know what is in it.

If we had enough time to debate this issue, which our majority is not giving us, if we had enough time to debate this, I could make sure my constituents in Rhode Island know what the true facts are about the distribution tables in this tax cut. But we are going to rush this thing through because we

have to get out on vacation. We have to wrap business up by tomorrow, because we have to get out of town.

Everyone loves this tax break, because in the words of my colleague, the gentlewoman from Ohio [Ms. DEBORAH PRYCE], there is something in this for everybody. Guess what, Mr. Speaker? This is going to cost us. When future Congresses which have to pay for these tax cuts want to cut Social Security, want to cut veterans affairs, want to cut Medicare $115 billion, guess what, they are not going to do it. Guess what is going to happen? We are going to end up borrowing again.

So the same crowd that told us that they were all anxious about deficit spending, guess what, not so. If we need proof of it, read this tax bill. It is Ronald Reagan trickle-down economics all over again. They give $500 to a middle-income family. Mr. Speaker, $500 for a middle-class family, while they give $16,000 tax cuts to the richest 1 percent, can Members answer that, is that fair?

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume. It is obvious from the debate on the other side of the aisle that the Democrats continue to be the tax-and-spend party.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. DREIER. I yield to my friend, the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, I hate that label because you know what, we are having to tax in 1993 to pay for all the deficit spending. What the gentleman's party is all about is borrow and spend.

Mr. DREIER. Mr. Speaker, reclaiming my time, if one looks at the pattern of the 1980's, it is very, very clear, we doubled the flow of revenues. We saw an increase in social spending and, yes, we did increase the national defense so that we could bring about an end to the Soviet Union and the cold war.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield 4 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, yes, I also am opposed to this absurd bill. I think that millions of Americans will wonder why many leaders in the Democratic Party and the Republican Party have come together on such an unfair piece of legislation which primarily benefits the very rich at the expense of millions and millions of other people.

Let us take a hard look at the two proposals that this Congress dealt with yesterday and today. First, in order to cut spending, the Congress yesterday voted to cut $115 billion from Medicare over a 5-year period and $385 billion over 10 years. That means that elderly people all over this country will see a lower quality of health care at a time when many of them cannot even afford their prescription drugs.

Furthermore, Congress yesterday voted to cut the administration of Social Security by 23 percent, or a billion dollars, which means that when the elderly people and others want information or want to get on Social Security, it will take them longer to do that. Further, Congress voted a $13 billion cut in Medicaid over 5 years. That money goes to hospitals that are primarily serving low income people, exactly the hospitals that are having financial difficulties today.

Congress voted to cut veterans benefits. Thank you, veterans, for putting your life on the line. Voted to cut discretionary health programs by 16 percent, voted to cut community and regional development by 29 percent. The result of those cuts means that for senior citizens and for others, life will be harder.

Were there positive programs passed yesterday? Yes, there were. I support those positive programs. But today let us look at why we have to cut Medicare and Medicaid and Social Security administration and the veterans. What are we going to do? Why did we cut? Well, it looks like today we are going to be dealing with a tax package. What is in that tax package? Well, under this tax package the wealthiest 5 percent of Americans will receive almost half of the tax cuts. The upper 20 percent will receive over 70 percent of the benefits.

What is going on in America today? Everybody in the world except the leadership of Congress understands. The rich are getting richer. The middle class is being squeezed. Low income people are working for lower wages than was the case 20 years ago. Last year our friend Bill Gates, having a tough time, his income, his wealth went from $18 billion to $42 billion, a $24 billion increase for one man's wealth, $24 billion.

Bill Gates will do very well by this tax bill. Good luck, Bill, maybe you will make even more than 24 billion next year. But if you are a single working person or you are a family that does not have any kids, guess what? You are not going to do very well by this tax bill.

The fact of the matter is that the average tax break for middle-income families will be about $200. But, this is the Congress after all, we know where the money comes from to elect people. If you are among the richest 1 percent, you are not going to get a $200 tax break, you are going to get a $16,000 tax break. The wealthiest 1 percent will receive more in tax breaks than the bottom 80 percent. Vote ''no.''

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

It is fascinating to listen to the attack by my friend from Vermont on Bill Gates. I do not stand here as a defender of any particular individual. But I would say that Alan Greenspan, chairman of the Federal Reserve Board, has made it very clear, the reason the United States of America is so productive today and we have the highest standard of living is there are more Americans with computers on their desks who are working hard to make sure that the level of productivity increases more than any country on the face of the Earth.

AMENDMENT OFFERED BY MR. DREIER

Mr. DREIER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DREIER:

After ''debatable for'' insert ''two and one half hours'' and ''three hours''.

Mr. DREIER. Mr. Speaker, I ask unanimous consent that the amendment to the resolution I have placed at the desk be considered as adopted.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER pro tempore. The amendment is agreed to.

Mr. FROST. Mr. Speaker, I yield 1 minute to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me the time.

Does my friend from California, and I will have to ask him to use his own time to answer the question, really feel that it is appropriate that when last year the average American worker saw a 2.8 percent increase in his income, which means that millions of workers in the so-called boom saw a decline in their real wages, do you really think there is something appropriate or right about our economic system when one man saw a $24 billion increase in his income while millions of working people saw a decline in their real wages? This, I should tell my friends, is in the midst of an economic boom.

Do we think it is appropriate that the United States continues to have by far the most unfair distribution of wealth and income in the industrialized world, with the richest 1 percent owning more wealth than the bottom 90 percent? Is this something we are proud of? The fact that we have the highest rate of childhood poverty while millionaires and billionaires in the country proliferate and that this tax bill would only make that gap between the rich and the poor even wider?

Mr. DREIER. Mr. Speaker, I yield myself such time as I may consume.

I would say in response to the gentleman that socialism is a failed economic system and one single individual has been on the cutting edge of ensuring that the level of productivity in the United States of America has enhanced to the level that it is, increasing the take-home pay for many, many people. Computers have played a role in doing that. Chairman Greenspan has pointed that out. I happen to believe that it is great. I just want to see more people in a position where they can enjoy the kind of success that Bill Gates has enjoyed.

Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, there are strong feelings on this particular piece of legislation. There are a number of Democrats

who will support it. There are some Democrats who will oppose it. Each group has its own valid reasons which will be developed during the general debate. I would only point out to the gentleman from California, and I intend to support this legislation, but I would only point out to the gentleman from California that his side chooses selectively to ignore the fact that the largest deficits in this country were run up under Republican Presidents during the 1980's and the early 1990's.

It was the decisive action, decisive action of the Democrats in this Congress in 1993 by passing a deficit reduction package that brought us to the point today where we can entertain a tax cut and we can make a fair tax cut for the American public.

Mr. Speaker, I yield back the balance of my time.

Mr. DREIER. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, my friend referred to Republican reign over these deficits. I recommend that he look at the U.S. Constitution. Article I, section 7 makes it very clear, the responsibility for all taxing and spending lies right here in the House of Representatives. This is the first tax cut that we have had in 16 years. For 13 of those 16 years, this place was controlled by the Democrats. When President Clinton ran for office in 1992, he promised a tax cut for middle income Americans. The last Democratic Congress worked with him to bring about the largest tax increase in history.

Many Members like to claim that that tax increase is somehow responsible for the economic growth we are enjoying today. Why is it then that with the measure that we will be voting on within the next 3 hours we are repealing large parts of that tax increase?

The best thing that ever happened to Bill Clinton was the election of a Republican Congress. If Members look at the fact that in 1993 and 1994 we saw an increase in interest rates, we saw a stock market that was not taking off, November 1994 saw the election of the first Republican Congress in 40 years and in 1996, the reelection of the first Republican Congress in 68 years; if we look at election day 1994, we can draw a line.

We have seen interest rates on a downward slope since we began to focus on balancing the budget, reducing the size and scope of Government and cutting the tax burden on working Americans. In November 1994, the Dow Jones industrial average was at 3,900. Now it is right around 8,000. The fact is, we as Republicans have helped to improve this economy and it would not have happened had we not been in the majority.

I am very pleased that we are working in a bipartisan way to address this issue of the tax burden on working Americans. I look forward to seeing this Archer bill pass today and to have it signed by the President of the United States.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution, as amended.

The previous question was ordered.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 206, I call up the conference report on the bill (H.R. 2014) to provide for reconciliation pursuant to subsections (b)(2) and (d) of section 105 of the concurrent resolution on the budget for fiscal year 1998.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 206, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of Wednesday, July 30, 1997, part II.)

The SPEAKER pro tempore. The gentleman from Texas [Mr. ARCHER] and the gentleman from New York [Mr. RANGEL] each will control 1 hour and 30 minutes.

The Chair recognizes the gentleman from Texas [Mr. ARCHER].

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GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the conference report on H.R. 2014.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from California [Mr. DREIER], a respected member of the Committee on Rules.

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, I thank the distinguished chairman of the Committee on Ways and Means, the author of the Archer bill, which it is now very appropriately called, for yielding me this time.

I rise, Mr. Speaker, to simply talk about what I think is one of the single most important provisions in this measure, and that is the reduction of the top rate on capital gains.

Back in 1993, several of our colleagues came together and worked on this issue of capital gains. We established what we called the Zero Capital Gains Tax Caucus. We recognized that capital gains tax rates, in fact, are some of the most confiscatory that we have of all. Why? Because people already pay a tax on that income that they are investing.

So what is it that we need to look at? We need to look at what it is that the capital gains tax rate reduction is going to do for this economy. Clearly, we are going to stimulate a dramatic increase in economic growth.

Every shred of evidence that we have throughout this century has proven that, going all the way back to Andrew Mellon's stint as Treasury Secretary under President Warren G. Harding, to the Kennedy tax cuts of the 1960's and, yes, the much-maligned Reagan tax cuts of 1981, which I was telling the gentleman from Texas [Mr. ARCHER] earlier today, I am very proud that that is the one tax bill that I voted for, the Economic Recovery Tax Act of Ronald Reagan back in 1981.

As we look at decreasing the capital gains tax rate, I am convinced that we will do more to help working class Americans than virtually anything else we could do. There was a lot of talk about family tax cuts, but the studies we have conducted found that by reducing that top rate on capital gains, we will, in fact, Mr. Speaker, increase the take-home pay for the average working American family by $1,500 per year.

Now, if we look at those facts, it is going to improve the opportunity for many. We also, Mr. Speaker, are going to be able to increase the flow of revenues to the Federal Treasury. When the Steiger capital gains tax cut went into place in 1978, we saw a revenue flow of about $9 billion. During the next several years, before the 1986 Tax Reform Act, we saw the flow of revenues to the Treasury increase by 500 percent, from $9 billion to $50 billion.

We had H.R. 14. I wanted it to go first to 14 percent then to zero. Democrats and Republicans joined me on that. We have ended up with a decent compromise, and I am very proud to support it.

Mr. RANGEL. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. STARK] and I ask unanimous consent that he be allowed to control that time.

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

There was no objection.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume, and I want to thank the gentleman from California [Mr. DREIER] for expressing the need for capital gains tax cuts for the working people in America, because I think his statement proves that even though this is a bipartisan bill, there are basic differences between Democrats and Republicans.

Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. TANNER].

(MR. TANNER asked and was given permission to revise and extend his remarks.)

Mr. TANNER. Mr. Speaker, I want to thank the gentleman from New York [Mr. RANGEL] for yielding this time to me.

This bill before us today is not what I would have written. It is not what the group I am associated with, called the Blue Dog Democrats, would have written. There is one gaping hole in all of this discussion today, unfortunately, and that is entitlement reform.

But, nonetheless, I think that democracy is an inconvenience sometimes for those of us who serve in the legislative branch of government because there are people of good will who have intellectually honest differences of opinion as to what should be done for our great land. And so democracy is an inconvenience because none of us get our way all the time on every issue.

As I look at this bill, I am reminded of what Winston Churchill said one time when someone asked how his wife was; and he said, compared to what? Well, we look at this today and say to ourselves, would the country be better off with the passage of this Balanced Budget Act and this tax bill than it would be if we defeated it? I have concluded, Mr. Speaker, that the country will be better off with the passage of this tax bill today, notwithstanding the fact that there is much work to be done.

We will hear a lot of rhetoric, Mr. Speaker, about whose fault it was that we got where we are, and I would suggest that it is probably like a lot of other things: Both sides are about half right and both sides are about half wrong. And those who claim that they have the truth and those who claim that they are the only ones who have the right answer, I would suggest, ought to grant to others who disagree the same degree of intellectual honesty they claim for themselves.

I think, on balance, this is a reasonable bill. It will balance the budget in the year 2002 or before. I am convinced of that, and that is why I am supporting, as I did yesterday, the spending side, the tax bill today, and I would urge our colleagues to do likewise.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to tell the House that this is truly a monumental bill. It has taken months to produce and it is before us today not without an awful lot of effort on the part of many, many people.

Before we get too far into the debate, I express my thanks to the tax staffs of the Committee on Ways and Means, the Joint Committee on Taxation, and especially, especially the office of the House Legislative Counsel, who worked around the clock in drafting to put this bill together. These staffs have given of themselves and taken time away from their families in order to make this moment available to all of us, and they deserve our heartfelt thanks.

Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, this tax legislation is monumental, and I thank the chairman very much for yielding me this time.

What is exciting is that we are starting to let the American people keep a few more dollars of what they earn in their own pockets instead of sending it to Washington.

It seems that we have been under the philosophy that the American people should sacrifice in order to send more money to Washington so that politicians can spend those dollars. Now at last we are starting to acknowledge that it should be Washington who should sacrifice; cut down the size of government, find the best, most efficient ways to spend less money so that the people who earn that money can keep it in their pockets and spend it or save it as they decide.

As a farmer, I am especially pleased that we have strengthened the chances of the survival of the American agricultural industry by including several provisions in this tax bill that helps us keep a strong, viable agricultural industry; lets farm families keep and preserve their farming operations.

So my thanks to the chairman and all those involved in moving us to this new beginning for America and Americans.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume to join with the Chair in congratulating not only the staff of both sides for working together on this bill, but also including an uncustomary third party that has made this bipartisan effort work, and that is the President of the United States.

I think the President made it abundantly clear, and both sides of the aisle agreed, that the American people were fed up with the political fights. So we join together in thanking the staffs of both sides and the President of the United States for making certain that we could get this bill passed.

Mr. Speaker, I yield 1 minute to the gentlewoman from Texas, Ms. EDDIE BERNICE JOHNSON.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker, I want to stand here and applaud the leadership, especially the gentleman from New York [Mr. RANGEL], for what we have been able to achieve in this bill.

Clearly, as it left the House originally I would not have been able to support it because we had left the real backbone of this economy out, the middle income and lower income earners who did not get a break. But as we stand here today, there is indeed some equalization and fairness in this tax bill that I can truly support.

It is clear that when people make less money, and they are employees primarily, they pay a much more assured leverage of taxes. When we can make sure that they get a break, then I know we have accomplished something.

I am not against the wealthy. They really do give a lot to this Nation. But all of us know that they have the greatest advantage when it comes to paying taxes and they did not just deserve a tax break unto themselves. All of America's workers deserved a tax break. And in this bill, Mr. Speaker, they get it.

I appreciate this leadership and the White House and I am willing to support this bill today.

Mr. STARK. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. GEPHARDT], the leader of the Democrats in the House of Representatives.

(Mr. GEPHARDT asked and was given permission to revise and extend his remarks.)

Mr. GEPHARDT. Mr. Speaker, first I rise today to congratulate all who were involved in this negotiation. I especially want to congratulate my President and my party for standing for very important principles in how this tax cut bill was put together. I am very proud, Mr. Speaker, of what my party stands for and, because of it, this bill has been improved.

The child credit will go to hard-working families who desperately need this help. The education credit and deductions will go to help more young people go to school. There will be in this bill help for children in health care. So I am very, very proud of what my party stands for and what we have achieved.

I believe that the bill that came out of the House gave about 55 percent of its benefits to families who earn over $110,000 a year. I think that has been brought down to about 44 percent. In my view, it is not where it should be, but it is clearly better. So this agreement is better because we stood on principle.

I respect the motives of everyone who is here today to argue about this bill, Mr. Speaker. Everyone is voting for what in their heart and mind is the best thing for their constituents and the best thing for the country. So it is in that spirit of humility about my own decisions and my own votes and respect for the views of others that I say my decision today is to not vote for this bill, because I think it could be better and I think it should be better.

Back in 1981, I remember sitting right here after we had lost our effort to pass what I thought was a better Democratic tax bill and wondering what I would do. I voted for the Republican bill. In retrospect, I believe it was one of the worst votes I have ever cast because of what it did to the economy and what it did to the deficit. So my views today are tempered by that experience.

But let me spend the rest of my time, Mr. Speaker, explaining to really my friends in the Republican Party why I feel this bill and this budget has a deficit of fairness, a deficit of investment and a deficit of dollars.

□ 1200

Let me explain to my colleagues why we Democrats feel so strongly about where the lion's share of this bill should be focused. Last weekend I went door to door in my district. The median household income in my district is $34,000. When I talked to my constituents in South St. Louis city and county, in Jefferson County, what person after person said to me is, ''I am struggling. I am just getting by. I am just surviving. I am up to my eyeballs in credit card debt.''

This is the first tax cut that we have been able to legislate in 16 years. Let

us remember the context in which we are talking today. Over those last 16 years, people at the top have seen their incomes go up by 90 percent. Those constituents that I talked to over the weekend have been stuck in place or they are falling behind. They have seen no increase in their income, and they are working harder and longer to overcome that problem, more hours, more jobs. People said to me, ''I am working two and three jobs in order to pay my bills.''

So we in the Democratic Party feel strongly that people in the middle, people stuck on the bottom are the people that we need to be dealing with, with the majority of this tax cut.

Now, understand our friends on the other side say, ''well, let us give the tax cut to the people who pay taxes.'' That is what they always say. The truth is people in the middle and at the bottom pay a lot of taxes. And we have always had a progressive tax system. That is, you pay proportionate to your ability to pay taxes.

This bill will make the Tax Code, unfortunately, less progressive. But let us talk about the economics of it for a moment. And this is where we must part. I am a Democrat. I am a supply-sider, but I am as much a demand-sider. Why is it smart to have a progressive tax system? Why is it smart to give the bulk of the tax relief to people at the middle and stuck on the bottom? Because they need the help, it is fair, but because they need the money to spend in the economy.

What do the economists always talk about when they talk if we can keep the economy growing? It is because, they say, if we can keep retail demand going. What do we think people in the middle and at the bottom do with the money they earn? They go to Wal-Mart. They go to K-Mart. They go to Sears. They spend their money. And because they spend their money, if they have more money, all the boats can rise. People at the top can rise in their income. People in the middle. People in the bottom.

I am a Democrat. I believe in building this economy from the bottom up, not the top down. I believe our work over the last years in making the Code more progressive has helped produce an economy where we are surging forward and jobs are being created and unemployment is down.

Finally, let me say this: I am a tax reformer. I believe we ought to get less deductions and exemptions and special treatment. I think we need to get to lower rates for everybody. This bill today will add the greatest loophole. We will now take the rate for people that can figure out how to get their income in capital rather than in earnings, or earned income salary, to half the rate of other people. We are moving in the opposite direction of what we tried to accomplish in 1986. We should not be doing that.

Let me end with this: As I get it, this debate will go forward. Our friends on the other side have said a tax cut next year and a tax cut the year after that and the year after that. I welcome this debate. I welcome this debate. This is a good debate for our country. They will stand for what they believe in. We will stand for what we believe in. And the country will do better because of it.

I respect my friends on the other side and their views. I strongly disagree with their views, with all of the best intentions. I think they are trying to do what is right for the country and the people. But let me say to them that, in this debate which goes forward, Democrats are for cutting taxes for middle-income people and people trying to get in the middle class.

I have heard the Christian Coalition in parts of their party that are raising that issue within their party. They are right to do it. Let us go forward with this debate. Let us make this Tax Code fair. But, most important, let us invest our money in the hard-working, middle-income families of this country and help them succeed and help move this country and lift all the boats of this country to higher and higher levels.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. WELLER], a member of the Committee on Ways and Means.

(Mr. WELLER asked and was given permission to revise and extend his remarks.)

Mr. WELLER. Mr. Speaker, I want to take just a brief moment at the beginning of my remarks just to commend the gentleman from Texas [Mr. ARCHER], chairman of the House Committee on Ways and Means, for his leadership in managing this very important component of the Contract with America and also very important component for bipartisan agreement to balance the budget for the first time in 28 years.

This is a great victory for the middle class. It is a great victory for those who work hard and play by the rules and pay taxes, because this legislation we are voting on today is the first real tax relief for the middle class in 16 years.

For the people that I represent in the South Side of Chicago and south suburbs of Chicago and rural areas to the south and southwest if they have children, for the average family with children in the district that I represent, it means an extra $1,000 in take-home pay. Over 110,000 children are eligible for the child tax credit that is in this legislation. It is important to families, and because we, as Republicans, believe that if you work hard and play by the rules, you should be able to keep more of what you earn.

Because we believe, if you work hard and you keep what you earn, it is because we believe that you should be able to spend those dollars better back home, meeting the needs of your families better than we politicians can here in Washington. This bill is a victory for the working middle class, and I am proud to support this legislation.

I also want to note that there are three key components in this legislation that are initiatives that are strongly embraced by the people I represent in the south suburbs, part of a south suburban revitalization strategy, legislation designed to provide incentives to revitalize and clean up environmental cleanup of old industrial sites in old industrial communities, initiative to encourage the private sector to hire welfare recipients and give them a chance and give them a job, and also initiative to strengthen the opportunity for homeownership with homeownership IRA's.

The work opportunity tax credit works as a way of attracting the private sector to give welfare recipients an opportunity to have a job. And I am proud this bipartisan initiative is included in this bill.

My colleagues of the House, I again commend the chairman. I again commend the bipartisan effort. I urge support of this important legislation that helps the middle class.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland [Mr. CARDIN], a member of the Committee on Ways and Means.

Mr. CARDIN. Mr. Speaker, I want to congratulate the gentleman from New York [Mr. RANGEL] for his work on the conference report. The bill that we are going to vote on today is far different than the partisan Republican bill that passed this House just a few months ago. Let me give my colleagues five changes, and there are many more, why this bill is a much better bill than we had when it passed the House originally.

First: In regard to the child credit, we have changed the child credit so that now working families that make $30,000 a year can benefit from the child credit. That was not the case when the bill left this House.

Reason No. 2: The estate tax provisions are targeted to give most of the relief to families that have small businesses or farmers. That is a major improvement that I congratulate my colleague on.

Third: the education relief. When the bill left this House, it provided relief for the first and second year of a college education, but no more. We have now provided relief for college education beyond just the first 2 years and have provided relief for interest costs to those who had to borrow money to send their children to college. And we protected the tuition waiver program so employers can provide education help to families. Major improvement from when this bill left the House.

Fourth reason: The initiatives for the brownfield that will help our cities, empowerment zone that the gentleman from New York [Mr. RANGEL] was responsible initially to get through this House have now been incorporated into the bill that we will vote on today. Major improvement.

Fifth reason: The gentleman has modified the IRA proposals, got rid of

indexing of capital gains so that we do not have exploding deficits in the future.

We now have a bipartisan bill that, with the bill that we passed yesterday, will balance the budget and protect the priorities that are important for the future growth of our Nation. I congratulate the gentleman from New York [Mr. RANGEL] because we now have a bipartisan bill that deserves the support of this House. I intend to support it.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. HAYWORTH], another member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Georgia, Mr. COLLINS, for the time.

Mr. Speaker, I know it is difficult for professional politicians to do this, but I would challenge Members on both sides who are career office holders to leave the spin cycle in the laundry room.

The fact is it is time, Mr. Speaker, for straight talk with the American people. And the fact is that we have made an important first step with this legislation. Is it perfect? No. Does everybody get everything they want? Absolutely not. But to try and keep scores, as if this were the partisan baseball game the other night, I just think is something we should leave alone.

Because this is not a game; this is about living, breathing, working people. Like the working couple from Casa Grande, AZ, who sent me a letter via fax, the Wilkins family, Barney and Margie. They are schoolteachers. Their kids are B.J., Megan, and Molly.

Barney and Margie work hard at teaching school. They are not rich although some people have estimates that say that their combined income would make them rich. In fact, they have a third job. They supply auto parts for vintage cars and go to vintage and classic car shows on the weekend.

They write me and they say, ''Congressman, thanks for this 19th wedding anniversary gift.'' I do not mean to pick at their sentiment here, but this is not really a gift to them or a gift to the American people. Because the money that the American people earn is their money. They ought to keep more of it and send less of it to Washington.

The challenge is, and this is where we differ in good faith is this notion, why should families sacrifice to send more of their money to Washington? Why not let families keep more of their money and let Washington make the sacrifice? The P.S. is the most important thing. ''P.S., please continue to cut taxes more so we do not have to work three jobs.''

Mr. Speaker, we are making that first step today to cut taxes, to reward Americans who work hard. That is the key to this debate, and that is why I urge passage of this legislation.

Mr. STARK. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. OBEY].

Mr. OBEY. Mr. Speaker, this is not a fight about whether there should be a tax cut. It is a fight about who gets it. There is much in this bill I support. It is a far better bill than the House originally passed.

I was an original sponsor of the child tax credit, which is contained in this bill. I support the education tax credits and child health provisions. But I would remind my colleagues that the fundamental test of any democracy is to fund its activities through a tax system which is fair to each and every one of our citizens. Because this is, after all, a volunteer compliance tax system.

We fought a revolution over the principle of fair taxes. This bill, I am sorry to say, fails that test.

The most well-off 5 percent of families in the country who make over $110,000 will get seven times as much relief as all of the 60 percent of Americans who make less than $37,000. That is simply not fair.

In fact, the wealthiest 1 percent of our citizens, who make more than $250,000 a year, will get more in tax relief than 80 percent of all Americans who make $60,000 or less. That is simply not fair. We can do better.

Then if we take a look at the dollar relief in the bill, we see that the top 1 percent, whose average income is $650,000, will get a $16,000 tax break under this bill. But if you are in the middle bracket, if you are in the middle bracket, you will get about $3 a week and you lose half of that because of what it costs you to get a tax preparer.

If you are among the poorest 20 percent, you will lose $39. You will actually have a tax increase of $39.

□ 1215

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I do not have anybody in my district that makes $645,000 a year, but could the gentleman tell me, do they work a lot harder in the gentleman's district than say that group of people down a couple who only make $70,000? Is that what happens in Wisconsin to those folks in the gentleman's district?

Mr. OBEY. Not in mine.

Mr. STARK. Does the gentleman suppose they inherited most of their money, what they are getting, $645,000?

Mr. OBEY. I have no idea. All I know is that this distribution is not fair. We can do better.

Mr. Speaker, the other problem with this proposal is that it is based upon promises that in the next 5 years we are going to cut the Social Security Administration by 25 percent, that we are going to cut community development by 30 percent, that we are going to cut veterans' benefits by 20 percent over the next 5 years. I do not believe that Members of either party will vote for those kind of reductions when those budgets come to the floor. That is why the claim that this budget is going to produce a balanced budget is built on a false promise.

In short, in terms of a fair distribution of tax benefits to our people, in terms of an honest description of how they are paid for, this bill I regret to say fails both tests. We can do better. I urge a vote against this bill until we do.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio [Mr. BOEHNER], the chairman of the Republican Conference.

Mr. BOEHNER. Mr. Speaker, it is really happening: the first time in 30 years we are actually going to balance the Federal budget. The first time in a few years we are going to save Medicare and extend the life of the trust fund for 10 years. We took those votes yesterday.

Today we are going to provide tax relief for the American people, the first tax cut from Washington in 16 years. We all know that reducing taxes is going to mean lower interest rates for the American people, it is going to mean more jobs for the American people and, most importantly, it is going to mean higher wages for American families.

These are the kind of values that we have been fighting for for years, trying to bring real relief to middle class American families. When we talk about lower interest rates, more jobs, higher wages, sometimes people think these are terms that economists use. Let us think for a moment about what these bills that we passed yesterday and today really mean.

A balanced budget and tax cuts mean that it is going to be easier for families to go out and buy a home. It is going to be easier for families to send their kids on to college. A balanced budget and tax cuts mean that it is going to be easier for people to go out, who want to start a new business, to get that first start. It is going to be easier for every American to have a shot at the American dream.

That is really what we are trying to do here today and over the last couple of years, is to renew the American dream for our kids and theirs. Over these last 2½ years, it is not what we have done just yesterday and today, balancing the budget, cutting taxes, saving Medicare, it has been issues like ending entitlements for farmers and allowing the market to take place, allowing farmers to decide what they are going to plant on their land.

It is welfare reform, allowing the States to help those at the bottom of the economic ladder to become productive members of our society. It is illegal immigration reform. It has been health care reform. It has been eliminating 300 wasteful Washington programs, saving $53 billion. And, Mr. Speaker, this is just a good start.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the distinguished gentlewoman from Connecticut [Mrs. KENNELLY], a member of the Committee on Ways and Means.

Mrs. KENNELLY of Connecticut. I thank the gentleman from New York [Mr. RANGEL] for yielding this time and for his hard work.

Mr. Speaker, I rise as a proud member of the Committee on Ways and Means. As a long time member of that committee, I have taken some very tough votes. In fact, in 1990 I took two tough votes for the 1990 budget. In 1993 I really did not like a lot of things in that budget but I knew when the President became the President, President Clinton, because there was a $290 billion deficit, I had to vote for that bill if we were going to reduce that deficit. So it is a great pleasure to vote this week to finish the job and balance the budget for the first time in this generation.

But I also want to thank the conferees on both sides of the aisle for listening to those of us who have worked on the Tax Code for a number of years. When the Ways and Means bill first appeared, there were many of us who were very, very concerned. We had worked for many, many years on the earned income tax credit. We had worked for years working to get a dependent day care credit for men and women who work and have families, and for the first time, all of a sudden we were going to see some of that day care credit we had worked so hard for disappear if they took the child credit.

We found out that we could convince conferees that this would not be fair because most people go to work because they want that house or they want that education, and they need that help, even if they have got two salaries, in paying for good affordable quality day care.

Millions of families, as we well know because we had a battle royal for the last month over the earned income tax credit, and I do want to commend the conferees for realizing that if they pay Federal payroll tax, it is paying to the Federal Government and it is just as good and just as hard as if they pay income tax. I really feel good about that piece.

Unfortunately, we were not able to fix the AMT child credit problem, and I just said to Ken Kies, ''You've got a lifetime of work because you're the only one that's going to understand exactly what we did do.'' In fact, we have added a lot of complexity to that bill, and we will all be back hopefully next fall trying to fix this bill.

But we should celebrate what we have right now where two groups came together, capital gains yes, indexing no, earned income tax credit yes, and yes for almost everybody. I vote for this bill and hope a lot of other Members will, and I know they will.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. ENGLISH], another distinguished member of the Committee on Ways and Means.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I rise in strong support of this tax relief package. In most respects this package is similar to what the Committee on Ways and Means passed last month. It provides significant relief to working taxpayers and middle class taxpayers who are facing the highest tax burden in American history.

Many of us who were elected in 1994 came to Congress pledged to reduce the tax burden on middle class taxpayers and people who work for a living. Today we stand on the brink finally of fulfilling that pledge. This will be the first tax cut for the middle class since 1981, and not a moment too soon.

This is not as large a tax cut as many of us on the Republican side had originally argued for, but the net tax cut of $94 billion is more than the White House was originally willing to subscribe to. That we have it here today is a tribute to the persistence of a pro-growth, antitax majority in this House which I am proud to be associated with.

Our tax cut includes a child tax credit to provide tax relief to families with incomes as low as $18,000; tuition tax relief which makes college more affordable for a lot of middle class families; an expanded IRA to encourage retirement savings; a capital gains tax cut to stimulate growth and opportunity by providing more seed corn for the economy; and I think this is a tribute to the persistence of the gentleman from California [Mr. DREIER] as well, small business tax relief and also tax incentives for home ownership.

Mr. Speaker, in summary, this tax package for working families in places like Erie, PA means restoring the American dream and making it a little more achievable. This is a big win for the middle class. Today we are going to hear from the left wing in Congress that this bill is inadequate. They do not want tax cuts. But watch your tax return. If you are a middle class taxpayer, this tax cut is for you.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Oregon [Mr. DEFAZIO].

Mr. DEFAZIO. Are you confused? Mr. Speaker, I think a lot of people listening to this debate over the last 2 days are. They should be. In fact this legislation is designed to confuse the process, rushing this through before Congress's month-long vacation, is designed to obscure the truth.

The truth is yesterday Congress adopted very substantial cuts in Medicare, cuts in reimbursements, cuts that will drive up premiums for seniors, cuts that will deprive seniors of home health oxygen benefits, and today they are using the proceeds of those cuts to fund huge tax breaks, $275 billion in tax breaks over the next 10 years, tax breaks that will double the deficit by the year 1999. Yes, that is right. The balanced budget agreement before us today will double the deficit over the next 2 years, and that is from the Republican-controlled Congressional Budget Office. It will probably more than double the deficit over the next 2 years. A strange path to fiscal responsibility.

What underlays this whole thing? Tax cuts slanted toward the very wealthy, repeal of the corporate alternative minimum tax; an embarrassing time in the mid-1980's when Ronald Reagan supported imposing a corporate alternative minimum tax, as the largest corporations of this country were getting refunds for taxes they did not pay. We are going back to that. We will all pay taxes so corporations can get refunds for taxes they do not pay.

Capital gains. Look at the distribution right here. The largest amount of money, 44 percent of the benefits, go to the top 5 percent, those earning over $112,000. If you are in over $112,000, cheer, right now, OK. If are in the bottom 60 percent, families making less than $36,000 a year, that is most of my constituents, those are the people who most need tax relief, look at what that large number of people, 60 percent of the population are going to rake in: 7 percent of the benefits. What a great day for middle income America. Forty-four percent for those privileged few at the top and 7 percent for the rest.

Mr. Speaker, this point cannot be made too many times in this debate. This is being rushed through unnecessarily so people will not understand the facts. They will say that 75 percent of the benefits are going to people who earn under $75,000 a year. That is simply not true. We are engaged here in the big lie.

The big lie is that this is going to balance the budget. It will not. We have statistics now that show it will double the deficit in the next 2 years. What they are saying is magically in 2001 Congress will come here and decide to cut $61 billion out of discretionary programs. That means cut the entire Department of Veterans Affairs, Department of Energy, Department of Housing, Social Security Administration, and the Justice Department.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. DEFAZIO. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, can the gentleman tell me, are we still going to build the B–2 bomber and is defense going to go up?

Mr. DEFAZIO. We cannot cut a penny out of the Pentagon and we are going to build 20 B–2 bombers.

Mr. STARK. We are still going to take money out of people's pockets and spend it here in Washington.

Mr. DEFAZIO. The gentleman is correct.

Mr. STARK. Just not on things that help people.

Mr. DEFAZIO. But in a way to enrich contractors, not to enrich those people at the bottom.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut [Mrs. JOHNSON], another member of the Committee on Ways and Means and a strong advocate for working families.

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of the taxpayer relief act of 1997. This bill provides much-needed tax relief for hardworking American families.

After 28 years of chronic deficit spending, we are finally getting our fiscal house in order. The bill before us today, coupled with yesterday's entitlement reforms, proves that it is possible to balance the budget, cut taxes, and meet critical needs of our people like the needs of uninsured children for health insurance.

In this bill we are taking giant strides to help families afford college educations through education savings accounts, HOPE scholarships, reduced taxes for families paying for tuition in advance, and a student loan interest deduction for all those young people who are struggling to repay the high cost of going to college. We have taken a giant step forward toward making post-high school education affordable for all: young people straight out of high school, mothers going back to work after being out of the workforce for a number of years, and workers whose employers pay for their education. Today's economy demands that young people learn well and that working people keep their skills and knowledge up to date. This bill goes a long way in helping each of us realize our greatest potential, and so our dreams.

For families this bill offers a $500 tax credit for each child 16 and under, health care for kids whose parents work for small businesses unable to provide health insurance to their employees, educational opportunity, greater retirement security for our teachers and others who work for public employers. It also offers a shot in the arm to our economy, to build the base for continued long-term growth, making machinery and equipment more affordable, encouraging the research and development that can keep our companies product leaders in the market, relief for small businesses, and hope for family-owned businesses that they can survive mom and dad's passing.

□ 1230

This is a good bill for people, a good bill for the economy, and I urge my colleagues' support.

Mr. Speaker, I rise in strong support of the Taxpayer Relief Act of 1997, providing much-needed relief for hard-working American families.

After 28 years of chronic deficit spending, we are finally getting our fiscal house in order. The bill before us today, coupled with yesterday's entitlement reforms, proves that it is possible to balance the budget and provide tax cuts to America's families and meet critical needs of our people, like health care for uninsured children.

In this bill we are taking great strides forward to help families to afford college educations—through education savings accounts, HOPE scholarships, reduced taxes for families paying for tuition advance, and student loan interest deduction for all these young people struggling to repay the high cost of going to college.

We have taken a giant step toward making a post-high school education affordable for all, young people straight out of high school, mothers going back to school after being out of the work force for a number of years and workers whose employers pay for their educations. Today's economy demands that young people learn well and working people keep their skills and knowledge up-to-date. This bill goes a long way in helping each of us realize our greatest potential—and so, our dreams.

For families, this bill offers a $500 tax credit for children 16 and under, health care for kids whose parents work for small businesses unable to provide health insurance to their employees, educational opportunity, greater retirement security for teachers and others who work for public employers.

It also offers a shot in the arm to our economy to build the base for continued, long-term growth—making machinery and equipment more affordable, encouraging the research and development that can keep our companies product leaders in the market, relief for small business, and hope for the family owned business that they can survive Dad or Mom's passing. For the first time, this bill recognizes the special role of family farms and businesses by creating separate, higher exemption for those estates. This will enable more family farms and businesses to be passed down to the next generation successfully.

This is a good bill for people, for families, and for our economy. It's good tax policy and I urge a ''yes'' vote.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. LEVIN], a member of the committee.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, the Democratic Party has stood for economic growth with equity. The 1993 Deficit Reduction Act worked in both respects, promoting the dramatic deficit reduction that has been a major source of our sustained economic growth and providing a tax cut for low- and middle-income families through expansion of the ITC, and the predictions of economic doom from those who opposed the 1993 act came from many of the same people who voted for the 1981 legislation that led to the deep deficits of the 1980's. Time has proved them as wrong as to 1993 as it did for 1981.

The tax bill now before us shows that today it does indeed take two to tango, but that does not mean the two partners have always been dancing in the same direction. Democrats have focused on responding to the pressures on middle- and low-income families whose income stagnated amidst the general boom of the last 5 years, while many of the majority have been dancing too often to the tune of the very wealthy, and Democrats have been resisting proposals that would bust budget in later years while the majority has been pushing some of the same approaches that engendered the deficits of the 1980's.

So we Democrats worked with President Clinton to target the child tax credit to middle-income families, to provide help for families with escalating costs to educate their kids after high school and to provide the child credit for hard-working families making $18 to $15,000 as well as those making $25 to $100,000.

In this strenuous effort on the tax bill we have lost some battles, but we have also won some vital ones. As a result, today I am voting for this tax bill.

Mr. COLLINS. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I was sent to Congress in 1993 by the people of the Third District of Georgia with a very specific list of legislative goals. The budget agreement negotiated between the Congress and the President includes many of those goals. With the passage of the Tax Relief Act, we will successfully have achieved many reforms on behalf of all Americans.

Mr. Speaker, today's vote is the result of months and months of diligent work in an effort to assemble a budget that the American people deserve. It is the product of a grassroots campaign where input, ideas, and priorities have been gathered not only from Georgia, but from people all across the country.

This measure will put in law their priorities, which include balancing the Federal budget, providing tax relief to working families, and creating incentives for people to invest. It returns physical responsibility to Government by balancing the Federal budget just as families must balance their budget. Most important, this bill will leave $94 billion in the private sector, where working people will be able to keep more of their hard-earned dollars and small business owners will have the chance to invest and create jobs.

Today success is not a victory that can be solely claimed by the Congress or the President. It is instead a victory for the people of this country who sent their representatives to Congress to cut taxes, reduce the size of the bureaucracy, and return fiscal responsibility to the Federal Government. The $500 per child tax credit, capital gains tax relief, reduction of the estate tax, tax incentives that reduce the cost of education, preservation of the Medicare commitments we made to our seniors and relief from the alternative minimum tax all are reform ideas that clearly reflect the priorities of the citizens all across this country.

Mr. Speaker, I am humbled by the opportunity and proud to support this Tax Relief Act and believe it is a victory for the hard-working people of this country.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina [Mr. SPRATT], a great American, someone that has been so helpful in making certain that we got here on the floor today, and the ranking Democrat on the Committee on the Budget.

Mr. SPRATT. Mr. Speaker, I thank the gentleman for yielding this time to

me and for his compliment, and, Mr. Speaker, I would like to note, as I did yesterday, the reason we are here near the passage of a major tax cut bill.

In 1993, we dealt with the deficit and dealt with it squarely on both sides of the ledger, revenues and spending, and today we reap the benefits of what we sowed. Because of what we did in 1993 the deficit has come down 5 years in a row; it is down to at least less than $40 billion this year, and that is phenomenal. It happened because we capped discretionary spending, we applied a pay-as-you-go rule to entitlements and tax cuts, and we restored the revenue base of the Federal Government. Corporate tax revenues, for example, were up last year by $72 billion, more than 70 percent over 1992.

The reason we were able to pull together yesterday's spending bill and today's tax bill is that on May 1 CBO finally agreed with OMB that the Government's revenue tax increases are not episodic, not 1-year phenomena, they are permanent. These are permanent phenomena, such that over the next 5 years CBO was willing to add $225 billion, all together, to its revenue estimates. That made today possible and yesterday as well.

And having come this far, our goal is clear. We want to balance the budget and finish what we have started. We want to do tax cuts, sure we do, but we want to do them in a way that we achieve a balanced budget in 2002 and thereafter. That is why we decided in the balanced budget agreement to keep our tax cuts within strict limits, $85 billion in net revenue losses over the next 5 years, $250 billion in net revenue losses over the next 10.

When this bill left the House it was outside those limits, and in the outyears it threatened revenue losses that would have undermined a balanced budget for the long run. It was also tilted to top bracket taxpayers. It made room for a double-barrelled capital gains tax cut with both a low rate and indexing, but it could not find room for a child tax credit for families with 2 or 3 children making less than $30,000.

I voted against that bill, but I will vote for this one, and I do not agree with everything in it, but I think it comes from conference to us in far better shape than it left the House, and let me give my colleagues just three examples.

First of all, the children's tax credit which we all supported now goes to families who need it the most, families with 2 children or 3 children or more who work hard but earn less than $18,000 a year. It would have been unconscionable to pass something called a child tax credit and leave those families and 9.5 million children out. Democrats fought to get them in, we prevailed, and we should be proud of that.

The tuition tax credit which the President made the centerpiece of his tax cuts, which we as Democrats all of us heartily support, now it will not stop in midstream after the first 2 years in college as it did in the House bill. Once again we prevailed. This bill has a credit that will apply to the third year and fourth year and graduate education, a 20-percent tax credit of tuition expenses.

And the capital gains tax which the Republicans wanted is their piece of the pie. It is in this bill too, but unlike the House bill, this bill does not stack one preference on top of another. A lower capital gains rate is in, but indexation is out, and by taking it out we have taken out a time bomb that would have caused revenue losses to explode in the outyears, undercutting our whole objective, which was to balance the budget in 2002.

Mr. Speaker, frankly I would have held off the tax cuts until we had our bird in hand, a balanced budget. But I believe this tax bill is consistent with our objective of balancing the budget by 2002, and I know this, it is much fairer than the tax bill that we passed in the House just a few weeks ago. It is fairer for hard-working Americans who need tax relief and deserve it, much fairer than the first bill. That is why I intend to vote for it.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. CAMP], a member of the Committee on Ways and Means.

Mr. CAMP. Mr. Speaker, I thank the gentleman for yielding this time to me.

Today we celebrate an important achievement by the Congress and the White House. But most importantly, we celebrate a victory for the American people. Yesterday in the spending bill we celebrated balancing the budget for the first time in 30 years, saving Medicare, which is so important for health care for our seniors. But today we celebrate with the American people receiving tax relief for the first time in 16 years. Working families in mid-Michigan and across America who are raising children and saving for their education will receive not only a $500-per-child credit, but also tax relief to help pay for the rising costs of tuition.

I represent a primarily rural district in the middle part of Michigan, and for millions of farmers across the country and many farmers in my district this tax relief bill means a better chance of continuing to do what they love to do, and that is feed our Nation and the world. It also provides the opportunity to pass on the farm to the next generation, and many farmers in my district are second and third generation farmers. With this bill farmers will get tax relief from capital gains tax, and farming is heavily capital intensive, and also relief from death taxes that often force families to give up family farms in order to pay the IRS. We are providing family farmers with relief by providing income averaging to try to level the peaks and valleys that often come with unreliable weather and crop years, and that will help with their tax bills.

Mr. Speaker, family farmers in mid-Michigan are tired of knowing the IRS is waiting to claim a huge share of their efforts. With this bill we deliver real tax relief that will lead to the opportunity for greater prosperity and a higher quality of life on the family farm and in the homes of all Americans.

Mr. STARK. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from Washington [Mr. MCDERMOTT].

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, we are today dealing with a tax bill that I think if people are watching this they would have trouble figuring out where everybody is coming from. Some people, the majority, believe that this is the best tax bill since sliced bread. Some of the Democrats say, well, we took a bad tax bill and made it a little bit better. But there are some of us who think that this bill is so bad that it ought to go down because it is not fair, it is not fair enough.

Mr. Speaker, I would like to associate myself with the remarks of both the gentleman from Missouri [Mr. GEPHARDT], the minority leader, and the gentleman from Wisconsin [Mr. OBEY], but I will give my colleagues a couple specifics. Let us take a woman who has two kids who makes $35,000 and teaches school.

Now she pays 15 percent of her income in FICA taxes and then is taxed at the 15 percent rate beyond that. Somewhere around $7,500 to $10,000 of her income goes in taxes out of a $35,000 income.

Now let us take and contrast somebody who makes $200,000 in unearned income; that is, they invest in the stock market and they make $200,000. Under this bill they will be taxed at a 20 percent rate; the schoolteacher at a 30 percent rate; the unearned income at a 20-percent rate because the person earning their income in capital gains pays no FICA tax, no FICA tax.

Now in my view that is unfair. The person making $200,000, taxed at a 20-percent rate under this bill will pay $40,000 in taxes.

Now let us get to the tax breaks. Here is the woman. She has paid $10,000 in taxes. She gets $1,000 back, $500 for each one of her kids. The person making $200,000 and paying 20 percent has two kids, so he gets $1,000 back.

Is that fair to a woman raising two kids, making $35,000, paying 30 percent of her income in taxes and getting $1,000 back and somebody who makes $200,000 worth of unearned income, and they get $1,000?

□ 1245

That is not fair. Mr. Speaker, the unfairness of this I think is only one of the problems. As I listen to people speak here, I continually believe that the Contract With America's idea of term limits is buried under all of this.

An awful lot of people who are voting for this today are voting politically

correct when they vote yes, but they are not thinking long term. They do not expect to be here in 2005 or 2006 when the real impact of this bill comes to rest on the American people.

Today's New York Times on the editorial page, page 21, says ''The deal's long-term effect has economists uneasy.'' When these capital gains cuts and these estate tax and all the other cuts come to full pressure on the economy, we will be facing the baby boomers going into their senior years with no capacity, because we have dug a hole in the revenue side. We will not be able to deal with their problems.

Mr. STARK. Mr. Speaker, will the gentleman yield?

Mr. MCDERMOTT. I yield to the gentleman from California.

Mr. STARK. Mr. Speaker, I would ask the gentleman, is it not true that we are not really going to have the budget balanced for 3 or 4 years, 3 or 4 years from now when it finally comes to balance, and if we had no bill yesterday and did not do this tax bill today, we would balance this year or next?

Mr. MCDERMOTT. Mr. Speaker, the gentleman is absolutely correct.

Mr. STARK. And then after that, under the Republican bill, do we not have deficits that just zoom right down to below zero?

Mr. MCDERMOTT. There is no question, Mr. Speaker, that ultimately the deficit will go back up again because of these tax breaks. If we had let the situation alone, the situation that was created in 1993 by the tax bill which we passed, and incidentally, people stand out here and say we are making all these great tax cuts. They have not changed in this bill one single provision from 1993. The bill that set us on the path that has gotten us in the good situation we are in today so we can talk about tax breaks, not a single provision of that has been repealed.

Mr. STARK. Mr. Speaker, do not higher deficits that the Republicans are giving us with these bills lead to higher interest rates?

Mr. MCDERMOTT. That is what Mr. Greenspan says.

Mr. STARK. So if this family around $30,000, $40,000, savings $200, and a family at $150,000 to $600,000 saves $10,000 or $15,000, that $200 is going to be eaten up in higher interest rates, and the people with capital gains in the stock market are going to have all the profit out of this bill?

Mr. MCDERMOTT. There is no question, their credit card debt is going to go up.

Mr. COLLINS. Mr. Speaker I yield 2 minutes to the gentleman from Ohio [Mr. PORTMAN], a member of the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I thank my friend, the gentleman from Georgia, for yielding time to me.

I want to start by commending the gentleman from Texas, Mr. BILL ARCHER, because he held firm and worked in a bipartisan way with the gentleman from New York, Mr. CHARLIE RANGEL, and others to ensure that hard-working Americans are going to get their first tax break in 16 years. They deserve it.

What is truly remarkable about this, of course, is we are doing it despite what we might hear from the other side in the context of a balanced budget. A lot of these tax relief provisions are going to help us get to that balanced budget, because they will help grow the economy.

It is a sound package overall. I certainly support it. What does concern me about the package is that we did not do more in it to simplify the Tax Code for taxpayers and for the already troubled Internal Revenue Service that is supposed to administer all the things we have passed here on the Hill.

Let me be clear, there are some simplification provisions in this bill. We need to talk about those. One is it that most people do not have to worry about capital gains when they sell their homes. That is an enormous benefit for taxpayers and a great simplification.

We also get rid of some of the worst aspects of the corporate alternative minimum tax. That is important for tax simplification. AMT relief will help create jobs in this country.

Finally, we take away a lot of unnecessary and costly regulations in the State and local pension plans. That is also in this bill. That is a good simplification measure.

To be fair, there are a number of things here that add to the complexity; last-minute revisions in the child tax credit, for instance that makes it refundable and in various ways adds enormous complexity. We would have to face up to it, too, that some of the IRA proposals cannot be deemed simplification. But again, I support reducing the tax burden.

This is a good package. I commend particularly the chairman for standing firm and making sure we got real relief. But I do think we missed an opportunity. We missed an opportunity to simplify the Tax Code. Now I think the next step should be as a Congress to make this code fairer, flatter, and simpler. That is the next thing we need to do for America, for all of the taxpayers, for the Internal Revenue Service, and for the tax system generally.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. SCOTT].

Mr. SCOTT. Mr. Speaker, I rise to address a colloquy with my colleague, the gentleman from New York [Mr. RANGEL], ranking member of the Committee on Ways and Means.

It is my understanding that the number of empowerment zones will be expanded through the passage of this legislation. As we know, HUD has found 2 empowerment zones and 11 enterprise communities, including Norfolk, VA in my district, to be the most successful in meeting the performance milestones. Those milestones include initiating and implementing job training programs, recruiting unemployed individuals into both job training and education programs, increasing the number of new businesses in the region, and creating new jobs.

In order to reward communities for these efforts, should these successful enterprise communities be given priority consideration for designation as empowerment zones?

Mr. RANGEL. Mr. Speaker, will the gentleman yield?

Mr. SCOTT. I yield to the gentleman from New York.

Mr. RANGEL. Mr. Speaker, I say this to the gentleman from Virginia; I was the original sponsor of the initial enterprise and empowerment zones, and also the latest bill which expands them. While it was not included in the Republican bill, it is in the bipartisan bill.

As the gentleman well knows, communities have to file and show their proposals before they are selected by HUD. It makes a lot of sense that those enterprise communities who have done more than have a plan, but demonstrated a success with those plans, should be given priority as we move forward in the next round of selecting the new empowerment zones and the additional enterprise communities.

Mr. SCOTT. Mr. Speaker, I thank the gentleman for that comment, and look forward to Norfolk being given that consideration, because it has done such a good job through Norfolk Works and other programs such as that.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to the bill before us today. Mr. Speaker, H.R. 2014 cuts taxes by over $100 billion in 5 years and almost $300 billion over 10 years. Those are massive cuts, and if this Congress had the gumption to legislate with long-term interests in mind, we might have scrapped these cuts entirely and used the so-called savings to balance the Medicare trust fund, which we have not done. We could have made Medicare solvent well past 2020 had we not entertained this amazing tax bill.

Who gets the cuts? Half the cuts go the richest 5 percent of Americans, those with over $150,000 in income. The richest 20 percent gets 75 percent of the benefit, the top 35 percent get huge benefits, the bottom 60 percent get 7 percent of the benefits.

Compare that with the richest 1 percent with average incomes of $645,000. They are getting $16,000 every year in benefits out of this. The lowest 20 percent of the people in the low-income class are going to pay $39 a year more taxes. Those are the very people that the Republicans and the President and his welfare bill have cut off the rolls. Those are the people they are dumping on. That is not Christianity, that is greed. That is awful, to take the poorest Americans, deny them the assistance we have all tried to give them, and then increase their taxes, on top of it.

There is no magic in projecting who benefits from this bill. When we target

$35 billion of estate tax relief, we end up helping those 2 percent or 3 percent of Americans who have huge estates and obviously incompetent children who cannot afford the business, and to pay it off with the generous terms we already give them. When we cut capital gains from a maximum of 28 to 20 percent or even 18 percent, we help the most affluent Americans.

We should not be reluctant to question whether it is fair to give massive tax breaks to the wealthiest Americans while those at the bottom pay an increase in excise taxes. The rich make out better than everyone else.

Special interests are also making out like the Beltway bandits who represent them. According to the Joint Committee, this bill contains 80 items which are highlighted as required by the line-item veto law because they give tax benefits to 100 taxpayers or less, and create a special transition relief for 10 taxpayers or less in any particular year. This ought to be embarrassing, to have this list appear in a bill that is rushed to the floor so quickly.

Members of Congress have not had time to examine those items. I am not saying that all these provisions are bad. I am saying that this list should have been a red light for this Congress to delay the bill until our reservations could be addressed.

For instance, it gives Amtrak a $2.3 billion tax break, which no other company enjoys. I support Amtrak, but I am troubled that we tucked away a provision to give a $2.3 billion relief to Amtrak without having discussed it in Appropriations.

Another provision gives Amway a break for two of their Asian affiliates. According to yesterday's Wall Street Journal, Richard DeVos, Amway's founder, donated $500,000 to the Republican Party. Now, in July, his company gets a tax break thrown into the conference report that neither the House nor Senate approved. This is the tax fairy who appeared in the middle of the night, giving Amway this huge benefit after they contributed $500,000 in contributions to the Republican Party. That is payoff, big time. That is giving away Americans' tax dollars in exchange for contributions solicited by the Republican Party from their rich benefactors.

There is a special benefit in here for Simmons Enterprises, a rifle shot in the estate tax area, and another favor from the tax fairies for Harold Simmons, a Dallas investor and baron of the sugar beet businesses.

Mr. Speaker, I do not like what I know about this bill. It is unfair. It discriminates against the average American. It gives only to the rich. But I like even less what I suspect is in this bill, and it is unfair. It deserves to be defeated. I urge a ''no'' vote.

Mr. Speaker, I reserve the balance of my time.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. HERGER], another member of the Committee on Ways and Means.

Mr. HERGER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, this tax bill is why I came to Congress. I have been in the House of Representatives since 1987, and ever since I have been fighting to help the American people keep more of their own hard-earned money. This country has not had large-scale tax relief like the kind we are voting on today since 1981, 16 long years. Of course, under a different Congress, they have been dealt their share of tax increases, including the largest tax hike in American history just 4 short years ago.

What a difference 4 years can make, and what a difference a Republican Congress can make. Today, instead of voting to push Uncle Sam's hands deeper into the American people's wallets, we will be voting to tighten Uncle Sam's belt. Today we will be providing a $500-per-child tax credit to America's families. We will be providing significant tax incentives for education. We will be expanding IRAs to help Americans save for their own retirements.

We will be making major cuts in capital gains taxes to help keep our economy growing, and we will be providing a major relief from the death tax, so our Nation's family farms and small businesses can be passed on from generation to generation.

Mr. Speaker, today finally we are giving the American people the tax relief they deserve. Sixteen years is long enough. I salute the chairman, the gentleman from Texas [Mr. BILL ARCHER] on this historic achievement, and I urge all my colleagues on both sides of the aisle to vote for this historic conference report.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from North Carolina [Mr. ETHERIDGE], and I would point out the great support that his task force on education has given to improve the quality of the bill we will be voting for.

Mr. ETHERIDGE. Mr. Speaker, I thank the ranking member for this time, and also for his hard work.

Mr. Speaker, I rise in support of this middle-class tax relief bill. I sought this office to fight for North Carolina values, to look out for our farmers, and to help our families and provide quality education for all of our children. This bill makes significant strides in each of these goals.

The first bill I introduced as a Member of this people's House provides estate tax relief for our family farmers and small businesses. I am very pleased that this bill contains immediate relief for our family farmers and small businesses from the heavy burden of estate taxes. This bill is good news for North Carolina farmers.

In addition to the $500-per-child tax credit, this bill will help families in North Carolina and throughout this country to obtain educational opportunities for their children.

□ 1300

As a former two-term superintendent of my State's public schools, I know that education is the key to a brighter future for all Americans. For middle-class families and for those families struggling to make it into the middle class, education is the pathway to the American dream. This bipartisan budget agreement represents the most significant investment in education in a generation.

We have more to do, Mr. Speaker. We must raise education standards. We must rebuild our crumbling schools. We must help put more police on the street and make our communities safer. We have more work to do, but this is a day to celebrate for the American people. On behalf of the North Carolina farmers, small business people and families struggling to provide a decent education for our children and who want to achieve the American dream, I urge my colleagues to support this bill.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from Vermont [Mr. SANDERS].

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me this time.

Let me give my colleagues several reasons why we should defeat this tax proposal, bring it back to the drawing board and come up with something new. No. 1, if we are interested in a balanced budget as quickly as possible, vote ''no.'' Without this tax proposal, economists tell us that in 1 year or 2 years, we will move toward a balanced budget. With this proposal, the deficit will go up in the next several years and it will take us 5 years to move toward a balanced budget. So vote no if you want to get toward a balanced budget as quickly as possible.

The second issue, and that is what this chart deals with, is that, if you are interested in helping middle income and working families rather than the rich and the superrich, you should also oppose this legislation. Last year Bill Gates had a good year, a very good year. His personal wealth went from $18 billion to $42 billion, an increase in wealth of $24 billion in 1 year. Putting that into perspective, if you are an average American worker and you saw a 3-percent increase in your compensation, that would mean that you earned $1,000 more last year. That means that 24 million American middle-class workers saw an increase in 1 year equal to what Bill Gates saw an increase in his income last year; 24 million workers, middle-class workers, not low wage workers, end up seeing an increase collectively compared to one man.

The issue we are debating is who do we want to help with this tax proposal. If you want to help Bill Gates and his friends, vote ''yes''. But if you want to help middle-income and working families, vote ''no''. It is wrong that the upper 1 percent receive more in tax breaks than do the bottom 80 percent. Vote no.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes and 30 seconds to the distinguished gentleman from Florida [Mr.

SHAW], chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, a gentleman who has had a lot to do with legislation dealing with families.

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, we have heard a number of Members come to the House floor and come in with some figures as to who is getting the basic advantage of this tax cut. We know that well over 70 percent, well over 70, I think it is 76 percent goes to middle income and below of the tax cut that we are looking at. So let us quit playing this game. This is a well-balanced bill.

I think that when we are determining who is getting the advantage, I think it is also important that when we define somebody's income that we come to the floor and be really forthright with how we come up with the percentages that we do as to the amount of income that somebody has. As we know, the Treasury came out with some of these figures by actually imputing the rental value of somebody's home that they own and putting that on top of their income as well as other things, which they did not actually enjoy in the form of cash coming in or any type of recognizable income.

The imputed income is a very unfair way of defining somebody's income so that we skew the figures.

I think when we are talking about who is getting what, that it is very important that we be very factual and that we be very out front with the people.

If some of the speakers that have come to the floor are suggesting that we in the Congress or that they in the Congress want to tax the imputed value of somebody's home, I would suggest that that is a very foolish thing and a very foolish position for somebody to have; but I think they should make that point and go forth with it without trying to come up with some phony baloney type of figures here in order to make a point that they want to make that simply is not true and is not acceptable by the vast majority of the American people.

I think it is important that we get back on course and we look at the tax breaks and that we look at exactly what we are doing. We are giving the child tax credit, which is a direct cash payment off, directly off the income tax to middle- and lower-income people. The capital gains is something that is enjoyed by people whether they have $30,000 income and a mutual fund or whether they, their income is over $100,000 and they make stock transactions or investing in companies which produce jobs. The American people win with this bill. I would urge all of my colleagues to support it.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume. I would like to respond to the gentleman from Florida in saying that we are going through a period of trying to learn to be bipartisan, and the gentleman and I have a whole lot of learning to do. I think he will agree that the Republicans wanted a tax cut bill and the President did. The question was who wanted one the most.

When the priorities came, they sought to make capital gains tax cuts the priority. They sought to make estate tax relief a priority. They sought to make the individual retirement funds a priority. These were the things that people in higher incomes enjoyed.

That is why so many Democrats are disturbed. We sought to stay with those for college educations, for those kids that come from working families. We did not call it welfare. We said, if you work hard and you pay taxes, you should get help. So there is still a major difference between the gentleman's side and ours.

We join together in saying, the President and the people of the United States want a bill. But it does not mean that we swallow their principles. But it does mean, when we supported our President, we said we are with you, Mr. President, but there has to be some basic Democratic principles there. So the priorities were there.

Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. LEWIS], our distinguished deputy leader.

Mr. LEWIS of Georgia. Mr. Speaker, this bill is a good bill. It is a good bill because President Clinton and Democrats stood up for working Americans and demanded tax relief for working families.

In 1993, Democrats made hard budget choices, hard choices that have brought millions of jobs and economic prosperity to our Nation. Because of those hard choices, we are close to balancing our budget. Because of those hard choices, we can give tax cuts to the American people.

Today again, Democrats have succeeded. President Clinton and Democrats in Congress have turned a Republican tax bill targeted to Wall Street into a tax cut benefiting Main Street.

Because of Democrats, families earning between $20,000 and $30,000 a year will get a $500 per child tax cut. Because of Democrats, there is a HOPE scholarship to make college more affordable to our children. Because of Democrats, there are tax cuts for people inheriting farms and small businesses. Tax relief for working families, tax relief for education, tax relief for owners of farms and small businesses, these are Democratic values. These are the ideas President Clinton and the Democrats fought for and won.

Mr. Speaker, thanks to President Clinton and the Democrats, we have a growing, vibrant economy, a shrinking deficit and now a tax cut for working families.

Mr. Speaker, I urge all of my colleagues to support this tax cut bill.

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. MCCRERY], another member of the Committee on Ways and Means.

(Mr. MCCRERY asked and was given permission to revise and extend his remarks.)

Mr. MCCRERY. Mr. Speaker, I had the good fortune a little while ago to hear the minority leader address the House, and I want to compliment him on the tenor of his remarks. He addressed the House and the Members of my side of the aisle with respect and engaged in an honest debate about tax policy in this country and what it ought to get us.

The minority leader spoke about the consumption side of the ledger and how tax cuts ought to go into the pockets of Americans so that they can consume, because after all, he said, consumption is what drives economic growth. And while that is technically true, an economist would say that, I think an economist would also say if you do not have production in society, you are not going to have too many people consuming much, because it is the production side of the economy that creates the good paying jobs with good benefits that allows people to consume.

We have tried in this tax bill to balance those concerns. Yes, we want to put more money in the pockets of people so that they might consume more, maybe even they will save a little bit for their children's education or their own retirement. But we also wanted to increase the incentives in the Tax Code for production. We want to help keep good paying jobs here in the United States. We want to encourage people to save their money, invest their money in productive investments; thus, the capital gains tax relief and the alternative minimum tax relief. That will help keep good paying jobs here in the United States and even help create more good paying jobs. We think that is important.

This is a well-balanced tax bill that deserves the support of Democrats and Republicans alike.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Indiana [Mr. ROEMER].

Mr. ROEMER. Mr. Speaker, I rise in strong support of this bill for what it provides for the average family for a lifetime of education benefits. Let us say you are an average family from South Bend, IN, and you have three children. We now have an education IRA that if you struggle and save $500 a year, that $500 a year is tax deductible and the money you make on that IRA years later for college, you can withdraw tax free.

Let us say that you then send your children to Indiana University at South Bend. They may be eligible for a $1,500 HOPE scholarship. Finally, after graduating with your associate's degree from Indiana University and you work for Ameritech, Ameritech then pays to finish your undergraduate degree. They get your bachelor's degree for you. That is then tax deductible for you. You would not pay any taxes on Ameritech paying for your education. That is fair to the average midwestern

family. That is a good bill for education. That is a strong bill for America. I hope my colleagues will support it.

Mr. RANGEL. Mr. Speaker, I yield such time as he may consume to gentleman from Texas [Mr. EDWARDS].

(Mr. EDWARDS asked and was given permission to revise and extend his remarks.)

Mr. EDWARDS. Mr. Speaker, I rise in support of this legislation.

Mr. Speaker, I will support the bipartisan budget agreement because it will do four primary things: balance the budget, reduce taxes for working families, extend the solvency of the Medicare Trust Fund and make a college education more affordable for all Americans.

The tax and spending reduction legislation translates into the first balanced budget in a generation and much needed tax relief for working families, students, and small businesses.

In addition, the package will help provide health insurance for millions of uninsured children whose parents are working but cannot afford the premiums.

I am pleased to see the estate tax, also known as the death tax, reformed and the exemption for family owned farms and businesses increased to $1.3 million. Protecting family owned farms and small businesses is an issue that I have fought for and supported.

The estate tax has ended the lives of many family owned farms and businesses. Increasing the exemption will help keep the farm or business in the family.

I am also proud of the effort by Democrats to improve this bill. If it wasn't for Democrats demanding fairness, many families making under $30,000 a year would not have been eligible for the child tax credit. We also would not see child health care, higher education scholarships, and tuition tax credits included in this legislation if Democrats had not fought for them.

This tax relief bill will not explode the deficit in future years as the original House Republican bill would have.

This is not a perfect legislative package and it does not solve all of our long-term fiscal issues. It will reduce the deficit by $700 billion over 10 years and bring the Federal budget into balance by 2002.

It is the product of genuine bipartisan efforts. The Congress and President did what the American people have been demadning—put aside politics and balance the budget in a fair and responsible manner.

My hope is that Congress will followup this successful effort by passing a balanced budget amendment to the Constitution to ensure that we will have a balanced budget not just for 1 year but for all future generations.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. CAPPS].

□ 1315

Mr. CAPPS. Mr. Speaker, I rise in strong support of this legislation. This bill will cut taxes for millions of Americans while balancing the budget and protecting our critical investments in education and health care.

In particular, I am in strong support of the immediate increase in the exemption from estate taxes for family farmers and small business owners. In my district on the central coast of California farm and ranch families face the triple threat of high estate taxes, rising land values and suburban development. This combination threatens a special way of life and a matchless environment. Our action today will help us keep family farms and businesses where they belong, in the family and not on the auction block.

I also support the education tax credits in this bill and commend the President in particular for his leadership on this issue. As a teacher, I know firsthand the priceless value of education. The HOPE scholarships will open the door of education to families on the central coast where we have the great universities and excellent 2-year colleges.

It is no secret that education benefits the entire economy, but it also uplifts the spirit and creates a more civil society, and I urge my colleagues to support this legislation.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

I just wanted to repeat for a few of my colleagues who were not here before that, in addition to the patent unfairness of this bill, which is obvious from the charts, that the top 5 percent are getting 44 percent of the breaks. And when my colleagues on the other side suggest that the middle class is getting most of the breaks, they are just taking the first 5 years, they are not looking at the whole 10 years.

The fact is that the poorest people in this country are getting nothing out of this and the richest are getting an average of $16,000. But then there are the owners of Amway Corporation, and I was wrong, I misspoke, they gave two $500,000 checks to the Republican Party, and there is a tax break in here totaling $280 million for their Asian subsidiaries.

So if one invests a million bucks in the Republicans, they can get $280 million back in special hidden tax breaks.

In this bill Sammon Enterprises in Texas, at the last hour, in the Speaker's office, $23 million to one company in Texas. Twenty-three million bucks. That is more than all the people in my district make in a year, Mr. Speaker. Ten times more going to one Texan. I wonder how much money old man Sammon kicked into the Republican Party. It will be interesting to find out.

The beet king in Texas, Simmons, I did not realize what he got. He is getting $104 million, a gift from the Republicans in this tax bill, which is hidden here in the documents which never were explained to any of us.

This borders on the criminal. And when we talk about investigations as to whether the Vice President was in some Ashram someplace and got money, what went on in the Speaker's office when the chairman of the Committee on Ways and Means and the Speaker and the high-knockers in the Republican leadership were cutting deals to pay back big contributors? That is what we ought to find out that is going on in this bill.

I have a page here that lists all of the rifle shots. My goodness, here, ''relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997.'' Does not tell us the name, does not tell us the money, but I will bet it is somebody's buddy who kicked in big to the Republicans.

Here it is, section 1005(b). We will make this part of the RECORD, Mr. Speaker. Here is ''relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing.''

I want to tell my colleagues, those are provisions, page after page, for individuals who are getting special slush out of this tax bill while lower income Americans are going to pay $40 more a year.

Mr. Speaker, the material I quoted from above is submitted herewith:

MEMORANDUM

To: Honorable Bill Archer, Honorable John Kasich, Honorable Philip M. Crane, Honorable William M. Thomas, Honorable Richard K. Armey, Honorable Tom DeLay, Honorable Charles B. Rangel, Honorable Jim McDermott, Honorable Fortney Pete Stark, Senator William V. Roth, Jr., Senator Pete V. Domenici, Senator Trent Lott, Senator Charles E. Grassley, Senator Kent Conrad, Senator Don Nickles, Senator Daniel Patrick Moynihan, Senator Frank R. Lautenberg, Honorable Robert T. Matsui.

From: Kenneth J. Kies.

Subject: Provisions in H.R. 2014 which are subject to the line item veto.

The Line Item Veto Act (Pub. Law 104–130) (the ''Act''), amended the Congressional Budget and Impoundment Act of 1974 to grant the President the limited authority to cancel specific dollar amounts of discretionary budget authority, certain new direct spending, and limited tax benefits. The Act provides that the Joint Committee on Taxation (the ''Joint Committee'') is required to examine any revenue or reconciliation bill or joint resolution that amends the Internal Revenue Code of 1986 prior to its filing by a conference committee in order to determine whether or not the bill or joint resolution contains any limited tax benefits. The Act also requires the Joint Committee to provide a statement to the conference committee that either (1) identifies each limited tax benefit contained in the bill or resolution, or (2) declares that the bill or resolution contains no limited tax benefits. The Act provides that the statement provided to the conferees must be made available to any Member of Congress by the Joint Committee on Taxation immediately upon request.

The Act provides that the conferees determine whether or not to include the Joint Committee's statement in the conference report. If the conference report includes the information from the Joint Committee on Taxation identifying provisions that are limited tax benefits, then the President may cancel one or more of those, but only those, provisions that have been identified. If a conference report contains a statement from the Joint Committee that none of the provisions in the conference report are limited tax benefits, then the President has no authority to cancel any of the specific tax provisions, because there are no tax provisions that are eligible for cancellation under the Act. If the

conference report does not include a statement from the Joint Committee regarding limited tax benefits, then the President determines which provisions are subject to cancellation under the Act.

Pursuant to section 1027(a) of the Congressional Budget and Impoundment Act of 1974 (as amended by the Line Item Veto Act), attached is the statement of the Joint Committee on Taxation regarding limited tax benefits contained in the conference agreement on H.R. 2014.

SEC.—. IDENTIFICATION OF LIMITED TAX BENEFITS SUBJECT TO LINE ITEM VETO

Section 1021(a)(3) of the Congressional Budget and Impoundment Control Act of 1974 shall only apply to:

(1) Sec. 101(b) (relating to high risk pools permitted to cover dependents of high risk individuals)

(2) Sec. 222 (relating to limitation on qualified 501(c)(3) bonds other than hospital bonds)

(3) Sec. 224 (relating to contributions of computer technology and equipment for elementary or secondary school purposes)

(4) Sec. (relating to treatment of remainder interests for purposes of provision relating to gain from sale of principal residence)

(5) Sec. 501(b) (relating to indexing of alternative valuation of certain farm, etc., real property)

(6) Sec. 503 (relating to modifications to rate of interest on portion of estate tax extended under section 6166)

(7) Sec. 504 (relating to extension of treatment of certain rents under section 2032A to lineal descendants)

(8) Sec. 508 (relating to treatment of land subject to qualified conservation easement)

(9) Sec. 511 (relating to expansion of exception from generation-skipping transfer tax for transfers to individuals with deceased parents)

(10) Sec. 601 (relating to the research tax credit)

(11) Sec. 602 (relating to contributions of stock to private foundations)

(12) Sec. 603 (relating to the work opportunity tax credit)

(13) Sec. 604 (relating to orphan drug tax credit)

(14) Sec. 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create sections 1400 and 1400A (relating to tax-exempt economic development bonds)

(15) Sec. 701 (relating to incentives for revitalization of the District of Columbia) to the extent it amends the Internal Revenue Code of 1986 to create section 1400C (relating to first-time homebuyer credit for District of Columbia)

(16) Sec. 801 (relating to incentives for employing long-term family assistance recipients)

(17) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine containing pertussis bacteria, extracted or partial cell bacteria, or specific pertussis antigens

(18) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against measles

(19) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against mumps

(20) Sec. 904(b) (relating to uniform rate of tax on vaccines) as it relates to any vaccine against rubella

(21) Sec. 905 (relating to operators of multiple retail gasoline outlets treated as wholesale distributors for refund purposes)

(22) Sec. 906 (relating to exemption of electric and other clean-fuel motor vehicles from luxury automobile classification)

(23) Sec. 907(a) (relating to rate of tax on liquefied natural gas determined on basis of BTU equivalency with gasoline)

(24) Sec. 907(b) (relating to rate of tax on methanol from natural gas determined on basis of BTU equivalency with gasoline)

(25) Sec. 908 (relating to modification of tax treatment of hard cider)

(26) Sec. 914 (relating to mortgage financing for residences located in disaster areas)

(27) Sec. 952 (relating to assignment of workmen's compensation liability eligible for exclusion relating to personal injury liability assignments)

(28) Sec. 953 (relating to tax-exempt status for certain State worker's compensation act companies)

(29) Sec. 957 (relating to additional advance refunding of certain Virgin Island bonds)

(30) Sec. 958 (relating to nonrecognition of gain on sale of stock to certain farmers' cooperatives)

(31) Sec. 961 (relating to exemption of the incremental cost of a clean fuel vehicle from the limits on depreciation for vehicles)

(32) Sec. 964 (relating to clarification of treatment of certain receivables purchased by cooperative hospital service organizations)

(33) Sec. 966 (relating to deduction in computing adjusted gross income for expenses in connection with service performed by certain officials) with respect to taxable years beginning before 1991

(34) Sec. 968 (relating to elective carryback of existing carryovers of National Railroad Passenger Corporation)

(35) Sec. 1005(b)(2)(B) (relating to transition rule for instruments described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997)

(36) Sec. 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in a filing with the Securities and Exchange Commission) as it relates to a public announcement

(37) Sec. 1005(b)(2)(C) (relating to transition rule for instruments described on or before June 8, 1997, in a public announcement or in filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission

(38) Sec. 1011(d)(2)(B) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on May 3, 1995)

(39) Sec. 1011(d)(3) (relating to transition rule for distributions made pursuant to the terms of a tender offer outstanding on September 13, 1995)

(40) Sec. 1012(d)(3)(B) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a ruling request submitted to the Internal Revenue Service on or before April 16, 1997)

(41) Sec. 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a public announcement

(42) Sec. 1012(d)(3)(C) (relating to transition rule for distributions pursuant to an acquisition described in section 355(e)(2)(A)(ii) of the Internal Revenue Code of 1986 described in a public announcement or filing with the Securities and Exchange Commission) as it relates to a filing with the Securities and Exchange Commission

(43) Sec. 1013(d)(2)(B) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a ruling request submitted to the Internal Revenue Service submitted on or before June 8, 1997)

(44) Sec. 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement

(45) Sec. 1013(d)(2)(C) (relating to transition rule for distributions or acquisitions after June 8, 1997, described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission

(46) Sec. 1014(f)(2)(B) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a ruling request submitted to the Internal Revenue Service on or before June 8, 1997)

(47) Sec. 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a public announcement

(48) Sec. 1014(f)(2)(C) (relating to transition rule for any transaction after June 8, 1997, if such transaction is described in a public announcement or filing with the Securities and Exchange Commission on or before June 8, 1997) as it relates to a filing with the Securities and Exchange Commission

(49) Sec. 1044(b) (relating to special rules for provision terminating certain exceptions from rules relating to exempt organizations which provide commercial-type insurance)

(50) Sec. 1091(a) (relating to termination of suspense accounts for family corporations required to use accrual accounting) as it relates to the repeal of Internal Revenue Code section 447(i)(3)

(51) Sec. 1089(b)(3)(B) (relating to special rule for decedents dying before January 1, 1999)

(52) Sec. 1089(b)(3)(C) (relating to reformations)

(53) Sec. 1171 (relating to treatment of computer software as FSC export property)

(54) Sec. 1175 (relating to exemption for active financing income)

(55) Sec. 1204 (relating to travel expenses of Federal employees doing criminal investigations)

(56) Sec. 1236 (relating to extension of time for filing a request for administrative adjustment)

(57) Sec. 1243 (relating to special rules for administrative adjustment request with respect to bad debts or worthless securities)

(58) Sec. 1251 (relating to clarification on limitation on maximum number of shareholders)

(59) Sec. 1253 (relating to attribution rules applicable to tenant ownership)

(60) Sec. 1256 (relating to modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT years)

(61) Sec. 1257 (relating to treatment of foreclosure property)

(62) Sec. 1261 (relating to shared appreciation mortgages)

(63) Sec. 1302 (relating to clarification of waiver of certain rights of recovery)

(64) Sec. 1303 (relating to transitional rule under section 2056A)

(65) Sec. 1304 (relating to treatment for estate tax purposes of short-term obligations held by nonresident alien)

(66) Sec. 1311 (relating to clarification of treatment of survivor annuities under qualified terminable interest rules)

(67) Sec. 1312 (relating to treatment of qualified domestic trust rules of forms of ownership which are not trusts)

(68) Sec. 1313 (relating to opportunity to correct failures under section 2032A)

(69) Sec. 1414 (relating to fermented material from any brewery may be received at a distilled spirits plant)

(70) Sec. 1417 (relating to use of additional ameliorating material in certain wines)

(71) Sec. 1418 (relating to domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.)

(72) Sec. 1421 (relating to transfer to brewery of beer imported in bulk without payment of tax)

(73) Sec. 1422 (relating to transfer to bonded wine cellars of wine imported in bulk without payment of tax)

(74) Sec. 1506 (relating to clarification of certain rules relating to employee stock ownership plans of S corporations)

(75) Sec. 1507 (relating to modification of 10 percent tax for nondeductible contributions)

(76) Sec. 1523 (relating to repeal of application of unrelated business income tax to ESOPs)

(77) Sec. (relating to gratuitous transfer for the benefit of employees)

(78) Sec. 1532 (relating to special rules relating to church plans)

(79) Sec. 1604(c)(2) (relating to amendment related to Omnibus Budget Reconciliation Act of 1993)

SPENDING BILL PROVISION

(1) Sec. (FUTA exemption for prisoners)

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. WELDON].

Mr. WELDON of Florida. Mr. Speaker, I thank the gentleman for yielding me this time, and I congratulate the chairman of the committee for the good work he did in this tax cut.

I would like to talk a little bit about reality, who is going to benefit from this tax cut. This is a family in my district, the Auger family. We have here Jim and Donna. He is a plumber, she cuts hair. Here are their three kids: Christopher, the oldest, Anthony, and Danae, the young girl. They are going to get $1,500 of reduction in their taxes for the $500-per-child tax credit times three.

When this young man is in college in about 3 years, they will get $1,500 of tax reduction. They will still get the $500 per child tax credit for these two. This is flesh and blood. These are real middle class families.

Do not believe the lies that this is a tax cut for the rich. This is a tax cut for the middle class. It is a Republican tax cut. It would have never happened if it were not for the election in 1994 and the persistence of the gentleman from Georgia, Mr. NEWT GINGRICH, and the gentleman from Texas Mr. BILL ARCHER. I encourage all my colleagues on both sides of the aisle to vote for it.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. GEKAS].

(Mr. GEKAS asked and was given permission to revise and extend his remarks.)

Mr. GEKAS. Mr. Speaker, I thank the gentleman for yielding me this time.

In 1986 many of us voted against the then tax reform bill because it swept away, with one bill, capital gains and some other attractive features of that code.

One of them has been restored in this bill, and it makes my farmers and other colleagues' farmers rejoice. Earned income averaging, which was a part of the 1986, but swept away, is now restored.

This means our farmers, who experience a drought in 1 year and have minimal profits can balance that loss against a bumper crop that might happen the next year. This was an excellent feature on which our farmers relied prior to 1986. Now we can be happy to report that it has been restored in the current tax bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maine [Mr. BALDACCI].

(Mr. BALDACCI asked and was given permission to revise and extend his remarks.)

Mr. BALDACCI. Mr. Speaker, first of all, before the time begins, I would like to thank the ranking member, the gentleman from New York [Mr. RANGEL], for his leadership, and the gentleman from South Carolina [Mr. SPRATT].

Mr. Speaker, in 1993 a major piece of legislation was passed, and at that time it was being criticized roundly in both Chambers of this Congress. In fact, one senior Member, in leadership now in the other body, had referred to the fact that if he was wrong about what was going to happen, that he would be the first one to take the hammer and chisel and put President Clinton's face on Mt. Rushmore.

Since 1993, Mr. Speaker, we have had 5 years in a row of deficit reductions. With reinventing and streamlining the Federal Government, we are at the lowest number of Federal employees since the 1960's. Because of the hard work done by President Clinton and Vice President GORE and the Democrats in Congress, we are at a point where we are going to be able to build a bridge to the 21st century, where we are going to focus on children's health, on working families and we will reward ''work'' and not ''not work''. We are going to make sure that families, family businesses, and farms have the breaks that they deserve.

All the hard work that has gone on to get to this particular point is a credit to those that have served and passed that legislation.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from South Dakota [Mr. THUNE].

Mr. THUNE. Mr. Speaker, I thank the gentleman from Georgia [Mr. COLLINS] for yielding me this time.

I want to point out today that I believe what we are hearing on the floor today is liberalism's last gasp. It is no wonder we are seeing some of our friends on the other side of the aisle having a hard time containing their disappointment, because liberals always look at things in terms of winners and losers. But we have a bill here where the American people are the winners.

The people of this country, Democrats and Republicans, who have come together to do something that is very much in the best interest for the future of this country, because it gives people more control over their economic future, that is really what this is about.

The State I come from, the State of South Dakota, there are so many things in here that will help rural areas of this country. Look at agriculture, estate taxes, capital gains, the family tax credit, income averaging, and deductibility of health insurance premiums. These are all things that will benefit rural areas of this country.

So it is a project that I give credit to the gentleman from Texas [Mr. ARCHER] and the members of the House Committee on Ways and Means for something that was very difficult, and that is trying to drive a Mack truck through a car wash; to get a lot of tax relief out of a little bit of revenue. I think they have done a wonderful job, and I hope my colleagues will support this bill today.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. FAZIO], the Chair of the Democratic Caucus.

Mr. FAZIO of California. Mr. Speaker, those of us who are fighting tooth and nail for working families are fortunate that with the strong backing of Democrats in this House, who stood up and opposed the Archer bill, President Clinton, as PHIL GRAMM has said, cleaned the clock of Republicans in these negotiations.

The President and House Democrats fought for and won for families like that of Debbie and John Ellis, who live in my district in Woodland, CA. Debbie will make $29,000 this year as an office manager for the California Highway Patrol. She is the mother of two boys. Her 21-year-old is working this summer to save enough money to attend Sacramento City College this fall. Her 10-year-old, Joshua, is a fourth-grader at the Woodland Christian School.

The Ellises will receive the college tax credit so their son can get his degree, and they will be eligible for the new child tax credit, which they say will be used to help them get their car repaired.

The Republicans would have denied this family and millions of others just like them tax relief this year. In fact, providing tax relief for these hard working families was called, and I quote, welfare. What an insult.

Mr. Speaker, I want to thank the gentleman from New York, Mr. CHARLIE RANGEL, and President Clinton for hanging tough in these budget negotiations and for fighting for working families. Because of this debate, the American people know who is on their side, and I think they will remember that.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas, [Ms. GRANGER].

Ms. GRANGER. Mr. Speaker, as President, one of Ronald Reagan's favorite things to do everyday was to read the mail. Sometimes he would write out personal responses, but usually he just liked to read what the American people were saying.

One Friday afternoon, as Mr. Reagan was leaving for Camp David, his director of correspondence, Anne Higgins,

gave him a stack of letters to read. Included in the stack was a very angry letter from an extremely upset Democrat in New Jersey.

Next Monday morning, when Anne returned to her office, she noticed Mr. Reagan had returned this particular letter to her desk. Attached was a note from the President which read, ''Dear Anne, don't worry about writing this lady back. I called her on the phone. We are friends now.''

Mr. Speaker, is it not amazing what can happen when honest people engage in an honest discussion on the issues? Fear gives way to faith and fiction is replaced with the facts.

In the past few days, the Congress and the White House have been able to look for common ground and listen to common sense, and the American people are going to be very pleased with the results.

The facts are this tax bill opens doors of opportunity by closing loopholes and exemptions. The facts are this tax bill raises hope everywhere by lowering taxes for everyone. And the facts are our tax bill is not designed to help folks with a corner on the market, it is designed to help folks with a market on the corner, a market not on Wall Street, New York, but on main streets across America.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maryland [Mr. WYNN].

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Mr. WYNN. Mr. Speaker, I thank the gentleman from New York [Mr. RANGEL] for yielding and for his leadership during this process, as well as I would like to take this opportunity to thank the gentleman from South Carolina [Mr. SPRATT], our ranking member on the Committee on the Budget. They did a good job.

This is a good bill, and I intend to support it. It is not a perfect bill. There are legitimate criticisms. The rich still get richer. But the fact of the matter is, we cannot let the perfect be the enemy of the good, and this is a good bill. It provides tax relief that my constituents in Maryland can use. They can use a child tax credit because they are trying to put young people through college so they can get better jobs. They can certainly use a child tax credit so that they can buy necessities, perhaps fix a car, perhaps buy clothes for a child, perhaps simply buy groceries.

This is not going to solve all the problems of the world, but it is an important movement in the right direction. We can remain here and bicker and try to make this a better bill, or we could pass this bill and begin sending child tax relief to needy families, sending education tax credits to people who want to get higher education, and also giving a break to those people who invest in our people through a capital-gains break. It is a balanced bill. It is a good bill. I hope my colleagues will support it.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. BLILEY].

(Mr. BLILEY asked and was given permission to revise and extend his remarks.)

Mr. BLILEY. Mr. Speaker, I thank the gentleman from Georgia [Mr. COLLINS] for yielding me the time.

Mr. Speaker, I am proud today to rise in support of the Taxpayer Relief Act. Just a few years ago, the concept of balancing the budget while cutting taxes was thought to be impossible. The truth was, though, that this concept was nothing more than a myth propagated by the extreme left, who had more faith in the decisions of Government bureaucrats than in the American people. Today I rise in support of the first comprehensive tax cut in more than 15 years.

I want to touch on two important provisions in this tax bill which are very important to my constituents, death tax relief and capital gains relief. Did my colleagues know that the IRS considers the death taxes a tax on the privilege of leaving the fruits of their labors to their children? Something is wrong in America when a tax collecting agency thinks that giving our children the family farm is a privilege. Let me be the first to tell the IRS that in America giving our children what we earn should be a right, not a privilege.

While I support doing away with death taxes entirely, this bill makes an important first step.

Mr. RANGEL. Mr. Speaker, I think that, if the time is correct, my colleagues have double the time that we have. It might be better if we tried two-to-one at this time.

The SPEAKER pro tempore [Mr. LAHOOD]. The gentleman from Georgia [Mr. COLLINS] has 58 minutes remaining. The gentleman from New York [Mr. RANGEL] has 34½ minutes remaining. The gentleman from California [Mr. STARK] has 2½ minutes remaining.

So the gentleman from New York [Mr. RANGEL] is correct.

Mr. COLLINS. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. FORBES].

(Mr. FORBES asked and was given permission to revise and extend his remarks.)

Mr. FORBES. Mr. Speaker, only in political Washington would a mom and dad, or both, working and earning about $40,000 in their family, be considered wealthy.

I want to congratulate the Republican chairman of the Committee on Ways and Means and all the members of the Committee on Ways and Means for helping to put together a responsible bill. For the first time in 15 years, we are going to enjoy some tax relief.

For the American people saying ''What is the big deal? You should have been here years ago?'' but to give $500 per child tax relief, to provide educational incentives, to make sure that the largest investment to most families, their family residence, they do not get taxed by Uncle Sam, they will get the relief of up to $500,000, that is good. To provide for job-creating capital gains relief and small business exemptions, up to 100-percent exemption for small businesses paying health care premiums, protection from estate taxes of $1.3 million, for family farms and for small businesses, this is the right thing to do.

Some $600 billion the Democrat Congress took away from the American people in the early 1990's. To give $94 billion back is not only the right thing, it is long overdue. I commend my colleagues for their hard work.

Mr. COLLINS. Mr. Speaker, I yield 3 minutes to the gentleman from Kentucky [Mr. BUNNING], the distinguished member of the Committee on Ways and Means and chairman of the Subcommittee on Social Security.

(Mr. BUNNING asked and was given permission to revise and extend his remarks.)

Mr. BUNNING. Mr. Speaker, I rise in strong support of H.R. 2014, the Taxpayer Relief Act. What a difference a few years makes. Just 4 years ago, without a single vote, the Democrat Congress passed a $260-billion tax increase as part of the 1993 Clinton tax bill, the largest tax increase in dollars in our history.

Today we vote to cut taxes by about $275 billion over a 10-year period. I think it is fantastic that we have been able to turn around the thinking that goes on in Washington, DC. We absolutely believe that there is going to be an awful lot of people on both sides of the aisle that will support this bill. Because it is good for America, it is good for the ordinary taxpaying person, it is good for kids, it has got so many things that we have worked so hard on that I think America prospers because of this bill.

Let us just talk about people that have gone to schools, gone to college and are paying off their student loans. For those, this bill allows those who are paying off student loans to deduct up to $2500 annually in interest expenses. I do not think anybody has talked about that before.

This provision is estimated to provide $2.4 billion in tax relief over the next 10 years. A second provision of the bill that makes it easier for students to enroll in Kentucky's prepaid college tuition program, to pay for room and board, as well as tuition. Over 2600 Kentucky students have already set up savings accounts and accrue about $500,000 to help pay for college. This bill allows them to use that for tuition and room and board.

I am a little disappointed that the final bill does not provide as much tax relief for withdrawal from these plans as proposed. But we do not get everything in every tax bill. This tax bill has all kinds of relief for the average American taxpayer, the taxpayer between $20,000 and $75,000. Those are the people that want relief. The tax credit

for children, the estate tax, or death tax, whatever you want to call it, we give relief there. For anybody who has a family farm or a small business, we have an extra special tax relief, up to $1.3 million. But the $500 tax credit is the key to this bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. PRICE].

(Mr. PRICE of North Carolina asked and was given permission to revise and extend his remarks.)

Mr. PRICE of North Carolina. Mr. Speaker, the bill before us has many positive features for working and middle-class families. But I am personally proudest of the inclusion of the main provisions of the Education Affordability Act, introduced by the gentleman from North Carolina [Mr. ETHERIDGE] and myself and cosponsored by a bipartisan group of 56 colleagues. These provisions will restore income tax deductibility of interest on student loans and permit penalty-free withdrawals of IRA savings for educational expenses—common sense ideas to make higher education more accessible for American families.

Today is the culmination of an effort former Representative Martin Lancaster and I began some 10 years ago, soon after we first came to the Congress. We said then that if you can deduct the interest on your home mortgage or even on a second home at the beach, you surely ought to be able to deduct interest on something as basic as a student loan. That is still true today, and I am proud to see it recognized in this tax bill.

There is more good news in this bill for Americans seeking to get the training the modern workplace requires, especially the Hope Scholarship which will provide a $1,500 tax credit for the first 2 years past high school and a 20-percent credit for succeeding years.

I am also pleased that this conference agreement removes the notorious tax on the tuition waivers earned by graduate students that was included in the House-passed bill. Students in my district and across the country raised their voices in justified protest, and this bill shows that their voices have been heard.

Mr. Speaker, this bill will expand opportunity for America's young people and workers upgrading their skills. It will help give our country the trained workforce the global economy demands.

Through supporting this conference report, we are putting our fiscal house in order, we are investing in our people, and we are affording tax relief for hard-pressed working families. That is a winning formula for our country, and I urge my colleagues to vote ''aye.''

Mr. COLLINS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. HASTERT].

(MR. HASTERT asked and was given permission to revise and extend his remarks.)

Mr. HASTERT. Mr. Speaker, I thank the gentleman from Georgia [Mr. COLLINS] for yielding me the time.

What a wonderful victory for the American people, the working American family, people who have children, people who have to try to move around this country and find the best job and the best way they can provide for their families. They get to take a $400 tax credit next year. They begin to take the deductions next January on that tax credit per child.

My colleagues, they also can start to say, ''If I have to move and I have to sell my house, I do not have to calculate not to carry forward until I am 55 years of age, but I can take that capital gains now.'' What a wonderful opportunity for people to find the best job, the best venue to raise their children.

What this really means is that American families can start to make the decisions how they can spend extra dollars in their pocket. That $500 tax credit per child is in their pocket now. They will decide how to spend that instead of some Federal bureaucrat.

What does that mean? Well, when we spend our own money, we get to grow the economy, we do not have to decide on some Federal executive or Federal bureaucrat on how they are going to grow government, bigger government, bigger cost, bigger spending. This is a double win for the American family.

Is this bill perfect? Oh, I do not think it is perfect. But is it good? Yes, it is a good bill. And does it mean that we are not going to be back here next year with another bill and try to improve the climate, the economic climate for our American families and American workers? I think we can do that.

But my colleagues, I have to commend the chairman of the Committee on Ways and Means, I have to commend the people who worked in the leadership in this body, and the President. This is a wonderful first step.

Mr. COLLINS. Mr. Speaker, I yield 2½ minutes to the gentleman from California [Mr. RIGGS].

Mr. RIGGS. Mr. Speaker, I thank the gentleman from Georgia [Mr. COLLINS] for yielding, and I want to congratulate him and the other members of the Committee on Ways and Means and the budget negotiators for crafting a much needed, long overdue bipartisan bill to provide tax relief to hard-pressed American families and businesses.

However, I do take exception to one aspect of these negotiations, and that is the last-minute decision by the President to threaten to veto the bill if education individual retirement accounts stayed in the bill. The President issued a last-minute veto threat unless these provisions were stripped out of the bill we will be voting on later today.

This is good, sound policy put forward by the other body, a provision that would allow parents to set up education retirement accounts, or education IRAs, which could be contributed to with the contributions earning interest tax-free as long as the deductions from the account were used for educational expenses like tuition, fees, tutoring, books, supplies, home computers, and any other qualified expense.

The idea behind it, of course, is to allow parents to set aside money for their children's education at any school, any school, public, private, parochial, or home, from kindergarten through college.

But what does the President say in his veto threat? He says that ''I would veto any tax package that would undermine public education by providing tax benefits for private and parochial school expenses.''

It is a sad day to see the President side with the opponents of real educational reform and the defenders of the status quo. School choice, colleagues, parental choice in education, is working. We are getting testimony. I chair the education subcommittee in the House. We are hearing from people who want, we are hearing from parents who want the ability, the choice to send their children to the school that is best for their child.

Here is an article from the Washington Times from this week, July 28. Black support. Support in the African-American community. Risers for school vouchers. Here is Paul Peterson up at Harvard, one of the first people to study parental choice in public education today, looking at the low-income school choice demonstration projects in Milwaukee and Cleveland and concluding that the results, and I quote now, ''indicate that Congress should approve legislation initiating additional experiments in other cities, including Washington, to determine whether this school reform, parental choice in public education, should be introduced nationally.''

So my colleagues, I am real disappointed to see this provision stripped out in the face of the President's veto threat. Parents should have the right to send their children to the school of their choice, the school that is best for their children. After all, it is their money, it is their children, and it is their future.

□ 1345

Mr. RANGEL. The gentleman should be reminded that it was the Republicans that agreed to drop that provision.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida [Mrs. THURMAN] a member of the Committee on Ways and Means.

Mrs. THURMAN. Mr. Speaker, I thank the gentleman from New York [Mr. RANGEL] for yielding me this time. I rise today in strong support of this conference agreement. I would like to point out that many of its best provisions were conceived, I believe, in 1996 as part of the Democratic families first agenda. Democrats said we had to finish what we began in 1993 with the largest deficit reduction package ever enacted and the only one that has worked. This bill will balance the budget once and for all.

We committed ourselves to expanding health care for children; 5 million children will get health insurance because of this bill.

We said hard-working families must get help with the cost of college education. Millions of families will be able to afford college because of this HOPE scholarship and other initiatives in this bill.

In Florida's Fifth District, the average median household income is about $21,000 a year. The capital gains provision in this bill will help thousands of seniors in my district who have their nesteggs invested in mutual funds.

The farming families and small business owners will be able to hold onto their farms and businesses after the death of a loved one because of the estate tax relief contained in this bill.

And families of public safety officers slain in the line of duty will receive their survivor benefits tax free for the first time.

This is a family bill. Hardworking middle class families will enjoy the benefit of the child tax credit and the largest education initiative in a generation. But most of all, we all will enjoy the benefit of a balanced budget by the year 2002.

Mr. COLLINS. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Iowa [Mr. LEACH].

Mr. LEACH. Mr. Speaker, I would like to offer a perspective from my State of Iowa on the important work of the House today.

It is my belief that few tax changes ever contemplated by Congress fit the rural economy as well as this one. Of particular import is the $500-per-child tax credit; the Archer capital gains cut, 20-year deferred payment contracts for family farms and small businesses for estates; 100 percent deductibility for self-employed individuals for health care cost; 3-year income averaging for farmers; and an increase in the inheritance exemption from $600,000 to $1 million and to $1.3 million for closely-held businesses and family farms, which is a potential total inheritance deduction of $2.6 million if both spouses are able to participate. The effect of all of this is that for the first time in the last half century, many Iowa farmers will be allowed to transfer their farms to their children virtually inheritance tax free.

On the education front, with the exception of the revocation of tax-exempt status for TIAA-CREF, this legislation is a strong step forward for the education community. For the first time in over 10 years, students will be able to deduct a major part of interest accumulated on their student loans. In addition, the tax exemption for employer-provided undergraduate education assistance is extended for 3 years, and a HOPE tax credit is created to assist students and their families with out-of-pocket expenses associated with college attendance.

This economic package is beneficial for the rural economy, good for higher education and is put in place within the context of balancing the budget by 2002 if conservative economic growth principles are assumed, and perhaps sooner if the economy continues to grow at or near its current rate.

Mr. ARCHER. Mr. Speaker, I yield such time as he may consume to the gentleman from Oklahoma [Mr. WATKINS].

Mr. WATKINS. Mr. Speaker, I rise for two reasons, one to express my support and how great a day I think this is for the American people, to realize that we finally have worked to where we are all in agreement in a bipartisan way to have a balanced budget for the first time in nearly 30 years and also to have tax cuts for the first time in 16 years. I am excited about it because I am very much a pro-growth economic development type of person. I know we have got a lot to do in order to prepare an economy for the 21st century, the global competitive economy that our children and grandchildren will have to compete. I want to make sure that no one is left behind.

Mr. Speaker, in the bill, as the chairman of the committee well knows, the Senate receded to the House provision in conference dealing with Native Americans in Oklahoma. However, I believe it is essential we clarify the congressional intent. After meeting with the gentleman from Texas, along with Senator NICKLES and the staff of the Committee on Ways and Means and the Senate Committee on Finance and the Joint Committee on Taxation and the Senate Committee on Indian Affairs, the Department of Interior, the Bureau of Indian Affairs and many others, it was concluded it was necessary to create kind of a ''bright-line'' test for determining which Oklahoma lands qualify for section 168(j) to avoid first costly litigation, and also to clearly define the language that is in the House bill which says the ''lands in Oklahoma within the judicial area of an Oklahoma Indian tribe,'' to make sure it means for purposes of this legislation ''lands within boundaries of the last treaties with the Oklahoma tribes.'' This definition narrows the land area compared with the current law by eliminating the unassigned lands.

Because I believe it is important that we clarify this matter, I would ask if the chairman of the Committee on Ways and Means concurs with this explanation.

Mr. ARCHER. Mr. Speaker, will the gentleman yield?

Mr. WATKINS. I yield to the gentleman from Texas.

Mr. ARCHER. The gentleman from Oklahoma is correct. The Oklahoma Indian lands clarification in this bill does narrow the scope of section 168(j) in Oklahoma compared to current law by eliminating the unassigned lands. I thank the gentleman for his cooperation on this issue.

Mr. WATKINS. I appreciate the cooperation of the chairman and also the cooperation of the ranking member. I have worked with the gentleman from New York also on many occasions in the past, and it is always great to be working in a bipartisan spirit to help all of our people. I thank the gentleman from Texas [Mr. ARCHER] and the gentleman from New York [Mr. RANGEL] and ask that the total text of my statement be added for the RECORD.

Mr. Speaker, the chairman of the House Ways and Means Committee and his staff have worked closely with me on a provision in this bill to clarify the application of section 168(j) of the Internal Revenue Code to Indian lands in Oklahoma.

Section 168(j) was enacted in 1993 to provide accelerated depreciation for property placed in service on Indian reservations, including former Indian reservations in Oklahoma. The House of Representatives included a provision in this tax bill that provides that lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe and eligible for trust-land status would qualify for section 168(j).

As the chairman knows, the Senate receded to the House provision in conference. However, since the House leaves the interpretation of the provision to the U.S. Department of the Interior, I believe it is essential we clarify congressional intent.

After my meetings with you, Mr. Chairman, and meetings with Senator NICKLES, Ways and Means and Finance Committee staff, Joint Tax Committee, Senate Indian Affairs Committee, Department of the Interior, and the Bureau of Indian Affairs on this issue, it was concluded necessary to create a bright-line test for determining which Oklahoma lands qualify for section 168(j). This bright-line test is needed to avoid costly litigation and clearly define the language ''lands in Oklahoma within the jurisdictional area of an Oklahoma Indian tribe'' to mean for the purposes of this legislation ''lands within boundaries of the last treaties with the Oklahoma tribes.'' This definition narrows the land area compared with current law by eliminating the unassigned lands.

Because I believe it is important that we clarify this matter, does the chairman of the House Ways and Means Committee concur with my explanation?

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM] who has been so helpful in bringing this all together.

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, I want to first begin by commending the gentleman from Texas [Mr. ARCHER], the chairman, the gentleman from New York [Mr. RANGEL], the ranking member, and the President of the United States for their work in putting together this conference report which I urge everyone to support today. As so often happens in the legislative process, it is not a perfect document but certainly when we compare this bill with that which originally passed the House of Representatives, there are many significant improvements, one of which is in the area of the child tax credit, a debate that occurred that was truly amazing to many, that those who were earning $25,000 a year and also

working were not to be entitled to a tax credit; amazing that the debate occurred, but it has been resolved in a very favorable way which pleases 50 percent of the constituents of the 17th District of Texas who find themselves in that income category.

In the area of the capital gains tax cut, one thing that was recognized that I think will prove to be hopefully a goal for the future is to recognize longer held investments should be entitled to capital gains reductions, not necessarily the short term that provides for speculation and quarterly report syndrome.

The estate tax relief, something that we advocated, the Blue Dogs and others, glad to see now a $1.3 million estate tax relief for family held businesses, as my colleague from Iowa a moment ago so eloquently put.

Also when we look at the backloading, something that was very concerning to those of us who are called deficit hawks, the concern of the original House bill with indexation of capital gains, with backend loading of IRA's, has been satisfactorily dealt with in a compromise way, so much of our concerns there have been eliminated.

Some other very positive features. Moving to 100 percent deduction of health insurance for self-employed, something that will be of tremendous importance in our continued quest for a fair health system for this country. Income averaging for farmers. Glad to see that is in because that is something so important. And also the Hulshof-Stenholm bill providing preferential tax treatment for farmer cooperatives that purchase processing facilities, something that is a very good sign for the future of agriculture.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. SOLOMON] the highly regarded, highly influential chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I am embarrassed after that introduction by the gentleman from Texas [Mr. ARCHER], but I am not embarrassed to stand up here and hand out accolades to the gentleman from Texas [Mr. ARCHER], the chairman. When the Speaker pro tempore and I were here way back in the late 1970's, or I was and then he came in 1980 with Ronald Reagan and the gentleman from Texas [Mr. ARCHER] was still here, this country was on hard times. I was a businessman just before that, back home, a small businessman. I recall having to make a corporate loan for my company in which we paid 2 percent above the prime rate and that was 23.5 percent, to borrow money to expand our business.

23.5 percent. That was almost impossible. Inflation was running at 13.5 percent. It was really hard for people who were living on fixed incomes. They just could not make it.

Then along came Ronald Reagan and he did what John F. Kennedy did many years before that in 1962, and the gentleman and I and Chairman ARCHER cut taxes, we stimulated the economy, and we had a roaring economy for 8 years that created 17 million new jobs.

That is how important this bill is today. When we think about people today and the very fact that two-thirds of the American people today filing income taxes take some capital gains and of those two-thirds, 50 percent are older Americans living on fixed incomes, with incomes of less than $40,000. In other words, $25,000, $35,000. That is how important this is. Because that is bread and butter on the table of those people who have worked all their lives but finally now have to dip into their savings in order to make it, in order to maintain a decent standard of living. That is how important this bill is today.

I just cannot tell Members how thrilled I am and how proud I am to be a Republican, to be here today, to carry on that Ronald Reagan legacy that we are going to establish here today, reestablish and carry on for the next 10 years. I thank the chairman and the Speaker pro tempore for all they have done in bringing this bill to the floor.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Hawaii [Mr. ABERCROMBIE].

(Mr. ABERCROMBIE asked and was given permission to revise and extend his remarks.)

Mr. ABERCROMBIE. Mr. Speaker, today I will support H.R. 2014, the Taxpayer Relief Act.

Yet I cannot rise without sharing my greatest concern with the tax bill, the airline ticket tax. The changes proposed in the airline ticket tax will have an adverse effect on Hawaii's people and on our economy. The segment portion of the domestic ticket tax is unfair. It is particularly unfair to Hawaii where Aloha, Hawaiian, and Mahalo, our local inter-island carriers, provide short-haul trips between the islands. Our unique geography as an island chain makes air travel a necessity. Unlike other areas of the country, we do not have a choice. If individuals want to travel from island to island, we have to fly. In order to make it economical for our people, Aloha, Hawaiian, and Mahalo island hop. The domestic airline ticket tax shifts the burden to low-cost, short-haul carriers. These are our local carriers and this will hurt Hawaii.

The ticket tax increase on international flights from $6 to $24 is another concern. Tourism is Hawaii's largest industry. It is a large industry for many States of the Union. International visitors are a vital part of our tourism industry.

Mr. Speaker, I will not dwell any further on the ticket tax except to say that I will work with all my energy to repeal these provisions in the future as we proceed to a tax bill next year.

Mr. Speaker, I rise today in support of H.R. 2014. The conference report we are voting on today is an improvement over the version that initially passed the House in June. I voted against that measure for a number of reasons: It denied the full benefits of the child deduction to hard-working, low-income taxpayers who avail themselves of the earned income tax credit; it opened up enormous loopholes that would have fully or partially excluded millions of American workers from the protection of labor laws and fundamental benefits like Social Security and worker compensation; and it short changed low and middle-income taxpayers, denying them a fair share of its tax cuts.

The bill before us today remedies those deficiencies in whole or large measure.

Yesterday, the House passed the spending bill that sets our Nation on a path to have a balanced budget by 2002. The bill we are voting on today provides tax relief for our citizens—tax relief that is paid for.

We have arrived at this point because of the courageous vote taken in 1993. The 1993 budget agreement was a 5-year deficit reduction package. It was a fiscally sound decision. As a result of the deficit reduction package our Nation has a healthy economy.

Unfortunately, my constituents in Hawaii have not benefited from the economic upswing to the same extent as the rest of the Nation. Hawaii needs an economic stimulus. The balanced budget tax relief agreement we are voting on today will help us. It is not a silver bullet, but it will benefit a great many hard-pressed people and small businesses in Hawaii.

I am voting for this bill not because it is perfect, but because on the balance it helps working families and the middle class. It helps the people of Hawaii.

The bill helps Hawaii families. It provides a child tax credit of $400 a child in 1998 and increases to $500 a child thereafter for children age 16 and under. The credit phases out for couples with adjusted gross incomes of $110,000 and individuals with incomes of $75,000.

The bill helps Hawaii college students. It provides a tax credit of up to $1,500 a year for the first 2 years of college and a tax credit of up to $1,000 for later years. Eligibility phases out for couples with incomes between $80,000 and $100,000 and individuals with incomes of between $50,000 and $60,000.

The bill helps Hawaii homeowners. Married couples may exclude up to $500,000—single individuals may exclude up to $250,000—of capital gains from the sale of a primary residence. In Hawaii, this provision will be particularly helpful to residents whose principal investment is their home.

The bill provides Hawaii with broad based capital gains reduction. Capital gains come from the owning of assets such as stock, bonds, homes, real estate, and businesses. The top capital gains tax rate drops from 28 percent to 20 percent. This rate will drop further to 18 percent, effective in 2001, for individuals who hold assets for 5 years or longer. For married couples with incomes less than $41,200 the capital gains tax rate drops from 15 percent to 10 percent. The rate will drop further to 8 percent, effective in 2001, for married couples who currently earn less than $41,200 and who hold assets for 5 years or longer.

The bill provides Hawaii with estate tax relief. The estate tax will increase from the current $600,000 to $1 million. It will be phased in over a 10-year period.

The bill provides Hawaii with expanded IRA—Individual Retirement Account—opportunities. It creates new IRA Plus accounts. Contributions are not deductible, but interest, dividends, and capital gains accumulate tax free. Allows penalty free withdrawals for first time home purchases. Further, withdrawals are tax free if the account is held for at least 5 years and the account holder is at least 59½. Income limits on traditional IRA's are raised.

The bill helps Hawaii small business. Self-employed small business people will be able to deduct 100 percent of their health and insurance costs—the current deduction is 40 percent, reinstates the home office business deduction, and provides an immediate jump in the estate tax threshold to $1.3 million—$2.6 million for couples—for small family farms and businesses. This provision is important, because it enables continued family ownership of small farms and businesses from one generation to the next.

Yet, I cannot rise without sharing my greatest concern with the tax bill: the airline ticket tax. The changes proposed in the airline ticket tax will have an adverse affect on Hawaii's people and our economy. The segment portion of the domestic ticket tax is unfair. It is particularly unfair to Hawaii where Aloha, Hawaiian, and Mahalo, our local interisland carriers, provide short-haul trips between the islands. Our unique geography as an island chain makes air travel a necessity. Unlike other areas of the country we do not have a choice. If individuals want to travel from Island to island we have to fly. In order to make it economical for our people Aloha, Hawaiian, and Mahalo island hop. The domestic airline ticket tax shifts the burden to low-cost short haul carriers. These are our local carriers. This will hurt Hawaii.

The ticket tax increase on international flights from $6 to $24 is another concern. Tourism is Hawaii's largest industry. International visitors are a vital part of our tourism industry. The change in the ticket tax on international flights puts a greater tax burden on international visitors. International tourism is a major foreign exchange earner for the United States. It is one of the bright spots in our balance of payments picture. It generates millions of American jobs. Why do we create a disincentive to travel to the United States.

Mr. Speaker, I will not dwell on the airline ticket tax any further, except to say that I will work with all my energy to repeal these provisions in the future.

This is an important day for the people of Hawaii and our Nation. H.R. 2014 provides the people of Hawaii and our Nation with tax relief. I urge my colleagues to support this measure.

□ 1400

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Florida [Mr. BOYD].

(Mr. BOYD asked and was given permission to revise and extend his remarks.)

Mr. BOYD. Mr. Speaker, I first want to congratulate the gentleman from Texas [Mr. ARCHER] for his work over the many, many years and also my friend, the gentleman from New York [Mr. RANGEL], the ranking member.

As my colleagues know, we are going to pass today and I am going to vote for a tax cut bill which is on balance a very good bill, and it is a much better bill than it was when it left this House of Representatives earlier because it had many provisions in it at that point in time which caused many of us, including myself, to vote against it. But the conference has chosen to take those provisions out, and that makes me very happy.

However, there is one very obscure provision which is very onerous which I want to tell my colleagues about, and that is a tax exemption repeal for a Teachers Insurance Annuity Association—College Retirement Equity Fund, better known as TIAA–CREF. TIAA–CREF was created in 1918 by Carnegie Foundation to provide a portable pension fund for university employees. It has had tax exempt status for 79 years, and, my colleagues, we are going to repeal that tax exempt status in this piece of legislation that we are going to pass today, and that is wrong.

I would ask my colleagues to work with me because the repealing of this tax exempt status will mean that there will be a 5-percent reduction on average of the average university employee retiree over the next few years, and I would ask that Members will work with me to repeal this provision in the future.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. ROTHMAN].

(Mr. ROTHMAN asked and was given permission to revise and extend his remarks.)

Mr. ROTHMAN. Mr. Speaker, I believe that promises made should be promises kept, and that is why I am proud to support this historic bipartisan balanced budget agreement.

Among the most important provisions in this bill, the basic concepts of my Lifetime Learning Affordability Act are very much prominent. For the first time we will be giving American families up to $2,000 in tax relief for their children's college tuition and allowing them to save in IRA-like savings accounts for their own lifetime of learning. It also increases the Pell grants to a historic high and restores the tax deduction on the interest on student loans.

Seven months ago, when I took office, I promised the people of the Ninth Congressional District of New Jersey that I would fight for a balanced budget. I promised to help bring about a smarter, more effective, more cost-efficient government that invested in our people, that kept our Nation's historic commitment to seniors, our children and the environment.

This balanced budget agreement delivers for the hard-working men and women of Bergen and Hudson Counties, NJ, and that is why I am proud to support this historic balanced budget agreement. Promises that were made have now been promises kept.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. MENENDEZ], the deputy minority whip.

(Mr. MENENDEZ asked and was given permission to revise and extend his remarks.)

Mr. MENENDEZ. Mr. Speaker, what will morning in America look like after we pass this bill? What will be the American vision of the future? We delivered the balanced budget based on tough choices and sacrifices made by Democrats in 1993, but the Democratic vision for America did not stop with a tax cut for corporations and the wealthy. Democrats fought for and delivered a far greater vision for all Americans and a more inclusive tax cut.

Tomorrow morning in America, because of Democrats, 24 million more children will wake up with health care, millions more than under the Republican plan. Tomorrow morning in America, because of Democrats, every student with a talent and ambition will awaken to the opportunity to attend a 4-year college and get a degree, millions more than under the Republican plan. Tomorrow morning in America a hard-working farmer or small business person will be able to keep the family business in the family. Families will more easily sell and buy better homes. Hundreds of neighborhoods will awaken knowing that the local scourge of a nearby polluted brownfield will be cleaned up. Tomorrow morning in America twice the families in my own home State of New Jersey will receive a tax credit for their children because Democrats fought for a better vision of the future.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. VENTO].

Mr. VENTO. Mr. Speaker, I rise in support of this Clinton tax package. It is build on the hard work of the 1993 vote. Quite frankly, voting for tax breaks is one of the more pleasant tasks or the easier tasks that Members of Congress have to perform. Everyone likes to vote for a tax break, many of our constituents want them and are most often pleased with the tax breaks.

But the fact is there would be no tax break legislation today available, without a bigger deficit but for the actions the 10 past years. Congress is not going to do what was done in the riverboat gamble of 1981. Congress is not going to do that. Today we are pursuing a much different policy path. The Federal Government fiscal policy actions have earned this tax break by making tough votes such as the vote on the 1993 budget. Today this mostly positive tax breaks. Eighty-four percent of this bill the next 5 years goes for a child credit and education credit. Investing in people; that is the type of tax breaks the American families need. There is some other provisions in here, but that is reflection of political symmetry of the Federal Government.

This action is no Ronald Reagan riverboat gamble, rather it is a good bill

and not savaging the basic programs that we came here and pledged to support, not the policy path of 2 years ago when, in fact, programs, like Social Security and others were the sacrifice for lavish budget busting tax breaks, this tax policy is a policy earned by solid fiscal discipline. We may be a little bit ahead of the curve in hoping to reduce the deficit and being certain that the deficit is under control but the fact is this is a sound tax break, a result of deliberate policy it eliminates the indexing, it eliminates the automatic pilot type of provisions that were in the initial bills. It is a measure that will get a big vote today, but it is built, as I said, on hard work of 1990. I might say the budget of President Bush and Congress, and the 1993 budget of Clinton and Congress. Congress has not since the early 1980's been able to vote for additional substantial tax breaks or cuts, because the policy path of excessive tax giveaways and uncontrolled Pentagon spending dug the deficit hold so deep that the emphasis has been on correcting and rehabilitation of the consequence of the Reagan riverboat gamble tax policies.

Finally, today in a measured manner and on a reasonable basis maintaining the programs that the American families need to care for themselves and one another, we can return and focus on tax breaks which help families and invest in people.

Certainly the price of this has been some tax breaks for special groups that are not needed nor justified, but the Democrats led by President Clinton turned the GOP Congress product of 2 years ago and turned it inside out to principally help families and balance the budget without blowing up the budget for the future. A positive bill for which I can vote and urge others to support.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Washington [Ms. DUNN], a highly respected member of the Committee on Ways and Means.

Ms. DUNN. Mr. Speaker, because of the Republican majority in Congress, for the first time in 16 years women across America are getting a tax cut. The truth is the Republican tax relief bill helps women throughout their lives both at home and the job market. The only people who think this tax relief bill is not good for women are those who do not believe we women can manage our own money, and that, Mr. Speaker, is passe.

So let us talk first about tax relief at home. With our bill the mothers of 41 million American children will be able to keep more of their own money. The $500 per child tax credit that will begin in 1998 is money mothers surely can use to make ends meet, money that can be used to pay for school clothes or for groceries or for all the unexpected expenses that come with raising a child.

Women and their families will also receive help in sending children to college. The cost of higher education is overwhelming these days. I just finished paying for two children to go to college, and truly believe me, I know how expensive it can be.

Women are provided additional options to save for their retirement through expanded IRA's. The fact is that we women live longer than men. Yes, we generally have less savings set aside. I do not believe our society wants to force a woman into buying shoes for her 8-year-old child as opposed to saving for her retirement, and expanded IRA's will help provide the savings that will work toward those worrisome retirement years.

And now let us talk about the workplace. Women are starting businesses today at twice the rate of men. A lower capital gains tax leaves more critical capital in hands of women business people, women investors, and women entrepreneurs. Why is this so important to women? Because the 1995 survey of women-owned businesses tells us that 84 percent of women use personal savings to start their businesses.

Mr. Speaker, the American dream for everyone, including women, is to make life better for our children and for our loved ones. Yet the current death tax is such an onerous burden that when the owner of a family farm or business dies, the children often must sell their inheritance just to pay the taxes. That is what this bill is about, providing women with options and time to balance the demands of today's world. No longer should women feel they are being pulled in 10,000 different directions, often sacrificing themselves and their children's interest just to pay Uncle Sam.

Mr. Speaker, helping American families and especially America's women is all part of the Republican agenda. The truth is this tax relief never would have happened if it had not been for our majority, and we are proud of our work on behalf of American families, and we look forward to making Government more and more efficient while keeping that safety net out there for those Americans who truly need it.

Mr. RANGEL. Mr. Speaker, I yield such time as she may consume to the gentlewoman from California [Ms. SANCHEZ].

(Ms. SANCHEZ asked and was given permission to revise and extend her remarks.)

Ms. SANCHEZ. Mr. Speaker, I rise today in support of the balanced budget agreement. Today we will have the opportunity to provide hard working Americans with the first balanced budget in a generation.

We have accomplished an amazing feat today. The President and Congress have come together for a truly bipartisan budget agreement.

A budget that is balanced, that provides fair tax relief, that provides coverage for children's health care, and that truly expands education opportunity.

Congressional leaders and the President have worked to draft a bill that helps middle class parents. These Americans have funded the deficits of the last decade and deserve a return on their investment.

This historic investment in education includes the HOPE Scholarship Program that truly will give hope for a college education to working-class American families.

It includes the largest Pell grant increase in two decades. As a former Pell grant recipient, I know how much we need this funding.

This agreement provides the first tax cut for Americans in 16 years. This budget gives a $500 per child tax credit to every family in America. It also allows parents to save for their child's higher education with the education IRA.

We have finally recognized what our parents and community leaders already knew, that when we cut taxes to families, when we provide children's health care, and when we invest in education—when we balance the Nation's budget—our cities, our States, and our Nation will prosper.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. DAVIS].

Mr. DAVIS of Illinois. Mr. Speaker, I want to first of all commend and congratulate all of those who have worked to reach this accord. But when I viewed the balanced budget agreement I asked two fundamental questions:

Is it fair and does it go far enough to lift the boats of all Americans, including the poorest among the poor?

And while I agree that there has been serious movement toward the inclusion of more families and more children, I still must ask the question, is it good for all of America?

This agreement provides tax relief for the richest of Americans to the tune of over 70 percent. Is that fair? Under the current agreement corporate welfare continues to be protected, and so I agree that it is movement, but I do not believe that it goes far enough to really touch the poorest of the poor.

I believe that we can do better. We provide serious breaks for the rich, a few breaks for the middle class, practically no breaks and little hope for the poor.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. CLEMENT].

Mr. CLEMENT. Mr. Speaker, several days ago I had the opportunity to participate in a news conference at the White House, and it was a true love-in, it was a true commitment that we are going to balance the budget, and it is historic. We are on track toward a first balanced budget since 1996. We are on pace toward our first tax cut that we have really had since 1981. A couple of years ago, how many of us in this Chamber could have predicted such far-reaching and much needed reform?

As a former college president, I am proud of the commitment that we have made on education, a $1,500 tax credit for college, $2,500 tax deductions for interest paid on college loans and $500 tax free contributions into education IRA's.

And it is a pro-family reform as well, $500 per child credit, approximately doubling the tax exemption on real estate for both individuals and couples.

Let us keep the budget process moving, let us cast a ''yes'' vote, and let us balance the budget once and for all for all Americans.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Ms. WATERS], the chairperson of the Congressional Black Caucus.

Ms. WATERS. Mr. Speaker, I would like to thank the gentleman from New York [Mr. RANGEL] and the gentleman from Texas [Mr. ARCHER], the chair of the Committee on Appropriations, for their work, and I know how hard he struggled. However, this Congress is about to pass the most profound and drastic tax cut this Nation will experience in many years to come. This is a true redistribution of the wealth, and let me tell my colleagues why.

The top 1 percent in our Nation will get a tax cut of about $16,000. That is people who make over $645,000. The next 4 percent, people who make about $150,000 will get a tax cut of $1,492. But let us take a look at the lowest 20 percent, the lowest 20 percent in our Nation, people who make $6,500 will have to pay $39 more. The next 20 percent, people who make $15,000, will only get about $114, and the next 20 percent, people who make $27,000, will get about $194 in tax cuts.

Well, let me just show my colleagues this. In capital gains, this means the CEO's of major corporations like Donald Trump and over at Nike, they will be able to take their pay in stock options and the stock options will only be taxed at 18 percent which means they will be paying about half of what the average working person will be paying in taxes.

So who is getting the short end of this deal? Not only are the poor in inner cities, where the economy is not performing, still no jobs, low paying jobs, jobs that have been exported to Third World countries for labor, let me tell my colleagues about districts like the district of the gentlewoman from Idaho [Mrs. CHENOWETH], in her State's panhandle with the median income of less than $25,000 per year and a per capita income of $11,530.

□ 1415

These are working and poor people in districts like that of the gentleman from Florida [Mr. CHARLES CANADY], Poke County, FL, with a median household income of $25,315 per capita and personal income of about $12,277.

I want to tell the Members, this is not the right way to go. It is going to pass. Republicans are going to take credit, Democrats are going to take credit. Nobody knows what is in the details. But I want to tell the Members, the American people will find out. They will know in the final analysis. This is no deal for the average Americans. Rich people will make out again. They will be partying on Wall Street tonight.

Mr. ARCHER. I yield myself such time as I may consume, Mr. Speaker.

Mr. Speaker, I would just briefly respond to the gentlewoman from California [Ms. WATERS] and say that every Member has had an opportunity to know every detail on this bill because every detail has been on the Internet beginning at 7 o'clock last night.

I know Members diligently have wanted to peruse this bill and to learn the details. I am sure that last night they have stayed with their staff and have had the opportunity to learn all of the details that are in this bill.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DELAY], my neighbor and my friend.

Mr. DELAY. Mr. Speaker, I want to commend the chairman of the Committee on Ways and Means for all the hard work he has done to bring this to the floor. I have to tell the Members, I rise in support of the Archer tax cut. I urge my colleagues on both sides of the aisle to support it.

Mr. Speaker, sometimes history is made by bold strokes and sometimes history is made with small steps. Today we are taking a small step toward a smaller and a smarter Government. This tax cut legislation represents only the beginning of our agenda that will give the American taxpayer real relief from an oppresive Tax Code. A Government that takes over 50 percent of the average family's income threatens liberty and needs serious reform.

But in our system of government, reform is best achieved through bite-sized bits that are easily digested, I believe, by the voters and easily understood by popular opinion. This is the first bite of a seven-course tax-cut meal. Some of my colleagues will say that this tax cut is not enough to tide them over. I agree. But I promise the Members that this first tax cut in 16 years will not be the last tax cut in 16 years.

This bill is a good start. It contains necessary relief for families with children. It will spur economic growth by lowering taxes on investments, savings, and job creation. It starts the process of phasing out that punitive death tax.

To those liberals who complain that this tax cut goes too far, let me just simply say that in my view we can never go too far in allowing the American family to hold on to more of its hard-earned money. I urge my colleagues to start the process to cut taxes for all Americans and vote for this sensible bill.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from New Jersey [Mr. PAPPAS].

Mr. PAPPAS. Mr. Speaker, today is a great step forward, a new beginning down the path of ending the era of big government. For the first time in 16 years, the American people are getting real, permanent tax relief, the Archer tax cut of 1997. Every American is a winner today. We have sent a message that Washington has to make do with less, so people can keep more of what they earn. I think too often in Washington bureaucrats forget it is not their money to waste. People of America work hard for the money and it is theirs.

This is real tax relief. People in every stage of life will receive something, families with children to pay for schooling, for home ownership, for home-based businesses, or to save and invest for retirement. From the family farm to the small business, everyone benefits. Families deserve the freedom our tax relief plan will bring.

The $500-per-child tax credit will give parents more freedom in raising their children to be healthy, well-educated, productive adults. I want to commend the Republican leadership and Chairman ARCHER for an excellent job and a tremendous first step.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the respected member of the Committee on Ways and Means, the gentleman from Minnesota [Mr. RAMSTAD].

Mr. RAMSTAD. Mr. Speaker, I thank my distinguished chairman for yielding time to me, and for his outstanding leadership. I daresay, without the gentleman from Texas [Mr. BILL ARCHER], we would not be here with this tax relief bill, the most substantial tax relief for the American people since 1981.

Mr. Speaker, in addition to the more publicized provisions of this bill, the child tax credit, the higher education relief, the capital gains cuts, and the death tax relief, I would like to point out several provisions that I have worked on for many months with several of my colleagues to help victims of the recent flooding in the Red River Valley of Minnesota and the Dakotas. I want to thank Chairman ARCHER for his help as well in getting these provisions in this bill.

We include special mortgage revenue bond rules for those people to rebuild their homes in the flood areas. We extend the IRS deadlines in the flood areas. We provide interest abatement for delayed filings, and special IRS rules for the forced sales of livestock that were caused by the horrible, horrible floods.

I am also gratified that several other reforms I have worked on are included. We changed the rules governing employee stock ownership plans [ESOP's] to make it easier for small businesses to give ownership to employees of the company. We prevent the taxation of survivors benefits. We stop, no more taxation for survivors benefits for police officers or firefighters killed in the line of duty.

We make the administration of church pension and benefit plans much more workable. We include language to clarify the tax-exempt status of State health insurance risk pools that provide coverage for high-risk people and their children and spouses.

Mr. Speaker, this bill will provide important relief to real people right now. I urge my colleagues to support this important legislation.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. CALVERT].

Mr. CALVERT. Mr. Speaker, I stand in favor of this bill. I also want to commend the chairman of the Committee on Ways and Means for an excellent job.

It certainly is an historic week. For the first time in a generation, we will balance the budget and provide tax relief to working families across the Nation. This Congress will leave the legacy of a smaller, less invasive government to our children. At the same time, we will ensure that middle-class Americans keep more of their money.

Today we will refund to the American people one-third of President Clinton's tax increase, the largest in history. Back in my congressional district, the per-child tax credit will mean families with children can save $47 million next year. California has had some tough years, as the Speaker knows. We are looking forward to having better years. This is going to help, Mr. Speaker.

Some said this day would never happen. Thanks to the Republican Congress, it has. But the real winners this week are my constituents and the rest of the American people. We look forward to future days like this.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. BECERRA], a member of the Committee on Ways and Means.

Mr. BECERRA. Mr. Speaker, I thank the gentleman from New York, especially for all the work he has done on this particular balanced budget agreement.

Mr. Speaker, if 535 Members of both the House and Senate got together to try to draft a bill, we would have 535 different versions of a balanced budget agreement. That is why in a democracy and in politics compromise is what must rule. If we do have that type of compromise, we have leadership and we will have progress.

We have to accept some bad with the good. Democrats, I know for example, fought for about 5 million children to be included within the child tax credit because they happen to fall within families that earn between $18,000 and $30,000. Republicans were able to achieve victory for families earning $75,000 to about $160,000, and including them within the child tax credit as well.

Democrats fought hard to get another $8 billion more for child health care, to try to help cover some 5 million of the 10 million uninsured children in this Nation. Republicans fought very hard and succeeded in getting the corporate tax rate dropped on capital gains tax rates.

Democrats fought very hard to make sure that empowerment zones and brownfields were included in the legislation, which would allow for economically depressed areas, those areas that had contamination in the soil, to be reached by new entrepreneurs who are willing to take a little bit of a risk, and they will get some incentives and tax breaks if they establish a business in these areas.

Republicans, on the other hand, fought very hard to get IRA's, individual retirement accounts, that will now go to those who can put up to about $2,000. If they happen to have incomes up to about $160,000, now they will not have to pay taxes on those particular IRAs. They benefit.

Democrats made sure that the education package would give someone who is going to community college and pays $2,000 a year at least $1,200 of tax breaks. The Republicans wanted to give $750. We won on that. The Republicans were able to get more breaks for the 1½ percent of people who die and have to pay an estate tax.

We all win and we all lose. Ultimately we try to compromise. I think we can all say that whether one lives on Main Street or Wall Street, we all won.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from Texas [Ms. JACKSON-LEE].

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, allow me to say to the gentleman from Texas [Mr. ARCHER], a friend and someone who I know has worked so very hard on this bill, I thank him very much. I rise today to support this legislation and this effort.

However, I would say to the gentleman from Texas, BILL, if I might call you that, if we acknowledge the sincere distinctions that we have in this House, let me now commend my good friend and the ranking member of the Ways and Means Committee, the gentleman from New York, Mr. CHARLIE RANGEL. CHARLIE RANGEL is a Korean war veteran who went to school on the GI bill.

It so happens that his history may track a little more where I came from, where the earned income tax credit might have helped my parents who did not have a college education; who struggled every day, and may not have known sometimes how the bills would be paid.

I represent a district that looks like that of the gentleman from New York, Mr. CHARLIE RANGEL, and with poor people and working people, and great ethnic diversity, so I also stand in the well of this House acknowledging that there are some stumbling blocks in this tax bill. Nevertheless, I cannot thank CHARLIE enough for staying in there in the fight, never forgetting where he came from.

So we now have in place for those people making $30,000 a year tax relief. The HOPE scholarship has been made better. In fact, now you do not have to worry about whether you are going to Yale or Harvard to get tax relief, you can go to your local community college and you can get $1,500 a year free and clear and you can go and get an education.

I do not like that most Americans do not save a lot. This may change because of this tax bill. It gives incentives for savings. That is a positive. England is No. 3 in this world on assets because their people save. Yes, I do not like total airline taxation system, but we have made it better, and we are going to stay on it and make it much better. To my airline constituents those on short domestic routes and those on international routes, I will continue to monitor the impact on this bill.

To the Members, there is something else we can work on. We can work on tax simplification, so all of us can understand how to file our taxes, because we are a nation that believes in carrying its weight. Further, in the outyears, if this deficit explodes, I am committing to be diligent in making sure this Congress fixes this bill so we do not have the deficit that we had before, which hurts the economic health of this Nation.

There are some stumbling blocks here, but to that I quote Shakespeare's words ''that unto each of us is given a book of rules and a bag of tools, and each must make, ere life is flown, a stepping stone or stumbling block. Stumbling blocks are in this bill, but there are enough stepping stones that we should vote for this bill. This is a bill for America. I am proud to vote for this tax bill, because people like me and people I represent will be able to count a few more dollars in their pockets and get real tax relief. At the same time America's business is freer to reinvest in America's economy and create jobs! jobs! jobs!

Mr. Speaker, I rise today to join my Democratic colleagues in raising the flag for the Americans who truly need the tax cuts in this bill. Let's not kid ourselves here, this will mean an increase in the paychecks for working people that Democrats represent. This bill may mean a decrease of Republicans on lines 13 and 14 of their Schedule D's after they confer with their lawyers and accountants, But, today Democrats can raise the flag for working Americans who bring home a paycheck that will see an increase as a result of work on this side of the aisle.

Let's make no mistake about it, Mr. Speaker, the economic engine that is driving our expanding economy is being oiled and maintained by Americans who carry lunch boxes to work and really do something or make something for the paychecks they receive. They don't clip coupons, they work for a living. They don't have lobbyists up here on Capitol Hill making campaign pledges to us. They are the ones who really deserve the break today that this bill is delivering.

Democrats fought Republicans and won the $500 child tax credit for families who need it, families making under $30,000 a year and may have depended on the earned income tax credit in the past, the American wage earners that the Republican leader characterized as getting welfare if they got the child tax credit.

Mr. Speaker, Democrats fought for and won this credit for 15 million taxpaying, working families that the Members on the other side of the aisle argued vehemently were less deserving than families making over $100,000 a year. Republicans failed the fairness test even though they originally promised in their Contract With Americans back in 1994 that those

15 million would be included in their targeted tax breaks. Thanks to our work, the work of Democrats, those working class Americans are included today.

Mr. Speaker, the American public knows who stood up for the families who send their children to our community colleges, to our great land grant universities, our venerable State colleges and universities and our Historically Black Colleges and Universities. Americans know that they will be able to contribute tax-free to State run prepaid tuition plans because of the work of Democrats. They know that the HOPE Scholarships that give students a tax credit for the first 2 years of college worth 100 percent of the first $1,000 of their tuition and 50 percent of their second $1,000 of tuition has a Democratic stamp on it. They know that in the third and fourth years of their college education they will get a tax credit worth 20 percent of $5,000 of tuition expenses for each year because of the Democrats on Capitol Hill.

Mr. Speaker, there can be no doubt about which Members of Congress expanded the welfare-to-work tax credit in order to help those Americans and their employers who are making the transition from welfare to work. This bill gives employers who hire those who may have been less fortunate than others and have been on welfare for an extended period of time a tax credit equal to 35 percent of the first $10,000 in wages in the first year of employment and 50 percent of the first $10,000 in the second year. I offered this very same amendment in the 104th Congress, I am glad today it passed. The targeted urban communities that this part of the bill will help includes the city of Houston and the people there and in other urban areas who are making the effort to turn their lives around. These are the people for whom government can truly make a difference. These are the people who may not have anybody in their lives to give them boosts and incentives to help them make a better life for themselves.

Mr. Speaker, I am also mindful of the consumers who fly on our airlines like Southwest and Continental. America's airlines, both big and small, as well as their passengers are winners under this bill, although we can do better. The financial reform that begins with this bill will insure airline safety in the future, and airline industry prosperity.

Mr. Speaker, I am proud to be a Democrat and vote for this bill. It is good for our country and Democrats have helped those who really need our help.

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentleman from South Carolina [Mr. GRAHAM].

Mr. GRAHAM. Mr. Speaker, I do not think I can pick up with the passion we just saw, but that is good news. This is an amazing day.

Mr. Speaker, the firmness and fairness of the gentleman from Texas [Mr. ARCHER] brought this deal about. I hope the American people understand that. Our Republican leadership team has done a good job, but the best decision they ever made was to let the gentleman negotiate for us. It has really helped a lot.

The gentleman from New York [Mr. RANGEL] is going to vote for this bill, I understand. I know this is difficult. I congratulate him for making what has to be a difficult compromise, but I think the Nation is better off.

I am not going to talk about the details for the next few seconds. The important thing to me is that we are taxed from the time we get up in the morning and drink our first cup of coffee to the time we go to bed and watch a show on television and pay cable taxes. We are taxed from the time we are born until the time we die. Today we get just a little bit of our money back, and a little money and power flows out of Washington today. We do not need to worry about the details.

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The most important thing that you need to understand about today is that, when President Clinton moved to the middle and agreed that money and power need to come home in a fair way and said giving money and power back to families, businesses, and local government is a good thing, the public has rewarded him, and they should, and the Democratic Party. But let it be said, as a member of the Contract with America class, that our legacy to this country is that new people came to Congress and sang a different song, and that tune has been picked up by people who have never sung it before and it is music to the American public's ears.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. BENTSEN].

(Mr. BENTSEN asked and was given permission to revise and extend his remarks.)

Mr. BENTSEN. Mr. Speaker, I thank my colleague from New York for yielding me this time. I am going to vote for this tax bill for a couple of reasons. First of all, I want to thank the gentleman from New York [Mr. RANGEL] and the President for making the child tax credit refundable. Somebody making down to $18,000 a year is not on welfare. They should share in this tax cut.

Second of all, the education investment is probably the most important investment vehicle that we have in this tax bill to move the economy forward. With respect to the capital gains proposal, the final proposal actually, I think, is far better than we started because it addresses holding periods. I think that is much more efficient economically. It allows us to not reward churning of accounts but to reward long-term investments that are more productive. With respect to some issues in it, I am pleased that you dropped the difficult minimum provisions that have been requested by the administration. That is very important to State and local governments.

I regret that we still have the $3 head tax in it that will affect short haul carriers such as Southwest Airlines in my State. I think that belies the fact that these carriers pay the same capital cost as long haul carriers through State and local landing right agreements. Overall it is a good bill. Let us just hope that it works.

Mr. Speaker, I rise in support of this legislation, which is much more fair and fiscally responsible than the legislation approved by the House on June 26. This conference agreement improves upon the original legislation in several significant ways: it provides more tax relief to low and moderate-income taxpayers most in need of this assistance; it provides more extensive tuition tax credits to help families afford a college education; it better targets capital gains tax relief to reward economically productive long-term investments; and it eliminates or limits provisions that would have caused the cost of this legislation to explode over time, resulting in new deficits.

The child tax credit in this conference report is much more fair than in the original House bill. This legislation extends the child tax credit to working parents making as little as $18,000 annually who would have been denied this assistance under the earlier bill. My Republican colleagues claimed giving a child tax credit to families earning less than $30,000 per year was the same as welfare. Mr. Speaker, this is not welfare. These are working, taxpaying, wage-earning families who would have been denied tax relief simply because they do not earn enough to pay income taxes, although they still have to pay substantial and regressive payroll taxes. These are people working harder than ever to stay off welfare. Because of strong Democratic support led by President Clinton and Ways and Means Ranking Member CHARLES RANGEL, we now have a bill that helps these families too. As a result, 5.5 million more children from these working families will benefit from this tax credit. This is the right thing to do to strengthen our families and reward their hard work.

This legislation also improves substantially on the tuition tax credit. The original House bill would have cut the value of the proposed $1,500 tax credit in half and provide only 50 percent of tuition expenses for millions of students attending community colleges. This agreement provides the full tax credit for the first $1,000 of tuition costs and a 50-percent credit for the second $1,000 of tuition for each of the first 2 years of college. And it provides a tax credit worth 20 percent of $5,000 of tuition expenses for the third and fourth years. In addition, it allows an income tax deduction of up to $2,500 a year for interest paid on student loans, which I have long supported, and creates a new individual retirement account specifically for education expenses. These are the right investments to make because higher levels of education are necessary than ever to succeed in today's global, high technology economy. Just last week, we heard testimony from Federal Reserve Chairman Alan Greenspan and numerous respected economists that, in order to ensure American workers' earning power, we must increase their level of education. This bill provides for that need.

I am also pleased that this legislation rewards long-term investment by reducing the maximum capital gains rate to 20 percent for investments held for at least 18 months and 18 percent for those assets purchased after 2000 and held for more than 5 years. The capital gains rate would be reduced to 8 percent for such long-term investments for taxpayers in the 15-percent tax bracket. This provision moves in the direction of legislation I have introduced to reduce the capital gains tax on a sliding scale based on how long an asset is held, which I believe is both economically productive and fiscally responsible. In this way, we will reward patient capital that is

so vital to starting and expanding businesses and creating jobs.

I regret that the bill continues to impose a per segment head tax of $3.00 under the airline ticket tax. This is unfair to short haul, low cost air carriers such as Southwest Airlines based in Texas. It belies the fact that both short and long haul carriers pay an equal amount of the majority of capital costs of the Nation's airports through landing and gate agreements at the local level.

Finally, I believe this legislation is more fiscally responsible than the earlier bill approved by the House. That bill included provisions, such as capital gains indexing, that would have caused the size of the net tax cuts to grow rapidly after the first 5 years. The result would have been new and larger deficits and increased pressures to cut vital programs such as Medicare, Medicaid, education, and environmental protection. I remain concerned that this conference report still poses that risk. As I stated yesterday during the debate on the spending cut bill, there are no guarantees that this plan will work. We must carefully track the revenue stream and ensure that the next tax cuts remain within the projected cost. And we must be willing to make corrections if they do not.

But on balance I believe this is a good bill that will provide tax relief to our families, help more young Americans get the college education they need, and reward long-term investment that creates businesses and jobs. I urge support for this legislation.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas, Mr. SAM JOHNSON, a highly respected, great patriot member of the Committee on Ways and Means.

Mr. SAM JOHNSON of Texas. Mr. Speaker, Republicans have done what some called impossible. We have balanced the budget, provided the most significant tax relief in 16 years. Not since Ronald Reagan gave us 7 years of unprecedented economic growth have we given so much relief to the millions of families, small business owners, farmers, and other hard-working Americans who deserve to keep more of the money they earn.

This bill is going to free up dollars, free up money, taxpayer dollars, I might add, which previously had been used for wasteful government spending. It returns this money to the rightful owners, to the people of the United States of America, to those who create jobs, economic growth, and wealth. It is going to provide more people with the opportunity to achieve the American dream of owning their own home, seeing their children go to college, and having enough money to retire and just enjoy their grandchildren.

Mr. Speaker, I wanted to thank the chairman of the Committee on Ways and Means, the gentleman from Texas [Mr. ARCHER], my good friend, a super Texan and a great American for his hard work and determination in making sure that Americans get what they so richly deserve, a big tax cut. It is long overdue. It is finally time that this Congress has done something good for America. God really has blessed America.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. KLECZKA], a member of the committee.

Mr. KLECZKA. Mr. Speaker, let me start out by indicating not only my strong support for the legislation, but also my pleasure in working with the gentleman from Texas [Mr. ARCHER]. Not only is the gentleman from Texas [Mr. ARCHER] very knowledgeable about the Tax Code, but in his dealings not only with myself but other Members, he always was very, very fair. He uses a saying in the committee, it is called rifle shot. He does not want any rifle shots as it relates to tax policy.

I cannot agree with the chairman more. I think if we are going to put in the tax bill relief or fairness or help to a group, it should be a broad group, not one specific corporation, not one group of individuals but it should be a broad array of individuals. This bill, I believe, reflects that.

I also want to thank the ranking member, the gentleman from New York [Mr. RANGEL], who kept us all honest, especially the Republican majority not only in items as it dealt with the education portion but also with the EITC and other areas that are so important to his constituents, my constituents, and all our constituents.

The first time the bill came before this body, I could not vote for it. There was a very onerous position included in it, the independent contractors section, which would have the effect of reclassifying hundreds of thousands of current employees who get benefits such as unemployment compensation and workmen's compensation. They would be denied these by reclassifying them. This bill does not have that provision. It was taken out in the conference committee. That is probably the major reason why I stand here today in strong support of the bill.

Also, I think one of the criticisms we have all had from time to time on the existing Tax Code is that it does not promote savings. With the inclusion of three new types of IRA's, we are changing the course of this Nation wherein we are going to reward savings and not reward spending. I think that is an important feature.

Another area which I think should be highlighted, which is of vast importance to millions of homeowners in the country, is the exclusion of sale of your primary residence. Right now you have to save a whole ton of receipts to prove you are not making any money on the sale. This bill eliminates that.

Last, since my tax legislative assistant is leaving today to go on to school, let me thank Win Boerckel for years of service in helping me with my Ways and Means Committee duties.

Mr. Speaker, I rise in support of the tax bill before us today. The Taxpayer Relief Act brings us to a balanced budget while also providing tax relief to many Americans.

On balance, I would have liked to have seen across-the-board tax relief for everyone, not just those with children, or those selling a house or securities. However, this was not to be since my committee amendment to increase the personal exemption for all taxpayers was defeated.

Mr. Speaker, this legislation may not be perfect, but it is much improved over the version that came before us in the House 1 month ago. The changes made in conference have earned my support for this measure.

The House bill contained a provision that could have had a devastating impact on workers and their benefits. The measure, innocently labeled as a safe harbor for independent contractors, would have permitted many employers to reclassify their workers as independent contractors and thus deny those workers employee benefits and worker protections. This was not only bad policy, it did not belong in this tax bill in the first place. Fortunately, the conferees wisely removed this language from the conference report before us today.

Likewise, this conference report provides reasonable capital gains relief without triggering massive outyear revenue losses. The original House bill contained not only the capital gains cuts, but also a measure which would have allowed indexing the value of assets for inflation. The final bill leaves out the indexing which could have led to large revenue losses 10, 15, or 20 years from now, but includes the rate cuts that will provide significant relief to taxpayers today.

The bill contains relief for parents raising children, small businesses being passed on to family members, workers saving for their retirement, and people saving to buy their first home.

In order to help parents make ends meet, taxpayers with children 16 and under will receive a $400 tax credit next year, and a full $500 tax credit in 1999 and thereafter. This credit will be available to single parents making up to $75,000 and couples making up to $110,000.

The bill also provides much-needed help to families with students going on to college. The HOPE scholarship will give students up to $1,500 a year for the first 2 years of college, and up to $1,000 a year for their third and fourth years.

The agreement allows individuals to contribute tax-free to State-run prepaid tuition plans, like the one we have in our State of Wisconsin.

The legislation also creates education individual retirement accounts to which families can contribute up to $500 per year toward college expenses. Single parents making up to $95,000 and couples making $150,000 can open and contribute to such education accounts. In addition, taxpayers will be allowed to withdraw up to 10 percent from a regular retirement IRA to pay for the education expenses of a child, grandchild, or spouse.

Starting next year, taxpayers will be able to deduct a portion of the interest on their student loans. The allowed deduction will be $1,000 in 1998, gradually increased to $2,500 in 2001 and thereafter.

The bill provides significant estate tax relief, increasing the amount of an estate exempt from tax from $600,000 to $1 million over the next 10 years. In addition, small business gets more immediate relief beginning next year when family-owned businesses and farms will be eligible for a $1.3 million exemption.

Under this legislation, more and more Americans will be able to take advantage of individual retirement accounts [IRA's] to save for

their old age, purchase a home, or save for their children's education.

Single taxpayers making up to $95,000 and couples making up to $150,000 will now be able to contribute up to $2,000 a year to new back-loaded IRA's. The contributions will not be deductible from income, but the withdrawals will be completely tax-free. Withdrawals can be made penalty-free not just for retirement, but also for the purchase of a first home.

More taxpayers will be able to contribute to regular IRA's as well. Over the next several years, the income limits restricting use of regular IRA's will be gradually increased. Those single individuals with incomes up to $50,000 and those couples making up to $80,000 will eventually be able to make tax-deductible contributions to regular IRA's.

Mr. Speaker, I am pleased that objectionable provisions have been removed so that I can support this legislation bringing tax relief to many people across this country and in the Fourth Congressional District of Wisconsin. I urge my colleagues to support the bill.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut [Ms. DELAURO].

Ms. DeLAURO. Mr. Speaker, I rise today to support this tax cut proposal and to remind my Democratic colleagues that we can accomplish what we can accomplish when we stand up and fight for what we believe in.

I want to say thank you to President Clinton and the gentleman from New York [Mr. RANGEL] for standing firm for Democratic priorities. Just last week our Republican colleagues were on the floor of this House calling a tax cut for hard working police officers and kindergarten teachers welfare. They stood up and defended a tax bill that included only a fraction of the needed funds for children's health care coverage and they promoted a proposal which would have raised taxes on graduate students and provided nothing at all in the way of relief for college juniors and seniors.

Democrats stood up. We fought for middle class Americans, and we won. Democrats fought for tax relief for all Americans who work for a living and pay taxes, even if they do not make a lot of money. Democrats fought for the full $24 billion to provide health insurance for uninsured children and Democrats fought to improve the education tax package to give every family in this Nation the chance to send their kids to college. What they did not fight for were tax breaks for the wealthiest Americans.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Illinois [Mr. MANZULLO].

Mr. MANZULLO. Mr. Speaker, I received a letter from Gary Hall, dated July 4, 1997.

Dear Congressman, I am sitting here at my dad's grave, missing him so much. He was not only my father, financial adviser, supervisor, the best farm adviser I know. He was my best friend. Now the family attorney says time is getting short. You have to decide what is being sold to pay all these taxes.

The family farm, 1,900 acres, appraised at $5.5 million, estate taxes, $4.26 million. He says, why does the Government deserve to squander or blow dad's hard work away? The Federal Government taking 80 percent, 80 percent of the family farm. It is unconscionable.

But the good news is, we have passed a bill. It will save him a little bit of money. But we have a long way to go so America's farmers can pass land on to their children without the Government squandering it away.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. PAXON].

(Mr. PAXON asked and was given permission to revise and extend his remarks.)

Mr. PAXON. Mr. Speaker, before I begin let me tip my hat to the gentleman from Texas [Mr. ARCHER]. I know this is an amazingly important day for him and his great team. They have worked so hard for so long and labored in the minority. And today we have this happen, and we just tip our hats and say, thank you for your perseverance and your dedication.

Mr. Speaker, what a difference a Republican Congress makes. Four years ago this very month the other body, the other party was enacting another celebrated budget. That budget increased taxes on Social Security, on gasoline, on income, even Democrats called it the largest tax increase in the history of the world.

It gave us deficits as far as the eye could see and did nothing to save Medicare. Today we are prepared to pass another kind of budget. There is a difference. Today we are cutting taxes for children, for college, for farms and for homeowners.

We eliminate the deficit and save the Medicare system which saved the lives of both of my parents. But you ain't seen nothing yet.

This Congress intends, under the leadership of the gentleman from Texas [Mr. ARCHER], to come back again next year and to work harder to cut even more taxes for the American people. For example, next year I believe we could cut payroll taxes, eliminate the marriage penalty, and give a break to families who care for their elderly parents or we could do as my hero, Ronald Reagan, wanted to do, which is have even larger across-the-board income tax cuts for all American taxpayers.

Of course, our ultimate goal is nothing short of eliminating the entire Tax Code and replacing it with either a flat tax or a national sales tax, a debate this country needs and is long overdue.

Mr. Speaker, this is not the final battle in the war to cut America's taxes. This is but the opening shot. What a difference, truly, a Republican Congress and leaders like the gentleman from Texas [Mr. ARCHER] have made and are making for us every day.

Mr. RANGEL. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. BONIOR], a leader of our Democratic Party and our whip.

Mr. BONIOR. Mr. Speaker, I am voting for this tax bill because it helps working families. In the Republican bill you almost had to be wealthy or work on Wall Street or own a big corporation to get a tax cut. We said no to that. Democrats said that tax relief should go to the teachers, the police officers, the nurses, the family farmers, the construction workers. These are the people who make America work. They put in a hard day's work, day in and day out, and they needed the relief.

I will never forget the debate we had on this floor over the last 45 to 60 days. We talked about that police officer in Atlanta, GA making $23,000 a year, putting his life on the line every day, has two children. And we said in our proposal we wanted him and his wife to share with their children and that child tax credit.

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And they said it would be like giving welfare to that police officer. Well, they were wrong. We fought them on it and we won.

Under today's tax bill, 27 million working families will get a child tax credit. Homeowners will be able to keep more of their gains when they sell their home. Students from working families and people who have lost their jobs or want to upgrade their skills will be able to get a $1,500 tax credit from their community college, job retraining, or a 4-year degree. That will all be supplemented in this bill.

Now, these are the people that the Democrats fought for, and we won. But I must tell my colleagues this afternoon and concede that we have paid a price for all of this. This bill is indeed a compromise. In exchange for extending the child credit for working families, Republicans demanded huge tax breaks for the wealthiest 5 percent, and they got them. In exchange for education tax credits, Republicans demanded huge tax breaks for America's largest and biggest corporations, and they got them.

I am talking about tax breaks like rolling back the corporate minimum tax. So we are now going to go back to the days when some of the biggest corporations in America will not pay any taxes at all. It is an outrage; a $19 billion outrage.

So we will be watching and we will be fighting. The gentleman from New York [Mr. PAXON] comes to the floor and says there will be another tax bill next year. We will fight with every ounce that we have against this $19 billion giveaway to the biggest corporations. We will be fighting to make sure that the tax breaks now going to the wealthy do not come out of the pockets of working families in the future.

We will be fighting for fairness, because working families will not stand for it if our Tax Code turns into a picnic basket of corporate giveaways. They will not stand for it if the Fortune 500 companies reaping huge profits pay no taxes at all. They will not

stand for it if the CEO's, making 200 times the salary of the average worker, squander their capital gains on corporate jets and luxury limousines instead of investing in jobs in our communities. And they will not stand for it if stock market speculators run off with all the benefits while the people who work with their hands pay all the bills.

Today I am voting for that person. I am voting for that mother who will be able to take that $500 credit and buy her daughter books and school supplies. I will be voting for that police officer and his wife who will be able to get $1,000 for their children. I think of that fellow who wants to become a welder who can take a $1500 education credit and sign up for a course and land a good job and a good wage. I will be voting for him.

So, no, this bill is not perfect, but my friend, the gentleman from New York [Mr. RANGEL], and all those who worked on this bill to bring it to some sense of equity, we have a long ways to go, but we brought it from where they started at $245 billion with the Contract With America, we brought it home to where at least some of the benefits will go to working people in this country who need them so badly.

No, this bill is not perfect, Mr. Speaker, but these people that we fought for cannot wait and I am voting ''yes'' for their future.

Mr. STARK. Mr. Speaker, I yield myself such time as I may consume.

I oppose this bill and suggest to my colleagues and the American people that it is unfair and unnecessary. The Congress is lying to the American people because this does not balance the budget. It cannot balance the budget until 2002 unless we make more cuts, and we are not going to make those cuts. We have not now and we will not then.

If we did nothing, the budget would balance this year or next year by itself. Government, again led by the Republicans in Congress, is mucking up the economy by bringing forward an unnecessary bill.

These unfair tax cuts, 75 percent of these tax cuts go to families with over $150,000 in income. Simmons, the beet king in Texas, gets $104 million individually. Sammon Enterprises in Texas gets $23 million, negotiated in the dead of night in the Republican leadership offices, where they probably got those two $500,000 campaign checks from the Amway Co., and they gave Amway $200 million in tax deductions for their Republican contributions.

And in the secret of night it harms poor families who will have a $40 tax increase. And what my colleagues do not know is that it eliminates abortion for poor young women. That is buried in this bill. It hurts cancer victims. Unknown to any of us here, the tobacco settlement, which is not even agreed to yet, $50 billion of the money that should come out of the tobacco settlement is being credited because of the tobacco tax. That money was supposed to go to cancer victims. The Republicans are stealing the money that is supposed to go to cancer victims from an unfinished tobacco settlement and using it to fund this turkey.

My fellow colleagues, this is an unnecessary bill with a political purpose and it is economic nonsense. It harms the American public and only helps 1 or 2 percent of the very richest Americans who make their money either through inheritance, not a heavy-lifting job, or through stock market activities.

There are secrets buried in this bill which are undetermined at this point and were decided last night in the dead of night. I urge my colleagues, in the sense of parity and economic justice to vote ''no'' on this tax bill.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume to very briefly refute the statements that my friend on the Committee on Ways and Means, the gentleman from California [Mr. STARK], just put before the Congress.

I do not know where his figures come from, but the Joint Committee on Taxation, which distributes and scores this bill, has distributed the benefit of this bill so that 76 percent goes to people under $75,000 of income. Now, with the addition of the change in the child credit and other things that were done, it is even more that goes to people who are under $75,000, and primarily between $20,000 and $75,000 of income.

What has added more regressivity to this bill is the fact that those who favored the cigarette tax have put in place a tax that is the most regressive tax in the bill. Irrespective of how one feels about cigarette taxes, when the scoring is done on regressivity, that pushes more of the burden onto the very, very low-income people.

So I wish we would just get the facts before the Congress and before the people.

Mr. MATSUI. Mr. Speaker, I rise today in opposition to this tax package which moves us away from the paramount goal of this Congress—bringing the budget into balance. This bill also moves us away from two other very important goals—tax simplification and tax fairness.

DEFICIT REDUCTION

The historic budget agreement between the President and the Congress called for net tax cuts of $85 billion over 5 years and $250 billion over 10 years. If we did not pass these tax cuts economists predict that we could reach a balanced budget in 2 to 3 years. This agreement will push that goal out to the year 2002.

In addition, the bill before us includes an even bigger net tax cut of $95 billion over 5 years and $275 over 10 years. Over 5 years the tax cut exceeds the agreement by $10 billion and over 10 years it is $25 billion over the line. There is no reason to enact such a large tax cut package in excess of the budget agreement. In the 10 years beyond 2006, the size of the tax cuts will continue to increase. The cumulative cost by the year 2017 could go as high as $500 to $600 billion. It is folly to enact a plan, which will put additional pressure on the Federal budget, when we know that the pressures on the budget from the growth in Medicare and Social Security will greatly intensify over the same period of time. We are in a time of very strong economic growth. We should use this opportunity to get our fiscal house in order so that we can better deal with the fiscal pressures we know are coming.

TAX SIMPLIFICATION

This legislation will introduce a new and unwelcome magnitude of complexity in the lives of ordinary Americans. This at a time when the public confidence in the IRS is at an all time low and budget cuts for taxpayer services are sure to come. In 1986, we enacted legislation to greatly simplify the Code; achieving lower rates and a simplified structure. This legislation regrettably moves us in the wrong direction and requires that we pay attention to the Tax Code before we made basic decisions. In 1996, about half of all tax returns filed were completed by paid preparers. The child credit, education, and IRA provisions will result in tax relief but at a cost of increased paperwork for those who will have to interpret and plan to benefit from these provisions.

A former Treasury official was quoted as saying, ''Who really wins from the tax bill? The tax-return preparers and the manufacturers of tax-preparation computer software.'' These provisions could have been simplified had there not been so much focus on blessing some behavior and striking political compromises. The current Code is already very burdensome, this legislation will certainly increase that burden for many people.

TAX FAIRNESS

We must have a fair tax system. Many at the top of the income scale have benefited greatly over the last several years. That is commendable but we should not enact policies which will accelerate the divergence between those at the top and the bottom of our economy. This bill will do that at a time when we can least afford it. A recent analysis of the bill shows that the average tax cut for middle-income families and individuals will be less than $200 under this bill. Top income earners will pay over $16,000 less in taxes each year under this bill. Families who are in the lowest 20 percent of income are the only group which will face a tax hike under the bill.

Mrs. MINK of Hawaii. Mr. Speaker, I must register my objections to H.R. 2014's airline tax provisions which levy a $2 per stop fee which will be borne mainly by our local short-haul air carriers and their passengers.

I represent the Second Congressional District of Hawaii, which includes all of Hawaii's eight major islands. Obviously, the only way to travel between the islands is by air. Passengers of Hawaii's inter-island air carriers—Hawaiian Airlines, Aloha Airlines, and Mahalo Airlines—will be adversely affected by the new $2 per stop charges under H.R. 2014. A typical round trip ticket from Honolulu to Maui costs under $100. Now there will be added a new $4 tax. That flight is less than 20 minutes! A 5,000 mile round trip flight from Washington DC to San Francisco will also have a $4 stop fee.

These airline tax provisions are clearly unfair to Hawaii's people.

I urge this House to quickly revise this matter and allow Hawaii's people to be treated equitably.

Ms. McCARTHY of Missouri. Mr. Speaker, I rise today in support of the Tax Payer Relief Act of 1997 (H.R. 2014). This historic legislation provides for needed relief for working families. It achieves a goal of mine to balance the budget. reduce the deficit, and invest in our future.

This initiative invests in our children and our future hopes for them through greater access to health care and educational opportunities. The education tax provisions will also benefit their parents who seek to improve and expand their own skills to meet new career challenges in our global economy. In my community, the metropolitan community colleges have excelled in connecting our employers with qualified employees through extensive business and community partnership. The Vice President visited the business and technology center in my district last year to highlight their success as a model for our Nation. This initiative will only enhance the potential of elevating our work force to the level of competitiveness needed.

One aspect of the legislation important to the people of the fifth district is the brownfield tax credit. Qualified companies would be allowed to deduct the costs associated with remediation of contaminated sites in order to promote development in these areas. In my district both the Westside Industrial Park conversion of an old train yard into a useable property, as well as the rejuvenation of the Union Station project are now closer to reality. In eastern Jackson County these tax credits will allow for completion of the Jackson County Expressway. The economic boom created with this new freeway will generate job growth and economic expansion.

One of the major victories which was accomplished with this legislation was the rightful return of the dedicated 4.3 cents gasoline tax to the Transportation Trust Fund. The previous diversion of these funds unfairly masked the true amount of the deficit. The availability of these funds for projects in the metropolitan Kansas City area will afford the opportunity to improve the safety and efficiency of the highway system and complete critical infrastructure projects such as the Chouteau Bridge, and the completion of the Bruce R. Watkins Freeway, which has been 25 years in the making.

Reduction of the capital gains tax for middle class Americans will keep our economy strong by increasing the capital available to continue to grow our economy. Reduction in the inheritance taxes will enable small businesses to stay within families.

We must be vigilant in Congress to ensure that the systems in place to guarantee the budget is balanced by the year 2002 remain. Similarly, Congress will have to continue to reduce the deficit through setting smart spending priorities. Balancing the budget and reducing the deficit will yield further rewards for our country; deviating from those worthy goals will threaten to erode value which this tax package provides for our constituents. Mr. Speaker, I support this bill and urge its adoption. Thank you.

Mr. KOLBE. Mr. Speaker, I rise in strong support of H.R. 2014, the Tax Payer Relief Act of 1997.

This is a proud moment for me—to be able to tell the citizens of Arizona that the U.S. Congress has heard their plea to reduce their taxes and to balance the budget. In my 13 years here in the House, how many times have I made that plea on this floor? And today it is really going to happen.

In terms of the future of this country, the tax incentives for higher education may be the most important thing we do here today. As we continue to engage in the global marketplace, education is the factor that makes our workers more productive and creative. Education is the key to higher wages and a better standard of living. Reducing the financial burden on families who want to provide that future for their children is a step to insuring the viability of our economy for years to come. A college tuition tax credit, deductible interest on student loans, a credit for continuing education, extension of employer provided education assistance—these incentives will be incredibly valuable in assuring the educated work force we need for the future.

As important as the education incentives are, I don't want to downplay the $500/child tax credit. An extra $500, $1,000, or $1,500 or even more in the pockets of families with children up through the age of 16 will make the lives of those families so much richer. We aren't giving these parents anything. We are just allowing them to keep that much more of the money they work so hard to earn for their families—for clothes, for piano lessons, for braces, for camp, or vacations. And as pleased as I am that we are letting them keep more, I am troubled by the fact that I even say those words. Who are we as the Federal Government to say that people can keep their own money? How did we get to this place? We must get back to having the people tell us how much they are willing to give the Federal Government.

Mr. Speaker, at a time when we know we are facing a looming crisis in payroll taxes and funding Social Security payments, I am especially pleased that we're letting people keep more of their investments. If they are thrifty and invest for the future, we are taking less of the earnings on those investments. We are dropping the top capital gains tax from 28 percent to 20 percent and eventually there will be an 18-percent top rate for those investments held for 5 years or more. We are providing more ways, especially for middle income families, to save for those retirement years ahead through expanded IRA's. That will make a tremendous difference for our citizens who want to provide for themselves after retirement.

We are helping small business with this tax bill. In addition to the capital gains tax relief, we are exempting them from the alternative minimum tax. We are phasing in full deductibility for health insurance premiums for self-employed persons. And there is an immediate jump in the death tax threshold to $1.3 million for small family farms and businesses.

There are many, many other excellent provisions in this bill, but I won't take more time now to itemize what many of my colleagues already have. I might also say there are a few of the loophole closing provisions that I don't like—provisions that actually will create tax burdens where none existed before. And there are some provisions that will greatly complicate the Tax Code and create still more confusion in the IRS administration of the tax law. Such complications are bound to create more dissatisfaction with an already controversial agency.

But, I am pleased that we are taking less in taxes from the American people. Some on this floor have decried giving back this money. They are treating it as if it belongs to the Government. It doesn't. It belongs to the people who pay the taxes and if we think otherwise, it's time for us to be replaced.

Yesterday's accomplishment, passage of the Balanced Budget Act, will balance the Federal budget by 2002; save Medicare from bankruptcy, and shrink the size and scope of Government. It addresses the short-term financing problem of the Medicare trust fund, and establishes a national commission to study and make recommendations to ensure the long-term viability of the important program.

It gives seniors choices in the Medicare Program rather than locking them into the one-size-fits-all system. Seniors will have the opportunity to choose from the traditional Medicare Program, or from the alphabet soup of managed care, or take complete control over their health and decide what type of medical services best suits their individual needs through a medical savings account. And most important, this reform attacks waste, fraud, and abuse in the Medicare Program. The anti-fraud initiative includes a ''three strikes you're out'' penalty for the worst abusers of the system.

Also, this historic reform increase health care coverage for children who are uninsured, and gives the States the flexibility to administer a child health initiatives which work best at the State and local level.

The Balanced Budget Act of 1997 and Taxpayer Relief Act are not victories of the President or the Congress, they are victories for the American people.

Mr. CRANE. Mr. Speaker, as vice chairman of the Ways and Means Committee and as one of the House conferees on the tax bill, it is with great pleasure that I rise today on the floor of the House of Representatives to speak in strong support of legislation which will provide substantial tax relief for the American people. Most importantly, it appears that this bill, the Taxpayer Relief Act of 1997, will be signed into law and will become the first major tax relief package the American taxpayer has seen enacted since 1981. Although it was in 1994 that Republicans gained the majority in the House of Representatives and started pushing in earnest for a tax cut, it took us nearly 3 years to finally convince this President that the American people were in need of real tax relief. Mr. Speaker, on behalf of the taxpayers of the Eighth Congressional District of Illinois, I'm glad the President finally got the message.

By now everyone should know the story of the middle class taxpayer. Today, the typical family devotes more of their family budget to combined Federal, State, and local taxes than they do to food, clothing, and housing. Considering this statement, it should come as no surprise that it is also a fact that Americans are being taxed today at record high levels. The time to reverse these trends is long overdue, and the legislation before us today is, I hope, only the first significant step toward relieving family tax burdens.

What is in the bill before us today? While time does not permit me to discuss every aspect of this bill in detail, let me start by saying that families with children will be the big winners. The $500 per child credit provided in this bill will begin to rebuild the foundation of take home pay for families with children which has

been seriously eroded over the past few decades. Indeed, had the current dependent deduction been indexed for inflation from its inception, the per child deduction would be over $8,000 rather than in the $2,500 range that we find today. We needed to do something, whether it be to dramatically increase the deduction—as I have long advocated—or provide a credit—as I introduced at the start of the 104th Congress. Relief is provided in this bill.

What else can taxpayers look forward to? The bill will expand opportunities for Individual Retirement Accounts [IRA's] and provide for penalty free withdrawals for education and first time homebuyers, legislation I have cosponsored for years. And the bill provides substantial education tax incentives.

In addition, the bill substantially provides relief from the death tax, raising the exempt amount from $600,000 to $1 million by 2007 and providing, in 1998, an exemption of $1.3 million for small businesses and family farms. As I have said before, the death tax is an extremely punitive tax as it penalizes those who have saved, invested, and paid taxes throughout their lives in the hopes of leaving something for their loved ones. I look forward to the day when I will never again hear the story of the family farm being sold to pay the estate tax, and that is why I will continue with my legislative efforts to eliminate the death tax entirely.

While allowing the American taxpayer keep more of their hard earned money will help spur economic growth indirectly, there are several provisions in this bill which will very directly encourage economic growth and job creation. The Taxpayer Relief Act reduces the capital gains tax rate substantially. Encouraging investment in capital will increase the pool of capital which will in turn increase access and thus stimulate job growth. another little discussed provision of the bill will reduce the burden placed on businesses by the alternative minimum tax [AMT]. This legislation exempts 95 percent of businesses from having to pay the AMT and it is my hope that members of this Congress are finally realizing that when they excessively tax businesses, they are simply increasing the price of products to consumers, killing jobs and hurting the ability of our businesses to compete internationally. As with death taxes, my goal is to eventually eliminate capital gains taxes and the AMT altogether; however, this bill is a good start in that direction.

Because of the provisions I have just mentioned, this is a bill well worth passing, despite any further improvements or changes that I might personally wish to make. While we have certainly heard such rhetoric in the weeks leading up to this day, I find it refreshing that the class warfare rhetoric that once dominated floor debate on tax cuts has at least been toned down to some degree. I would hope that we can finally put behind us once and for all the divisive class warfare rhetoric that has resonated all too frequently in this House chamber. The politics of envy, the politics of division, is simply crass politics that does far more harm than good. Following my statement I have included in the RECORD a copy of an article by Thomas Sowell which further exposes the shortcomings of the arguments used by those who engage in the class warfare debate. Again, the time has come to end class warfare demagoguery once and for all.

Finally, as vice chairman of the Ways and Means Committee, and as one of the House conferees on the tax bill, I can tell my colleagues that there is no one, not one person in either the House or the Senate, that has worked harder or deserves more credit for making this day happen than my friend, and Chairman of the Ways and Means Committee, BILL ARCHER. My Chairman, BILL ARCHER, has worked tirelessly in these past months—late nights and weekends—with one goal in mind—to deliver this tax relief package to the American people. He never lost sight of the goal and he delivered.

Mr. Speaker, I urge my colleagues to help make BILL ARCHER's hard work pay off and deliver this tax bill to the American people with an overwhelming majority of the vote.

[From the Chicago Sun-Times, July 26, 1997]

LIBERALS ARE MIGHTY GENEROUS WITH DEFINITION OF 'THE RICH'

(By Thomas Sowell)

Every year Forbes magazine devotes an issue to the rich—a listing of the millionaires and billionaires who have the most money. Liberals in Congress also talk about ''the rich'' whenever anyone wants to lower taxes. Big taxers and big spenders always like to say that there are ''tax cuts for the rich.''

The problem is that these two kinds of rich people are almost entirely different. Most of the people whom politicians and the media call rich don't have even a tenth of what it takes to make the Forbes list.

Millions of Americans who never would dream of considering themselves rich are included in the inflated statistics used by the liberals who claim that tax cuts are for the rich.

According to a Heritage Foundation study, there are more than 4 million mechanics, repairmen and construction workers who must meet the Clinton administration's definition of rich. So do more than 8 million government employees at federal, state or local levels.

How do people who are making modest middle-class incomes suddenly become rich? Let me count the ways.

First of all, the statistics used include money that these people never receive. These estimates assume that income is being underreported and add 20 percent to whatever income is reported. The value of your life insurance and pension fund also is counted as income.

Anybody can be rich if you add enough fictitious money to his actual income. As a result, anybody in Congress can be a demagogue who says that most of the tax cuts are for the rich. Let's go back to square one. The only people whose taxes can be cut are people who are paying them. Mostly, that is the middle class. When these middle-class people are renamed ''the rich,'' of course there will be ''tax cuts for the rich.''

The misrepresentation does not stop there. The Clinton administration's insistence that the tax cuts should also apply to ''the working poor'' is a classic piece of disinformation.

Most very low-income families are not paying federal income taxes in the first place. Extending a ''tax cut'' to them would mean nothing if the words were being used honestly. Used politically, however, what these words mean is that more federal money must be given to them anyway a handout renamed a tax cut.

None of this addresses the larger question of whether people making middle-class incomes today have always made middle-class incomes. Many of those who are called rich not only are not, they have not even had middle-class incomes all their lives. They just happen to be in the peak earning years of their lives—as many younger people currently in the lower income brackets will be in later years.

The wife of a prosperous doctor hit the nail on the head when she said she resented people who complained about all the money that doctors make. She asked: ''Where were they when we had three children and $85 in the bank?''

Most Americans do not start off in a high income bracket. They work up to it over the years and reach a peak somewhere in their 50s or 60s. That is where most of the high income and wealth in the country is. Census statistics for 1990 show families headed by someone in the 45- to 64-year-old bracket earning nearly double the income of families headed by someone in the 25- to 34-year-old bracket.

When it comes to wealth, the disparity is even greater. Census data show the net worth of households headed by someone in the 55- to 64-year-old bracket to be several times that of households headed by someone under 35.

Most of the people who are called rich could more accurately be called middle-aged or elderly. They are not a class. They are an age bracket. When they were younger, they were usually in a lower income bracket.

The facts are fairly simple. It is the demagoguery that gets complicated.

Mr. BOEHLERT. Mr. Speaker, I rise in strong support of the tax relief and balanced budget legislation which we have long promised and have finally achieved. Today we are going to follow through on our promises to balance the Federal budget for the first time since 1969 while providing the first major tax cut since the early 1980's.

I realize that the budget agreement is not perfect, but on balance its benefits enormously outweigh any flaws.

First and foremost, the budget accord goes a long way in helping working families make ends meet. Families with young children, under 17, will be able to take advantage of a $500 child tax credit. As these children get older and enter college, we are going to continue helping these families with a package of college tax credits, deductions and other tax incentives to help pay for tuition and pay back school loans.

Should this family own a small business or family farm, we are going to help them pass along their livelihood to their children. Currently, many children cannot afford to continue their family business or farm because they must sell all or part of their family business to pay the enormous Federal estate tax. To help individuals keep farms and small businesses in their families, we are raising the estate tax exemption on family-owned farms and businesses immediately from $600,000 to $1.3 million.

If this family plans on selling their home or some investments they have made we are going to help them as well. The tax provisions slash capital gains taxes and creates a major exclusion for the sale of their principal residence.

Far too many Americans work their entire lives and struggle to make ends meet as they retire. So, we are helping families save for their retirement, purchase a home or pay for college through expanded individual retirement accounts [IRA's].

Millions of seniors depend upon Medicare for their health care. However, medical inflation and a growing elderly population has

threatened the solvency of the Medicare trust fund. With this threat hanging over us, the budget agreement takes immediate and decisive action to save Medicare while expanding seniors health coverage—both noble and essential actions. Seniors will benefit from new services which will cover more preventative screenings and diagnostic tests. Furthermore, seniors will be able to choose from an array of plans including medical savings accounts and private unrationed fee for service plans.

When all is said and done, the American people are the biggest winners today. We are ensuring that they will continue to enjoy a strong economy, that we will no longer burden future generations with our debt, and that in doing so they are going to be able to keep more of their hard-earned income. Today is a great new beginning for America.

Mr. COYNE. Mr. Speaker, I rise today in support of H.R. 2014, the Taxpayer Relief Act of 1997. It is a pleasure to be able to vote for this legislation today.

First, let me point out that passage of this legislation today has only been made possible by the deficit reduction packages of 1990 and 1993–bills that together reduced deficits by over $1 trillion. Those were the real budget balancing votes—they raised taxes and cut spending. It was not easy to pass those bills, but it was absolutely necessary to produce a healthy economy and promote economic growth. The upbeat economic conditions that we are enjoying today are due in no small part to those bills, and the tax breaks provided in this balanced budget package are the fruits of the seeds that were sown in 1990 and 1993 by Democratic Congresses.

As a result of the 1990 and 1993 bills, we can provide tax relief today to millions of working families in districts like mine—hard-working families with incomes of $20,000 and $30,000, families that have been struggling with stagnant incomes to make ends meet and give their children the educational opportunities that will allow them to have a better life. This legislation will help those families to live the American dream.

This bill is a substantial improvement over the bill that was passed by the House last month. Many of the worst provisions in the House version of this bill have been eliminated or moderated. This legislation will, for example, provide the full $500 per child family tax credit to millions of moderate-income households that would not have received it under the House version of this bill. Students attending low cost institutions would receive the full $1,500 HOPE scholarship tax credit under the conference report—unlike the House bill, where many such students would not have received the full credit. The conference report also stripped out the antiworker provisions in the House bill that would have imposed burdensome new responsibilities on labor unions and allowed companies to classify more employees as independent contractors.

These improvements are the direct results of the unceasing efforts of President Clinton and the Democrats in Congress to make this a better bill. Democratic efforts made the family tax credit available to millions of moderate income families. As a result of Democratic persistence and perseverance, the education tax provisions in the bill will help mainstream Americans, not just the wealthiest families. In short, Democrats are responsible for shifting the benefits of this bill from the wealthy to middle-class American families. Likewise, it was Democratic insistence that eliminated unwise House provisions like the indexing of capital gains—provisions that would have increased deficits dramatically in the years after 2002. And Democratic insistence eliminated the antilabor provisions in the House bill. In short, President Clinton and the Democrats in Congress made certain that this legislation contained provisions that will benefit middle-class Americans.

The bill contains other important benefits for American taxpayers as well. It allows taxpayers to deduct the interest on their student loans. It allows parents to deduct their contributions to State-run prepaid college tuition programs like the one run by the Commonwealth of Pennsylvania. It allows most homeowners to avoid paying capital gains on the sale of their homes. In order to help economically distressed communities, the bill contains tax incentives for private parties to clean up and redevelop brownfields sites, and it increases the number of empowerment zones and enterprise communities.

No bill is perfect. Budget reconciliation bills typically contain scores of provisions, and it would be unrealistic to expect anyone to be satisfied with each and every provision. I still have concerns about specific provisions of this bill. But I believe that, taken as a whole, this legislation will benefit the Nation. Consequently, I intend to vote in support of this legislation, and I urge my colleagues to do so as well.

Mr. HOUGHTON. Mr. Speaker, I am very pleased that the conference report on H.R. 2014 includes a provision to add an exception to the definition of foreign personal holding company income which would apply to income derived in or incident to the active conduct by a controlled foreign corporation of ''a banking, financing, or similar business,'' provided the CFC was predominately engaged in the active conduct of such business. I am also pleased to note that this provision, section 1175, is based on H.R. 1783, ''The International Tax Simplification for American Competitiveness Act,'' of which I was the lead sponsor.

The growing interdependence of world financial markets has highlighted the urgent need to rationalize U.S. tax rules that undermine the ability of our financial services industry—such as banks, insurance companies, insurance brokers, and securities firms—to compete in the international arena. Yet the ability of our companies to compete is impeded by U.S. tax rules that subject financial services income derived from the active conduct of a business to antideferral rules that were originally enacted to reach, and would be more appropriately limited to, passive investment activities. Section 1175, like the provision of H.R. 1783 upon which it is based, will remove that impediment.

I readily acknowledge that this battle is not mine alone, and I gratefully acknowledge the support of many colleagues from both sides of the aisle. Section 1175 is a result of the efforts of many members of the Ways and Means Committee. On May 14, 1997, 23 Ways and Means members—a clear majority of the committee—wrote to Chairman ARCHER stating:

> The inequitable treatment of the financial services industry under current law jeopardizes the international expansion and competitiveness of all U.S.-based financial services companies, including commercial banks, securities firms, insurance companies, insurance brokers, and finance and credit entities.

By amending the definition of ''foreign personal holding company income,'' section 1175 helps each of those types of entities to compete in international markets.

Section 1175 is set to expire after 1 year. I note, however, that the sunset is a function of revenue concerns, not doubts as to its substantive merit. I look forward to working next year with the Chairman of the Ways and Means Committee and my committee colleagues to make this provision permanent.

Mr. DAVIS of Florida. Mr. Speaker, I rise today in strong support of H.R. 2014, the Taxpayer Relief Act of 1997. This bill, combined with the Balanced Budget Act which we passed yesterday, is a major step toward fulfilling our promise to the American people to put our Nation's fiscal house in order while providing modest tax relief targeted toward the middle class.

First, let me make clear that this bill is a vast improvement to the version of the bill the House passed last month. This conference agreement ensures that these tax cuts are targeted to hard-working middle-class Americans and will not explode in the outyears.

My opposition to the original bill was based partially on the fact that the child credit would have been denied to millions of Americans who earn under $30,000. These Americans are struggling to make ends meet and deserve tax relief just like everyone else. Fortunately, after the insistence of both the Democratic Caucus and the President, the conference agreement provides these Americans with a child tax credit.

Furthermore, I was extremely concerned that the original version would have exploded the deficit in the outyears, unraveling all of our hard work in balancing the budget. While I continue to have concerns over the lack of enforcement included in this package, I believe the bill we have before us today is more fiscally responsible and, if we are vigilant in our efforts to ensure that current estimates translate into reality, will not only balance the budget in the near term, but maintain that balance for years to come.

Undoubtedly, the crowning achievement of this tax package is the unprecedented commitment it makes to education. We all recognize that in order to compete for high-wage jobs in this era of increased global competition, our students need more than just a high school diploma. This bill takes a solid step toward reaching the President's goal of making the first 2 years of college more accessible.

This bill includes nearly $40 billion of tax credits for hard-working middle-income Americans to help offset the tremendous costs of higher education. The bill establishes the HOPE scholarship for the first 2 years of college providing a 100-percent credit for the first $1,000 of costs for tuition, fees, and books and an additional 50 percent for the next $1,000. The bill also provides a tax credit worth 20 percent of $5,000 in tuition expenses for the third and fourth years of college. These credits will expand access to higher education for millions of Americans and provide relief for American families struggling to equip their children with the education necessary to compete in today's economy.

In addition to these tax credits for college, this bill recognizes that learning is a lifelong endeavor and with the continuing changes in

the job market, many Americans are going back to school to enhance their chances for achievement. This bill extends section 127 of the Tax Code, allowing workers to exclude from their taxable income up to $5,250 of employer-provided educational assistance.

These tax provisions, combined with the increase for Pell grants and the protection of funding for Head Start we passed yesterday, represent a massive reallocation of our limited resources to education, an investment that will pay dividends for everyone in our country. Clearly, this bill, together with the Balanced Budget Act, proves that we can both balance the budget and invest in our future.

Mr. Speaker, I urge all of my colleagues to support this package of tax cuts because it represents a reasonable compromise on many issues and provides relief to millions of hard-working Americans. Including targeted estate tax relief, an expanded exclusion on the sale of a home, reinstatement of the home office deduction, and an overall capital gains tax cut, this package embodies the principles of basic fairness and will help continue the economic growth which is essential to balancing the budget.

Mr. PAYNE. Mr. Speaker, I would like to bring attention to the fact that low-income families in search of tuition assistance benefit very little from this bill. On the other hand, we have provided substantial education tax cuts and credits for middle-income and higher income families. One section of this bill provides a 3-year extension of a tax exclusion for undergraduate students who are fortunate enough to have their employers provide them with educational aid. This type of tax break positively affects the students who are struggling to get a postsecondary degree and working to pay the bills at the same time. The bill I introduced in May would have permanently extended this section and permitted both undergraduate and graduate students to take advantage of this tax exclusion. I still believe it is important to include graduate students in this section because they are far more likely to have employers pay for their education than undergraduates. It is also imperative to permanently extend this exclusion because our Nation's students who have their tuition paid for by their employers need the security that they will not ever be taxed on their education. It is indeed unfortunate we have not included more education tax breaks to low-income Americans in this bill who are in just as much, if not more, need of a tax break as middle- and upper-income Americans.

Mr. COSTELLO. Mr. Speaker, in June, I voted against the Republican budget reconciliation bill in the House because I had several concerns about how the legislation would negatively impact many American citizens. I was especially concerned about the impact on children, seniors, the poor and hard-working Americans who have difficulty making ends meet each month or who worry about health care for their families. The House-passed bill proposed to cut Medicare by $115 billion and Medicaid by nearly $14 billion over 5 years. I could not in good conscience support such cuts knowing that the burden would fall disproportionately on those least able to afford it.

However, I voted for the budget reconciliation conference report because I believe it represents a far more fair and rational plan to balance our Federal budget by the year 2002. While I am not pleased with the level of cuts retained in the agreement for Medicare and Medicaid, I consider this bill a significant improvement. This agreement restructures and preserves the Medicare program. It improves the original plan for Medicare and extends the life of the part A trust fund for at least 10 years. The agreement provides $1.5 billion to ease the impact of increased Medicare premiums on low-income seniors. Negotiators also agreed to eliminate several controversial provisions from the original bill, including increasing the eligibility age from 65 to 67 and a copay for home health care.

Medicare benefits are also expanded to include mammography coverage, prostate cancer screening, bone density screening to identify and prevent osteoporosis, and diabetes management care. In addition, the conference agreement expands the types of health plans under Medicare seniors may choose which ensures that seniors have the same health care choices that other Americans do. It protects Medicare's future by allowing the kind of choice and competition that has brought down health care costs in the private sector. Such modernization of Medicare will help ensure its long-term solvency.

The agreement is also an improvement for Medicaid. Under the original plan in the House, hospitals in our distinct would have faced serious threats to their ability to operate efficiently. In fact, at least one rural hospital in the 12th District of Illinois indicated it may have been forced to close its doors due to the substantial cuts included in the reconciliation bill. Many of the hospitals in southern Illinois are classified as disproportionate share hospitals [DSH] meaning they receive compensation because a majority of their patients are Medicare and Medicaid beneficiaries. The Medicare and Medicaid cuts included in the House version of the budget would have endangered these hospitals. However, the agreement provides that no State will lose more than 3.5 percent of its DSH payments. In subsequent years the reduction will be less than 2 percent.

The conference agreement continues Medicaid coverage as an entitlement for disabled children who are losing their Supplemental Income benefits as a result of the stricter definition of disability in the new welfare law. Unlike the House bill which made coverage optional for States, the conference agreement requires States to continue Medicaid coverage for these disabled children.

It is a tragedy that 10 million children in this country are without health coverage. One in three children in Illinois goes without any health insurance—the majority of these children are from two-income families. This bill creates a $24 billion program to expand health insurance coverage for children. Under this initiative 5 million more children will have access to health care.

The agreement also provides a $500-a-child nonrefundable tax credit for each child under age 17. Single parents with incomes up to $75,000 and couples with incomes up to $110,000 would be eligible for this tax credit.

Children and families will also have more educational opportunities under this agreement as students could receive a tax credit worth 100 percent of the first $1,000 of their college tuition costs, and a credit worth 50 percent of the second $1,000 of tuition. In the third and fourth years of college, the student would receive a tax credit worth 20 percent of $5,000 of tuition expenses.

Children will also benefit from the reduction in estate taxes included in the tax portion of the reconciliation agreement. I support this provision because it allows small business owners and farmers $1.3 million in tax-free assets to their heirs. This means family farms and family businesses can be passed from generation to generation without heavy tax burdens.

For families and retirees, the agreement lowers the top capital gains tax rate from 28 percent to 20 percent, and lowers it further to 18 percent for assets held for 5 years after 2000. This is important as more and more Americans from all income brackets invest their retirement savings in 401(k) plans or other stock market investment plans.

In summary, I believe this spending and tax plan will help American families prosper. As a supporter of a Balanced Budget Amendment, I also believe this agreement will put our Nation firmly on the path to a fiscally sound future. A balanced budget by the year 2002 will enable us to focus on protecting and educating our children and ensuring the health and retirement of our Nation's seniors and aging baby boomers. Sound national fiscal policy will also allow our Nation to continue to be competitive in a growing international marketplace. The initiatives included in this agreement will help us reach these goals.

Mr. FORBES. Mr. Speaker, when I came to this House in January 1995, my single most important objective was to obtain real Federal tax relief for working families in Long Island, and across this great Nation. Today I will vote to reduce America's tax burden by $94 billion over the next 5 years. Mr. Speaker, $94 billion may seem like a large tax reduction, but it pales in comparison to the $600 billion in tax increases that Americans suffered during the first 4 years of the 1990's. Mr. Speaker, the Taxpayer Relief Act of 1997 is simply a modest step in the right direction.

Three years ago, when I asked the people of Brookhaven, Smithtown, Riverhead, Southold, Shelter Island, East Hampton, and Southampton for the privilege of representing them in the House of Representatives, I promised them I would work to cut taxes. Indeed, many Members of this House were elected because of that promise. With this historic, bipartisan agreement to cut taxes for America's working parents, students, and senior citizens, we are keeping our promise to the American people.

This legislation provides tax relief for more than 40 million middle-income taxpayers with children; cuts capital gains taxes to promote economic growth; and helps America's children realize their dreams by making education more affordable. These tax cuts for America's working families were made possible because the Balanced Budget Act restrains Federal spending by about $1 trillion over the next 10 years. This bipartisan tax cut package is a good start in that direction, reducing the tax burden on working families.

Mr. Speaker, the parents of 102,096 children in my district in eastern Long Island will save a total of $46,050,924 thanks to this legislation. Parents earning up to $110,000 will feel the benefit of this bill almost immediately. This agreement includes a child tax credit that will reduce their total tax bill by $400 for each of their children under 17 in 1998, increasing to $500 per child in 1999. To make higher education more affordable for America's families, this legislation creates a $1,500 HOPE

Scholarship for all students who attend the first 2 years of a college or other postsecondary institution. Also included is a 20-percent tuition tax credit for college juniors, seniors, graduate students, and all Americans who take college classes to enhance their skills and advance their careers.

With the newly created Education Savings Accounts [ESA's], parents can save for their children's education by making $500 tax-free annual contributions to an ESA; increasing to $1,000 in 2000. Interest on the ESA's will accumulate tax-free, and funds may be withdrawn for any K–12, undergraduate, post-secondary vocational, or graduate education expense. Finally, there is a student loan interest deduction for up to $2,500 per year of interest on higher education loans.

Capital gains tax relief is an important victory for many Long Island homeowners. The budget agreement provides married couples with a $500,000 capital gains exemption when they sell their homes, with single-filers eligible for a $250,000 exemption. Many Long Island homeowners have seen inflation increase the value of their homes over the years. This much-needed increase in the exemption for home sales will protect the value of the most important increase that most Long Islanders will ever make. The budget deal also provides help for Americans just starting out, by allowing them to make penalty-free withdrawals from their Individual Retirement Accounts [IRA's] to purchase their first home.

Mr. Chairman, as a former Regional Director of the Small Business Administration, I can appreciate the benefits this legislation contains for the more than 82,000 small businesses on Long Island. An immediate $1.3 million estate tax exclusion is provided for the heirs of family-owned small businesses and farms; and the general inheritance tax exclusion is gradually raised from $600,000 to $1 million over 10 years. On top of the increased exclusion from inheritance taxes and capital gains tax relief, self-employed small business owners will be able to deduct 100 percent of their health insurance costs, where they were able to deduct only 40 percent in the past. We also expanded the income tax deduction for home offices.

According to the Congressional Budget Office, three-quarters of American families own assets such as stocks, bonds, homes, real estate, and businesses that realize capital gains. Last year, nearly two-thirds of all tax returns that reported capital gains were filed by taxpayers with incomes less than $50,000 a year. The agreement provides overall capital gains tax relief by reducing the top rate from 28 percent to 20 percent, with the rate dropping to 10 percent for couples with taxable incomes under $41,200. After the year 2000, investors who hold their assets for at least 5 years, will see their rate drop to 18 percent.

Mr. Speaker, I would prefer that these tax cuts were all delivered to the people immediately, rather than being phased in. We can celebrate today, but tomorrow we cannot rest. Mr. Speaker, I support this step in the right direction, but we still have alot of work ahead of us.

Mr. BEREUTER. Mr. Speaker, this Member is extremely pleased with the recently-agreed-to historic budget agreement which provides the first Federal tax relief in 16 years in a balanced and fair manner. The taxpayer Relief Act, which we are considering today, is part of a very important budget agreement that provides major tax cuts to middle-income Americans, just as we have always said it would. It is a balanced, equitable measure that will give direct, immediate tax relief to low-middle and middle-income Americans.

This Member is especially pleased that H.R. 2014 includes the capital gains provisions in a balanced tax relief package that will benefit low-middle and middle-income American families. Also, the $500-per-child tax credit, a variety of education-related benefits, and significant increase in inheritance or ''death'' tax exemptions mean that low- and middle-income families are direct beneficiaries of the legislation before us. Furthermore, the tax relief package provides for expanded IRA's which remove some of the barriers imposed by the Tax Code to private savings, thus encouraging financial planning for education and first-time home purchases.

This Member would also like to thank his colleagues who assisted in ensuring that efforts to repeal the ethanol tax exemption have been defeated. We have stopped the assault on ethanol, and we have kept our promise to farmers and ethanol producers.

Finally, Mr. Chairman, this Member's only regret is that the Taxpayer Relief Act does not include prospective indexing of capital gains for inflation. This provision would have allowed middle-income Americans in the future to invest with confidence that inflation would not devour the return on their investments. However, prospective indexing of capital gains could be accomplished in subsequent legislation and this Member will support such efforts.

Mr. Speaker, this Member supports the Taxpayer Relief Act and urges his colleagues to join him in voting ''yes.''

Mr. PACKARD. Mr. Speaker, we surely have come a long way. After 2½ years, the Republican Congress and the Democratic administration have finally agreed on a plan to balance the budget and provide for America's future. But it was neither the Democrats nor the Republicans who emerged the victors in the budget battle. It was the American people. Hard-working, tax-paying citizens have finally won a major victory. Tax relief has become a reality because the American people have spoken loudly and we have listened.

Last year, both Republicans and the President made campaign promises which included tax relief for working Americans and a balanced budget for America's future. After 2½ years, we can be proud to say that together we have fulfilled our promises to the people. A balanced budget which includes significant tax relief is in hand. This is the first balanced budget in a generation and the first tax relief in 16 years.

Mr. Speaker, today, we can all rest easy knowing that the President and the Congress were able to work together to provide a brighter future for all Americans. Partisan politics were pushed aside; the people emerged as the big winners.

The specifics of our budget agreement will put more money in your pockets. Reductions in the capital gains tax, a child tax credit, educational tax credits, and a decrease in the estate tax rate will help all Americans live out the American dream. In fact, our plan will refund to you one-third of the largest peacetime tax hike ever—the President's 1993 tax increase.

Mr. Speaker, by the end of the 104th Congress, the scorecard on the Contract With America was impressive: two-thirds of the contract had become law. Tax relief for families was the crown jewel of the Contract With America. It didn't happen until this week. But it was well worth the wait.

Mr. BALLENGER. Mr. Speaker, I rise in support of the conference report onthe Taxpayer Relief Act which will reduce significantly the Federal tax burden for the first time in 16 years. Although the balanced budget agreement promised net tax relief of $85 billion, the final compromise bill provides for $94 billion in net relief over 5 years and more than $260 billion over 10 years. I applaud Ways and Means Chairman BILL ARCHER and ranking member CHARLIE RANGEL for their leadership and hard work, and the heavy lifting of the entire committee's staff, I making the tax package a reality.

It is important to remember that there virtually has been no tax relief since 1981, when President Ronald Reagan lived up to his campaign promise and delivered a tax cut measure that led us to one of the biggest economic expansions in our history. In contrast, just 4 years ago, President Clinton gave us the largest tax increase ever, reversing the progress former President Reagan worked so hard to deliver. After assuming control of the House and Senate in 1995, the Republican-led Congress rolled up its sleeves and began the difficult work of bringing real tax relief to the American people. I like to think of it as returning to the taxpayers their own hard-earned dollars.

As has been reported widely, the major benefits of this tax package will go to families with children. Although it has been a number of years since my wife and I had children in our home, I see through the experiences of my daughters the financial challengers of today's young families. I am pleased that the conference report on the Taxpayer Relief Act gives parents a $500-per-child tax credit beginning in 1998. Under this provision, parents with children under the age of 17 will be eligible for this benefit, providing help to 11 million more children than what the President wanted since his tax package only provided this benefit to parents with children 12 years old and under. The second largest benefit to most families will be the tax-free education savings accounts which will help them with college or other post-secondary education for their children.

The conference report on the Taxpayer Relief Act also reduces the capital gains tax rate from 18 percent to 20 percent for those with incomes above $41,500 per year and from 15 percent to 10 percent for those earning below that amount. This measure would benefit three-quarters of American families who own homes, property, or other capital goods. Equally important, it would greatly benefit those people who have worked hard and invested in retirement accounts because their money now will be taxed at a lower rate.

I also am pleased by the conference report's many contributions to the owners and employees of America's small businesses. As one who many years ago started a small business, I can attest to the hard work, sacrifice, and risks involved in earning a living this way and creating jobs for others in the community. Today, small business men and women face more regulatory challenges that I did when I started out. As such, I believe it is all the more important to minimize the negative effect of the Tax Code on this engine of the economy

of my district and the entire country. I wish to acknowledge the work of Small Business Chairman JIM TALENT in promoting the important small business tax relief which was advocated by the delegates to the most recent White House Conference on Small Business. I joined in signing Chairman TALENT's letter to the conferees in support of: the home office deduction; accelerated phase-in to 100 percent of the health insurance deduction for the self-employed; and estate, capital gains and alternative minimum tax [AMT] relief for small businesses. Many of my constituents also will welcome the additional delay in penalties for electronic filing under the electronic Federal tax payment system.

Finally, I am especially grateful for the ways in which this tax package clarifies certain of the important pension reforms in last year's Small Business Job Protection Act. In particular, I was supportive of provisions in the House and Senate versions of this measure which were needed to enable subchapter S corporations to establish employee stock ownership plans [ESOP's], giving the employees of these small businesses another retirement option. As a long-time cheerleader for ESOP's, I am enthusiastic over these positive steps to boost employee ownership which have been taken by the 105th Congress.

Clearly, the Taxpayer Relief Act for 1997 is not a ploy to give a tax break to the rich, as some of my colleagues would have us believe. It is a long overdue effort to ease the ever growing tax burden that falls primarily on middle class taxpayers, robbing these families of their freedom. While I view this measure as a great start, I will continue to work with my colleagues to deliver more tax relief and a leaner and more responsive Federal Government in the future.

Mr. GILMAN. Mr. Speaker, I rise in support of the conference report to H.R. 2014, the Taxpayers Relief Act. This measure provides a tax reduction for our Nation's working families, including a $500-per-child tax credit, $1,500 education tax credit, and a reduction in the capital gains tax.

I commend my friend and colleague the gentleman from Texas, the distinguished chairman of our Ways and Means Committee, Mr. ARCHER as well as our leadership for producing this bipartisan tax measure.

I would like to highlight a provision of the bill which will benefit our Nation's police officers and firefighters. Title XV, section 1527 includes a measure, H.R. 1795, which I introduced earlier this session to rescind the dollar limitation on police and firefighter benefit plans—allowing these employees to collect the money that they have rightfully earned by contributing to their pension fund.

Currently, under section 415 of the Tax Code, police officers and firefighters are not eligible to collect the funds that they have earned and instead are required to retire with benefits that force officers to work past their general retirement age in order to afford the high cost of living on the East Coast and other large metropolitan and suburban areas throughout the country.

I urge my colleagues to support this bill. Let's be fair to middle American working families, and to those, who day in and day out, place their lives on the line for our protection.

Mr. DINGELL. Mr. Speaker, I intend to vote in favor of H.R. 2014 albeit with some reservations. This legislation is the product of great compromise by both sides. I am pleased that my Republican colleagues recognized the need to include some tax relief for middle-class Americans in the final version of the tax plan. However, I am deeply concerned that this may still explode the deficit in the out years.

The $500-per-child tax credit will be available to low-income families and the education tax breaks will be fully implemented. We, as Democrats, fought hard to ensure all families will receive some benefit from this tax package. Low-income American families deserve the $500-per-child tax credit just as much as a family whose earnings exceed $110,000. The HOPE scholarship and the student loan interest deduction will make higher education more affordable and accessible for all Americans.

I am still troubled by the distribution of the tax cuts. The capital gains reductions will allow CEO's to cash in their stock options and pay less in taxes than a family earning $30,000. It is the unfortunate nature of compromise that we must cede these generous capital gains tax breaks to the Republicans to provide some relief for hard working low-income Americans.

We should defer the self-congratulations until such time as the budget is actually in balance. The conference agreement is imperfect and there is a definite possibility that it will destroy the Democrats work on deficit reduction which began with the 1993 budget agreement. Nevertheless, I will not stand in the way of the good to reach the perfect. Insomuch as hard working lower-income American families stand to benefit through the $500-per-child tax credit and the $31 billion in education tax cuts, this tax package is good.

Mr. CUNNINGHAM. Mr. Speaker, we are today proudly returning to Americans more of their hard earned money. I am honored to help provide the people of San Diego County some long-overdue tax relief, through my enthusiastic vote for H.R. 2014.

For families with children, we provide relief through a $400-per-child tax credit next year, and $500 per child in the following years, and relief to save for college and education and a better future.

For homeowners, we exempt the sale of couples' homes up to $500,000 from the capital gains tax. This will help spur home sales, and simplify recordkeeping for thousands of San Diego County homeowners.

And for families who save and invest, we have expanded the availability of IRA's and slashed the capital gains tax. Together, these initiatives spur more savings and more economic growth.

Together with the bill we passed yesterday, saving Medicare and controlling Government spending, we are balancing the budget after years of debts and deficits. What a difference it has made for America to have a fiscally responsible Republican Congress. Back in 1993, President Clinton enacted the largest tax increase in American history. This Republican Congress has brought sense to the Federal budget by restoring respect for the budgets of the families and businesses that make America strong and free. And America wins.

As I did when this measure passed the House in June, I want to draw attention to one particular provision of this package: the 21st Century Classrooms Act. This provision provides expanded tax incentives for companies to donate computers and technology to K–12 education. I want to address why this is so important to our children and our future.

By the year 2000, some 60 percent of U.S. jobs will require technical skills, twice as many as today. But, as the GAO has reported, our classrooms lack the technology our children need to succeed. This measure will spur private enterprise to get involved with local schools, and to provide them a new source of up-to-date computers and technology. It ensures that companies have an incentive to donate to schools, to private foundations involved in education, and to organizations that refurbish computers for schools so that they are ready for educational uses.

Just as computers and technology have transformed private enterprise, they can transform our schools and the education of our children. With the click of a mouse, a child can go anywhere in the world. With computer proficiency, a young person can transform a wide variety of information into a multimedia presentation. With the technology available today—to say nothing of the technology available tomorrow—a student can compose music, write and illustrate a short story, study images of distant worlds, and help dream bigger dreams and build a better world for the next generation of Americans.

I am optimistic that the 21st Century Classrooms Act can help transform American education. It will help prepare our young people for tomorrow. And when this House votes for this tax relief today, it will help bring new opportunity to the classrooms of America's young people.

We are indebted to the men and women who assembled this package of tax relief for the American people, including Speaker GINGRICH and the Republican House leadership, Chairmen ARCHER and KASICH and their staffs. But we are most indebted to the Americans who pay the way of this Government. For them, we are providing a tax cut.

Mr. DOYLE. Mr. Speaker, I rise in support of the conference report on the Taxpayer Relief Act, and I commend the conferees for making substantial improvements to H.R. 2014, the original bill that was considered by the House.

I was unable to support H.R. 2014 because it did not provide ample benefits for the middle class and it would have exploded the deficit in the outyears. But this conference report is truly a fiscally and socially responsible tax cut plan. Its costs are controlled in the coming years because the capital gains indexing has been stripped, and the Individual Retirement Account benefits have been targeted to middle-class savers. It is more equitable than H.R. 2014, as it extends the child tax credit to more families earning under $30,000 a year, protects the employment status of workers, and provides more help to families working to pay for their kids' education.

I am particularly pleased that this tax bill contains brownfields tax incentives and an expansion of the Empowerment Zone program. In addition, I am grateful to the bipartisan group of over 60 Members of the House who joined me in urging the conferees to adopt these initiatives. Although these provisions were not in the House or Senate tax bill, I applaud the conferees and the administration for agreeing to include them. Both the brownfields incentive and the Empowerment Zone expansion will help to spur economic growth and

spark the redevelopment of distressed communities across the country.

Washington has been home to partisan sniping for decades, and in recent years it has been consumed in a political war of attrition. In the winter of 1995/1996, when the Government was shut down and it felt like animosity and distrust were the only things that the political parties had in common, it seemed unthinkable that we could come up with a budget that would be supported by the President and nearly three quarters of Congress. But this week we have.

No one will find this to be a perfect agreement, and everyone will agree that there are various changes which we will need to work for later. For example, I would like to revisit some of the education provisions, notably the tax increase on TIAA–CREFF pensioners and the failure to extend employer provided education assistance to graduate students.

Despite some flaws, I am proud of this budget reconciliation legislation. This is the most significant accomplishment we have made since I came to Congress almost 3 years ago. In fact, it is the most significant accomplishment that Congress has made since most of the Members of this body have served here. However, it is crucial that we all recognize that this is not the time for us to sit back and congratulate ourselves. We have shown what can be accomplished when we recognize that our shared interests outweigh our political differences. Now we must push ahead with the momentum we have built with this budget agreement. There are many great challenges ahead of us, and we are in a perfect position to work in a bipartisan manner to overcome them.

I urge everyone to look at this not as the end of the game, but as the beginning. I look forward to continuing to work with colleagues on both sides of the aisle, and I invite all Members to make this only the first of many bipartisan achievements.

Mr. SMITH of Texas. Mr. Speaker, the tax bill before the House, the first in 16 years to cut taxes, is one small step for America's families, one historic leap for freedom.

It reverses the Nation's direction and points us down a path toward restoring individual responsibility and accountability.

Can there remain any doubt that individual citizens and their families are far more capable of making effective decisions for themselves than can a distant bureaucracy?

Freedom begins with us, with each individual citizen, each family.

On behalf of the people who have sent us here, we today reclaim their right to decide, to control more of their lives, to direct more of their children's development and their own futures.

Today we celebrate another step on what remains a long, historic journey for mankind.

Mrs. FOWLER. Mr. Speaker, I rise in strong support of the Taxpayer Relief Act.

When I first ran for Congress 4½ years ago, the goals of providing long overdue relief to the American taxpayer and balancing the Federal budget were my paramount priorities. It gives me great satisfaction to know that, with the action this Congress is taking this week, we are accomplishing these goals.

With passage of the bill before us today, for the first time in 16 years the American people will be getting the tax relief that they deserve. This legislation will provide families with a $500-per-child tax credit; give the economy a boost through capital gains tax reductions; offer tax credits and other means to help Americans meet the costs of higher education for themselves and their children; expand home office deductions; increase contribution limits for Individual Retirement Accounts; and establish new IRA's that Americans can use to save more for retirement, education costs, medical expenses, or the purchase of a first home. It also will provide long awaited death tax relief, which will help preserve family businesses and farms.

Mr. Speaker, this bipartisan bill is the product of much work on the part of our leadership, the chairman and members of the House Ways and Means Committee, their counterparts in the Senate, and the White House, which came to this effort belatedly but in the end accepted that the needs of the American people were paramount. First and foremost, however, I believe it springs from the renewed commitment to fiscal responsibility and relief for the overburdened American taxpayer that the Republican majority has championed. I am proud to be a part of the Congress that has finally brought about this outcome, and urge my colleagues to support this historic legislation.

Mr. HASTERT. Mr. Speaker, I rise today in support of this landmark piece of legislation to reduce the taxes of hard-working Americans. Just as yesterday, I was proud to vote for a balanced budget and a program to save Medicare, today we continue to fulfill our promise to the American people.

Congressional Republicans have kept their word. For the first time in a generation, the Congress has passed and will have signed into law a balanced Federal budget. More important, this historic agreement extends well beyond the Washington beltway; it truly will benefit our Nation's children, working families, and senior citizens. It provides middle-class tax relief and saves Medicare while giving seniors choice. The American people are the real winners in this budget accord.

We've saved Medicare through the early part of the 21st Century. As one of the budget negotiators on Medicare, I'm particularly pleased that we've been able to preserve the health care system relied upon by nearly 40 million older Americans. We do so without raising the retirement age or cutting benefits. Instead, our plan increased services and benefits so seniors can choose the best health care plan to fit their own personal needs. No more one-size-fits-all Washington approach. And, this is just one of the positive changes in this budget agreement.

We've following through on our commitment of tax relief for hard-working Americans. Not sine 1981 has the Congress passed and the President signed into law tax relief for working families. And, why not? Families can decide how to spend their money better than Uncle Sam. By standing up to the tax man, we're standing up for hard-working American families.

Mr. Speaker, I'd like to take a few moments to point out the particular features of this comprehensive tax relief package which will help all folks get ahead in their pursuit of the American dream.

Families will benefit through the child tax credit—the cornerstone of our tax relief package. This helps young folks like the working mother in Dixon who called my office this week. She explained how she desperately needs the child tax credit to help pay for food, clothing, and health insurance for her four kids. With a $400 child tax credit in the first year, she'll be able to write off $1,600 from the family tax bill. In the second year, the kid credit bumps up to $500 per child which means her family can then write off a whopping $2,000 from their tax bill. Now that's much-needed and much-deserved tax relief as the conservative Congress continues to change Washington.

Farmers and small businesses also will benefit from this balanced budget. By reducing the death tax and providing capital gains relief, we'll end triple taxation, expand economic opportunities, and bring new jobs and stable prosperity to working folks around the country.

Finally, I simply want to point out how far we've come in a few short years. Since Republicans took the majority in 1994, we've been able to cut Federal spending by $100 billion in 3 short years. We've also reformed the Nation's welfare system by giving a handup as opposed to a handout to our neediest citizens. We've also encouraged personal responsibility on the able-bodied by placing time limitations and work requirements on any future benefits.

Now, we take another giant leap for smarter government and conservative, common sense solutions. Instead of talking about balancing the budget, saving Medicare, and providing tax relief, we've turned the discussion into how to do it. This is a significant development and conservative achievement, but there's still a long way to go. We must continue to ensure the long-term solvency of Medicare and Social Security. We must ensure continued tax relief for America's families and employers. We must continue to ensure that the budget stays balanced and that we begin to pay off our enormous national debt. I look forward to continuing my commitment to get the job done right as I was elected to do because this is the people's agenda and much work remains.

Mr. Speaker, I yield 5 minutes to the majority leader of the House, the gentleman from Texas [Mr. ARMEY].

Mr. ARMEY. Mr. Speaker, I thank the gentleman for yielding me this time.

Let me begin by paying my compliments to all the Members of the House, particularly those on the Committee on Ways and Means that worked so long and hard on this bill. Let me appreciate what they have done.

Mr. Speaker, this is a day when this Congress has an opportunity to stand up and say, ''Mr. and Mrs. America, we know who you are, we understand your goodness and we respect your decency. And, Mr. and Mrs. America, we know who we are. We are not the ones who govern you but, instead, we are those who represent you. In short, Mr. and Mrs. America, we are you. It is our job to know who you are, to understand your hopes and dreams, to share with you your hopes for this great Nation, and to care with you your hopes for your children.''

It is our job to appreciate all that this great Nation does to not only build itself into a great Nation but to support a great government that is determined to act on behalf of these great people. And today we do that with this bill.

We start off by saying to all the working men and women of this country, ''We understand it is your money. You let us use your money on your behalf. We hope that we do with your money things that you understand must need be done and should be done, as a reflection of your compassion, your generosity, your sharing and your caring for your neighbors and for the greatness of your Nation.''

And we have done these things. But now we find ourselves at a time where we can say it is time to let the American people keep more of their money and for us to take less of it.

It is time for Mr. and Mrs. America, as they struggle with the needs of their family which they desire and hope and must put first, that they would have a $500-per-child tax credit so that they can do the things for their children that they know must be done, whether it is buying the diapers; whether it is, in fact, paying for some kindergarten, some preschooling; whether it is that day when they are 13 and the Department of Agriculture says the cost goes up by $1,000; when they take them for their braces. Whatever they decide they must do with their money, they should have $500 more back for themselves and their children.

It is time that we recognize that they truly do want to save for and provide for their own children's education, and they should be rewarded and encouraged in the effort that they make with the expansion of IRAs. It is time that we understand that their dream is in fact to own their own house, and they should be facilitated in that with this tax law.

More importantly, their dream is the day when their youngsters come home and say, ''Mom, Dad, I got the job, and I am going to have my own house and I will have my own life.''

And it is time, then, that we realize they need an economy with the vitality, the generosity, the creativity and the energy to give their children a chance to work out, in their own lives, their hopes and dreams in accordance with the training, the education that we have been so generously giving them.

We pass today a tax bill that says to the men and women of this country who work hard, who play by the rules, ''It is your money. You keep more of it, you know better what to do with it,'' and we honor and respect that.

This is a bill that we must vote ''yes'' for. We must take pride in our willingness to do that. To vote any other vote than ''yes'' is to say to the men and women of this country, ''We do not know you, we do not appreciate you, we do not respect you.'' And nobody given the privilege to represent the good people of this Nation, in good conscience, can vote ''no'' and make that statement.

CALL OF THE HOUSE

Mr. ARMEY. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 349]

Abercrombie
Ackerman
Aderholt
Allen
Andrews
Archer
Armey
Bachus
Baesler
Baker
Baldacci
Barcia
Barr
Barrett (NE)
Barrett (WI)
Bartlett
Barton
Bass
Bateman
Becerra
Bentsen
Bereuter
Berry
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonior
Bono
Borski
Boswell
Boucher
Boyd
Brady
Brown (CA)
Brown (FL)
Brown (OH)
Bryant
Bunning
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Cardin
Carson
Castle
Chabot
Chambliss
Chenoweth
Christensen
Clay
Clayton
Clement
Clyburn
Coble
Coburn
Collins
Combest
Condit
Conyers
Cook
Cooksey
Costello
Cox
Coyne
Cramer
Crane
Crapo
Cubin
Cummings
Cunningham
Danner
Davis (FL)
Davis (IL)
Davis (VA)
Deal
DeFazio
DeGette
Delahunt
DeLauro
Dellums
Deutsch
Diaz-Balart
Dickey
Dicks
Dingell
Dixon
Doggett
Dooley
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Ehrlich
Emerson
Engel
English
Ensign
Eshoo
Etheridge
Evans
Everett
Ewing
Farr
Fattah
Fazio
Filner
Flake
Foley
Forbes
Ford
Fowler
Fox
Franks (NJ)
Frelinghuysen
Frost
Furse
Gallegly
Ganske
Gejdenson
Gephardt
Gibbons
Gilchrest
Gillmor
Gilman
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green
Greenwood
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hamilton
Hansen
Harman
Hastings (FL)
Hastings (WA)
Hayworth
Hefley
Hefner
Herger
Hill
Hilleary
Hilliard
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Hooley
Horn
Hostettler
Houghton
Hoyer
Hulshof
Hunter
Hutchinson
Hyde
Inglis
Istook
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
John
Johnson (CT)
Johnson (WI)
Johnson, E. B.
Jones
Kanjorski
Kaptur
Kasich
Kelly
Kennedy (MA)
Kennedy (RI)
Kennelly
Kildee
Kilpatrick
Kim
Kind (WI)
King (NY)
Kingston
Kleczka
Klink
Klug
Knollenberg
Kolbe
Kucinich
LaFalce
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Lazio
Leach
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Livingston
LoBiondo
Lofgren
Lowey
Lucas
Luther
Maloney (CT)
Maloney (NY)
Manton
Manzullo
Markey
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCrery
McDade
McDermott
McGovern
McHale
McHugh
McInnis
McIntosh
McIntyre
McKeon
McKinney
McNulty
Meehan
Meek
Menendez
Metcalf
Mica
Millender-McDonald
Miller (CA)
Miller (FL)
Minge
Mink
Moakley
Molinari
Mollohan
Moran (KS)
Moran (VA)
Morella
Murtha
Myrick
Nadler
Neal
Nethercutt
Neumann
Ney
Northup
Norwood
Nussle
Oberstar
Obey
Olver
Ortiz
Oxley
Packard
Pallone
Pappas
Parker
Pascrell
Pastor
Paul
Paxon
Payne
Pease
Pelosi
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Poshard
Price (NC)
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Rangel
Redmond
Regula
Reyes
Riley
Rivers
Rodriguez
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Rothman
Roukema
Roybal-Allard
Royce
Rush
Ryun
Sabo
Salmon
Sanchez
Sanders
Sandlin
Sanford
Sawyer
Saxton
Scarborough
Schaefer, Dan
Schaffer, Bob
Schumer
Scott
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Shimkus
Sisisky
Skaggs
Skeen
Skelton
Slaughter
Smith (MI)
Smith (NJ)
Smith (OR)
Smith (TX)
Smith, Adam
Smith, Linda
Snowbarger
Snyder
Solomon
Souder
Spence
Spratt
Stabenow
Stearns
Stenholm
Stokes
Strickland
Stump
Stupak
Sununu
Talent
Tanner
Tauscher
Tauzin
Taylor (MS)
Taylor (NC)
Thomas
Thompson
Thornberry
Thune
Thurman
Tiahrt
Torres
Towns
Traficant
Turner
Upton
Velazquez
Vento
Visclosky
Walsh
Wamp
Waters
Watkins
Watt (NC)
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wexler
Weygand
White
Whitfield
Wicker
Wise
Wolf
Woolsey
Wynn
Yates
Young (FL)

☐ 1519

The SPEAKER. On this rollcall, 414 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call are dispensed with

CONFERENCE REPORT ON H.R. 2014, TAXPAYER RELIEF ACT OF 1997

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, first let me thank you for interceding in the conference to make certain that a provision was inserted that allows kids who dream about college to get there. The President's proposal finally was given to him in an approved way by the House of Representatives. While all of us appreciate how important education is at the higher level, some of us would not have been able to get to college if it was not that we had the GI bill to get to high school first, and because of the cooperation of the gentleman from Texas [Mr. ARCHER] and the Speaker and the President, we do have that there.

Let me say this, that being bipartisan in my opinion really does not mean that we have given up the principles of our party. It does mean that it was this President that decided that the American people in the middle-income group was entitled to a tax cut. It means that this President thought the people of the United States of America should keep up their education and their technology in order to be a part of this