stengthening safeguards against unauthorized disclosure of federal income tax return information by States and State contractors as well as prohibiting anyone, banks and lenders for instance, from asking or coercing a taxpayer to sign a consent to disclose their tax information unless the form is dated and it is clear who will be receiving the information.

The bill also contains a provision that tightens restrictions on ''browsing'' of taxpayer information by IRS employees. The IRS is required to notify taxpayers after the Treasury Inspector General for Tax Administration determines that a taxpayer's return or return information has been disclosed or inspected without authorization.

Finally this bill levels the field between the IRS and the Taxpayer. It accomplishes this first by excluding interest paid by the IRS from the income of individual taxpayers. Under current law, taxpayers cannot deduct interest that they pay to the IRS, but they have to pay taxes on any interest payment they receive from the IRS.

Secondly, it provides access to the working law of the IRS. All final, written legal interpretations issued to IRS employees that affect a member of the public are made publicly available. If taxpayers are expected to comply with an IRS interpretation of the law, the interpretation should be available. Currently, taxpayers have no way of determining whether the IRS applying the tax laws evenly across the U.S. This will permit taxpayers to determine what is the appropriate legal analysis applicable to their facts and circumstances.

As the complexity of the tax code increases, the need to pretect taxpayers has also increased. We must be diligent and ensure Americans receive the protection they deserve. This bill takes the steps necessary to endure that taxpayers are treated fairly and the information they disclose is protected. It extends the reforms began in 1998 by reigning in and finally putting the taxpayer on an equal footing with the IRS.

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

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentleman from New York (Mr. HOUGHTON) that the House suspend the rules and pass the bill, H.R. 4163, as amended.

The question was taken.

Mr. HOUGHTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

SENSE OF CONGRESS ON CLINTON/GORE TAX HIKES

Mr. MCINNIS. Mr. Speaker, I move to suspend the rules and agree to the resolution (H. Res. 467) expressing the sense of the House of Representatives that the tax and user fee increases proposed by the Clinton/Gore administration in their fiscal year 2001 budget should be adopted.

The Clerk read as follows:

H. RES. 467

Whereas on February 7, 2000, President Clinton and Vice President Gore submitted a budget for fiscal year 2001 that raises taxes and fees on working families by $116 billion over 5 years, creates 84 new Federal programs, places Government spending increases on auto-pilot, and fails to offer any serious proposal to strengthen social security or medicare;

Whereas over the next decade the Clinton-Gore budget would spend $1.3 trillion on bigger Government—consuming 70 percent of the projected $1.9 trillion in budget surpluses—thus spending more for the Federal bureaucracy, and less for the American family;

Whereas as part of the $116 billion in tax and fee increases—

(1) the President proposes to raise taxes by $12.8 billion on the insurance products which Americans rely on to protect their families, homes, and businesses,

(2) the President proposes a stealth tax on our children by raising the death tax by $3.5 billion,

(3) the President asks us to increase taxes on energy by $1.5 billion at a time of rising energy prices and increasing dependence on foreign oil, and

(4) the President wants to raise medicare premiums and other health care costs by $3.2 billion at the very time we are trying to insure our seniors' health security by preserving and protecting medicare; and

Whereas the President's solution is to take hard-earned money and send it to Washington where politicians can spend it: Now, therefore, be it

Resolved, That is it the sense of the House of Representatives that—

(1) despite having successfully balanced the budget and created budget surpluses,

(2) despite having protected social security and restored the integrity of the social security trust fund,

(3) despite the fact that in 1999 governments at all levels collected $9,562 in taxes for every man, woman and child,

(4) despite the fact our tax burden is at 20.0 percent of gross domestic product—a post-World War II record high, and

(5) despite the fact that our oversight activities have identified billions of taxpayer's dollars that are subject to waste, fraud and abuse,

the Congress should support the adoption of the package of tax and user fee increases proposed by the Clinton/Gore administration in their fiscal year 2001 budget, as reestimated by the Joint Committee on Taxation, and as outlined below.

PROPOSED TAX AND FEE INCREASES
(Millions of dollars)

	2000–05
I. PROPOSED TAX INCREASES	
A. Corporate Tax Provisions	
1. Five corporate tax provisions with general application	2,340
2. Require accrual of time value element on forward sale of corporate stock	41
3. Modify treatment of ESOP as S corporation shareholder	169
4. Limit dividend treatment for payments on self-amortizing stock	10
5. Prevent serial liquidations of U.S. subsidiaries of foreign corporations	43
6. Prevent capital gains avoidance through basis shift transactions involving foreign shareholders	270
7. Prevent mismatching of deductions and income inclusions in transactions with related foreign persons	229
8. Prevent duplication or acceleration of loss through assumption of liabilities	93
9. Amend 80/20 company rules	167
10. Modify corporate-owned life insurance (''COLI'') rules	2,026

PROPOSED TAX AND FEE INCREASES—Continued
(Millions of dollars)

	2000–05
11. Increase depreciation life by service term of tax-exempt use property leases	66
B. Financial Products	
1. Require cash-method banks to accrue interest on short-term obligations	76
2. Require current accrual of market discount by accrual method taxpayers	52
3. Modify and clarify certain rules relating to debt-for-debt exchanges	136
4. Modify and clarify straddle rules	95
5. Provide generalized rules for all income-stripping transactions	65
6. Require ordinary treatment for options dealers and commodities dealers	93
7. Prohibit tax deferral on contributions of appreciated property to swap funds	NR [1]
C. Provisions Affecting Corporations and Pass-Through Entities	
1. Conform control test for tax-free incorporations, distributions, and reorganizations	86
2. Treat receipt of tracking stock as property	477
3. Require consistent treatment and provide basis allocation rules for transfers of intangibles in certain nonrecognition transactions	145
4. Modify tax treatment of certain reorganizations in which portfolio interests in stock disappear	283
5. Clarify definition of nonqualified preferred stock	73
6. Clarify rules for payment of estimated taxes for certain deemed asset sales	120
7. Modify treatment of transfers to creditors in divisive reorganizations	46
8. Provide mandatory basis adjustments if partners have significant built-in loss in partnership property	159
9. Modify treatment of closely-held REITs	45
10. Apply RIC excise tax to undistributed profits of REITs	4
11. Allow RICs a dividends paid deduction for redemptions only if the redemption represents a contraction in the RIC	1,911
12. Require REMICs to be secondarily liable for the tax liability of REMIC residual interest holders	69
13. Deny change in method treatment in tax-free transactions	25
14. Deny deduction for punitive damages	233
15. Repeal the lower-of-cost-or-market inventory accounting method	2,032
16. Disallow interest on debt allocable to tax-exempt obligations	87
17. Capitalization of commissions by mutual fund distributors	461
D. Cost Recovery Provisions	
1. Provide consistent amortization periods for intangibles	969
2. Establish specific class lives for utility grading costs	307
3. Extend the present-law intangibles amortization provisions to acquisitions of sports franchises	245
E. Insurance Provisions	
1. Require recapture of policyholder surplus accounts	1,622
2. Modify rules for capitalizing policy acquisition costs of insurance companies	5,084
3. Increase the proration percentage for property and casualty insurance companies	323

PROPOSED TAX AND FEE INCREASES—Continued
(Millions of dollars)

	2000–05
4. Modify rules that apply to sales of life insurance contracts	140
5. Modify qualification rules for tax-exempt property and casualty insurance companies	87
F. Tax-Exempt Organization Provisions	
1. Subject investment income of trade associations to tax	730
2. Penalty for failure to file Form 5227	7
G. Estate and Gift Tax Provisions	
1. Restore phaseout of unified credit for large estates	430
2. Require consistent valuation for estate and income tax purposes	50
3. Require basis allocation for part-sale, part-gift transactions	5
4. Eliminate the stepped-up basis in community property owned by surviving spouse	229
5. Require that qualified terminable interest property for which a marital deduction is allowed be included in the surviving spouse's estate	8
6. Eliminate non-business valuation discounts	2,985
7. Eliminate gift tax exemption for personal residence trusts	28
8. Eliminate the Crummey rule and modify requirements for annual exclusion gifts	45
H. Pension Provisions	
1. Increase elective withholding rate for nonperiodic distributions from deferred compensation plans	60
2. Increase section 4973 excise tax on excess IRA contributions	39
3. Impose limitation on prefunding of welfare benefits	873
4. Subject signing bonuses to employment taxes	27
5. Clarify employment tax treatment of choreworkers employed by State welfare agencies	RS [2]
6. Prohibit IRAs from investing in foreign sales corporations	126
I. Compliance Provisions	
1. Modify the substantial understatement penalty for large corporations	15
2. Repeal exemption for withholding on certain gambling winnings	31
3. Require information reporting for private separate accounts	NR [1]
4. Increase penalties for failure to file correct information returns	47
J. Miscellaneous Revenue-Increasing Provisions	
1. Modify deposit requirement for Federal Unemployment Tax Act (''FUTA'')	1,367
2. Reinstate Oil Spill Liability Trust Fund excise tax and increase trust fund ceiling to $5 billion (through 9/30/10)	1,022
3. Repeal percentage depletion for non-fuel minerals mined on Federal and formerly Federal lands	410
4. Impose excise tax on purchase of structured settlements	12
5. Require taxpayers to include rental income of residence in income without regard to period of rental	75
6. Eliminate installment payment of heavy vehicle use tax	320
7. Require recognition of gain from the sale of a principal residence if acquired in a like-kind exchange within 5 years of the sale	45
K. International Provisions	
1. Require reporting of payments to, and restrict tax benefits for income flowing through, identified tax havens	100
2. Modify treatment of built-in losses and other attribute trafficking	524
3. Simplify taxation of property that no longer produces income effectively connected with a U.S. trade or business	NR [1]
4. Impose mark-to-market tax on individuals who expatriate	500
5. Expand U.S.-effectively connected income rules to include more foreign-source income	26
6. Limit basis step-up for imported pensions	50
7. Replace sales-source rules with activity-based rules	7,828
8. Modify rules relating to foreign oil and gas extraction income	1,151
9. Recapture overall foreign losses when controlled foreign corporation stock is disposed	18
10. Modify foreign office material participation exception applicable to certain inventory sales	25
L. Other Provisions Requiring Amendment of the Internal Revenue Code	
1. Hazardous Substance Superfund Taxes:	
a. Reinstate environmental tax imposed on corporate taxable income and deposited in the Hazardous Substance Superfund	3,600
b. Reinstate excise taxes deposited in the Hazardous Substance Superfund	3,853
2. Convert a portion of the excise taxes deposited in the Airport and Airway Trust Fund to cost-based user fees (Administration's estimate)	6,667
3. Increase excise taxes on tobacco products	37,313
4. Repeal harbor maintenance excise tax and authorize imposition of cost-based harbor services user fee	−2,742
5. Accelerate rum excise tax coverover payments to Puerto Rico and the U.S. Virgin Islands	—
6. Restore Premiums for United Mine Workers of American benefit fund	43
Total: Provisions increasing revenue	**88,946**
II. PROPOSED FEE INCREASES	
A. Proposals for Discretionary User Fees	
1. Offsetting collections deposited in appropriation accounts	
Department of Agriculture:	
Food Safety Inspection Service fees	3,098
Animal and Plant Health Inspection Service	55
Grain Inspection, Packers and Stockyards Administration	115
Department of Commerce:	
National Oceanic and Atmospheric Administration, Navigational assistance fees	70
Fisheries management fees	100
Department of Health and Human Services:	
Food and Drug Administration fees	95
Health Care Financing Administration fee proposals:	
Managed care application and renewal fees	105
Provider initial certification fees	65
Provider recertification fees	250
Paper claims submission fees	415
Duplicate and unprocessable claims fees	265
Increase Medicare + Choice fees	646
Nursing home criminal abuse registry fee	20
Department of the Interior:	
User fees on Outer Continental Shelf lands	50
Department of Justice:	
Hart-Scott Rodino pre-merger filing fees	190
Department of Transportation:	
Coast Guard, navigational services fees	2,826
Federal Railroad Administration, rail safety inspection fees	515
Hazardous materials transportation safety fees	95
Surface Transportation Board fees	85
Department of the Treasury:	
Customs, automation modernization fee	1,050
Federal Trade Commission:	
Hart-Scott Rodino pre-merger filing fees	190
National Transportation Safety Board:	
Commercial accident investigation fees	50
2. Offsetting collections deposited in receipt accounts	
Department of Justice:	
Immigration premium processing fee	85
Increase inspection user fees	835
Department of Transportation:	
Pipeline safety fees	59
Environmental Protection Agency:	
Pesticide registration fees	16
Pre-manufacture notice (PMN) fees	36
Nuclear Regulatory Commission:	
Extend Nuclear Regulatory Commission user fees	1,475
Subtotal, proposals for discretionary user fees	12,856
B. Proposed Fee Increases to Offset Mandatory Spending	
1. Offsetting collections deposited in appropriation accounts	
Department of Agriculture:	
Federal crop insurance	69
Department of Labor:	
Implement alien labor certification fees	626
Federal Emergency Management Agency:	
Flood map license fee for flood map modernization	546
2. Offsetting collections deposited in receipt accounts	
Department of Agriculture:	
Recreation and entrance fees	162
Concession, land use, right of way, and filming permits	52
Department of Health and Human Services:	
Medicare premiums	1,446
Department of the Interior:	
Recreation and entrance fees	297
Filming and special use permits fees	19
Hardrock mining production fees	86
Department of the Treasury:	
Customs, extend conveyance/passenger fee	889
Customs, extend merchandise processing fee	2,095
Subtotal user fee proposals to offset mandatory spending	6,287
Total user fee proposals	**19,143**

[1] Negligible or no revenue effect.
[2] Requires specification.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Colorado (Mr. MCINNIS) and the gentleman from New York (Mr. RANGEL) each will control 20 minutes.

The Chair recognizes the gentleman from Colorado (Mr. MCINNIS).

GENERAL LEAVE

Mr. MCINNIS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and to include extraneous material on H. Res. 467.

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

There was no objection.

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

Mr. Speaker, the resolution that we have in front of us lays it on the table. It was interesting to hear some of the comments from the people immediately preceding this about sunshine and let us open it up. I think that is exactly what we ought to do with the budget of the President and the Vice President that they have sent over to us.

That budget raises taxes. There is no question about it. It raises taxes. It is hidden in the fine print. What this resolution does is say, hey, let us put all the cards on the table. If the President and the Vice President are going to raise taxes on the American taxpayers, let us be forthright and let us lay it on the table and see exactly how many Democrats are going to vote for it.

That is what this resolution does. It says, does their party really follow the administration wanting to raise taxes, like death taxes for example? And I can go through those in specific. We are going to give them the opportunity to vote on it. Because I think the American people, while our economy is still good, I do not think are very excited about their philosophy to raise taxes. And the administration, I think under the guise of a terrific booming economy, think it is time to squeeze into the pocketbook.

I think it is time to see under openness, under sunshine makes great growing, or whatever that quote was in the last speech. Now is the opportunity for us to see where they stand on raising taxes.

Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska (Mr. TERRY). I hope he addresses this issue in his comments.

Mr. TERRY. Mr. Speaker, I thank my friend and colleague from Colorado (Mr. MCINNIS) for yielding me the time.

Mr. Speaker, I rise today to bring to the floor another package of tax and fee increases proposed by the Clinton-Gore administration for the fiscal year 2001. This legislation proposes additional taxes and fees totaling $116 billion over the next 5 years.

Now, this body a few weeks ago and the Senate just last week and this week, hopefully, will deal with the conference report on our budget. The thing to keep in mind is that our budget does not raise taxes. In fact, it cuts taxes by $150 billion over the next 5 years.

Our budget protects the Social Security Trust Fund. Our budget pays down the public debt. And we did this without asking our constituents and the American public to pay one more dollar of their hard-earned money to the Federal Government. We think it is better that they keep their money in their pockets than in Washington.

This resolution exposes the Clinton-Gore tax-and-fee package for what it really is, $116 billion in new fees and taxes. The President and Vice President propose 84 new spending programs.

So as maybe some of the American public have watched the nightly news, they may have said, how do they do it? I hear them talking about spending or taking down the debt and expanding the size of government. Well, what they are not hearing is the fact that in that proposal is $116 billion worth of new taxes to do that. That is the smoke and mirrors.

This package raises, for example, $12.8 billion on insurance products which Americans rely on to protect their families. Since I have gotten here, I fought hard to eliminate the death tax. This administration has proposed a stealth tax on our children, raising death taxes a whopping $3.8 billion.

At the time that the price of oil and gas have risen to historic heights, and now leveling off, though, the President submitted a budget which included $1.6 billion in new energy taxes.

Congress has made an effort to help our senior citizens by locking away their Social Security and protecting Medicare. Now this administration submits a budget raising Medicare premiums and other health care costs by $3.2 billion. This is what we are fighting to save them from.

Now, I could go on with many more specific examples. But, Mr. Speaker, I will not. There is something in this resolution for everyone to dislike.

I, for one, plan to demonstrate my opposition to this tax package and these fee increases; and I encourage all of my colleagues to join me in voting ''no'' to these fees and tax increases.

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

Mr. Speaker, this is a great honor for me to be a part of the Committee on Ways and Means and see that the Republican leadership is now sharing the tax writing authority with other members on their side.

This, I think, is good and healthy. That way, the chairman of the Committee on Ways and Means does not have the responsibility of having to explain this tomfoolery that we are dealing with on the floor today. Because it just seems to me that anybody on our committee that would be talking about the President's tax revenue raises would also be talking about the President's program.

Because I would welcome the opportunity to vote for a $100 billion tax increase over a 5-year period if I thought for one minute that the majority party was prepared to repair the Social Security system for our kids and our grandkids; if I thought there was just one scintilla of interest in having Medicare be held whole for those that follow up; if I thought this was the price that we would pay so that our senior citizens would have affordable prescription drugs; if I thought that this bill, which my colleagues just pulled out the cost and the pain, that this would be something to allow us to reduce our Federal debt and the interest on that debt; if I thought for one minute that the Committee on Ways and Means was asking people to pay this increase in taxes because we were going to invest in our education system so that all of our kids, from whatever community, will be exposed to the education and the training that will be necessary for this great Republic of ours to maintain our competitive edge in technology.

But I do not know who would do this on our economy to just find out the cost of government and pull that out and say, why do they not pay for the pain when the majority party is not even concerned about the security of our Social Security system.

Now, the reason I am not annoyed is because I know that they are not serious about this. And the reason I know it is because there are a series of so-called ''tax bills'' that would be reaching the floor. Far more exciting, I would think, and far more creative and, of course, far more irresponsible is the idea that they are going to sunset the whole Code and they will do this on the week that Americans have to pay their income taxes. And I would suspect that when they go to sunset the Internal Revenue Code that they will say at some point in time in the distant future they will substitute the Code with something else.

Well, back in Harlem they call that a pig in the poke, that they do not buy what you do not know. And certainly they have not demonstrated the leadership to give us any alternative.

I have been here on the Committee on Ways and Means. The chairman has no bill. The Speaker has no bill to substitute the Code. But we will pull it up by the roots and let America decide what we are going to do in the future.

I know that they have to have something to go back home to at the end of these 2 years that they have been down here in charge, and so it does not bother me that that is the reason why they are bringing this to the floor. But it should bother some of the people on the tax writing committee that have to explain this.

I mean, give the other fellows an opportunity to talk about taxes. But for those who have the responsibility to explain it, give us a break.

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

□ 1530

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

Mr. Speaker, first of all the gentleman from New York talks about the quote out of Harlem called a pig in a pork or something like that. Let us come back to America and talk about a quote in the fine print. That is in the fine print I say to the gentleman from New York. Those tax increases, they are in the fine print. Those 85 new Federal programs are in the fine print. It

is his administration that put it in the fine print. I would like to see him vote for that. Is that what he really supports? He really supports a tax increase for the people?

Mr. RANGEL. Mr. Speaker, does the gentleman want an answer?

Mr. MCINNIS. I control the floor, Mr. Speaker.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman may proceed.

Mr. MCINNIS. I tell the gentleman, go ahead and stand up and vote for those 84 programs. Go ahead. But let us be frank with the American people. Let us not tuck it away in a stack of papers this high and stick a tax increase in there. Let us not go into this stack of papers and stick down there 84 new Federal programs and then under the guise of a great economy and under the guise of we are going to save Social Security for Americans, under the guise of all good words that sound hopeful, we are going to stick this tax increase in there. Forget the pig in the pork stuff. Let us talk about the fine print.

Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. PORTMAN) my colleague on the Committee on Ways and Means.

Mr. PORTMAN. Mr. Speaker, I would say to my friend from New York who said he would be willing to vote for these $116 billion in new taxes and fees if he knew we could preserve Social Security and maintain and improve Medicare, I have good news for him. The Republicans are going to make good on our budget resolution that passed the floor and we are going to give him the opportunity to preserve Social Security and improve Medicare, including offering prescription drug coverage, without any tax increases. So I think we can do both. I think we can address the necessary problems, the problems that we face as a country as well as not adding to the already very high burden on the American people of the highest per capita tax that we have faced since World War II.

This resolution is great. It is straightforward. It just says, yes or no, do you support or not support the President's own budget proposal? It is interesting a Republican is offering it because I am going to have to vote no on it. I hope the gentleman from Nebraska and the gentleman from Colorado do not mind.

The reason I have to vote no on it and the reason they are going to vote no on it is that it increases taxes in a number of critical areas. One is Medicare premiums. It contains $3.2 billion in increased Medicare premiums. Again we have disagreements on where Medicare ought to go maybe, but I do not think we want to overburden people even further on the Medicare system and take away even more funding from Medicare by adding $3.2 billion in increased Medicare premiums. $1.5 billion in increased energy costs at a time we are all worried about rising gas prices. $3.5 billion in increased death taxes, $12.8 billion in increased costs and fees on insurance products, primarily these are products that would lead to savings. These are ways in which Americans save for their retirement.

At a time when all economists, right, left and center, agree we have a savings crisis in this country, let us not add $12.8 billion in increased costs and fees on savings. I think that does not make any sense at all. A report issued recently, just last month by the Employee Benefits Research Institute showed that personal savings have dropped by 50 percent in the last 5 years. This is a crisis. It is not something that we ought to tax, it is something we ought to encourage, which is more savings. I am pleased my colleagues will have an opportunity to vote on the Clinton/Gore budget today. I commend my colleagues from Colorado and Nebraska for raising it.

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

I was asking my friend from the Committee on Ways and Means to yield only because I wanted to respond to what I thought, what I did think were questions to me, and, that is, I was saying that this was a pig in the poke, p-o-k-e, and he was saying that this was reduced to writing, his proposals. It does not make it more accurate just because he has been able to reduce it to words. It is words that are irresponsible. We cannot talk about the President's increase in taxes without talking about a package of benefits that the President has in this package.

But I think the American people, all I can ask them to do is that if you are sincere in the resolution, vote for it, because I am convinced that what you have done is to create a resolution to embarrass the President that has taken all of the facts as relate to the benefit of his budget and stripped that off and just talked about the pain of operating government. Anybody that would vote for this standing alone would be very, very silly. But since the proponent has come from your side, how you intend to handle this, I do not know.

Mr. Speaker, I yield 3 minutes to the gentleman from Washington (Mr. MCDERMOTT) a senior member of the Committee on Ways and Means, a member of the Committee on the Budget and someone who truly understands how to be responsible about facing up to the problems facing our great country.

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

Mr. MCDERMOTT. Mr. Speaker, I am sitting back here wondering why this bill was out here just now, and I think I broke the code. In the House we try and pick an important day to bring something up. I remember we came out here on Valentine's Day and we passed the marriage tax penalty. I do not know where it is. It went off somewhere but everybody thought they got a valentine from the House of Representatives. Now today we have the Taxpayer Bill of Rights. We get that out here and everybody says, Oh, well, now, I've finally got some rights, right? Now we go over to the Committee on Ways and Means, and it must be tax time.

I cannot explain it any other way except over in the Committee on Ways and Means we are having a hearing about tearing up the Tax Code by the roots and imposing a 30 percent sales tax on everything. Just imagine you are going to buy a house and you are going to pay a 30 percent tax on it, or you are going to buy a car and you are going to pay a 30 percent tax on it. Or you are going to buy a shirt, and you are going to pay a 30 percent tax. That is what they are talking about over in the Committee on Ways and Means now. If the taxpayers had any sense at all, they would be over in the Committee on Ways and Means instead of hearing these silly bills about a Taxpayer's Bill of Rights.

This bill, the one we are on right now, is even more interesting. As the gentleman from New York has pointed out, you pass taxes to pay for something. The President put the ''something'' out there and said I am going to give you a prescription benefit for senior citizens, I am going to take care of the schools, I am going to take care of a whole lot of things and it will cost something. That is how you do it.

No, no, not my distinguished colleagues from the Committee on Ways and Means. They bring the money out here and say, Just vote for the money, just vote for the money, and then trust us, we'll spend it for you. I brought Mr. Bush's tax bill to the Committee on Ways and Means and said to them, this man is running nationwide saying if you elect me, I will give you $500 billion worth of tax cuts. And everybody on the committee has endorsed Mr. Bush. But none of them would vote for Mr. Bush's tax proposal when it was put before them. You have to wonder if this is not just some kind of electioneering rather than any substantive policy.

Bringing the President's bill out here, I consider it the highest form of flattery to be imitated. I put that bill in over in the Committee on Ways and Means a couple of weeks ago and everybody was all exercised when the headlines said, GOP in House Rejects Bush Tax Plan. They just were upset by that so they thought, Oh, I know what we'll do, we'll run out here with the President's taxes and throw it on the table. But it makes no sense. The President said what he would spend it for. We have not done anything about Medicare. We have not done anything about Medicaid. We have not done anything about Social Security. I think everybody is going to vote no on this.

Mr. MCINNIS. Mr. Speaker, I yield myself such time as I may consume. First of all the previous speaker talks about playing politics because of the fact that we bring out the tax increases that the Democrats want on the American people. I call it sunshine. Bring it

out. Get into that big stack of papers and let us reveal exactly what is happening on taxes. You can take a look at the other programs, but let us talk about 84 new Federal government programs, the creation of 84 new programs under this budget. It is tucked away in the fine print.

Let us talk about those tax increases. That is not something we call fair game. That ought to be the legitimate practice of representing the people of this Nation. Tell them what you are about to do to them in regards to tax increases. Tell them about the fact that many Members on your side of the aisle oppose the death tax or at least when people are talking to their constituents they oppose the death tax but when the administration sends a bill over here, it increases the death tax. It does not talk about keeping it the same. It does not reduce the death tax. It increases the death tax. I hope the gentleman gets some expert advice. Come up here, and I would be happy to go over those death tax increases with him.

Mr. Speaker, I yield 2½ minutes to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. I thank my colleague from Colorado for yielding me this time.

Mr. Speaker, I rise in strong opposition to this proposal, but I appreciate the courtesy of my colleagues for bringing this to the floor to really show the American people what is at work here. It is true there are two different philosophies and it is not a matter of breaking a code or, shoot, even listening to cellular telephone conversations, it is just simply a chance to lay out for the people what is clear.

Those on the left are committed to taking more of your hard-earned money to spend on more and more wasteful Washington programs. It is fine. It is a legitimate difference of opinion. But, Mr. Speaker, I would just ask my colleagues to focus on the teacher who visited me this morning with kids from the northern part of my district. I know it will shock the pundits and the spinmeisters who tell us people do not care about the money they send to the Federal Government, but not only the students but the teacher was very interested in taxation. The teacher shared with us the story that he and his spouse will have to write a check close to $600, a good portion of a paycheck for their salary, to the Federal Government this week begging the question, why do those who work hard and play by the rules always find themselves penalized?

Mr. Speaker, I rise in opposition to the President's multibillion-dollar tax increase. The simple fact that I understand the money belongs to the people, not to the Washington bureaucrats, and that for years there have been those denizens of the left who tell us again and again and again that families ought to sacrifice so that Washington can do more. Mr. Speaker, I think the opposite is true. I think that Washington bureaucrats ought to sacrifice so that families can have more.

Again not out of embarrassment but out of courtesy, since my friends on the left did not want to offer the current President of the United States a chance to have his tax increases debated, we brought this to the floor as a courtesy. They now have the opportunity to embrace the tax increases. Because, Mr. Speaker, the money has to come from somewhere, and it comes from the hardworking people like the teacher who visited with me this morning who works hard and plays by the rules and wonders where his money goes.

Mr. RANGEL. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin (Mr. KLECZKA) a senior member of the Committee on Ways and Means.

Mr. KLECZKA. Mr. Speaker, let me thank the vice chairman of the Committee on Ways and Means, the gentleman from New York (Mr. RANGEL), for giving me this time.

Mr. Speaker, I have been in Congress a couple of years now, and I fought like the devil to get on the Committee on Ways and Means because I wanted to be in a position so I could hopefully shape the tax laws of this country. The committee also deals with Social Security, trade policy, Medicare, but it seems that service on the committee is to be taken for granted today because bills like this just pop up out of nowhere. This bill was introduced yesterday. So for you folks who are watching this thinking that Members have public hearings on bills, read bills, that is nonsense. It was popped in yesterday, we have to come to the floor today to defend it or to argue against it.

As I speak today, the Committee on Ways and Means, the real committee, is meeting across the road here in the Longworth Office Building and before us is a proposal to incept a national sales tax, to pull the tax code out by its roots, throw it away in the garbage can and in lieu you folks will pay a 30 percent sales tax on every good and service that you need or purchase.

□ 1545

But instead of being there to listen to that weighty debate, we are here talking about a bill that just was popped before us yesterday; but it is not new, because it was before us last year.

One of my Republican colleagues indicated that this is the President's budget we are voting on. My friends, it is not the President's budget, so do not be led astray. What it is, and I will read the first paragraph, ''Expressing the sense of the House of Representatives that the tax and user fee increases proposed by the Clinton-Gore administration in their fiscal year 2001 budget should be adopted.'' So the author of the bill says these things should be adopted. So in a short while we are going to have a vote on this, and we are all going to vote no.

Remember when we were growing up there used to be this Shmoo balloon. We blew up the Shmoo and put it in a knot and put it in these little shoes, and the game was to hit the Shmoo, the Shmoo would fall on the ground and it would pop back up. These folks introduced this bill, and the only reason is they want to knock it down.

Well, one would seem to think that after the debate from our Republican colleagues that in here there is an increase for the income tax, an increase for the corporate tax. None of that. These are fees and user taxes for people who use various services. If the user uses the service, they should pay; and if you do not use it, you do not pay. Some are good, some are bad. Some I support; some I do not support.

All right, let me challenge my Republican colleagues to respond to some of these suggested changes in the tax law. Under the corporate tax provision, prevent serial liquidation of U.S. subsidies of foreign corporations. Foreign corporations. What is wrong with that? There is not a one of them who knows what the heck that does.

Another one, require cash method banks to accrue interest on short-term obligations. Sounds like fair tax policy. I bet the author of the bill does not even know what the heck that does.

Here is another one. Prohibit tax deferral on contributions of appreciated property to swap funds. Closing a tax loophole. What is wrong with that? How many of you guys and ladies are going to pay that? Zero. A tax loophole.

But we are asked here to say no to all of these, even though in the entire context of the budget they make some sense. But the President's budget is not here. This is a little silly game we are playing today, and I want everyone to stay tuned, because we have got a sillier one coming on Thursday, and that is to repeal the income tax code, effective year 2002, and replace it with, we have not thought of that yet.

So they are going to repeal the income tax and one day maybe the Committee on Ways and Means I serve on, maybe not, will come up with an alternative, an alternative. But that alternative is not here today.

This is shenanigans. Let us play the game.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). The Chair would remind all Members to address their comments to the Chair, and not to members of the audience and not to members outside this Chamber.

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

I just listened to this previous speaker. He talks about a silly game. Of course it does not mean much to him there is 82 new Federal programs coming in. Of course it does not mean much to him that the people of our country are going to have a tax increase. Why? He does not want the fine print of that Clinton-Gore budget discovered. It has been discovered.

I would caution my friend up here, he talks about why do this bill? Why are you bringing this up today? Well, you know what, it is an old adage: every action brings a reaction. This is the reaction. And what is it a reaction to? It is a reaction to the Democrats going out there and not just raising user fees, but raising death taxes; not just raising taxes, but creating new Federal programs.

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

Mr. MCINNIS. Mr. Speaker, I will not yield.

Mr. Speaker, I can assure all the Members on this side of the aisle, the Democrats on this side——

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

Mr. MCINNIS. Mr. Speaker, I have control of the floor. Would the gentleman recognize the courtesies of the House?

The SPEAKER pro tempore. The gentleman has indicated he will not yield.

The gentleman may proceed.

Mr. MCINNIS. Mr. Speaker, if the gentleman does not have a point of order, he is out of order; and he continues to be out of order in defiance of the Speaker's demands.

Mr. KLECZKA. Mr. Speaker, I am just standing here saying nothing.

The SPEAKER pro tempore. The gentleman from Colorado may proceed.

Mr. MCINNIS. So when you have a reaction, do you want to know why we are here today about these tax increases, about these 80 new Federal programs? It is because you guys recommended them, your administration, GORE, the Vice President, and President Clinton. They come up with these new programs, 80 new Federal programs. Of course we are going to have a reaction to that. Of course we are going to have a reaction to increasing the death taxes.

I wish my colleague could come out to Colorado and visit with some of these ranching families, including some of my own, that are about to get nailed on this death tax. And you guys want to increase it? Of course you are going to have that kind of reaction.

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

Mr. RANGEL. Mr. Speaker, I yield 15 seconds to the gentleman from Wisconsin (Mr. KLECZKA).

Mr. KLECZKA. Mr. Speaker, the question I was going to ask of my colleague from the Republican side of the aisle was in here is a provision to reinstate the Oil Spill Liability Trust Fund excise tax. Evidently he is for oil spills. We want to clean them up. There is one going on right now in Maryland.

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

Mr. Speaker, I hope I have not said anything to anger the Members on the other side. The only frustration that we feel is that it is very unusual for tax bills to come on the floor that are not sponsored by Members of the committee so that at least they could talk with us about them. It is even more unusual that the bill never would even come through the committee so that our staffs would have been attuned to understand better what the implications would be about the bill; and, of course, one has to be very suspicious when in the middle of the night a bill is introduced and it just reaches the floor on the Suspension Calendar.

Mr. Speaker, you cannot talk about hundreds of billions of dollars, or I guess some people can talk about hundreds of billions of dollars, without having it come before the committee; but we would like to believe that somewhere in here it makes some sense. Obviously, you have not really had enough time to make any sense out of this, because you are bringing up a bill and you are asking Democrats to vote for it, but the people who drafted the bill are asking Republicans to vote against it.

Now, I know people do not think much about the Congress, but this really confuses them. If you have a bill, at least you should be supporting it.

Those of us on the other side are saying this, that if the $100 billion we are talking about seems to be an excessive burden on the taxpayer, should you not in all fairness talk about what this is supposed to pay for? Are you not supposed to say what you have done is said to the President that I am prepared to ignore the Social Security System as it is, I am prepared to ignore the Medicare system, that I am not going to do anything about affordable drugs for the aged, that education is not on our agenda. So, Mr. President, when you talk about all of these things that you would like to see done, all we want to know is how much does it cost, and what we will do is extract these things, put them in a bill, bring it to the floor, and we will not vote for it, but we will ask Democrats to vote for it.

No, no, Mr. Speaker. This not only does not make sense, but I do not really think that it is sound legislative policy. If there is something that you want a vote for, be creative. But if you are going to bring legislation to the floor, and then when people pick up the newspapers tomorrow they find out that the Republicans brought this bill to the floor, House Resolution 467, but after they understood it, they voted against it, what can I tell you?

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

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

Mr. Speaker, I think it is very important. The gentleman from New York has brought up the question of why would you bring up a resolution that you are going to vote no on? Do you know why? Because you are not bringing up the tax increases. We want to be open to the American taxpayers. We think the American taxpayers ought not to have 82 new Federal programs tucked away in several thousand pages of a budget. We want to bring it up. You all put it in the budget. I want to see if you got enough guts to vote for it on the floor. There is nothing wrong with that.

I believe in sunshine. I want to remind you that the previous speakers talked about the sunshine and how we have to have more of an open process and not have these secrets. That is what we are doing.

Everybody that disagrees with something in that budget ought to have a discussion right here on the House floor. We ought to discuss on this House floor whether or not we want 80 new Federal programs. I do not think we do. Certainly on the Republican side we do not want 82 new Federal programs. We do not want another $116 billion in tax increases on the Republican side, and especially we do not want an increase in the death tax.

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

Mr. MCINNIS. Mr. Speaker, I will not yield to the gentleman.

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

Mr. MCINNIS. Mr. Speaker, this is the second time I told the gentleman I will not yield. I would appreciate the gentleman showing me the courtesy of controlling the floor and proceeding.

On our side of the aisle, take a look at our position on this death tax.

Mr. MCDERMOTT. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman from Colorado has to yield for that purpose.

The gentleman may proceed.

Mr. MCINNIS. Mr. Speaker, on this side of the aisle, we take ardent opposition to the death tax; and we think in fact it should be expected, it should be a fiduciary duty of ours to bring it up on this House floor, to let people know what you are attempting to do with that death tax. The Clinton-Gore administration wants to increase the death taxes. That is hurting a lot of people out there. We ought to eliminate it.

What I would suggest to the gentleman is why do you not bring up a bill to eliminate the death tax and get everybody over here to support it. We could take away one of the greatest injustices in this tax system, and you can get the credit for it.

We need to have on this floor open exposure to what is happening; 82 new Federal programs. Of course we ought to have sunshine on it.

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

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

Mr. Speaker, if I understand the gentleman correctly, if I understand the gentleman from Colorado correctly, the reason he is bringing up this bill today and asking his colleagues on the Republican side to vote against it was so we could kill it. In other words, he does not want to put this tax burden on the American people. So the gentleman has this new creative way of killing legislation by having Republicans to

introduce the legislation, and then to kill it. That is his goal.

Well, let me share with the gentleman that your side has been killing legislation in a different way, and you have been very effective, and that is you just do not bring it up. The Social Security legislation, you have not brought up a bill; the Medicare legislation, you have not brought up a bill; giving affordable prescription drugs to the elderly people, you know how to kill that. You do not bring up a bill.

Since when in any legislative body, in any small community, in any county, in any city, in any State legislature, have we come up with such cockamamie idea that the way you kill legislation when you are in the majority is to introduce it? Now, you have got to take a deep breath. You kill legislation when you are in the leadership by introducing the legislation, and then you vote against it.

Now, I have to admit, since there has not been any positive legislation coming from your side in the last couple of years, that this keeps Members' voting records up. But can you imagine the precedent that you are setting, where with everything that you do not like, you introduce a bill and then tell people to vote against it? Talking about wasting taxpayers' money, this is really extreme.

□ 1600

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

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

First of all, the gentleman asked, and I think it is a legitimate question, why do we bring up this bill to kill it?

It is kind of like a tiger in the cage. We have a tax tiger in the cage. This tiger is proposing to raise taxes. This tiger is proposing to raise the death tax. This tiger is proposing 80 new Federal programs. Why not lure it out of the cage? Once we have it out of the cage, we have all kinds of people who will help to take that down.

The American people, they want social security earnings, that waiver that we put in as Republicans; they wanted the Republicans' reduction on capital gains, when we sell our personal property; but they do not want 82 new Federal programs. Republicans and Democrats across the country do not want 82 new Federal programs.

So of course we want to lure the tiger out of the cage, get it out of its safe haven, out in open territory where we have a fair fight going on.

Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina (Mr. DEMINT).

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

Mr. Speaker, it is interesting. I do not remember, when the Clinton-Gore administration has talked about their new budget, there is very seldom any publicity about the taxes and fees that are incorporated in this budget to pay for it. That is why I commend my colleague, the gentleman from Nebraska (Mr. TERRY), for introducing this bill, to show that not only do we bring it up and do not vote for it, but that very few in this House are willing to vote for the taxes and fees that have been proposed on the American people to pay for more giveaways from this administration.

Mr. Speaker, instead of raising the taxes and fees, we need to look at the terrible waste in the government. I will just give one example from the Employment and Training Administration, that receives $9 billion a year, more than three-fourths of the total discretionary Labor Department funds. But when asked by the Committee on Education and the Workforce for an accounting of these grants and contracts, the agency said the information was not available in single volume or in detail. In addition, they said it was too complicated to report every year.

Mr. Speaker, this is $9 billion in taxpayer money that is not accounted for. There are people in jail who have not been able to account for a lot less money than that.

We need to bring these taxes and fees to the public view, and we will see who votes on them and supports this part of the President's plan.

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

Mr. Speaker, I am glad the gentleman from Colorado explained the reasoning behind this, that the gentleman has something in the cage and he wants to kill it before it comes out of the cage. That has made more sense than anything I have heard on the floor today. The President's bill is in a cage, so the gentleman now takes the President's bill, takes it out of the cage, because he wants to kill it.

Mr. Speaker, well, now, that is creative legislation. I just would like to say that also in that cage is the social security system, the Medicare system, assistance to our aged for prescription drugs, the education system, the minimum wage system, systems for our national defense. All of these things are in that cage. I just hope that the gentleman does not kill it all.

It seems to me that the gentleman might do better in explaining, a more effective way than this tiger in the cage legislative process is by saying that we are not bringing up any positive legislation, so the gentleman just wants to take those things from the President's budget that might prove to be painful because they do not intend to provide the things that are good for this Republic, for this country, that can make this country proud.

We do not need Republican legislation and Democrat legislation, we do not need to be fighting each other over tigers in cages. What we have to do is pause, work together, and find out what is good for the Congress, but more importantly, what is good for the American people.

Mr. MCINNIS. Mr. Speaker, I yield the balance of my time to my colleague, the gentleman from Nebraska (Mr. TERRY).

Mr. TERRY. Mr. Speaker, I appreciate the compliment from my colleague, the gentleman from New York, on my creativity, but I did feel the necessity to unlock that cage so the world could see this tiger. Because what my friends on the other side of the aisle were doing was putting a tarp over it so nobody could see that in this cage was $116 billion worth of new taxes and 84 new programs.

I thought we needed to shed some light on this, and nobody on their side of the aisle took the leadership to show the public this. So I will back up my talk with the walk, and we can vote on it today.

Mr. Speaker, I also heard that we were trying to embarrass the President. Frankly, I wish the teachers that were here today were listening to this and showing it to their civics classes, because today, Mr. Speaker, we saw the difference. We saw the difference between us. We saw how they will advocate for a tax increase of $116 billion to support their 84 more programs. That is taxing and spending, Mr. Speaker. That is the difference.

We are here saying that the way we help everybody in America is that we control the growth of government. In a time when we are dealing with trillion dollar surpluses, that is not a time to grow government for more taxes. Now is the time to start saying, how do we help the people that are overpaying taxes?

Yes, I would be embarrassed to introduce a budget that included $116 billion of new tax increases, several of which include taxation of our senior citizens in Medicare, the Medicare system, creating higher fees for nursing homes, for Medicare+Choice programs.

When we talk about the tigers that are in the cage, what we are talking about is bringing out the new and the healthier tigers, the ones that we on the Republican side have, the healthy social security tigers, the healthy Medicare. I urge all of my colleagues to vote no.

Mr. STEARNS. Mr. Speaker, when did President Clinton tell the American people that the era of big government was over?

You know, I really can't remember when he made that statement, and I'm willing to believe the President himself has forgotten. And I think it's obvious, with the $1.3 trillion in proposed spending along with $116 billion in tax and user fee increases included in the President's budget.

I think that in actuality the era of big government prior to the Clinton/Gore administration is indeed over. And that's because the Clinton/Gore administration brought in a new era of bigger government. I'm sure my colleagues will remember one of the largest tax increases in history. That was passed by a Democrat controlled House, a Democrat controlled Senate and signed into law by the Clinton/Gore administration. And each year, the administration continues to propose new taxes and user fee increases.

So we are here today to say stop! Stop spending money on wasteful federal programs. Stop increasing user fees and raising taxes on everyday Americans. The average two-income family tax burden is 39% of that family's income. We need to reduce the tax burden on Americans, not increase it.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the motion offered by the gentleman from Nebraska (Mr. TERRY) that the House suspend the rules and agree to the resolution, H. Res. 467.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those having voted in favor thereof, the rules——

Mr. TERRY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

PARLIAMENTARY INQUIRY

Mr. RANGEL. Parliamentary inquiry, Mr. Speaker.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. RANGEL. Mr. Speaker, on the voice vote, what was the Speaker's announcement?

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present having voted in favor thereof, the rules are suspended and the resolution is agreed to, and the gentleman from Nebraska (Mr. TERRY) asked for the yeas and nays.

Mr. RANGEL. The Chair is saying this bill passed?

The SPEAKER pro tempore. The Chair ruled that the motion was agreed to, and then yeas and nays were ordered.

Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on the motion will be postponed.

BUSINESS CHECKING MODERNIZATION ACT

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4067) to repeal the prohibition on the payment of interest on demand deposits, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4067

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Business Checking Modernization Act''.

SEC. 2. AMENDMENTS RELATING TO DEMAND DEPOSIT ACCOUNTS AT DEPOSITORY INSTITUTIONS.

(a) INTEREST-BEARING TRANSACTION ACCOUNTS AUTHORIZED.—

(1) FEDERAL RESERVE ACT.—Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended by inserting at the end the following: ''Notwithstanding any other provision of this section, a member bank may permit the owner of any deposit, any account which is a deposit, or any account on which interest or dividends are paid to make up to 24 transfers per month (or such greater number as the Board may determine by rule or order), for any purpose, to a demand deposit account of the owner in the same institution. Nothing in this subsection shall be construed to prevent an account offered pursuant to this subsection from being considered a transaction account for purposes of this Act.''.

(2) HOME OWNERS' LOAN ACT.—

(A) IN GENERAL.—Section 5(b)(1) of the Home Owners' Loan Act (12 U.S.C. 1464 (b)(1)) is amended by adding at the end the following new subparagraph:

''(G) TRANSFERS.—Notwithstanding any other provision of this paragraph, a Federal savings association may permit the owner of any deposit or share, any account which is a deposit or share, or any account on which interest or dividends are paid to make up to 24 transfers per month (or such greater number as the Board of Governors of the Federal Reserve System may determine by rule or order under section 19(i) to be permissible for member banks), for any purpose, to a demand deposit account of the owner in the same institution. Nothing in this subsection shall be construed to prevent an account offered pursuant to this subsection from being considered a transaction account (as defined in section 19(b) of the Federal Reserve Act) for purposes of the Federal Reserve Act.''.

(B) REPEAL.—Effective at the end of the 3-year period beginning on the date of the enactment of this Act, section 5(b)(1) of the Home Owners' Loan Act (12 U.S.C. 1464 (b)(1)) is amended by striking subparagraph (G).

(3) FEDERAL DEPOSIT INSURANCE ACT.—Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended by adding at the end the following new paragraph:

''(3) TRANSFERS.—Notwithstanding any other provision of this subsection, an insured nonmember bank or insured State savings association may permit the owner of any deposit or share, any account which is a deposit or share, or any account on which interest or dividends are paid to make up to 24 transfers per month (or such greater number as the Board of Governors of the Federal Reserve System may determine by rule or order under section 19(i) to be permissible for member banks), for any purpose, to a demand deposit account of the owner in the same institution. Nothing in this subsection shall be construed to prevent an account offered pursuant to this subsection from being considered a transaction account (as defined in section 19(b) of the Federal Reserve Act) for purposes of the Federal Reserve Act.''.

(b) REPEAL OF PROHIBITION ON PAYMENT OF INTEREST ON DEMAND DEPOSITS.—

(1) FEDERAL RESERVE ACT.—Section 19(i) of the Federal Reserve Act (12 U.S.C. 371a) is amended to read as follows:

''(i) [Repealed]''.

(2) HOME OWNERS' LOAN ACT.—The 1st sentence of section 5(b)(1)(B) of the Home Owners' Loan Act (12 U.S.C. 1464(b)(1)(B)) is amended by striking ''savings association may not—'' and all that follows through ''(ii) permit any'' and inserting ''savings association may not permit any''.

(3) FEDERAL DEPOSIT INSURANCE ACT.—Section 18(g) of the Federal Deposit Insurance Act (12 U.S.C. 1828(g)) is amended to read as follows:

''(g) [Repealed]''.

(c) EFFECTIVE DATE.—The amendments made by subsection (b) shall take effect at the end of the 3-year period beginning on the date of the enactment of this Act.

SEC. 3. INCREASED FEDERAL RESERVE BOARD FLEXIBILITY IN SETTING RESERVE REQUIREMENTS.

Section 19(b)(2) of the Federal Reserve Act (12 U.S.C. 461(b)(2)) is amended—

(1) in clause (i), by striking ''the ratio of 3 per centum'' and inserting ''a ratio not greater than 3 percent''; and

(2) in clause (ii), by striking ''and not less than 8 per centum''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Iowa (Mr. LEACH) and the gentleman from New York (Mr. LAFALCE) each will control 20 minutes.

The Chair recognizes the gentleman from Iowa (Mr. LEACH).

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

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

Mr. LEACH. Mr. Speaker, under current law, there is a prohibition on the payment of interest on demand deposits, particularly as they affect business institutions. This prohibition has been in law since 1933.

What this bill does is offer and allow banks the right to make daily sweep adjustments and interest to be paid in these daily sweeps to business accounts, and then eventually, that is, at the end of 3 years, for the prohibition on the payment of demand interest to be fully removed.

In essence, this bill symbolically is the most pro-customer banking legislation in modern times. It is pro-small business, for it will allow for the first time small businesses, in small rural settings in particular, to be paid interest on their hard-earned extra funds or savings. It is pro-small bank because small banks are not in a position to use some of the sophisticated techniques of their larger bank competitors in this particular arena. It is pro-competition because it simply says the market should act freely without legislative intervention.

The market today is stilted. One reason banks in the savings business have been declining in size is because of legislative protectionism of this kind of nature. It is no accident that over the last 3½ decades or so, the banks' share of the saved dollars have been reduced from about two-thirds to one-quarter because Americans want to go to places they can get the greatest return on their investments, and they have found when there are legislative restraints, that they have incentives to move assets elsewhere, to money market mutual funds, to CMAs of securities firms.

The American business community deserves a better deal. As far as banks are concerned, we are finding finally the recognition that protectionism is counterproductive.

Let me say as strongly as I can that banking, just like any other business in America, if it is going to be sustaining, has to be concerned for the customer. Pro-customer institutions in America survive. Those that have restraints on dealing with the customer are placed in a more difficult position.

Mr. Speaker, what this bill in the final measure does is say that the free market will prevail, that the customers' concerns will be dominant, and