

economic expansion in our country, that has led to the lowest unemployment in more than 30 years, the lowest inflation in more than 30 years? Are we going to jeopardize this with a risky tax scheme that our friends on the other side propose?

My friend from Iowa says we have the highest tax rates ever. No, we don't have the highest taxes ever. This chart shows the revenue line, and indeed it came up; that is absolutely correct. It was that combination of reduced spending and increased revenue that led to this result. However, that does not translate into higher tax rates on the American people. A key reason we have higher revenues is because we got the economy moving again. This extraordinary economic expansion—again, the longest economic expansion in our history—has generated more revenue. That is what helped balance the budget, coupled with reduced spending.

The question of what has happened to individual taxes is quite a different story. This was a story on the front page of the Washington Post: "Federal Tax Level Falls for Most. Studies Show Burden Now Less Than 10 Percent."

The story tells the truth.

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We don't have the highest taxes on individual American taxpayers that we have ever had, as the Senator from Iowa asserted. That is just not the case.

For all but the wealthiest Americans, the Federal income tax burden has shrunk to the lowest level in four decades.

That is the truth according to a series of studies by both liberal and conservative tax experts. Each of the studies shows the bottom line is the same. Most Americans this year will have to fork over less than 10 percent of their income to the Federal Government. The Congressional Budget Office estimates the middle fifth of American families with an average income of \$39,000 paid 5.4 percent income tax in 1999, compared with 8.3 percent in 1981. Their taxes have gone down. That is the middle-income people in America.

The Treasury Department estimates that a four-person family, with a median income of \$54,900, paid 7.46 percent of that in income tax, the lowest since 1965. And the median two-earner family making \$68,000 paid 8.8 percent in 1998, about the same as 1955.

If we are going to have a debate, let's have a debate on facts and not make up things.

The fundamental problem with the legislation offered by our colleagues: They have more of a tax cut than there is non-Social Security surplus available for a tax cut. It is a question of priorities. What do we want to do with the surpluses available? Remember, these are projected surpluses. We can take the money and use it all for a tax cut that disproportionately goes to the wealthiest. That is what the Republicans want to do.

Our side believes we ought to reserve every penny of the Social Security surplus for Social Security. Republicans agree with that. On the non-Social Security surplus, the Republicans want to use it all for a tax cut that disproportionately goes to the wealthiest; 60 percent goes to the wealthiest 10 percent.

Our side thinks the highest priority should be further paying down of the debt because that is what every economist has said is in the highest interests of this country. This is what will most assure our economic future.

Second, we believe we ought to provide for tax relief; 29 percent of the non-Social Security surplus under our proposal goes for tax relief. Part of that goes to address the marriage tax penalty. However, we are addressing those who suffer the marriage tax penalty.

Our friends on the other side want to give a big tax cut to folks who do not have the marriage tax penalty. In fact, for people receiving the marriage bonus—they pay lower taxes as a result of being married than if they were filing individually—they want to give them a tax cut, too.

When they say we are limited to 10 amendments on our side, the underlying legislation deals with many more issues than just the marriage tax penalty. They want to restrict our right to offer alternatives. That is not fair. That is not the way the Senate was designed to operate. Not surprisingly, we don't intend to go along with that. That is not the way the Senate is designed to work.

We offered legislation in the Senate Finance Committee to give people a choice. They file as married couples; they file as individuals; file the way that helps the most, that gives families the least tax liability. That is what Democrats are proposing. We do it in a way to not use all of the non-Social Security surplus for a tax cut that goes predominantly to the wealthiest. Instead, we put the highest priority on reducing the debt; the second highest priority on tax relief; the third highest priority on using money for high priority domestic needs such as defense, education, and agriculture, which are in very deep trouble.

Mrs. HUTCHISON. Mr. President, are the 10 minutes Senator CONRAD has remaining from the Democratic side?

The PRESIDING OFFICER (Mr. ROBERTS). That is correct, from the Democratic side. There are 20 minutes remaining on the Republican side.

Mrs. HUTCHISON. I thank the Chair. THE PRESIDING OFFICER. The Senator from North Dakota is recognized.

MR. CONRAD. I thank the Chair. (The remarks of Mr. CONRAD pertaining to the introduction of S. 2422 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. GRASSLEY. Mr. President, I yield 5 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The distinguished Senator from Missouri is recognized for 5 minutes.

MARRIAGE TAX RELIEF

Mr. ASHCROFT. Mr. President, I rise to speak on behalf of the marriage tax relief bill. You could characterize it as tax relief or you could characterize it, I suppose, as a tax cut. But the true characterization is one that Senator HUTCHISON has over and over emphasized: This is tax correction. The bill is intended to correct the Tax Code. The code needs correction because it is an assault on the very values of our culture.

There is a fundamental unfairness when the Tax Code is at war with our values and penalizes a basic social institution such as the institution of marriage. The American people know this. They understand it is not right to have a Tax Code that penalizes marriage. The vast majority of the Members of this body understand this. This last week, during consideration of the budget resolution, the Senate voted 99-1 on the Hutchison amendment to support marriage tax relief. In other words, let's abandon the policy of punishing married people who pay higher taxes in the Tax Code.

Despite this overwhelming vote less than 10 days ago, some of my colleagues are now trying to stop or to delay the marriage tax relief measure by demanding nonrelevant amendments. Yesterday, several Senators from the other side of the aisle spoke on the floor and agreed there is unfairness in the Tax Code and that it is fundamentally unfair to tax people only because they marry. However, these same Senators then said the Finance Committee bill gives tax cuts to people who do not need them. That seems an arrogant statement to me, to suppose Government knows best how to spend the people's money. In addition, one Senator opposed the finance bill, asking, how many of these tax cuts can we afford to give away?

I submit, the real question is, how much of the hard-earned money can families afford to have taken away by an unfair system which penalizes men and women, a schoolteacher, a fireman, for getting married and beginning a family? How much longer will we continue to allow married couples to be penalized just for getting married?

We are here to correct that fundamental unfairness. It is something that has grown up in the code. It is like a weed which is taking over the garden. Good things are prevented by its presence. We ought to pull it out and make sure we have a Tax Code that does not make it harder for young people to be married and have a family.

Are we for correcting this unfairness? Are we against it? Or are we just saying that we are? One cannot say they oppose this penalty and then fight to take the relief away that is provided in the bill. Our colleagues in the House

have already demonstrated dramatically that they back a correction for this injustice.

In February, the House passed the Marriage Tax Penalty Relief Act of 2000. Thanks to the good work of the Senate Finance Committee, under the direction of Senator ROTH, we have a measure which will help substantially lessen the burden of this penalty that has been laid upon the families of America.

This bill makes great strides in providing relief and correcting this injustice. Twenty-five million American couples pay an average of \$1,400 a year extra simply because they are married. Ending the penalty will give couples the freedom to make the choices they ought to make: The choice to be married and have a durable, lasting relationship of marriage as the foundation for the family unit.

The marriage tax penalty forces some Americans to make compromises instead of real choices. Mothers and fathers should be able to choose whether both parents will be employed outside the home based on what is in the family's best interest, or whether there should be a nonworking spouse who stays in the home. The Senate bill respects the value of the contribution of the spouse who stays home, and that is very important. Our Tax Code should respect the value that is added to the equation by a stay-at-home spouse who makes the family a stronger unit and builds for this country the kind of integrity that strong families provide.

In conclusion, no one has ever devised or developed or even dreamed of a better department of education, social services, a better department of health, education, and welfare than the family, and it is time for our Tax Code.

The PRESIDING OFFICER. The time requested by the distinguished Senator has expired. Who yields time?

UNANIMOUS CONSENT
AGREEMENT—H. CON. RES. 303

Mr. GRASSLEY. Mr. President, on behalf of the leader, I ask unanimous consent, notwithstanding rule XXII, that following the cloture votes relative to H.R. 6, the Senate proceed to H. Con. Res. 303, the adjournment resolution, with a vote to occur on adoption, all without intervening action or debate. I further ask unanimous consent that following that vote, the Senate begin debate on the budget resolution conference report and, when received, the conference report be considered as having been read and there be 4 hours of debate to be divided in the following fashion: 90 minutes under the control of Senator DOMENICI, 90 minutes under the control of Senator LAUTENBERG, and 1 hour under the control of Senator REED of Rhode Island.

Finally, I ask unanimous consent that following the use or yielding back of time, the Senate proceed to vote on the adoption of the conference report, without any intervening action or debate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

The distinguished Senator from Virginia is recognized.

Mr. ROBB. I inquire as to how much time remains on this side.

The PRESIDING OFFICER. The Senator has 2 minutes.

MARRIAGE TAX PENALTY RELIEF

Mrs. LINCOLN. Mr. President, in listening to my colleagues I am pleased to detect broad support for ending the so-called marriage penalty. I know that no one in this body believes that there should be a price to pay to the government for matrimony. However, we should work for a fair and reasonable solution that will not expand the marriage bonus and shift tax unfairness from one group in this country to another. The fact is that expanding marriage bonuses is not fair to single Americans just like doing nothing is unfair to married couples.

The ironic thing about the marriage penalty is that it was actually born out of fairness. According to a June 22, 1999 document prepared by the staff of the Joint Committee on Taxation, before 1948, there was only one income tax schedule, and all individuals were liable for tax as separate filing units. Under this tax structure, there was neither a marriage penalty nor a marriage bonus.

However, this structure created an incentive to split incomes because, with a progressive income tax rate structure, a married couple with only one spouse earning income could reduce their combined tax liability if they could split the income and assign half to each spouse. Under this system a disparity between the citizens of community and separate property states arose after a handful of Supreme Court cases upheld the denial of contractual attempts to split income, but ruled that in states with community property laws, income splitting was required for community income. This led Senator John McClellan, of my home state of Arkansas, to ask Senator William Knowland of California, "why is it that just because you live in California and I live in Arkansas, you pay \$646 less every year than I pay?"

The Revenue Act of 1948 provided the benefit of income splitting to all married couples by establishing a separate tax schedule for joint returns. That schedule was designed so that married couples would pay twice the tax of a single taxpayer having one-half the couple's taxable income. While this new schedule equalized treatment between married couples in states with community property laws and those in states with separate property laws, it introduced a marriage bonus into the tax law for couples in states with separate property laws. As a result of this basic rate structure, by 1969, an individual with the same income as a married couple could have had a tax liability

up to 40 percent higher than that of the married couple.

To address this inequity, which was at the time labeled a "singles penalty," a special rate schedule was introduced for single taxpayers, leaving the old schedule solely for married individuals filing separate returns. This schedule created the infrastructure for the so-called marriage penalty that we seek to end today.

At the time more than thirty years ago when the current single and married filing categories were established, our society looked different, and very few people were affected by the flaws in our tax code that imposed a penalty on marriage. As we all know, Mr. President, the general rule is that married couples whose incomes are split more evenly than 30-70 suffer a marriage penalty. However, the fact still remains, that married couples whose incomes are attributable largely to one spouse generally receive a marriage bonus.

As the income levels between men and women have rightly narrowed and as more married women have moved into the work force, the so-called marriage penalty has begun to affect more and more families.

Today we are debating a bill offered by the Senate Finance Committee that seeks to address the problem of the so-called Marriage Penalty, and I applaud my colleagues for bringing this to the floor. As I said before, I believe we all want to tell our constituents that we have ended the marriage penalty, however, the underlying bill will not allow us to do that.

There are 65 provisions in the tax code that contribute to a possible marriage penalty for taxpayers. The bill offered by the Majority only eliminates one of those provisions and softens the bite of two others. The fact still remains that 62 other provisions could rise up to affect married couples on tax day. If we are going to end the marriage penalty, Mr. President, we should just end it.

Another problem with the Majority bill is that it expands the marriage bonus. We should not bring back the unfairness we had before 1969. We should learn from the history of this debate and we should come up with a better solution. I believe in the sanctity of marriage, as do all of my colleagues. I don't believe in penalizing it. But I also recognize the rights and fairness that our single constituents demand. We should not shift tax unfairness from one group to another, we should work to eliminate the unfairness for all Americans.

The Majority bill would also expand the roles of the Alternative Minimum Tax. Talk about unfair! I think a lot of Americans would almost rather pay the marriage penalty than have to deal with the Alternative Minimum Tax. The Majority bill would expand, by 5 million, the number of people who have to fill out an AMT tax form and pay higher rates. Not only is it inexcusable,