

Another woman from Scottsville, VA writes:

My husband's income consists of his Social Security and a small pension from his former employer. We spend over twice as much for prescriptions as we do for groceries, and it's getting harder and harder to stretch our income 'til our checks arrive.

These Virginians are not alone in their troubles. The average senior citizen will spend \$1,100 on prescription drugs this year. Most of them will not have adequate prescription drug coverage to help them cover these crushing costs. The numbers of those who do have coverage are dropping rapidly.

Despite the suggestions of some of my colleagues, this problem is not limited solely to the poor. One in four Medicare beneficiaries with a high income—defined as \$45,000 a year for a couple—has no coverage for prescription drugs. And while some seniors do have coverage, nearly half of them lack coverage for the entire year, making them extremely vulnerable to catastrophic drug costs.

Complicating this matter for the elderly is the "senior citizens' drug penalty" that seniors without drug coverage are forced to pay. Most working Americans who are insured through the private sector pay less than the full retail price for prescription drugs. This is because insurers generally contract with Pharmaceutical Benefit Managers—or PBMs—that negotiate better prices for drugs and pass on the power of group purchasing to their customers.

Seniors lack this option, however, and must still pay full price for their drugs. A study released earlier this week showed that seniors without drug coverage typically pay 15 percent more than people with coverage. And the percentage of Medicare beneficiaries without drug coverage who report not being able to afford a needed drug is about 5 times higher than those with coverage.

This "senior citizens' drug penalty," in my view, is unconscionable. Senior citizens rely more on drugs, and have higher drug costs, than any other segment of the population. They deserve to have the same bargaining power that benefits other Americans.

Last week the other side spoke against my amendment, claiming that there was already adequate language in the Republican budget resolution to ensure that we pass a prescription drug benefit this year. At the time, they pointed to the \$40 billion reserve fund which was included in the budget resolution the Committee reported, arguing that this would provide ample money to enact a prescription drug benefit and offer tax relief.

Republicans asked, in essence, that we trust them that the Senate will not squander the surplus on tax cuts before we have helped our nation's seniors. Let me say that I do trust my good friends on the other side of the aisle. To borrow a line from Ronald Reagan, I believe we should trust—but verify. That is what my amendment last week did. It required deeds as well as words.

Seeing what happened in the budget resolution conference committee, it has become clearer than ever why we need to verify the promises that the other side gives us. Because despite both chambers setting aside a \$40 billion reserve fund for a prescription drug benefit, one of the first things that the conferees did was cut this fund in half, to \$20 billion—a number far too low to enact any sort of universal benefit for our nation's seniors. The conferees then took this other \$20 billion, which is vitally needed to fund a universal prescription drug benefit, and said that it should be used for other Medicare reforms, such as another round of adjustments to the payment rates for Medicare providers that were hit hard by the cuts in the Balanced Budget Act of 1997. But after touting this reserve fund as the key to a prescription drug benefit, they have essentially neutered themselves.

Even worse, the conferees removed the one provision that would have helped push a prescription drug benefit forward. The Senate budget resolution set a date of September 1 for the Finance Committee to report out a prescription drug bill. This deadline would have guaranteed that the Senate would at least consider prescription drug legislation this year. But the conferees stripped this deadline out of the bill. They have basically said: it is not important for the Senate to pass a bill to eliminate the "senior citizens' drug penalty."

I am by no means opposed to taking another look at the decisions we made in the Balanced Budget Act of 1997. I worked very hard last year in the Finance Committee on the Balanced Budget Refinement Act. And there ought to be room, in the context of a balanced budget, to provide further relief to health care providers who were hit hard by the cuts in the Balanced Budget Act of 1997.

We ought not to be limiting our Medicare reform efforts to \$40 billion, however, simply to free up additional funds for tax cuts. With this new limit, Republicans have essentially pitted a prescription drug benefit for seniors against additional relief for doctors, hospitals, nursing homes, and other health care providers. Republicans have decided that two important priorities must square off, so that we can provide billions of dollars in so-called "marriage penalty" tax relief to individuals who do not even incur a marriage tax penalty on their taxes.

Our nation's seniors deserve better than this. Last week, at least fifty-one Senators felt the same way. I urge every one of them, as well as Senators who opposed my amendment last week because they thought the \$40 billion reserve fund would guarantee a prescription drug benefit, to support my motion to recommit this bill. With its passage, we will be able to eliminate both the true marriage tax penalty and the "senior citizens' drug penalty."

UNANIMOUS CONSENT REQUEST—  
H.R. 6

Mr. ROBB. Mr. President, I ask unanimous consent that we proceed to consideration of H.R. 6, the Marriage Tax Penalty Relief Act, so that I may offer a motion to recommit the bill to the Senate Finance Committee.

The PRESIDING OFFICER. Is there objection?

Mr. GRASSLEY. Reserving the right to object, I see this as an effort to delay passing the marriage tax penalty relief bill. Offering or voting for this motion is saying that the Senate does not want to fix the marriage tax penalty. Recommitting the bill is an attempt, I think, to kill the bill.

We are going to deal with the prescription drug problem. As I said in my opening comments this morning, Republicans have already set aside \$40 billion in our budget to do so. We do not need to delay fixing the marriage tax penalty in order to fix the Medicare problem. We have the resources and the time to do both.

Again, I think this is a transparent effort to kill marriage tax penalty relief, and, consequently, I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Virginia.

Mr. ROBB. Mr. President, I accept the objection of my friend from Iowa. Under the conference agreement, the \$40 billion went in on the part of the Senate. Only \$20 billion came out; \$20 billion has already been diverted in the conference agreement. I recognize an objection has been offered. I will make my point.

The PRESIDING OFFICER. The time of the distinguished Senator has expired.

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

The PRESIDING OFFICER. The distinguished Senator from Montana is recognized.

#### MARRIAGE TAX RELIEF

Mr. BURNS. Mr. President, I thank my friend from Iowa.

This has been an interesting debate on this part of the Tax Code, and I have been listening to this debate with a lot of interest. If there ever was something that needed fixing, it is unfairness in the tax code. I am not going to talk about a disincentive for folks to get married. I look at it from a standpoint of fairness.

Young couples who are starting out and trying to save a little money for the education of their children, or trying to pay for a home, these couples are penalized. They have dreams of participating in American opportunities, and they are kept from this by an unfair tax code. In Montana, 90,000 couples are penalized to the tune of \$51.5 million every year in extra taxes simply because they are Mr. and Mrs.

We made it pretty clear on this side of the aisle that tax reform is needed.

If we have to do it one step at a time or one inch at a time, then that is the way we will do it. That makes it very slow and very painful. Yet it has to be done.

According to the Congressional Budget Office, almost half of married couples pay higher taxes due to their married status. The marriage tax penalty increases taxes on affected couples \$29 billion per year. Currently, this marriage tax penalty imposes an average additional tax of \$1,400 a year on 21 million married couples nationwide.

I, along with my Republican colleagues, have made it clear that continued tax reform and tax relief is necessary, and I can think of no other tax that has such a dramatic impact on so many people. To some people, \$1,400 may not sound like a lot of money, but to a lot of Americans \$1,400 does mean a lot of money. Especially when it can be used for things like saving for education, or supporting young families, or a long list of things that need to be fixed around the house.

The marriage tax penalty can have significant negative economic implications for the country as a whole since the tax code can discourage some people from entering the workforce altogether.

Additionally, this is a good time for us to restore fairness for married people. No. 1, I think what we have seen this week in the stock market, what we have seen in the high-tech stocks, shows that we may not be in the real booming economy now that everybody thinks we are. No. 2, if you live in farm country, we know we are not in a booming economy. Look at our small towns around my State of Montana and all through farm country. We know what tough times are. And then to be penalized in your taxes just because you are married seems a little unfair.

I support this particular piece of legislation. I want the American people to know that we will take this one step at a time. After all, we did not get into this situation overnight. Maybe it will take one step just to get us out of this kind of a situation.

Mr. President, as I said, I rise in support of legislation currently on the floor that will put an end to the marriage tax penalty. We have been fighting this tax inequity for several years now. The people of Montana have spoken to me either through letters or conversation—they think this tax is unfair.

Last year, I met with a couple in Billings, MT, to determine the impact of this tax on them. Joshua and Jody Hayes paid \$971 more in taxes because they were married than they would have paid if they remained single.

In Montana, it is estimated that nearly 90,000 couples are penalized by this tax to the tune of \$51.5 million—solely for being married.

I along with my Republican colleagues have made it clear that continued tax reform and tax relief is necessary, but I can think of no other tax

that has such a dramatic impact on so many people.

If ever there was a disincentive to be married, this penalty would be it. I believe this, along with the estate tax, is one of the most unfair taxes on Americans. It is not right for people to be penalized with higher taxes simply because they choose to get married.

According to the Congressional Budget Office (CBO), almost half of all married couples pay higher taxes due to their marital status. Cumulatively, the marriage penalty increases taxes on affected couples by \$29 billion per year. Currently, this tax penalty imposes an average additional tax of \$1400 on 21 million married couples nationwide.

The marriage penalty can have significantly negative economic implications for the country as a whole as well. Not only does this penalty within the tax system stand as a likely obstacle to marriage, it can actually discourage a spouse from entering the workforce.

By adding together husband and wife under the rate schedule, tax laws both encourage families to identify a primary and secondary worker and then place an extra burden on the secondary worker because his or her wages come on top of the primary earner's wages.

As the American family realizes lower income levels, the Nation realizes lower economic output. From a strictly economic perspective, the fact that potential workers would avoid the labor force as a result of a tax penalty is a clear sign of a failure to maximize true economic output. As a result, the nation as a whole fails to reach its economic potential, which is demonstrated by decreased earnings and international competitiveness.

I am very disappointed the President has indicated he will veto this bill as he has in the past. That is not just the veto of a bill—that is another signal the administration does not support the union of two people and their impending family.

Congress has the momentum to correct this inequity and I encourage my colleagues to support this legislation to repeal the marriage penalty.

I ask unanimous consent to have an example of the marriage tax penalty printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EXAMPLE OF THE MARRIAGE PENALTY TAX

Take a couple in which the husband is a new Billings Police Officer and his wife is a teacher for the Billings School District.

	Husband	Wife	Couple
Adjusted Gross Income .....	\$33,500	\$28,200	\$61,700
Less Personal Exemption .....	4,150	4,150	6,900
Standard Deduction .....	+2,650	+2,650	+5,300
	6,800	6,800	12,200
Taxable Income .....	26,700	21,400	49,500
Tax Liability .....	4,271.50	3,210.00	8,504.00

Total tax liability when filing jointly is 8,504.  
Total tax liability for both filing as singles 7,481.50.  
Marriage Penalty 1,022.50.

Mr. BURNS. Mr. President, I reserve the remainder of my time and yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I yield 5 minutes to the Senator from Texas.

The PRESIDING OFFICER. The distinguished Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I thank the distinguished Senator from Iowa, who has done a wonderful job in managing this bill, and more importantly for his role in the Finance Committee to make sure that we have a great marriage tax penalty relief bill.

I thank the Senator from Montana for talking in straight terms, as he always does, about what our priorities are: Does this money belong to the people who earned it or does it belong to the Federal Government in Washington, DC?

I think it is very interesting; when people talk about tax cuts, you can tell immediately how Members are going to vote by how they refer to the tax cuts.

As the Senator from Missouri said earlier, if you are going to be against tax cuts, you are going to say: How much will it cost the Federal Government to give this tax relief? But if you believe that people who earn the money deserve to keep it, then you are going to say: How much is it going to cost the American family if we do not give them back part of the excess that they have sent to Washington in income tax withholding?

I want to make the point again, we are not talking about the Social Security surplus providing money for tax cuts. We are talking about the income tax surplus. That means that people have sent too much to Washington and we are trying to return some of it.

I think it was an interesting argument earlier, on the Democratic side, where it was shown that Federal taxes have gone down in our country. We are trying to lower Federal taxes, but, in fact, what has happened is local taxes have gone up. So all of the neutral sources in our country today tell us that there is, in fact, a higher tax burden on the average American family today than ever before in peacetime. That is a big burden on an average family.

About 40 percent of the average family's income is taken in taxes. That is a fact. And we are in peacetime. We do have a balanced budget. We do not need that much. We should send it right back to the people who earned it, to put in their pockets for them to make the decisions as to how to spend it. That is what we are trying to do today.

I think it is interesting when you listen to the debate. The distinguished Democratic leader yesterday said, in the debate: "I think the Republican bill is a marriage penalty relief bill in name only. It is a Trojan horse for the

other risky tax schemes that have been proposed so far this year."

I want to go over what we have taken up this year, what we have proposed this year, and just say to the American people: I wonder what the risky tax schemes are.

Is it a risky tax scheme to let people on Social Security between the ages of 65 and 70 work without paying a penalty? Is that a risky tax scheme? Is the education tax credit that Senator COVERDELL passed earlier this year to give parents a tax credit to buy education enhancements for their children—the computers, the extra books, the tutors—a risky tax scheme? Or is it the small business tax relief that we passed to try to give our small businesses an opportunity to grow and create new jobs in our country?

I am not sure to which "risky tax scheme" the Democratic leader refers. But if that is a "risky tax scheme," I am guilty because I do believe the hard-working people of this country deserve to keep more of the money they earn.

This marriage tax penalty relief was provided for in the budget we passed last week. We would take only 50 percent of the allocation over a 5-year period. We think that is quite responsible as stewards of our tax dollars.

The PRESIDING OFFICER. The time of the Senator has expired.

Mrs. HUTCHISON. I thank the Chair and yield the floor.

Mr. WARNER. Mr. President, the Republican led Senate is considering legislation that I have long advocated for working families—relief from the marriage tax penalty.

This is not a limited problem. According to the Congressional Budget Office, almost half of all married couples—21 million—are affected by the marriage penalty. One study showed that over 640,000 couples in Virginia are affected.

The marriage tax penalty unfairly affects middle class married working couples. For example, a manufacturing plant worker makes \$30,500 a year in salary. His wife is a tenured elementary school teacher, also bringing home \$30,500 a year in salary. If they both file their taxes as singles they would pay 15 percent in income tax. But if they choose to live their lives in holy matrimony and file jointly, their combined income of \$61,000 pushes them into a higher tax bracket of 28%. The result is a tax penalty of approximately \$1,400.

The Republican marriage penalty relief bill would fix this unfairness without shifting of the tax burden and without the need for a tax increase on any individual. Middle and low income families would benefit as much as earners with higher incomes. The bipartisan support for eliminating the marriage penalty is overwhelming. The House of Representatives passed the bill with 268 votes.

In the Senate, our bill increases the standard deduction for joint returns to

twice the amount of the standard deduction for single returns, doubles the size of both the 15% and 28% tax brackets for joint returns to twice the size of the corresponding tax rate brackets for single returns, and increases the phase-out income level for the Earned Income Tax Credit (EITC) for joint returns by \$2,500. Additionally, it makes permanent the current allowance of personal nonrefundable tax credits to offset both regular and alternative minimum tax liabilities.

Critics have claimed that most of the tax relief under our plan would go to wealthy couples. That is simply not true. The Congressional Joint Committee on Taxation's distribution analysis estimates that couples making under \$75,000 annually will be the biggest winners. Additionally, the Joint Tax Committee estimates that couples earning between \$20,000 and \$30,000 will receive the biggest percentage reduction in their federal taxes out of any income level, with couples making between \$30,000-\$40,000 fairing almost as well.

Opponents of this measure have argued that some married couples, where only one spouse works, will receive a so-called "marriage bonus". Although the word "bonus" implies an additional benefit, this is simply not the case. First, this money belongs to the taxpayers. With a surplus of over \$2 trillion, not including Social Security, all taxpayers are entitled to a return of their tax overpayment. Second, should the federal government, through tax policy, discourage either parent from staying at home with children? If a couple chooses to raise their family on just one income, they will need all the financial help they can get. The government should not penalize a family simply because it takes both spouses working outside of the home to make \$50,000. Being a stay at home parent should be rewarded—not penalized.

This means over \$64 billion in tax relief over the next five years. Combined with the other tax relief measures adopted by the Senate this year—tax relief for small employers, improved health care access, and education savings accounts—the total tax relief considered by the Senate falls well within the \$150 billion budgeted for tax cuts in the recently-adopted budget resolution.

This is a modest proposal. Eliminating the marriage penalty will result in less tax paid to the federal government. However, the Congressional Budget Office estimates that taxpayers will send Uncle Sam almost \$2 trillion in additional surplus taxes over the next ten years. That is after Congress has locked up 100% of Social Security surplus and paid down the public debt. Our proposal asks Uncle Sam to give back to middle class families just 10 cents out of every extra surplus dollar they send to Washington. Is that really too much to ask to help families? The Federal government should not put a price tag on the sacrament of marriage.

Mr. GORTON. Mr. President, next Monday is the deadline for all Americans to file their 1999 income tax returns with the Internal Revenue Service. This week the Senate has appropriately dedicated its attention to the tax burden placed on Americans, particularly the unfair marriage tax penalty. Simply, the marriage tax penalty is an injustice in the current Federal income Tax Code that results in a married couple filing a joint tax return paying more in taxes than if the same couple were not married and filed as individuals.

Every week of the year I receive letters from Washington state constituents outraged by the marriage tax penalty, but during tax season my mailbox is deluged with the protests of married couples. Last year, Congress passed a tax relief bill that would have eliminated the marriage penalty, but President Clinton vetoed this needed reform. This year, Democrats have spent this entire week delaying and then blocking a Senate vote on a bill to end the marriage penalty.

Maybe some of my colleagues should hear what I read in the letters I receive asking for action by Congress and the President to eliminate the marriage tax penalty. From an email I received from a constituent in Maple Valley, Washington: "I wanted to express my hope that you and the other members of Congress will be able to eliminate the marriage penalty tax \* \* \* Why should I pay more in taxes since I am married?" From Bellingham, Washington: "Fairness! It all comes down to fairness. Please stop penalizing us for being married. We deserve the same as two single taxpayers." From a family farmer in Eastern Washington state: "I believe the marriage tax penalty is a mistake that should be corrected. It would establish fairness in our tax system." This is merely a sampling of the hundreds of letters I have received, but it is an accurate representation of the views of my constituents and the vast majority of Americans.

My No. 1 tax legislative priority is complete tax reform. I believe the entire confusing and incomprehensible Tax Code should be scrapped and replaced with a system that is fair, simple, uniform and consistent. Until such fundamental reform can take place, I will continue to work in support of tax reform and relief measures that correct unfair aspects of the existing tax code mess. The marriage tax penalty is absolutely one of the most outrageous and indefensible injustices in the current Tax Code. Efforts to delay and block the elimination of the marriage tax penalty are clearly an affront to a sense of fairness, the institution of marriage, and they are contrary to the desires of an overwhelming majority of Americans. The Senate should vote now to correct the marriage tax penalty.

Mr. DOMENICI. Mr. President, the marriage penalty is the extra tax a couple pays as a result of being married. When a couple says "I do" they

are really saying "IRS, we will pay." The tax code has 63 provisions that penalize couples for being married. There are more than 20 income phase-outs and each is a marriage penalty. The two biggest marriage penalizers are the standard deduction and the tax brackets. Fairness would dictate that the standard deduction for a couple should be twice what it is for a single taxpayer. Fairness would dictate that the tax bracket income cut-off points for a married couple should be twice that of a single taxpayer. That is not the way the current code is structured. This bill would restore fairness.

About 25 million married couples annually are adversely affected by the marriage penalty. Average marriage penalty is \$1,400. If we eliminated the marriage penalty, the typical family would have an extra \$1,400 to pay the electric bill for nine months, pay for three months of day care, pay for a five-day vacation at Disneyland or eat out 35 times.

There wasn't always a marriage penalty. Prior to 1948 the tax code taxed individuals, but today, the marriage penalty has infiltrated the entire tax code. It didn't matter when most women stayed at home, but now that so many women work it is indefensible to have the marriage penalty in our law. A working wife often works to support the federal government, more than she works to help her family, because the first dollar she earns is taxed at the highest rate her husband's income is taxed. Some economists call this the "second earner bias" because the income of the secondary earner is stacked on top of the primary earner's income resulting in a relatively high marginal rate.

Of the 27 OECD countries 19 countries taxed husbands and wives separately so there is no marriage penalty. The biggest culprits are the standard deduction and the tax brackets.

The standard deduction for two individuals filing single returns is not twice what the standard deduction for a married couple filing a joint return is. It isn't but, it should be.

Marriage penalty hits low income workers. Eligibility for the earned income credit is the same for single heads of households and married couples. Combining two incomes on a joint return may push a couple into the phase-out range of the EIC and reduce the size of their credit.

As I mentioned, a growing number of tax provisions—credits and deductions—are phased-out at certain income ranges. Any tax provision that has an income phase-out contributes to the marriage penalty. Few of us probably ever stop to think about the marriage penalty when we vote for tax provisions with income phase-outs. Some phase-outs start as low as \$10,000 of income. The dependent credit, the elderly credit and earned income credit have phase out ranges that compound the marriage penalty for the working poor.

Several provisions have phase-outs in the \$50,000 to \$75,000 in income range which add to the marriage penalty of the two income middle class families. The dependent credit, the Hope education credit, the elderly credit, adoption credit; the IRA deduction and the Education loan interest expense deductions. Itemized deduction threshold, personal exemption, all get "marriage penalty-ed" out of existence for many married couples with modest incomes.

S. 2346 provides total tax relief to married couples of \$64 billion over the next five years. Combined with the other tax relief measures adopted by the Senate this year—tax relief for small employers (H.R. 833), improved health care access (H.R. 2990), and education savings accounts (S. 1134)—the total relief considered by the Senate falls well within the \$150 billion budgeted for tax cuts in the recently-adopted Senate budget resolution.

Let me describe in particularity the provisions of the bill. Standard deduction: The bill increases the standard deduction for married couples filing jointly to twice the standard deduction for single taxpayers. According to the Joint Committee on Taxation, this provision provides tax relief to approximately 25 million couples filing joint returns. It is effective for taxable years after December 31, 2000.

Increased brackets: The bill expands, over a six-year period, the 15-percent and 28-percent income tax brackets for a married couple filing a joint return to twice the size of the corresponding brackets for an individual relief to 21 million married couples, including 3 million senior citizens.

EIC: The bill increases the beginning and the end of the phase-out of the Earned Income Credit for couples filing a joint return. Currently, for a couple with two or more children, the EIC begins phasing out at \$12,690 and is eliminated for couples earning more than \$31,152. Under this bill, the new range would be \$2,500 higher. For these couples eligible for the EIC, the maximum credit is increased by \$526, from \$3,888 to \$4,414. It is effective for taxable years after December 31, 2000.

AMT relief: The bill permanently extends the current temporary exemption from the individual alternative Minimum Tax (AMT) for several family-related tax credits, including the \$500 per child tax credit, HOPE and Lifetime Learning credits, and dependent care credit. The bill also exempts two refundable credits, the Earned Income Credit and the refundable child credit, from being reduced by the AMT. It is effective for taxable years after December 31, 2000.

Mr. President, this bill addresses one of the biggest federal income tax injustices and I hope the Congress will enact this legislation.

Ms. SNOWE. Mr. President, I rise in strong support of the S. 2346—legislation that would dramatically reduce one of the most insidious aspects of the tax code: the marriage penalty.

Mr. President, as my colleagues are aware, there are several primary causes of the "marriage penalty" within the tax code, including different tax rate schedules and different standard deductions for joint filers versus single filers.

In terms of the impact of these differing tax provisions, the marriage penalty is most pronounced for two-earner couples in which the husband and wife have nearly equal incomes. While this may not have been as noticeable in society 30 or 40 years ago, the demographic changes that have occurred since the 1960s—with more married women entering the workforce to help support their families—has led to a significant increase in the share of couples who suffer from the marriage penalty.

Mr. President, make no mistake, the impact of the marriage penalty is severe. According to the Congressional Budget Office (CBO), 42% of married couples incur marriage penalties that average nearly \$1,400.

When measured by income category, fully 12% of couples with incomes below \$20,000 incurred a marriage penalty in 1996; 44% of couples with incomes of \$20,000 to \$50,000; and 55% of couples with incomes above \$50,000.

In addition, according to CBO, empirical evidence suggests that the marriage penalty may affect work patterns, particularly for a couple's second earner. Specifically, because filing a joint return often imposes a substantially higher tax rate on a couple's second earner, the higher rate reduces the second earner's after-tax wage and may cause that individual to work fewer hours or not at all. As a result, economic efficiency is harmed in the overall economy.

Furthermore, while I would hope that the tax code would not be a factor in a couple's decision to marry or stay single, the simple fact is that a couple's tax status could worsen if married and could, therefore, impact a couple's decision to marry. Therefore, we should eliminate this potential barrier to marriage and ensure that couples make one of life's biggest decisions based on their values and beliefs—not on the federal tax code.

Mr. President, as a strong opponent of the marriage penalty, I am an original cosponsor of S. 15, legislation introduced by Senator HUTCHISON that eliminates the marriage penalty through a proposal known as "income splitting." Under this approach, a married couple would add up all their income and then split it in half. Each spouse would then file as a single individual and pay taxes on his or her half of the total income, with exemptions, deductions and credits being split evenly between the two spouses.

Last year, to advance this legislation or any other proposal that would provide marriage penalty relief, I offered an amendment during the markup of the FY 2000 budget resolution that ensured a significant reduction in—or the

outright elimination of—the marriage penalty would be a central component of any tax cut package adopted during last year's reconciliation process.

Later that summer, in accordance with my budget amendment, the \$792 billion tax cut reconciliation package that was passed by the Senate last summer included such relief, as did the final House-Senate conference report. However, just as President Clinton vetoed the tax bill in 1995 that included marriage penalty relief, last year's tax bill was vetoed as well.

In an effort to address this issue outside a broader tax package, the House of Representatives passed legislation earlier this year—by a bipartisan vote of 268 to 158—that would reduce the marriage penalty.

Now, in the Senate, we are considering stand-alone legislation that would dramatically reduce the marriage penalty by doubling the standard deduction for married couples relative to single filers; expanding the 15 percent and 28 percent income tax brackets for married couples to twice the size of the corresponding tax brackets for single filers; increasing the phase-out range of the Earned Income Credit (EIC) for couples filing joint returns; and permanently exempting family tax credits from the individual Alternative Minimum Tax (AMT).

Mr. President, it is my hope that, by considering this package of marriage penalty relief proposals as a stand-alone bill—and not as part of a broader, and potentially controversial, tax cut package—we will not only pass this legislation prior to "tax day" on April 17, but ultimately send a bill to the President that he will sign for the benefit of all married couples.

The bottom line is that we should not condone or accept a tax code that penalizes married couples or discourages marriage, and this bill provides the Senate with the opportunity to correct this inequity in a straightforward manner.

Ultimately, this bill is not simply about providing the American people with a reasonable and rational tax cut—rather, it is about correcting a gross discrepancy in the tax code that unfairly impacts married couples. Accordingly, even though individual members of this body disagree on a wide variety of tax cuts policies, I would hope we would all agree that the act of marriage should not be penalized by the Internal Revenue Code—and would support the proposal before us accordingly.

Thank you, Mr. President. I yield the floor.

Mr. HUTCHINSON. Mr. President, I rise today in support of the Roth marriage tax relief plan. The clock is ticking, Mr. President. In less than forty-eight hours, Americans across the country will empty their pockets to pay the government thousands of dollars in taxes.

For approximately 42 American couples, tax day will have an extra sting

to it, because they will have to pay an average of \$1,400 extra in taxes to accommodate an outdated and discriminatory tax system.

When we first adopted the tax code, women made up only about three percent of the work force. But today, women are full time entrepreneurs. Some seventy percent of mothers work, only to find their income penalized. Our tax system did not anticipate this dramatic growth in dual income families. So now an outdated system discriminates against women and married couples.

When Mr. and Mrs. Smith get married, they look forward to a bright and prosperous future—to have and to hold, for richer and for poorer. But they soon find that Uncle Sam has moved in and cast his low shadow over them. And they are undoubtedly poorer.

The marriage penalty cuts two ways—by pushing married couples into a higher tax bracket and by lowering the couple's standard deduction. Two married income earners, with their combined income, must pay their income tax at a higher rate with a lower deduction than they would if they were two single people.

This is not a one time penalty. Under our tax system, marriage is not a free-ride. It is a toll road. For ten years of marriage, couples must pay an average of \$14,000 extra. For twenty years, couples must pay \$28,000 extra. And they must forgo money that they could have invested in a car, a house, or their children's education. Mr. President, we must update the tax system and we must lift this extra burden on the backs of American couples.

The Roth plan takes solid steps on the path of tax relief. It increases the standard deduction for a married couple filing a joint return to twice the basic standard deduction for a single individual beginning in 2001. This standard deduction increase will help 25 million couples filing joint returns. The Roth plan expands the 15-percent and 28-percent tax brackets for a married couple filing a joint return to twice the size for a single individual. Twenty-one million couples will benefit from these tax bracket expansions. This legislation also expands the Earned Income Credit (EIC) beginning and ending income levels by \$2,500, removing the disadvantage of receiving a smaller EIC after marriage. Finally, the Roth plan exempts family tax credits from the individual Alternative Minimum Tax.

Mr. President, all week I have heard my colleagues on the other side of the aisle claim their support for marriage penalty relief. Yet they insist on quenching the thirst of American couples with only a raindrop relief. They offer nearly \$100 billion less in tax relief for American couples in the next ten years. Fifty percent of the benefits under their plan do not occur until 2008.

We must be serious about tax relief for American couples. If you talk to

any marriage counselor, he or she will quickly tell you that the number one cause of problems in marriage is money—specifically, the lack of it. If we want to support American families, if we want to support the future of America, we can start by reducing the money problems of married couples.

Mr. President, there are 207,677 couples in my home state of Arkansas suffering from the marriage penalty. They have called for marriage penalty relief. I want to give it to them.

I hope that when the clock stops ticking on Saturday, the Senate will have lightened the load on the couples and the American family. I urge my colleagues to support the Roth marriage penalty relief plan.

Mr. MACK. Mr. President, I hope that our colleagues across the aisle will not prevent us from reducing the marriage penalties in the tax code. This bill will provide married couples the relief that President Clinton denied them last year with his veto of the Taxpayer Refund and Relief Act of 1999. President Clinton's action last year increased taxes by close to \$800 billion and imposed a marriage penalty on middle class American families.

There is no place in the tax code for marriage penalties. Marriage penalties are caused by tax laws that treat joint filers relatively worse than single filers with half the income. It has of late become common practice to use the tax code for purposes of social engineering, discouraging some actions with the stick of tax penalties and encouraging others with the carrot of tax preferences. But there is no legitimate policy reason for punishing taxpayers with higher taxes just because they happen to be married. The marriage penalties in the tax code undermine the family, the institution that is the foundation of our society.

I view this bill as just a start. Our tax code will not truly be family-friendly until every single marriage penalty is rooted out and eliminated, so that married couples with twice the income of single individuals are taxed at the same rates, and are eligible for the same tax preferences—including deductions, exemptions, use of IRAs and other savings vehicles—as those single filers. This bill is an important step toward that ultimate goal.

The Democrat criticisms of our bill are misplaced. They argue that our bill contains complicated phase-ins, in contrast to their simple approach. But anyone who reads the bill and their alternative would see that this is false. The Finance Committee bill contains percentages in it, sure enough. And it phases in the relief, that is true. But the percentages and the phase-ins are instructions to the Treasury and the IRS, to make adjustments to the tax brackets. The only people who have to make any new calculations under the Finance Committee bill are the bureaucrats who make up the tax tables, not the taxpayer.

By contrast, the Democrat alternative, in phasing in its relief, requires

taxpayers to calculate their taxes as joint filers, then calculate their taxes as if they were single—a complicated process that requires the allocation of various deductions and credits. Next, the taxpayer would have to determine the difference between these two calculations and then reduce this by a certain percentage. That is supposed to be simple? The Democrat substitute adds to the headaches of tax filing and the demand for tax preparers and tax preparation software.

The Democrats also complain that the Finance Committee bill does more than address their narrow definition of the marriage penalty. They invoke the so-called “marriage bonus.” But the “marriage bonus” is a red herring. What they call a “marriage bonus” results from adjustment tax brackets for joint filers to reflect the fact that two adults are sharing the household income. Under the Democrat approach, single taxpayers who marry a non-working or low-earning spouse should pay the same amount of taxes as when they were single, even though this income must be spread over the needs of two adults.

This approach is fundamentally flawed. The Democrat approach would enshrine in the law a new, “home-maker penalty.” The Democrats would make families with one earner and one stay-at-home spouse pay higher taxes than families with the same household income and two earners.

But why discriminate against one-earner families? Why would we want a tax code that penalized families just because one of the spouses chooses the hard work of the household over the role of breadwinner? The Democrat alternative discourages parents from staying home with their infant children, and penalizes people who sacrifice income in order that they can care for their elderly parents. That is just plain wrong.

The Finance Committee bill reduces the marriage penalty in a rational sensible way, by making the standard deduction for joint filers twice what it is for single filers, and by making the ranges at which income is taxed at the 15% and 28% rates twice for joint filers what they are for single filers. This recognizes that marriage is a partnership in which two adults share the household income. Our approach cuts taxes for all American families. The Democrats call this a “bonus.” We calm it common sense.

Mr. GRASSLEY. Mr. President, how much time do we have remaining on this side of the aisle?

The PRESIDING OFFICER. The Senator has just a little less than 3 minutes.

Mr. GRASSLEY. Mr. President, I yield myself 1 minute. And if somebody else wants the remaining 2 minutes, I would be glad to yield it.

I take this opportunity, just before the cloture votes, to clear up a couple things. First of all, the Senator from North Dakota is a very good friend of

mine. I work very closely with him. I do not dispute what he said. But I do want to clarify his reaction to my saying that taxes are as high as they have ever been in the history of our country.

The Senator made the point that taxes have gone down for many taxpayers. Of course, that is true. He concentrated on middle-income taxpayers. But it is mostly true because of the tax credit for children that the Republicans promoted and passed in the 1997 tax bill. For a family with two kids, for instance, that means \$1,000 that Republicans provided, or about \$25 billion a year.

But despite the protests of the Senator from North Dakota, I still stand by my comments that the overall percentage of taxation is at a historical high of near 21 percent of GDP.

Then in response to Senator ROBB’s comments on the Medicare reserve, it is my understanding that \$40 billion was reserved for Medicare and prescription drugs in the conference report. I hope and think that the Senator from Virginia is incorrect.

I yield my remaining time to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. BROWNBACK. How much time remains?

The PRESIDING OFFICER. Forty-five seconds.

Mr. BROWNBACK. I thank the Chair and the Senator from Iowa.

Mr. President, I say to all my colleagues, this is the vote on marriage tax penalty relief. If you support marriage tax penalty relief, vote for cloture so we can consider this bill. We can send a clean bill to the President. If you are not for marriage tax penalty relief, do not vote for cloture.

This is the vote on whether or not we are going to grant marriage tax penalty relief to nearly 25 million American couples. That is what this vote is all about now. It is not about a whole bunch of extraneous amendments. It is about the marriage tax penalty.

If you ran on this issue, this is your chance to vote to say: I am for eliminating the marriage tax penalty. If you ran on it, this is the time to stand up and say: I am for eliminating the marriage tax penalty.

I urge all of my colleagues to vote for cloture to go to the bill.

I thank the Chair.

The PRESIDING OFFICER (Mr. VOINOVICH). All time has expired.

**MARRIAGE TAX PENALTY RELIEF ACT OF 2000—Resumed**

Pending:

Lott (for Roth) amendment No. 3090, in the nature of a substitute.

**CLOTURE MOTION**

The PRESIDING OFFICER. Under the previous order, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The bill clerk read as follows:

**CLOTURE MOTION**

We the undersigned Senators, in accordance with the provisions of rule XXII of the

Standing Rules of the Senate, do hereby move to bring to a close debate on the pending amendment (No. 3090) to the marriage tax penalty bill:

Trent Lott, Kay Bailey Hutchison, Judd Gregg, Tim Hutchinson, Rick Santorum, Connie Mack, Michael B. Enzi, Craig Thomas, Robert F. Bennett, Chuck Grassley, Jim Bunning, Gordon Smith of Oregon, Ben Nighthorse Campbell, Wayne Allard, Jeff Sessions, and Bill Roth.

The PRESIDING OFFICER. By unanimous consent, the quorum call under the rule has been waived.

The question is, Is it the sense of the Senate that debate on amendment No. 3090 to H.R. 6, an act to amend the Internal Revenue Code of 1986 to reduce the marriage tax penalty by providing for adjustments to the standard deduction, 15-percent rate bracket, and earned-income credit, and to repeal the reduction of the refundable tax credits, shall be brought to a close?

The yeas and nays are required under the rule.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Delaware (Mr. ROTH) is necessarily absent.

Mr. REID. I announce that the Senator from New York (Mr. MOYNIHAN) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 53, nays 45, as follows:

**[Rollcall Vote No. 82 Leg.]**

**YEAS—53**

Abraham	Fitzgerald	McCain
Allard	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Gramm	Nickles
Bond	Grams	Roberts
Brownback	Grassley	Santorum
Bunning	Gregg	Sessions
Burns	Hagel	Shelby
Campbell	Hatch	Smith (NH)
Chafee, L.	Helms	Smith (OR)
Cochran	Hutchinson	Snowe
Collins	Hutchison	Specter
Coverdell	Inhofe	Stevens
Craig	Jeffords	Thomas
Crapo	Kyl	Thompson
DeWine	Lott	Thurmond
Domenici	Lugar	Warner
Enzi	Mack	

**NAYS—45**

Akaka	Edwards	Levin
Baucus	Feingold	Lieberman
Bayh	Feinstein	Lincoln
Biden	Graham	Mikulski
Bingaman	Harkin	Murray
Boxer	Hollings	Reed
Breaux	Inouye	Reid
Bryan	Johnson	Robb
Byrd	Kennedy	Rockefeller
Cleland	Kerrey	Sarbanes
Conrad	Kerry	Schumer
Daschle	Kohl	Torricelli
Dodd	Landrieu	Voinovich
Dorgan	Lautenberg	Wellstone
Durbin	Leahy	Wyden

**NOT VOTING—2**

Moynihan Roth

The PRESIDING OFFICER. On this vote, the yeas are 53, the nays are 45. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is rejected.

The PRESIDING OFFICER. The Senator from Iowa.