

tax bill down to \$7,900, the same as the Campbell-Clarks. Therefore, the Allens suffer a marriage penalty of about \$1,300 each year.

The marriage penalty relief provision included in last year's tax bill would have eliminated this marriage penalty and reduced the tax bill of the Allen family down to the same level paid by the Campbell-Clarks. However, by doing so it would have left behind the Brown family, who would still be paying income taxes of \$9,200 per year.

This is not fair. We must not, in the name of fairness, fix the marriage tax problems of one category of families, but not another category. It is true that the Browns do not suffer a marriage penalty, but why should they pay higher taxes simply because their family income is earned by one spouse and not two?

There are approximately 210,000 couples in my home state of Utah, who, like the Allens, suffer a marriage penalty. However, there are also about 108,000 couples in Utah who are like the Browns, and would be left behind by marriage tax relief like we passed in 1999.

This is why this year's marriage penalty bill is superior to last year's. The bill before us today lowers the tax burden of both the Allen family and the Brown family. It alleviates the marriage penalty and the one-earner penalty. It does not leave any family behind.

In essence, the Internal Revenue Code results in marriage tax penalties and bonuses because it pursues three conflicting ideals or principles—marriage neutrality, equal treatment of married couples with the same household income, and progressive taxation.

The ideal of marriage neutrality states that a couple's tax liability should not be determined based on their marital status. In other words, there should not be a tax incentive either to marry, to remain single, or to divorce. Under our example, current law does penalize the Allen family, because they would pay about \$1,300 per year less if they were to divorce and live together. That is ridiculous. We want to encourage people to live together in marriage.

The equally important principle of equal treatment holds that married couples with equal incomes should pay the same amount in taxes without regard to how much each spouse contributes to the couple's income. Under this principle, the Allens and the Browns should pay the same tax since they are both married with identical family incomes. Currently, they do pay the same, but this principle would be violated if we did not also lower the Browns' tax while fixing the Allens' marriage penalty.

Progressive taxation is the principle that those with higher incomes should pay a higher percentage of their incomes in taxes than is required of those with lower incomes.

It is mathematically impossible for the Tax Code to achieve all three of these tax policy ideals simultaneously.

One of the three objectives must be sacrificed. If we continue to insist on a progressive tax system, we cannot solve both the marriage penalty and the one-earner penalty. Simply put, last year's marriage penalty relief provision did solve the marriage penalty, but it violated the one-earner penalty. The bill before us today does not totally solve the marriage penalty, but it greatly alleviates it for most families. And, it does not create a one-earner penalty. All in all, it represents the fairest approach for the most families in our country.

As long as we have a progressive tax system, we will never achieve total family tax fairness. Therefore, no marriage tax penalty bill will be perfect. While making tremendous progress toward marriage penalty relief for most families, the bill before us leaves some serious marriage penalties in place.

For example, the current-law student loan interest deduction provision penalizes married couples struggling to pay off student loans. In February, the Senate passed an amendment to the education tax bill that Senator MACK and I offered that would have eliminated this problem. I had hoped to add that provision to this bill, but it would not be germane under the reconciliation rules. I hope we can take care of that problem in another tax bill later this year.

President Clinton has given strong indications he will veto this bill because it gives tax relief to families who do not suffer from marriage penalties. This is a shortsighted point of view that ignores the structure of our tax system and the needs of American families.

In fact, it kind of makes me wonder whether President Clinton's real concern is the idea of cutting taxes. He has made no secret of his opposition to tax cuts. He has fought us every step of the way in our efforts to return a portion of the budget surplus to those hard-working Americans who produced it.

But, I will be very sorry if a Presidential veto denies American families even this tax cut which is not being made for its own sake, but rather to correct a longstanding inequity in the Tax Code.

I implore the President to reconsider that all American families need fair and substantial tax relief—those where both spouses work outside the home as well as those where one parent stays home. I hope he will sign this bill into law.

And, allow me to say just a word about parents who forego outside income to remain at home. Everyone in this body knows that I believe we must have adequate child care for those families who need it. I have worked with my Republican colleagues and my Democratic colleagues across the aisle on child care legislation. But, I cannot say emphatically enough that the best

child care is still provided by a parent. I have yet to hear a single Senator disagree with that. Yet, our Tax Code penalizes a family in which one parent makes this choice to stay at home with their children.

I am glad that my wife stayed home with our children. She did work in the early years of our marriage as a grade school teacher, but she stayed home virtually all of the time our children were growing up, and I think it shows.

It is high time we fix this problem. It is high time we correct the marriage penalty for both the Allens and the Browns in Utah, and families like them all over the country. Today, we have the means to do it. I say to my colleagues on the other side of the aisle: There are no more excuses.

Again, I thank Chairman ROTH for his insight and leadership on this important issue, and I urge my colleagues to support final passage of this bill. I urge President Clinton to sign it.

One last thing, and that is, when you have a \$4.3 trillion surplus in the budget, you know darn well somebody is being taxed too much. Why can't we at least solve these inequities that are literally calling out to us for a solution? Why can't we make it clear that being married should not be a disadvantage to couples? Why don't we make it clear that we are going to treat married couples just as well as those who live together and are not married, who don't pay as much in taxes today?

These three families illustrate this as well as I think we can illustrate it. Why should the Allen family and the Brown family pay \$9,222, while the Campbell-Clark family, just because they live together—each of them single, and each of them earning \$40,000—why should they get a tax bill of \$1,300 less than the other two families?

I urge the President to sign this bill. I think it is the right thing to do.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Idaho.

PRAYERS AND THOUGHTS FOR SENATOR PAUL COVERDELL

Mr. CRAIG. Mr. President, before I deliver my remarks on the marriage tax penalty, for just a moment, let me say that our colleague, PAUL COVERDELL, is struggling at this moment. Our prayers and thoughts are with him and his wife Nancy as he struggles with his health in an Atlanta hospital. He is a champion of the issue of the marriage penalty tax relief.

MARRIAGE PENALTY TAX RELIEF

Mr. CRAIG. Mr. President, certainly, KAY BAILEY HUTCHISON, our colleague from Texas, has led us on the issue of the marriage penalty tax. I think probably she has sensitized all of us to it as only a woman can. I mean that in the sense of understanding the true balance that ought to be in this Tax Code that isn't in the Tax Code. She has

been persistent with the Congress and with this Senate to assure that we develop a sense of equity and balance in the Tax Code that our marriage penalty tax relief legislation will offer.

Who pays the marriage penalty? In our country, about 22 million married couples do. They are not wealthy. They are modest- and middle-income families. In my State of Idaho, that is 129,710 families.

To really bring this home, if, from the time a couple marries, they were to put away, with interest, the difference in the disparity of taxes between \$1,000 and \$1,400 per year, on the average, for their first child, they could afford to pay 3 years of his or her education at a State institution in my State of Idaho. So it is significant. It is important. There is no question it would help, and can help, the American family.

The usual suspects out there who are opposed to this, I think, are using the most tired and sad arguments against tax relief. They simply are arguing from a position of the wrong facts. We have heard them whining about tax cuts and saying the tax cuts are for the rich and somehow you ought not give the rich any opportunity. Of course, in this instance they have simply missed the mark, and they know it. They know they are on the wrong side of this issue.

Tax relief, in the area of the marriage penalty tax, helps working families. It ends discrimination against married couples. It reduces the Tax Code's antifamily bias that no tax code should have in it. We have always said that the very foundation of our culture and our country is the family, and yet we take advantage of that union in the Tax Code by causing them to pay more in taxes.

Low- and middle-income married couples are the ones who truly are hurt by this penalty. On average, a married couple hit by the marriage penalty will pay about \$1,400 more a year in taxes than two single persons at the same combined income. That is where the penalty rests.

In total, the marriage penalty overcharges couples in this country \$32 billion a year, according to the Congressional Budget Office—that is right, \$32 billion a year—that could stay out there with those young couples.

I use the example in my State of Idaho that if they simply put it in a bank, with interest, by the time their first child is old enough to go to college, they can afford his first or her first 3 years at a State institution in my State.

I think those who oppose marriage tax penalty relief oppose, frankly, all tax relief. The more they can get to spend on Government programs and Government solutions—and go home to their constituents and talk about what wonderful things Government is doing for them—somehow they think that most of our citizens are either undertaxed, and not giving enough to Government for all those wonderful so-

lutions to their problems, or the current Tax Code is fair.

They are not worried about a Tax Code that charges a family an extra \$1,400 or more, when a family certainly needs that additional income as they become a family unit. They are opposed to all tax relief. If you pay taxes, somehow, in this argument, you are rich; and the rich do not need the relief.

How many times have we heard that? At least I have heard it in the good number of years I have been in the Senate. Every time we talk about tax relief, somebody over there on the other side of the aisle says: Gee, those darn Republicans want to give that money back to the rich, and the rich don't need tax relief.

Low- and middle-income families do need tax relief. So the opposition on the other side always ponies up some kind of what I call tax-relief "lite" amendments to offer, so they can show some degree of compassion. Yet at the same time they offer nothing except a new Government program.

Let me break it down into the three most significant ways that the Tax Code extracts the marriage penalty for us to understand.

First of all, it is discrimination in the standard deduction area. About two-thirds of the taxpayers take the standard deduction. For a married couple, the standard deduction this year is \$7,200. For two single taxpayers with the same combined income, it is \$8,600. This is the first \$392 of the marriage penalty. Lower and middle-income taxpayers are more likely to take the standard deduction than upper-income persons. Many middle-income families who itemize are still hurt by standard deduction discrimination because the amount of the standard deduction determines whether they itemize. In other words, one element triggers the other element in our Tax Code.

The Senate bill would provide relief to 25 million couples by making the standard deduction for married couples filing jointly equal to the standard deduction for two singles with the same combined income. That is a little complicated, but it is easy to understand that for those who take the standard deduction—and those tend to be the lower and middle-income families—the benefit is immediate and, as we have said, is approximately \$1,400 a year.

The second area deals with discrimination in the earned-income tax credit area, the EITC. We are all familiar with the EITC. It is supposed to reward work, ease income tax and other tax burdens, and supplement incomes for low-income working families with children. It is astonishing, in a program designed to help lower income families, the phaseout schedule for EITC benefits again imposes an antimarriage, antifamily penalty. This is the very program Congress designed to help low-income families. Yet when we look inside the code, the way the IRS has interpreted it and administers it, there is

an antimarriage, antifamily penalty. The Senate bill would begin addressing marriage penalty inequity in the EITC by first increasing the maximum credit by \$526, starting the phaseout range \$2,500 higher than it was at an income level just above \$15,000.

The third area of discrimination is in the tax brackets. For the average couple paying a marriage penalty, bracket discrimination charges them another \$1,000. Bracket discrimination usually takes the lower income earned by one spouse, which would be taxed in the 15-percent bracket if he or she were single, and taxes it at the other spouse's 28-percent rate. This devalues the spouse and the spouse's work that provides the second income for the family. Of course, in some instances, both spouses are professional and choose to seek their profession in the marketplace. In other marriages, one spouse simply wants to supplement the overall family income to broaden the ability of that family to earn, to save, to invest, and to provide for its children. In this instance, this particular structure of the Tax Code actually devalues the value of the income of that spouse who goes into the marketplace to earn additional income for the family.

For folks with modest means, this adds what we could easily call insult to the very injury that the Tax Code levies to the taxpayer. Time after time on this floor, we hear how many families are forced to earn a second income to make ends meet. Currently, the heavy hand of Government has the first claim on the second income. For anybody who would choose to vote against this particular provision, shame on them. Especially shame on them if they then turn around and argue that circumstances are so tough out there that every family needs two incomes. Let us work today to lessen that burden, to make it less tough, to give that family unit greater choices as to whether they both want to work in the marketplace or one would choose to stay home.

The Senate bill provides help for 21 million couples, including 3 million senior citizens, by expanding the 15-to-28 percent bracket for one couple to a range equal to that for two singles. In addition, this bill preserves the full effect of the family tax credits enacted in the 1997 Taxpayers Relief Act. We now find that particular provision taking effect. More and more middle-income families are slipping into the alternative minimum tax or the AMT. In fact, even some EITC families are now being affected by this. The AMT is already a dubious tax. It requires thousands of taxpayers to figure their returns according to two different tax systems. I don't think anyone really intended the AMT to apply and wipe out the family tax credits we enacted in 1997, including the \$500-per-child tax credit, the HOPE education credit, the lifetime earnings credit, and the ongoing dependency care credit. It is time to cut back on the antifamily AMT, and that is exactly what this provision will do.

In conclusion, we want a Government that is truly profamily. Certainly all of us—and in a sincere way—want to make sure our laws are profamily. Yet those who will vote against the marriage tax penalty are talking about two different systems. They are being very inconsistent with honesty and integrity in debating this kind of an issue. You cannot talk profamily on one side of the issue and turn around and vote against this provision that we will be voting on on the floor this evening.

Our Tax Code says, unless we change it tonight, don't get married. And if you do, you are going to pay higher taxes. We say it is time we create equity in this equation. Our Tax Code says you will pay a penalty if both spouses work and you will be the most heavily taxed if your incomes are about equal. We say the best anti-poverty program is a family and a job in America, or two jobs in America taxable at a lower rate, leaving more money inside the family unit to provide for that family and those portions of the American dream they seek to secure. We encourage our citizens to dream a better dream, of a fairer and freer society. Our Tax Code has a great deal to say about the size and the scope of their dreams.

I hope we will vote tonight to strike a blow for a profamily, pro-American, American-dream approach, not have the Tax Code constantly confusing the message and sending a negative signal. We are going to pass it, I do believe, and seize the opportunity.

In closing, I say to the President: Come on. Quit playing the political games you are playing right now. You have to have this new spending program and this new spending program with a multitrillion-dollar surplus. Give the highest taxed generation in history just a little break. When this bill gets to your desk, sign it.

I yield the floor.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ROBB. Mr. President, I ask unanimous consent that the Democratic side be permitted to reclaim the 15 minutes accorded to the other side of the aisle earlier today so that I may speak at this particular moment.

Mr. CRAIG. Reserving the right to object, and I will not, I ask unanimous consent that Senator COLLINS retain 15 minutes in morning business prior to the Interior bill following the comments of the Senator from Virginia.

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

PRESCRIPTION DRUG AMENDMENT ON THE MARRIAGE PENALTY RECONCILIATION BILL

Mr. ROBB. Mr. President, I rise today to speak about an amendment that I submitted on Friday to the marriage penalty bill, which the Senate will take up and vote on later today. My amendment, which is cosponsored by Senators KENNEDY, GRAHAM and

BRYAN, follows up on a similar proposal I offered in April to the Senate budget resolution that would have required Congress to enact a new Medicare prescription drug benefit before considering any massive tax cuts. While a procedural hurdle prevented that amendment from passing, fifty-one senators voted to waive a budget point of order, indicating they favored it, and sending the American people a strong signal that a majority of the U.S. Senate thought we should put the needs of our nation's seniors before excessive tax cuts.

The majority, however, has moved in the opposite direction since then. This past Friday, we passed a large tax bill that would phase out the tax on the estates of those seniors who die, but did nothing to provide needed prescription drugs that can preserve the lives of those seniors who are living. Because I had cosponsored earlier legislation to ease the estate tax burden in order to preserve family farms and small businesses, I voted for this bill. Even though all of our Democratic amendments were defeated—and look forward to crafting more equitable legislation to address these same concerns after the President vetoes the bill we passed Friday.

The bill before the Senate now, however, is very different. Under the guise of eliminating the "marriage penalty," the majority has brought a bill to the floor that would devote over half of its benefits to people who either aren't married, or who are actually receiving right now a tax benefit, or "bonus," for being married. As I have stated previously, Mr. President, this takes a lot of chutzpah.

Mr. President, I believe we ought to eliminate the marriage penalty for those who actually suffer the marriage penalty and need the relief most. With all the rhetoric from the other side of the aisle about eliminating the marriage penalty, one might think that they'd share my view, and want to pass a bill that would actually focus on the penalty.

But a closer examination of the Republican bill reveals that it isn't quite what it's described to be. Mr. President, there are in fact 65 provisions in the current tax code that contain a marriage penalty, including Social Security. The bill reported from the Finance Committee on a straight party-line vote takes care of one marriage penalty provision completely and two others partially, and leaves the other 62 marriage penalties untouched. The Democratic bill addresses all 65 provisions, and takes care of the entire penalty for almost everyone.

Mr. President, it's time that we set our priorities straight. We ought not to be devoting billions of dollars of the surplus to individuals who currently suffer no marriage penalty whatever when we've done nothing to help those that suffer from the "senior citizens' drug penalty"—the high prices our nation's seniors are forced to pay for prescription drugs.

The amendment that I've offered would force Congress to address these priorities. It simply says that the tax bill before the Senate today won't take effect until Congress has also fulfilled its responsibility to enact a meaningful Medicare prescription drug benefit. My amendment won't prevent Congress from enacting marriage penalty relief this year, nor will it keep a single married couple from enjoying the tax benefits in this bill. What it will do is ensure that we don't backtrack from the Senate's vote to enact a prescription drug benefit before we do major tax cuts.

Let me say, Mr. President, that this isn't just rhetoric. The problems faced by our nation's seniors in affording prescription drugs are immediate and real. I'd like to remind the Senate of a story I heard from a physician in my state recently about a patient who was splitting her doses of Tamoxifen—a breast cancer drug—with two of her friends who also had breast cancer, but couldn't afford the medication. As a result, all three women had inadequate doses of the medication.

Or consider the story of a disabled father of three from Pennington Gap, Virginia, who broke his neck several years ago, and went from making \$50,000 a year to \$800 a month in disability benefits. While he qualifies for Medicare, he's forced to choose each month between spending nearly half of his disability benefit on prescription drugs, or helping out his family, because Medicare offers no coverage for his medications.

These Virginians are not alone in their troubles. The average Medicare beneficiary will spend \$1100 on prescription drugs this year. Most of them won't have adequate prescription drug coverage to help them cover these crushing costs. And the numbers of those that do have coverage are dropping rapidly.

Despite the suggestions of some of my colleagues, this problem isn't 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 private sector entities 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. One recent study showed that seniors without drug coverage typically pay 15 percent more than people