

overwhelming bipartisan support in the House, and we had a lot of Democrats who supported it in the Senate. We passed it. President Clinton vetoed it. I regret that decision. We have a new President, one who will sign it.

I used to manage a business. We thought about growing it—and we grew it a lot, and we could have done a lot more—but this idea of working really hard with the idea of building it up and making it successful, maybe making it worth more and then having the Government come in and take over half of it was a suffocating proposition. Did we suffer? No. Who really suffered? Our employees who could have had a new business. Maybe the kids who would work for those employees would have had a better income. They might have had more educational opportunities. There would have been growth and opportunity for more people. This tax hurts in so many ways that people just can't even calculate.

Let me touch on what the proposal that we passed last year would do. We replaced the taxable event of death and said: The taxable event should be when the property is sold. Present law is, when somebody dies, they pass the property on to the kids. There is a taxable event. If you have a taxable estate above the deductible amount—right now \$675,000—you are at a taxable rate of 37 percent. Anything above that, Uncle Sam wants over a third. At \$3 million, the rate is 55 percent. If you have a taxable estate of \$10 million, it is 60 percent. Between \$10 million and \$17 million, it is 60 percent. How could we have a rate at 60 percent? Why is the Government entitled to take 60 percent of something somebody has worked their entire life for? I can't imagine. That is on the law books today. One of the reasons is because people said: Let's just increase the exemption and leave the rates high. We made that mistake. We will not make it again. I hope we don't make it again.

I have heard some people say that as an alternative let's just increase the exemption another million or two. We will exempt people and put more in the zero bracket. If you are still a taxpayer, bingo, you are going to have to pay 55 percent. I disagree. I think that is wrong, unconscionable. Why would you take half of somebody's property because they happen to pass on? Our proposal—what we passed last year—replaced the taxable event of somebody's death and made it a taxable event when the property is sold. So the person who dies doesn't benefit because they are going to Heaven—I hope they are—and they can't take the money with them. But their kids, the beneficiaries, right now have to pay a tax.

Under present law, they may have to sell the farm, the ranch, the business, or the property and assets—they may have to sell half of it just to pay the tax. What we are saying is there is no taxable event when somebody dies. The taxable event would be when they sell the property. If they inherit an ongo-

ing business, a farm, or a ranch, or property, if they keep it, there is no taxable event. When they sell it, guess what? They have the assets to pay the tax, and the tax will be for capital gains. But the tax rate will be 20 percent, not 55 percent or 60 percent. That is fair. It is income that hasn't been taxed before because it is capital gains.

To me, that makes the system work. You tax the property once. You tax a gain that hasn't been taxed before, unlike a death tax. You might pay income on these properties you are building up in a business year after year, and you have paid income tax on it and you put money into it, it appreciates, and right now you get a little stepped-up basis, but, bingo, you have to pay a big tax. Why? Because you die. Sorry, second generation; if you want to keep the company going, if you want to keep the employees, you may have to pay a tax of 55 percent because this business is worth \$3 million. That may sound like a lot, but it is not. In some places in Colorado, and others, it might be a development. You may have to sell it just to pay the tax so that Uncle Sam can take half. I think that is wrong. Our proposal is that you don't have a taxable event when somebody dies; it is when the property is sold—when it is sold. That would be on a voluntary sale, when whoever inherited it wanted to sell it, and they would pay a capital gains tax of 20 percent.

We leave the step-up basis alone, or at a lower level. They pay 20 percent on the gain of the property. If the property has been in the family for decades, you may have a significant capital gain. That is only fair because that property hasn't been taxed. I think this system makes sense. I think it would save so much.

I can't imagine the money that has been spent in this country trying to create schemes and, in some cases, scams, and other ways of trying to avoid this unfair tax. So now we would say you would not have to have foundations, you would not have to come up with irrevocable trusts and different games and try to give property around to avoid this tax. You can say, wait a minute, there will be a taxable event when they sell the property. They will then have the liquid resources to be able to pay the tax, and it will be 20 percent. People won't have to go through tax avoidance, and planners, and lawyers, and so on, who are working this system trying to help people avoid this unfair tax.

I mention that, Mr. President, because I think a lot of people have tried to demagog the issue. They have tried to unfairly characterize President Bush's proposal to eliminate this tax. I think what we passed last year was eminently fair. We had the votes last year, and I believe we have the votes this year. I think we will pass it and do a good thing for the economy, the American people, for free enterprise, and for families by eliminating this so-called unfair death tax. We will replace

it with a capital gains tax when the property is voluntarily sold.

I am excited about President Bush's economic package. I am excited about his tax proposal. I think at long last taxpayers have a friend in the White House. They haven't had one for the last 8 years. We now have a friend who will give them long overdue relief. I am excited about that, and I expect we will be successful in passing substantial tax relief this year. I look forward to that happening, and I compliment President Bush on his package and his presentation. I tell taxpayers that help is on the way, and hopefully we can make it the law of the land.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### ORDER OF BUSINESS

Mr. NICKLES. Mr. President, for the information of our colleagues, we expect a rollcall vote shortly on one or more nominations to the Treasury Department. One will be John Duncan to be Deputy Under Secretary of the Treasury. There may be additional nominations as well. There will be a rollcall vote ordered in the very near future.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### EXECUTIVE SESSION

#### NOMINATION OF JOHN M. DUNCAN TO BE DEPUTY UNDER SECRETARY OF THE TREASURY

Mr. NICKLES. Mr. President, I ask unanimous consent that the Senate immediately proceed to executive session to consider the following nomination reported by the Finance Committee today: John M. Duncan to be Deputy Under Secretary of Treasury.

I further ask unanimous consent that the Senate immediately proceed to a vote on the nomination and that, following the vote, the President be immediately notified of the Senate's action and the Senate then return to legislative session.

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

The assistant legislative clerk read the nomination of John M. Duncan, of the District of Columbia, to be Deputy Under Secretary of the Treasury.