

STATEMENTS ON INTRODUCED
BILLS AND JOINT RESOLUTIONS

By Mrs. MURRAY (for herself, Ms. SNOWE, Mr. LIEBERMAN, Mr. SANTORUM, Mr. DORGAN, Mr. THURMOND, Mr. DURBIN, Mr. CRAIG, Mr. CLELAND, Mr. BOND, and Mrs. FEINSTEIN):

S. 1643. A bill to provide Federal reimbursement to State and local governments for a limited sales, use and retailers' occupation tax holiday; to the Committee on Finance.

Mrs. MURRAY. Madam President, I rise today along with my colleagues, Senator SNOWE, Senator LIEBERMAN, Senator SANTORUM, Senator DORGAN, Senator THURMOND, Senator DURBIN, Senator CRAIG, Senator CLELAND, Senator BOND, and Senator FEINSTEIN, to introduce the Sales Tax Holiday Act of 2001.

Our economy needs a shot in the arm. The GDP is declining, consumer confidence is at a 7-year low, and consumer spending has slowed to its lowest level in 8 years. But consumer spending is just what we need to get our economy going again. In fact, two-thirds of our economy depends on consumer spending.

Today, we are proposing an innovative way to get Americans back into stores and to get our economy back on its feet. What we are proposing is a national sales tax holiday, a 10-day period where every American can shop without having to pay a State sales tax.

The national sales tax holiday will save one money on everything from cars and computers to books and baby clothes. It will boost retail sales and consumer confidence, and it will help everyone in the retail chain, from assembly line workers and truck drivers to shelf stockers and sales people.

This national sales tax holiday we are proposing is immediate. Every American can take advantage of it. It will not break the bank, and it will directly stimulate our economy by boosting sales and supporting retail, transportation, and manufacturing jobs throughout our entire country.

Many businesses rely on the holiday season to make it through the year, and many workers count on those retail jobs before the holidays. Our bill will help both. Even before September 11, this was shaping up to be a very difficult time for retail businesses and the thousands of workers they employ. This sales tax holiday will give our economy a shot in the arm and will give families a break when they need it the most.

Our bill sets the date of the tax holiday from November 23 to December 2. That is the traditional start of the holiday shopping season. Many Americans are looking for ways to support our country. With the sales tax holiday, we can help jump-start our economy by buying things for school, for work, or for home.

It is all so easy. You do not have to wait for a check. You do not have to fit into a certain income tax bracket. You

buy what you need, you put someone to work, you give our country a boost, and you save money.

Seven States, plus the District of Columbia, have used these sales tax holidays, and they have had great results. Under our approach, the Federal Government will reimburse States for the lost sales tax revenue. Right now we estimate the cost to be about \$6.5 billion, depending on how many States participate and how strongly consumers respond.

Under our plan, every penny of the \$6.5 billion will go directly into the economy.

In the coming weeks, the Senate will debate legislation to stimulate the American economy and to help workers who have lost their jobs as a result of the economic downturn. The final product needs to stimulate additional economic activity. It needs to boost consumer confidence and spending. It needs to encourage business investment and job creation. It needs to address the needs of workers and their families who have lost their jobs. It must maintain a commitment to fiscal discipline and the long-term economic health of this Nation. And it should help return the country to a sense of normalcy.

I believe the legislation I am introducing today with Senator SNOWE can be an important part of a balanced economic stimulus package.

First, our proposal will stimulate economic activity and consumer confidence. States and businesses that have participated in sales tax holidays reported an increase in sales during their sales tax holiday. Most importantly, businesses have found that consumers do not just shift their spending to the holiday period, but these holidays create new spending that would not have otherwise occurred.

Second, our proposal will stimulate business investment and job creation. Retail businesses will need to boost inventories to prepare for larger crowds. That is good news for manufacturers, distributors, and other businesses that help meet consumer demand for all kinds of products.

Third, it benefits all Americans. Low, middle, and upper income people all pay sales taxes on the products they buy, and since the sales tax is the most regressive kind of tax, lower income consumers will benefit the most.

Our proposal is fiscally responsible. This tax holiday will last for no more than 10 days in any State and, therefore, there are no exploding costs in the long term.

Our proposal does not negatively affect State and local budgets. Here, in fact, is how the States will get reimbursed: Every State that participates in the holiday will receive a quick payment of their estimated lost revenue. Before the tax holiday, a State can decide if it wants to be reimbursed for the exact amount of its loss. Then after the tax holiday, those States would go through a reconciliation process with the Federal Government.

We need a sales tax holiday. The economic slowdown and other factors are having a tremendous impact on the ability of State and local governments to provide critical services and to help working families who have been hurt by higher unemployment. That is why I have worked very hard to make sure that the Federal Government will fully compensate the States that take advantage of this holiday. In addition, our plan is optional so States can choose to opt in if they want to stimulate their own economy.

Even without Federal incentives, seven States and the District of Columbia have already used sales tax holidays to help working families buy school clothes, computers, and to stimulate economic activity.

This will help return this country to a sense of normalcy. Our Nation, and each of our lives, have been changed forever by the events of September 11. We can never go back to September 10. Those events reminded us how fragile life is. They reminded us of everything for which we have to be thankful—our family, our friends, our faith, our communities, and our democracy. But as we celebrate these important things during the upcoming holiday season, I believe it is important that we not feel guilty about getting back to business and to our daily lives.

President Bush has urged all of us in the wake of the September 11 attacks to return to our daily lives and get back to business. I believe this legislation will help us get the Nation back to business. It is fair, it is responsible, it will help families, and it will stimulate our economy.

I urge my colleagues to support including it in the economic stimulus package.

I ask unanimous consent that the bill be printed in the RECORD.

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

S. 1643

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "Sales Tax Holiday Act of 2001".

SEC. 2. FINDINGS.

Congress finds the following:

(1) Consumer confidence and spending is critical to a healthy United States economy.

(2) In order to prevent a further decline in consumer spending, which fell 1.8 percent in September 2001, and consumer confidence, which is at its lowest level since February 1994, the Federal Government needs to provide an immediate and targeted tax incentive to encourage consumer spending.

(3) The most immediate and targeted incentive for consumption would be to reduce the price of goods to consumers, which can be done most effectively by removing sales taxes imposed on those goods.

(4) A 10-day sales tax holiday, prior to the 2001 Holiday season, would encourage Americans to make immediate purchases and help to counteract the decline in consumer confidence Americans have experienced since September 11, 2001. The direct boost to consumption resulting from a sales tax holiday

would enhance the benefits of individual tax cuts provided by any Federal tax stimulus legislation.

(5) A State and local sales tax holiday would allow all taxpayers to benefit, especially lower-income Americans who spend a larger portion of their income.

(6) To encourage a State and local sales tax holiday, the Federal Government should ensure that each participating State and local government receives fast and fair reimbursement for lost sales tax revenue.

(7) Florida, Texas, Pennsylvania, South Carolina, Iowa, Connecticut, Maryland, Ohio, North Carolina, and the District of Columbia currently provide consumers with similar temporary sales tax holidays. Consumer response to these holidays has been extraordinary, with retailers reporting greatly increased foot traffic in stores as well as an increase in incremental retail sales.

SEC. 3. STATE AND LOCAL SALES TAX RELIEF FOR CONSUMERS.

(a) IN GENERAL.—The Secretary shall reimburse each State for the amount of State and local sales tax payable and not collected during the sales tax holiday period.

(b) DETERMINATION AND TIMING OF REIMBURSEMENT.—

(1) PREDETERMINED AMOUNT.—Not later than December 20, 2001, the Secretary shall pay to each State an amount equal to the sum of—

(A)(i) the amount of State and local sales tax payable and collected in such State during the same period in 2000 as the sales tax holiday period, times

(ii) an acceleration factor equal to 1.73, plus

(B) an amount equal to 1 percent of the amount determined under subparagraph (A) for State administrative costs.

(2) RECONCILIATION AMOUNT.—Not later than February 20, 2002, the Secretary shall pay to each electing State under subsection (c)(2) an amount equal to the excess (if any) of—

(A) the amount of State and local sales tax payable and not collected in such State during the sales tax holiday period, over

(B) the amount determined under paragraph (1)(A) and paid to such State.

(c) REQUIREMENT FOR REIMBURSEMENT.—The Secretary may not pay a reimbursement under this section unless—

(1) the chief executive officer of the State informs the Secretary, not later than November 15, 2001, of the intention of the State to qualify for such reimbursement by not collecting sales tax payable during the sales tax holiday period,

(2) in the case of a State which elects to receive the reimbursement of a reconciliation amount under subsection (b)(2)—

(A) the chief executive officer of the State informs the Secretary and the Director of Management and Budget and the retail sellers of tangible property in such State, not later than November 15, 2001, of the intention of the State to make such an election,

(B) the chief executive officer of the State informs the retail sellers of tangible property in such State, not later than November 15, 2001, of the intention of the State to make such an election and the additional information (if any) that will be required as an addendum to the standard reports required of such retail sellers with respect to the reporting periods including the sales tax holiday period,

(C) the chief executive officer reports to the Secretary and the Director of Management and Budget, not later than January 31, 2002, the amount determined under subsection (b)(2) in a manner specified by the Secretary,

(D) if amount determined under subsection (b)(1)(A) and paid to such State exceeds the

amount determined under subsection (b)(2)(A), the chief executive officer agrees to remit to the Secretary such excess not later than February 20, 2002, and

(E) the chief executive officer of the State certifies that such State—

(i) in the case of any retail seller unable to identify and report sales which would otherwise be taxable during the sales tax holiday period, shall treat the reporting by such seller of sales revenue during such period, multiplied by the ratio of taxable sales to total sales for the same period in 2000 as the sales tax holiday period, as a good faith effort to comply with the requirements under subparagraph (B), and

(ii) shall not treat any such retail seller of tangible property who has made such a good faith effort liable for any error made as a result of such effort to comply unless it is shown that the retailer acted recklessly or fraudulently,

(3) in the case of any home rule State, the chief executive officer of such State certifies that all local governments that impose sales taxes in such State agree to provide a sales tax holiday during the sales tax holiday period,

(4) the chief executive officer of the State agrees to pay each local government's share of the reimbursement (as determined under subsection (d)) not later than 20 days after receipt of such reimbursement, and

(5) in the case of not more than 20 percent of the States which elect to receive the reimbursement of a reconciliation amount under subsection (b)(2), the Director of Management and Budget certifies the amount of the reimbursement required under subsection (b)(2) based on the reports by the chief executive officers of such States under paragraph (2)(C).

(d) DETERMINATION OF REIMBURSEMENT OF LOCAL SALES TAXES.—For purposes of subsection (c)(4), a local government's share of the reimbursement to a State under this section shall be based on the ratio of the local sales tax to the State sales tax for such State for the same time period taken into account in determining such reimbursement, based on data published by the Bureau of the Census.

(e) DEFINITIONS.—For purposes of this section—

(1) HOME RULE STATE.—The term "home rule State" means a State that does not control imposition and administration of local taxes.

(2) LOCAL.—The term "local" means a city, county, or other subordinate revenue or taxing authority within a State.

(3) SALES TAX.—The term "sales tax" means—

(A) a tax imposed on or measured by general retail sales of taxable tangible property, or services performed incidental to the sale of taxable tangible property, that is—

(i) calculated as a percentage of the price, gross receipts, or gross proceeds, and

(ii) can or is required to be directly collected by retail sellers from purchasers of such property,

(B) a use tax, or

(C) the Illinois Retailers' Occupation Tax, as defined under the law of the State of Illinois,

but excludes any tax payable with respect to food and beverages sold for immediate consumption on the premises, beverages containing alcohol, and tobacco products.

(4) SALES TAX HOLIDAY PERIOD.—The term "sales tax holiday period" means the period beginning after November 22, 2001, and ending before December 3, 2001.

(5) SECRETARY.—The term "Secretary" means the Secretary of the Treasury.

(6) STATE.—The term "State" means any of the several States, the District of Columbia, or the Commonwealth of Puerto Rico.

(7) USE TAX.—The term "use tax" means a tax imposed on the storage, use, or other consumption of tangible property that is not subject to sales tax.

Ms. SNOWE. Madam President, I rise today with Senator MURRAY and our other colleagues to introduce the Sales Tax Holiday Act of 2001.

Since last Wednesday, when Senators MURRAY, LIEBERMAN and I first publicly raised the idea of a national sales tax holiday, this exciting and innovative concept has truly taken root. Indeed, the idea of a sales tax holiday has been supported by economists and editorial writers alike and from all across the political spectrum—from Alan Blinder, former Vice Chairman of the Federal Reserve Bank to Grover Norquist, President of Americans for Tax Reform. So we are talking about a bipartisan bill with support as wide as it is deep.

And one thing everyone agrees on is that our National Sales Tax Holiday legislation offers the ultimate economic stimulus, literally feeding Federal stimulus dollars directly into the economy. We believe that this direct approach is perhaps the most immediate, fair, and responsible approach that will have the most stimulative effect on the economy.

With December fast approaching, we need to give a "shot in the arm" to our economy and help restore the confidence of consumers, because we have seen a dramatic and negative reaction to the events of September 11. In fact, the Conference Board's first report on consumer confidence since the attacks showed the steepest two-month drop since the 1980 recession—and confidence has plummeted to the lowest level in 7 years, since 1994, even as consumer spending dropped 1.8 percent in September, the first decline in 2½ years and the biggest spending drop since 1987.

According to a survey released yesterday by the Credit Union National Association and the Consumer Federation of America, almost one-third, 28 percent, of those surveyed plan to spend less this year than last. With the economy already on the brink of a recession following the attacks—including economic growth actually declining 0.4 percent in the third quarter—a one-third decline in spending this season could be detrimental.

Clearly, we need to take action to restore this confidence in the economy, and tell consumers that "Help is on the way." As Lynn Franco, director of The Conference Board Consumer Research Center said recently, "Widespread layoffs and rising unemployment do not signal a rebound in confidence anytime soon. With the holiday season quickly approaching, there is little positive stimuli on the horizon."

Indeed, the signs are ominous. According to the National Governors Association, dollar Christmas sales may actually fall below last year—which

would be the first decline since Christmas of 1953, in the wake of the Korean War.

Our Sales Tax Holiday Act of 2001 will provide that positive stimuli at a critical time when consumers need the help most. Holiday sales make up one-fifth, 22.8 percent, of annual consumer spending, so we will target our bill directly toward these sales. States that opt to participate by rolling back their sales tax will be "held harmless" for their decisions, with reimbursement made by the Federal Government for lost sales tax revenue. This revenue will be replaced on a timely basis so that States' cash flows are not affected, with States opting to be reimbursed for lost revenue based on a formula which is based on historical December sales tax revenue, or opting to receive dollar for dollar reimbursement based on actual sales. States will have to choose which method of reimbursement they would like to receive prior to implementation of the sales tax holiday.

Forty-five States, and the District of Columbia will be eligible to participate in our plan, with an estimated overall economic impact of about \$6.5 billion for the 10-day sales tax holiday. Needless to say, no State would be required to take action, but we think they deserve to have the option.

This is a proven approach that can dramatically boost sales. When Maryland and the District of Columbia tried sales tax holidays last August, for example, monthly sales jumped by 10 percent. One retailer even saw sales jump 35 percent over the same period a year ago. And the Wall Street Journal in 1997 reported that a survey of 102 stores in the New York City metropolitan area averaged 125 percent increases in sales during the region's January sales tax holiday on most clothing and footwear.

The fact is, this is an approach that fulfills every one of the principles for a stimulus that the Centrist Coalition I cochair laid out earlier this month. And as the Los Angeles Times reported on October 12, "in the view of many economists—conservative as well as liberal—most plans fall short of the key criteria for stimulus proposals: they should take effect quickly, promote new spending or investment that otherwise would not occur, and do no long-term damage."

Our plan fits the bill and makes perfect sense—and will pay off for consumers with more dollars and cents in their pockets. What better signal of holiday cheer and confidence than to include a savings on every purchase, enticing consumers back into the stores and giving a much-needed boost to our economy?

As we approach this holiday season, rather than being "a day late and a dollar short" in helping consumers and stimulating the economy, we should pass this legislation and give America the gift of an immediate boost to our economic strength and well-being.

I thank the Chair.

By Mr. CAMPBELL:

S. 1644. A bill to further the protection and recognition of veterans' memorials, and for other purposes; to the Committee on Veterans' Affairs.

PROTECTING THE SITES HONORING THOSE WHO PROTECT US

Mr. CAMPBELL. Madam President, today, 4 days before Veterans Day, I introduce legislation that would recognize and protect the sanctity of veterans' memorials. Currently, there is no comprehensive Federal law to protect veterans' memorials, which is why I am introducing the Veterans' Memorial Preservation and Recognition Act of 2001.

My bill would prohibit the desecration of veterans' memorials, provide for repairs of veterans memorials and permit guide signs to veterans' cemeteries on Federal-aid highways.

Under this legislation, someone who willfully desecrates any type of monument commemorating those in the Armed Forces on public property would be fined or put in jail. The violator would be subject to a civil penalty in addition to the fine, equal to the cost of repairing the damage.

The funds generated by these penalties would then go into a Veterans' Memorial Restoration Fund, established by the Secretary of Veterans' Affairs, to make those monies available for the repair of the damaged memorials. But the vandals won't be the only ones contributing to the fund; individuals and veterans' organizations could also make donations and get a charitable contribution deduction. In essence, this would be a new way to provide for the repair of veterans' memorials without any new appropriation or providing other Federal funding.

The second part of this bill would permit states to place supplemental guide signs for veterans' cemeteries on Federal-aid highways. These veterans' cemeteries deserve recognition; by allowing signs to be posted, we pay our respect to these sites by offering direction to them. It is my goal to make these important sites easily accessible.

Our veterans, living and lost, are a reminder of our unity. Those who served in our Armed Services are more than just symbols of freedom and justice in the midst of conflict and during times of peace.

They are real people, integral to our entire population, who enrich our day-to-day lives with their proud service, with their personal accounts of war, their organizations of service, and their expressions of deep-down American pride. Not only have we lost many of these brave men and women in conflict, but we lose thousands of them forever each year as the veteran population ages. We have to honor their sacrifices by protecting the sites that recognize them.

It is a shame that there is no comprehensive federal law to protect veterans' memorials.

Sometimes they are the only tangible reminders we have of courageous service to this country. We can easily read about those brave Americans who served in war, but it's not always easy to gather more than just hard facts from newspapers or history books. Being in the presence of a statue or memorial structure can evoke a deeper response. We can walk around it, sometimes we can touch it, and oftentimes we can see the names of each brave American who died in conflict.

Madam President, the timing of this bill is appropriate. This Sunday, November 11, we will recognize Veterans' Day, which informally began as a series of memorial gestures to celebrate the end of World War I in 1918. Three years later, on the eleventh hour of the eleventh day of the eleventh month, an unknown American soldier of the war was buried on a hillside in Arlington Cemetery, overlooking the Potomac River. This site became a summit of veneration for Americans everywhere. Similarly, at Westminster Abbey in England and the Arc de Triomphe in France, an unknown soldier was buried in each of these places of highest honor.

These three memorial sites are symbols of our reverence; it is only appropriate that we do everything we can to preserve sites like these across America.

There are hundreds of veterans' memorials, on public property, here in the United States. From nationally-known places such as Iwo Jima, to smaller sites such as the Colorado Veterans' Memorial across from the capitol in Denver, each is a site where we go to heal and to remember. As a veteran myself, I am committed to seeing that not a single one is stripped of its dignity.

I encourage my colleagues to work together for swift consideration of this timely and important legislation. I have the support of several veterans' organizations, who have offered words of encouragement for this bill. These Americans know, firsthand, the concept of service. Let's honor what they and thousands of others have done to preserve our freedom.

Madam President, I thank the Chair and ask unanimous consent that letters of support from the American Legion, Rolling Thunder, Inc., and the Paralyzed Veterans of America be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
Washington, DC, November 6, 2001.

Hon. BEN NIGHTHORSE CAMPBELL,
U.S. Senate, Russell Senate Office Building,
Washington, DC.

DEAR SENATOR CAMPBELL: On behalf of the 2.9 million members of The American Legion, I would like to express full support for the Veterans' Memorial Preservation and Recognition Act. We applaud your efforts to prohibit the desecration of veterans' memorials, and to permit guide signs to veterans' cemeteries on federal highways.