

tax should go the way of the death tax. The capital gains tax is a form of double taxation that penalizes risk-taking and entrepreneurship. Short of eliminating this tax, a solution endorsed by many economists, including Federal Reserve Chairman Alan Greenspan, Congress must enact a substantial and permanent reduction in the capital gains tax rate to stimulate new investment and more productive use of resources for both the short-term health of our economy.

According to a recent study by the American Council for Capital Formation, American taxpayers face capital gains tax rates that are 35 percent higher than those paid by average investors in other countries. Furthermore, the United States is one of a small number of countries that requires a holding period for an investment to qualify for preferential capital gains treatment. Reducing the capital gains rate will promote the type of productive business investment that fosters growth and creates high-paying jobs. Lowering rates will aid entrepreneurs in their effort to make advances in products, technologies, and services that people want and need.

The fifth component of the Contract with Investors modernizes the capital loss limitation of the tax code by increasing the amount of capital loss an individual may deduct against ordinary income from the current \$3,000 to \$10,000, and by indexing this amount for inflation. The capital loss limitation was set arbitrarily more than 25 years ago, and would have grown to \$10,000 if it had been indexed for inflation when enacted. Modernizing this provision will allow investors to move out of unproductive assets or unfavorable investments, and use the profits to reinvest, save, or spend, as they choose.

My bill also encourages savings. It accelerates the increase in amounts that may be contributed to certain tax-qualified retirement savings plans, and raises the age at which mandatory distributions must begin. Increasing the annual, maximum individual retirement account, IRA, contribution to \$5,000 and the annual, maximum 401(k) plan contribution to \$15,000 will enable American workers to save more for the future by investing in businesses. Increasing from 70.5 to 75 the age at which seniors must begin making annual withdrawals from this tax-deferred retirement accounts will allow seniors who are approaching this arbitrary age to choose whether to maintain their investments, rather than being forced to divest.

Finally, the Contract with Investors eliminates the double taxation of dividends by excluding from gross income 100 percent of dividends received by individuals. Currently, corporations pay income taxes on their profits. Their investors are forced to pay income tax at the highest marginal rate applicable on amounts that corporations distribute to them in the form of dividends. The National Center for Policy Analysis

has calculated that the combined tax rate on corporate profits is approximately 60 percent.

My bill will eliminate the tax imposed on individuals receiving dividends from domestic C corporations, which will produce higher returns on dividend-yielding equity investments. It will also remove the disincentive for corporations to pay dividends and put equity financing on the same tax-footing as debt financing. Eliminating the tax bias against equity will improve corporate governance at a time when the public is demanding better practices at American firms. It will reassure investors who may be concerned about companies taking on too much debt or making unwise or unnecessary investments with excess cash. Eliminating the double taxation of dividends will, like the other elements of my plan, encourage investment and foster economic expansion.

Finally, I have included five provisions under "Sense of the Senate" language. I believe that the Senate must act on these issues and I stand ready and willing to assist my colleagues in solving these problems.

First, Congress should pass legislation to safeguard American workers' pension and retirement accounts. Last Congress, the Finance Committee unanimously passed out of committee such a bill. The Senate and the House of Representatives should act quickly to pass similar legislation as soon as possible.

Second, Congress should modernize this country's international tax provisions to permit U.S. companies to better compete internationally. Our tax code places U.S. companies and the investors who own them at a distinct competitive disadvantage. Congress must modernize these provisions and move towards ending the current practice of taxing profits earned outside the boundaries of the United States.

Third, Congress must take the trouble to purge redundant, outdated, and unscientific regulatory burdens on investors and U.S. companies. Congress is quick to pass onerous new laws but slow to repeal them. This is an abdication of our responsibility as legislators. Before placing new burdens on investors and businesses, Congress should be required to perform a cost-benefit analysis and institute performance criteria to evaluate these new burdens on U.S. businesses and investors.

Fourth, Congress should enact meaningful tort reform as soon as possible.

Finally, Congress should enact meaning tax reform that simplifies the Internal Revenue Code and reduces the depreciation recovery periods that businesses are forced to use to recover the cost of capital investments.

Now is the time for bold action. A "Contract with Investors" is long overdue. I have laid out my principles. I look forward to future hearings and discussions with my colleagues. It's time to get working.

ADDITIONAL STATEMENTS

RETIREMENT OF GUY COATES

• Ms. LANDRIEU. Mr. President, I rise today on behalf of myself, Senator BREAUX, and the entire State of Louisiana to pay tribute to a real Louisiana legend, Guy Coates.

For the better part of 40 years, Guy Coates has reported on all aspects of Louisiana politics and State news. Guy Coates started his journalistic career as a reporter for KNOE-TV in Monroe and KSLA-TV in Shreveport. He joined the AP in 1968 in the New Orleans Bureau and moved to Baton Rouge in 1973. Guy became the bureau chief in Baton Rouge in 1991. He is currently the dean of Baton Rouge Press Corps.

Mr. Coates has a long and distinguished career as one of Louisiana's finest reporters. Guy covered his first governor, Jimmie Davis, in 1962 at a ground-breaking for Toledo Bend Lake. He covered his first legislative session in 1965 when John McKeithen was governor. For the AP, Coates has been involved in coverage of the New Orleans sniper; the 1973 constitutional convention; the Luling ferry disaster; various racial demonstrations; the big '73 flood; every statewide political campaign and election since 1968; GOP and Democratic National Conventions; Apollo 14; the Louisiana visit of Poe John Paul II; executions at Angola; the Oakdale prison riots; and he was the only reporter invited to the marriage of Edwin Edwards and Candy Picou. Guy served as a witness to history for all of us when he was the only AP reporter on the Gulf Coast during the landfall of Hurricane Camille in 1969.

Guy was perhaps best known for his alter ego, Jethro. As one reporter and colleague of Guy put it, Guy "was unique among AP writers for his political column, which included the homespun, irreverent observation of his fictional friend, Jethro." In Guy's final column, today, he writes, "So, it's time to join my old column soul mate, Jethro Rothschild, who retired to our make believe world in the garage a few years ago." The entire State of Louisiana is going to miss the poignant insights into the political arena that made his opinion invaluable in any Louisiana political discourse.

I know that my colleague, Senator BREAUX joins me in wishing Guy and his wife Jonica McDaniel many happy years together in whatever endeavors they choose to pursue. Louisiana is losing one of our finest reporters, and we are better off having had him report on our State, Nation and the world.●

HONORING DON COOK

• Mr. JOHNSON. Mr. President, I am saddened to report the passing of one of South Dakota's most exceptional public leaders, Don Cook.

Don Cook was a widely respected representative, political strategist, and long time leader in the South Dakota