

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Nebraska (Mr. BE-REUTER) that the House suspend the rules and agree to the resolution, House Resolution 149, on which the yeas and nays are ordered.

This is a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 425, nays 1, not voting 8, as follows:

[Roll No. 126]

YEAS—425

Abercrombie	Cox	Hall
Ackerman	Cramer	Harman
Aderholt	Crane	Harris
Akin	Crenshaw	Hart
Alexander	Crowley	Hastings (FL)
Allen	Cubin	Hastings (WA)
Andrews	Culberson	Hayes
Baca	Cummings	Hayworth
Bachus	Cunningham	Hefley
Baird	Davis (AL)	Hensarling
Baker	Davis (CA)	Herger
Baldwin	Davis (FL)	Hill
Ballance	Davis (IL)	Hinchey
Ballenger	Davis (TN)	Hinojosa
Barrett (SC)	Davis, Jo Ann	Hobson
Bartlett (MD)	Davis, Tom	Hoefel
Barton (TX)	Deal (GA)	Hoekstra
Bass	DeFazio	Holden
Beauprez	DeGette	Holt
Becerra	Delahunt	Honda
Bell	DeLauro	Hooley (OR)
Bereuter	DeLay	Hostettler
Berkley	DeMint	Hoyer
Berman	Deutsch	Hulshof
Berry	Diaz-Balart, L.	Hunter
Biggart	Diaz-Balart, M.	Inslee
Bilirakis	Dicks	Isakson
Bishop (GA)	Dingell	Israel
Bishop (NY)	Doggett	Issa
Bishop (UT)	Dooley (CA)	Istook
Blackburn	Doolittle	Jackson (IL)
Blumenauer	Doyle	Jackson-Lee
Blunt	Dreier	(TX)
Boehlert	Duncan	Janklow
Boehner	Dunn	Jefferson
Bonilla	Edwards	Jenkins
Bonner	Ehlers	John
Bono	Emanuel	Johnson (CT)
Boozman	Emerson	Johnson (IL)
Boswell	Engel	Johnson, E. B.
Boucher	English	Johnson, Sam
Bradley (NH)	Eshoo	Jones (NC)
Brady (PA)	Etheridge	Jones (OH)
Brady (TX)	Evans	Kanjorski
Brown (OH)	Everett	Kaptur
Brown (SC)	Farr	Keller
Brown, Corrine	Fattah	Kelly
Brown-Waite,	Ferguson	Kennedy (MN)
Ginny	Filner	Kennedy (RI)
Burgess	Flake	Kildee
Burns	Fletcher	Kilpatrick
Burr	Foley	Kind
Burton (IN)	Forbes	King (IA)
Buyer	Ford	King (NY)
Calvert	Fossella	Kingston
Camp	Frank (MA)	Kirk
Cannon	Franks (AZ)	Klecza
Cantor	Frelinghuysen	Kline
Capito	Frost	Knollenberg
Capps	Galleghy	Kolbe
Capuano	Garrett (NJ)	Kucinich
Cardin	Gerlach	LaHood
Cardoza	Gibbons	Lampson
Carson (IN)	Gilchrest	Langevin
Carson (OK)	Gillmor	Lantos
Carter	Gingrey	Larsen (WA)
Case	Gonzalez	Larson (CT)
Castle	Goode	Latham
Chabot	Goodlatte	LaTourette
Chocola	Gordon	Leach
Clay	Goss	Lee
Clyburn	Granger	Levin
Coble	Graves	Lewis (CA)
Cole	Green (TX)	Lewis (GA)
Collins	Green (WI)	Lewis (KY)
Combest	Greenwood	Linder
Conyers	Grijalva	Lipinski
Cooper	Gutierrez	LoBiondo
Costello	Gutknecht	Lofgren

Lowey	Pelosi	Smith (MI)
Lucas (KY)	Pence	Smith (NJ)
Lynch	Peterson (MN)	Smith (TX)
Majette	Peterson (PA)	Smith (WA)
Maloney	Petri	Snyder
Manzullo	Pickering	Solis
Markey	Pitts	Souder
Marshall	Platts	Spratt
Matheson	Pombo	Stark
Matsui	Pomeroy	Stearns
McCarthy (NY)	Porter	Stenholm
McCollum	Portman	Strickland
McCotter	Price (NC)	Stupak
McCrery	Pryce (OH)	Sullivan
McDermott	Putnam	Sweeney
McGovern	Quinn	Tancredo
McHugh	Radanovich	Tanner
McInnis	Rahall	Tauscher
McIntyre	Ramstad	Tauzin
McKeon	Rangel	Taylor (MS)
McNulty	Regula	Taylor (NC)
Hayworth	Rehberg	Terry
Meek (FL)	Renzi	Thomas
Meeks (NY)	Reyes	Thompson (CA)
Menendez	Reynolds	Thompson (MS)
Mica	Rodriguez	Thornberry
Michaud	Rogers (AL)	Tiahrt
Millender-	Rogers (KY)	Tiberti
McDonald	Rogers (MI)	Toomey
Miller (FL)	Rohrabacher	Townes
Miller (MI)	Ros-Lehtinen	Turner (OH)
Miller (NC)	Ross	Turner (TX)
Miller, Gary	Rothman	Udall (CO)
Miller, George	Roybal-Allard	Udall (NM)
Mollohan	Royce	Upton
Moore	Ruppersberger	Van Hollen
Moran (KS)	Rush	Velazquez
Moran (VA)	Ryan (OH)	Visclosky
Murphy	Ryan (WI)	Vitter
Murtha	Sabo	Walden (OR)
Musgrave	Sanchez, Linda	Walsh
Myrick	T.	Wamp
Nadler	Sanchez, Loretta	Waters
Napolitano	Sanders	Watson
Neal (MA)	Sandlin	Watt
Nethercutt	Saxton	Waxman
Ney	Schakowsky	Weiner
Northup	Schiff	Weldon (FL)
Norwood	Schrock	Weldon (PA)
Nunes	Scott (GA)	Weller
Nussle	Scott (VA)	Wexler
Oberstar	Sensenbrenner	Whitfield
Obey	Serrano	Wicker
Olver	Sessions	Wilson (NM)
Ortiz	Shadegg	Wilson (SC)
Osborne	Shaw	Wolf
Ose	Shays	Woolsey
Otter	Sherman	Wu
Owens	Sherwood	Wynn
Oxley	Shimkus	Young (AK)
Pallone	Shuster	Young (FL)
Pallone	Simmons	
Pascrell	Simpson	
Pastor	Skelton	
Payne	Slaughter	

NAYS—1

Paul

NOT VOTING—8

Boyd	Houghton	McCarthy (MO)
Feeney	Hyde	Ryun (KS)
Gephardt	Lucas (OK)	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. GILCHREST) (during the vote). Members are advised 2 minutes remain to vote.

□ 1803

So (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the Chair announces that he will postpone fur-

ther proceedings today on motions to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 6 of rule XX.

And record votes on postponed questions will be taken tomorrow.

ARMED FORCES TAX FAIRNESS ACT OF 2003

Mr. THOMAS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1664) to amend the Internal Revenue Code of 1986 to provide a special rule for members of the uniformed services in determining the exclusion of gain from the sale of a principal residence and to restore the tax exempt status of death gratuity payments to members of the uniformed services, and for other purposes.

The Clerk read as follows:

H.R. 1664

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

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the “Armed Forces Tax Fairness Act of 2003”.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 2. SPECIAL RULE FOR MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE IN DETERMINING EXCLUSION OF GAIN FROM SALE OF PRINCIPAL RESIDENCE.

(a) IN GENERAL.—Subsection (d) of section 121 of the Internal Revenue Code of 1986 (relating to exclusion of gain from sale of principal residence) is amended by adding at the end the following new paragraph:

“(10) MEMBERS OF UNIFORMED SERVICES AND FOREIGN SERVICE.—

“(A) IN GENERAL.—At the election of an individual with respect to a property, the running of the 5-year period referred to in subsections (a) and (c)(1)(B) and paragraph (7) of this subsection with respect to such property shall be suspended during any period that such individual or such individual’s spouse is serving on qualified official extended duty as a member of the uniformed services or of the Foreign Service.

“(B) MAXIMUM PERIOD OF SUSPENSION.—Such 5-year period shall not be extended more than 5 years by reason of subparagraph (A).

“(C) QUALIFIED OFFICIAL EXTENDED DUTY.—For purposes of this paragraph—

“(i) IN GENERAL.—The term ‘qualified official extended duty’ means any extended duty while serving at a duty station which is at least 150 miles from such property or while residing under Government orders in Government quarters.

“(ii) UNIFORMED SERVICES.—The term ‘uniformed services’ has the meaning given such term by section 101(a)(5) of title 10, United States Code, as in effect on the date of the enactment of this paragraph.

“(iii) FOREIGN SERVICE.—The term ‘member of the Foreign Service’ has the meaning given the term ‘member of the Service’ by paragraph (1), (2), (3), (4), or (5) of section 103 of the Foreign Service Act of 1980, as in effect on the date of the enactment of this paragraph.

“(iv) EXTENDED DUTY.—The term ‘extended duty’ means any period of active duty pursuant to a call or order to such duty for a period in excess of 180 days or for an indefinite period.

“(D) SPECIAL RULES RELATING TO ELECTION.—

“(i) ELECTION LIMITED TO 1 PROPERTY AT A TIME.—An election under subparagraph (A) with respect to any property may not be made if such an election is in effect with respect to any other property.

“(ii) REVOCATION OF ELECTION.—An election under subparagraph (A) may be revoked at any time.”.

(b) EFFECTIVE DATE; SPECIAL RULE.—

(1) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendments made by section 312 of the Taxpayer Relief Act of 1997.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendment made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 3. RESTORATION OF FULL EXCLUSION FROM GROSS INCOME OF DEATH GRATUITY PAYMENT.

(a) IN GENERAL.—Paragraph (3) of section 134(b) (relating to qualified military benefit) is amended by adding at the end the following new subparagraph:

“(C) EXCEPTION FOR DEATH GRATUITY ADJUSTMENTS MADE BY LAW.—Subparagraph (A) shall not apply to any adjustment to the amount of death gratuity payable under chapter 75 of title 10, United States Code, which is pursuant to a provision of law enacted before December 31, 1991.”.

(b) CONFORMING AMENDMENT.—Section 134(b)(3)(A) is amended by striking “subparagraph (B)” and inserting “subparagraphs (B) and (C)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to deaths occurring after September 10, 2001.

SEC. 4. EXCLUSION FOR AMOUNTS RECEIVED UNDER DEPARTMENT OF DEFENSE HOMEOWNERS ASSISTANCE PROGRAM.

(a) IN GENERAL.—Subsection (a) of section 132 (relating to certain fringe benefits) is amended by striking “or” at the end of paragraph (6), by striking the period at the end of paragraph (7) and inserting “, or” and by adding at the end the following new paragraph:

“(8) qualified military base realignment and closure fringe.”.

(b) QUALIFIED MILITARY BASE REALIGNMENT AND CLOSURE FRINGE.—Section 132 is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

“(n) QUALIFIED MILITARY BASE REALIGNMENT AND CLOSURE FRINGE.—

“(1) IN GENERAL.—For purposes of this section, the term ‘qualified military base realignment and closure fringe’ means 1 or more payments under the authority of section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966 (42 U.S.C. 3374) (as in effect on the date of the enactment of this subsection).

“(2) LIMITATION.—With respect to any property, such term shall not include any payment referred to in paragraph (1) to the extent that the sum of all such payments related to such property exceeds the amount described in clause (1) of subsection (c) of such section (as in effect on such date).”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments

made after the date of the enactment of this Act.

SEC. 5. EXPANSION OF COMBAT ZONE FILING RULES TO CONTINGENCY OPERATIONS.

(a) IN GENERAL.—Subsection (a) of section 7508 (relating to time for performing certain acts postponed by reason of service in combat zone) is amended—

(1) by inserting “or when deployed outside the United States away from the individual’s permanent duty station while participating in an operation designated by the Secretary of Defense as a contingency operation (as defined in section 101(a)(13) of title 10, United States Code) or which became such a contingency operation by operation of law” after “section 112”.

(2) by inserting in the first sentence “or at any time during the period of such contingency operation” after “for purposes of such section”.

(3) by inserting “or operation” after “such an area”, and

(4) by inserting “or operation” after “such area”.

(b) CONFORMING AMENDMENTS.—

(1) Section 7508(d) is amended by inserting “or contingency operation” after “area”.

(2) The heading for section 7508 is amended by inserting “OR CONTINGENCY OPERATION” after “COMBAT ZONE”.

(3) The item relating to section 7508 in the table of sections for chapter 77 is amended by inserting “or contingency operation” after “combat zone”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any period for performing an act which has not expired before the date of the enactment of this Act.

SEC. 6. MODIFICATION OF MEMBERSHIP REQUIREMENT FOR EXEMPTION FROM TAX FOR CERTAIN VETERANS ORGANIZATIONS.

(a) IN GENERAL.—Subparagraph (B) of section 501(c)(19) (relating to list of exempt organizations) is amended by striking “or widowers” and inserting “, widowers, ancestors, or lineal descendants”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 7. CLARIFICATION OF THE TREATMENT OF CERTAIN DEPENDENT CARE ASSISTANCE PROGRAMS.

(a) IN GENERAL.—Subsection (b) of section 134 (defining qualified military benefit) is amended by adding at the end the following new paragraph:

“(4) CLARIFICATION OF CERTAIN BENEFITS.—For purposes of paragraph (1), such term includes any dependent care assistance program (as in effect on the date of the enactment of this paragraph) for any individual described in paragraph (1)(A).”.

(b) CONFORMING AMENDMENTS.—

(1) Section 134(b)(3)(A) (as amended by section 102) is further amended by inserting “and paragraph (4)” after “subparagraphs (B) and (C)”.

(2) Section 3121(a)(18) is amended by striking “or 129” and inserting “, 129, or 134(b)(4)”.

(3) Section 3306(b)(13) is amended by striking “or 129” and inserting “, 129, or 134(b)(4)”.

(4) Section 3401(a)(18) is amended by striking “or 129” and inserting “, 129, or 134(b)(4)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2002.

SEC. 8. CLARIFICATION RELATING TO EXCEPTION FROM ADDITIONAL TAX ON CERTAIN DISTRIBUTIONS FROM QUALIFIED TUITION PROGRAMS, ETC., ON ACCOUNT OF ATTENDANCE AT MILITARY ACADEMY.

(a) IN GENERAL.—Subparagraph (B) of section 530(d)(4) (relating to exceptions from additional tax for distributions not used for educational purposes) is amended by striking “or” at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

“(iv) made on account of the attendance of the designated beneficiary at the United States Military Academy, the United States Naval Academy, the United States Air Force Academy, the United States Coast Guard Academy, or the United States Merchant Marine Academy, to the extent that the amount of the payment or distribution does not exceed the costs of advanced education (as defined by section 2005(e)(3) of title 10, United States Code, as in effect on the date of the enactment of this section) attributable to such attendance, or”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect for taxable years beginning after December 31, 2002.

SEC. 9. ABOVE-THE-LINE DEDUCTION FOR OVERNIGHT TRAVEL EXPENSES OF NATIONAL GUARD AND RESERVE MEMBERS.

(a) DEDUCTION ALLOWED.—Section 162 (relating to certain trade or business expenses) is amended by redesignating subsection (p) as subsection (q) and inserting after subsection (o) the following new subsection:

“(p) TREATMENT OF EXPENSES OF MEMBERS OF RESERVE COMPONENT OF ARMED FORCES OF THE UNITED STATES.—For purposes of subsection (a)(2), in the case of an individual who performs services as a member of a reserve component of the Armed Forces of the United States at any time during the taxable year, such individual shall be deemed to be away from home in the pursuit of a trade or business for any period during which such individual is away from home in connection with such services.”.

(b) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ELECTS TO ITEMIZE.—Paragraph (2) of section 62(a) (relating to certain trade and business deductions of employees) is amended by adding at the end the following new subparagraph:

“(E) CERTAIN EXPENSES OF MEMBERS OF RESERVE COMPONENTS OF THE ARMED FORCES OF THE UNITED STATES.—The deductions allowed by section 162 which consist of expenses, determined at a rate not in excess of the rates for travel expenses (including per diem in lieu of subsistence) authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, and not in excess of \$1,500, paid or incurred by the taxpayer in connection with the performance of services by such taxpayer as a member of a reserve component of the Armed Forces of the United States for any period during which such individual is more than 100 miles away from home in connection with such services.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2002.

SEC. 10. TAX RELIEF AND ASSISTANCE FOR FAMILIES OF ASTRONAUTS WHO LOSE THEIR LIVES ON A SPACE MISSION.

(a) INCOME TAX RELIEF.—

(1) IN GENERAL.—Subsection (d) of section 692 (relating to income taxes of members of Armed Forces and victims of certain terrorist attacks on death) is amended by adding at the end the following new paragraph:

"(5) RELIEF WITH RESPECT TO ASTRONAUTS.—The provisions of this subsection shall apply to any astronaut whose death occurs while on a space mission, except that paragraph (3)(B) shall be applied by using the date of the death of the astronaut rather than September 11, 2001."

(2) CONFORMING AMENDMENTS.—

(A) Section 5(b)(1) is amended by inserting ", astronauts," after "Forces".

(B) Section 6013(f)(2)(B) is amended by inserting ", astronauts," after "Forces".

(3) CLERICAL AMENDMENTS.—

(A) The heading of section 692 is amended by inserting ", ASTRONAUTS," after "FORCES".

(B) The item relating to section 692 in the table of sections for part II of subchapter J of chapter 1 is amended by inserting ", astronauts," after "Forces".

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to any astronaut whose death occurs after December 31, 2002.

(b) DEATH BENEFIT RELIEF.—

(1) IN GENERAL.—Subsection (i) of section 101 (relating to certain death benefits) is amended by adding at the end the following new paragraph:

"(4) RELIEF WITH RESPECT TO ASTRONAUTS.—The provisions of this subsection shall apply to any astronaut whose death occurs while on a space mission."

(2) CLERICAL AMENDMENT.—The heading for subsection (i) of section 101 is amended by inserting "OR ASTRONAUTS" after "VICTIMS".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid after December 31, 2002, with respect to deaths occurring after such date.

(c) ESTATE TAX RELIEF.—

(1) IN GENERAL.—Subsection (b) of section 2201 (defining qualified decedent) is amended by striking "and" at the end of paragraph (1)(B), by striking the period at the end of paragraph (2) and inserting ", and", and by adding at the end the following new paragraph:

"(3) any astronaut whose death occurs while on a space mission."

(2) CLERICAL AMENDMENTS.—

(A) The heading of section 2201 is amended by inserting ", DEATHS OF ASTRONAUTS," after "FORCES".

(B) The item relating to section 2201 in the table of sections for subchapter C of chapter 11 is amended by inserting ", deaths of astronauts," after "Forces".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 2002.

SEC. 11. PROTECTION OF SOCIAL SECURITY.

The amounts transferred to any trust fund under title II of the Social Security Act shall be determined as if this Act (other than this section) had not been enacted.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. THOMAS) and the gentleman from Maryland (Mr. CARDIN) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am a firm believer that no bill should pass this House until it is ready. I am prepared to tell the House this bill is more than ready. It passed twice last year, and the Senate failed to act. As recently as March 20 of this year, the bill, in its current form save a technical correction, passed as H.R. 1307. That vote was 422-0.

H.R. 1664 is in its current form virtually, as I said, except for technical correction, in the same form as H.R. 1307. There are two modifications that we are adding to this bill based upon discussions with the Senate so that the good and worthy purposes contained in this bill which no one has challenged can go to the President for his long-overdue signature.

The two provisions which the Chair believes, if added to this bill, will initiate a process in the Senate which will move the bill immediately to the floor of the Senate; and this version which passes the House, when it passes, will move through the Senate without the need for a conference. The two provisions that we are adding is that in the special rule provided for military personnel to determine if they have met the 24 months out of 5-year residency to trigger the capital gain exclusion on a home sale, would be extended to members of the foreign service.

Secondly, the underlying benefits of the bill, the income and estate tax relief provisions that were provided, for example, for the victims of terrorism in the Tax Relief Act of 2002, would be extended to astronauts who lose their lives during a space mission; and, of course, that would apply to those astronauts who unfortunately lost their lives during the recent Columbia Shuttle disaster.

Adding those two provisions, which I do not believe are controversial, to the underlying bill means we can finally, and long overdue, provide these benefits. It means that the history of this bill will be that the House and the Senate agree, and the President is prepared to sign.

Mr. Speaker, I reserve the balance of my time.

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I must admit I am somewhat baffled by the comments of my distinguished chairman. If it is in the interest of this body to enact legislation quickly, then we should just take the Senate bill and ratify the Senate bill and send it to the President, and we can get it signed. It seems to me that is the easiest way for us to work this out for our military.

Mr. THOMAS. Mr. Speaker, will the gentleman yield?

Mr. CARDIN. I yield to the gentleman from California.

Mr. THOMAS. If the Senate bill were not flawed in several different ways, the suggestion the gentleman makes would be acceptable. I think it is evidence that even the Senate recognizes some fundamental problems when they are willing to accept a bill that we are going to send over, rather than going to a conference.

Mr. CARDIN. Mr. Speaker, I appreciate the gentleman's comments, but the differences here in substance between what we will be voting on and what the other body has voted on is that the Senate provided unlimited exclusions for death benefits payable to

our military, and the legislation before us is less generous.

The House bill provides less generous eligibility rules for capital gains relief, and the Senate bill provided unlimited deductions for travel expenses of our National Guard members and Reservists, yet the legislation before us imposes a \$1,500 cap on those deductions.

I do not know the logic of us limiting the reasonable expenses of our National Guard members, particularly when they have been called upon in this most recent conflict. It seems to me that those changes in every case work against our military, and I am surprised that we are not ratifying the Senate's bill.

But the most important difference is that the Senate included a provision to stop tax avoidance by those who have renounced their citizenship in this country, and the legislation before us today does not include that provision. I would suggest that is probably the major reason why we are acting on yet another version of this bill, which is extremely important for us to pass.

I agree with the chairman on that point, but it seems to me that we are now faced with the option of providing less benefits than we should to our military and losing an opportunity to close a major loophole in our Tax Code for those who renounce their citizenship, still taking advantage of U.S. tax law.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have to tell Members I think we have come full circle. One of the reasons there was so much, I assume, angst on the other side of the aisle was that at one time the bill contained extraneous material. Now the gentleman is complaining that I am not accepting the Senate version of the bill which contains, oh, my goodness, extraneous material. The gentleman knows well that the, quote/unquote, extraneous material has been contained in another bill which is moving on the Senate side and which will become law is a far more appropriate vehicle than this particular measure.

In addition to that, the extraneous material that the gentlemen insists that we agree to, coming from the Senate, is not the solution on the individual expatriation that our own Joint Committee on Taxation recommends is the most appropriate solution.

Mr. CARDIN. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Maryland.

Mr. CARDIN. Mr. Speaker, I do not think that it is ever extraneous to try to offset the cost of the bill, and that is the reason this provision was put in, so we do not add to the deficit.

Mr. THOMAS. Mr. Speaker, I must tell the gentleman that offsetting costs with extraneous material is one thing; accepting a solution which our committee that we utilize to recommend

appropriate changes does not believe is the appropriate exchange is another.

The gentleman also pointed out two differences between the House and the Senate bill, and it is true. I understand the gentleman and where his party is coming from. They do not see a problem with absolute, open-ended, unlimited ability to write off expenses. That is just very, very typical.

What we have accepted, by the Senate, are reasonable and appropriate limits. Whenever the phrase "reasonable and appropriate" is used, the counterargument always seems to be unlimited. The Senate thinks it is appropriate to accept a reasonable and appropriate, and so do we.

Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentleman from Texas (Mr. SAM JOHNSON) and that he may control that time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

□ 1815

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Let me first point out to my distinguished chairman that business people have no limit in the Tax Code as to what they can take on their travel expenses, and yet we are telling our National Guard that there is going to be a limit as to how much they can take on their taxes for travel expenses.

Mr. Speaker, I yield such time as he may consume to the gentleman from Washington (Mr. MCDERMOTT), a distinguished member of our committee.

Mr. MCDERMOTT. Mr. Speaker, I thank the gentleman from Maryland (Mr. CARDIN) for yielding me this time.

It is really an honor to have a part in another example of the Republican tax follies. This bill could have been passed weeks and weeks and weeks ago. As we celebrate and are grateful for the fact that the war seems to be winding down in Iraq, the people who have been over there, we have been trying to do this for them for about, I do not know, 3 or 4 or 5 months. First the bill got over in the committee, and we had to add on fishing tackle and a whole bunch of other stuff, and that did not work out here. So it had to go back and come back on a rule, and now it has gone over to the Senate. They have more generous provisions. There is just no question about it. And they also added this provision that would make it a little bit more difficult for people who want to avoid taxes to leave this country, to give up their citizenship. At a time when this country ought to be thinking about sacrifice because we have asked men and women to sacrifice their lives for us, we have people leaving this country saying I do not like this country. I have made a whole bunch of money here, but I do not want to pay any taxes; so I am leaving. And we let them get out of paying taxes for that.

What kind of statement is that to our troops overseas that this Congress will not close the loophole that lets somebody drop their citizenship in order to avoid their taxes? If that is not folly at a time when our deficit is \$400 billion this year and going up and we expect the young men and women who are over in Iraq to sacrifice for us but we will sacrifice in terms of taxation even on people who are giving up their citizenship, there is something really weird about this bill. And I certainly know that everybody is going to vote for it.

What is also strange is they say we are going to give the tax benefit to the soldiers and those people, the Marines and whatnot, give it to the State Department; but when we offered an amendment in the House committee for people in the Peace Corps who are out there risking themselves for the United States, they say no. No, not them.

Let us talk about people who are doing a service to this country, which is what this is all about; and yet finally we come out here and of course it is almost the day we pay our taxes. So every year for the last 8 years we have always had the April 15 tax follies, and this is act one and will be followed by act two, which we will get to in a few minutes. But this is a bill that we should have accepted the other body's construction. It is more generous, and it closes an egregious tax loophole.

Mr. CARDIN. Mr. Speaker, I yield back the balance of my time.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

I would like to say that I too rise in strong support of the Armed Forces Tax Fairness Act of 2003, and today's bill goes to great lengths to help our brave military men and women and their families despite what has been said out there.

I had the distinct honor of serving my country in the Air Force for about 29 years. So my family and I know something about military life. And my wife, Shirley, told me that one her worst moments was when the military chaplain pulled up in front of the house after I was shot down in Vietnam, and her heart just stopped. We never know what they are going to say, but we know it is not going to be good.

I imagine the unspeakable horror of despair and utmost despair of a family who just lost a loved one in the military, only to be followed up by a visit from the taxman. That is just wrong. So this bill fixes that. Let us change it and pass it today.

This bill permits the entire amount of the death benefit gratuity to be tax free. Let us eliminate the unfair, immoral tax on the death benefit a serviceman's survivor receives from the Armed Forces. It is the least we can do. These families have given the ultimate sacrifice for our country. We do not need to take any more from them.

On a more positive note, I would like to thank all those who helped elimi-

nate the penalty on military academy students and their families when it comes to withdrawing funds from a 529 education savings account. The Miesses of Plano brought that to my attention. Now the Plebe, the Zoomie, and the Middy will all have the same benefit of being able to take out money tax free like an athlete on a scholarship.

This is a good bill. This bill is a shining example of democracy at its best, in my opinion. It helps our military now, and they need it; and they are doing a great job.

Mrs. JONES of Ohio. Mr. Speaker, I rise to recognize the passage of S. 351, the United States Senate version of H.R. 1307, as well as what is presented before us at this hour. The new House bill for the Armed Forces Tax Fairness Act of 2003, and the Senate amendment to H.R. 1307, contained several identical provisions. Those identical provisions include exclusion for amounts received under the Defense Homeowners Assistance Program. Expansion of combat zone filing rules, modification of membership requirements for veterans organizations, clarification of treatment of dependent care benefits, treatment of service academy appointments for certain tax benefits, and tax relief for the families of the *Columbia* space shuttle astronauts.

The new House bill provides smaller tax benefits for the military. Both bills provide an exclusion from gross income for death benefits. However, the House bill would tax increased death benefits to the extent that they were the result of legislation enacted after December 31, 1991. The Senate bill does not have that restriction.

Both bills provide more liberal treatment for gain on sale of principal residence by members of the military and foreign service. However, the Senate bill provides the benefits for a longer period. A 10-year extension rather than a 5-year extension.

Both bills provide an above the line deduction for overnight travel expenses of National Guard and reserve members. However, the House bill limits the deduction to \$1,500 per year, whereas the Senate bill provides no dollar limit on the deduction.

The Senate bill contains a provision suspending tax-exempt status for terrorist organizations. The House bill contains no such provision.

Furthermore, the cost of the Senate bill is offset, with the largest offset being a provision preventing tax avoidance by individuals renouncing their citizenship in this country. For military death benefits, under current law, a \$6,000 death gratuity is paid to the survivors of members of the Armed Forces killed in the line of duty. This death benefit was increased from \$3,000 to \$6,000 in 1991 during the Persian Gulf War. Prior to the increase, the entire benefit was tax-free; however, because the Tax Code was not changed to reflect the 1991 increase, only the first \$3,000 is currently exempt from Federal tax.

Let us—Republicans and Democrats—work to pass a measure that we all can find common ground. Our U.S. Senators have found a way to pass an effective measure for the Armed Forces Tax Fairness Act, let us do the same.

Mr. Speaker, I yield back the balance of my time.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise today to express my support of H.R.

1664, the Armed Forces Tax Fairness Act of 2003. It has been long overdue that we provide real relief to the men and women who serve in our armed forces. Many of the members of the military are minorities, and this bill will help many in my own 18th Congressional District in Houston. More than 200,000 troops are now being employed to the Persian Gulf. In Houston, many soldiers have been called upon to serve on the front lines.

This bill includes tax benefits for the families of astronauts who die in the line of duty, including those of the space shuttle *Columbia*. It provides National Guard and reservists with a tax deduction of up to \$1,500 for transportation, meals and lodging to attend required meetings. This bill also makes tax-free the full \$6,000 death gratuity paid to survivors of members of the armed forces killed in the line of duty. The measure also exempts from taxable income amounts received under the Department of Defense's Homeowners Assistance Program, which provides payments to certain employees and members of the armed forces to offset the adverse effects on housing values resulting from military base realignment or closure.

The bill also provides National Guard and reserve members as "above-the-line" tax deduction, that is, taken directly from gross income before any itemized or standard deductions for overnight transportation, meals and lodging expenses for member who travel more than 100 miles from home to attend National Guard and Reserve meetings. Under this bill, a member could deduct up to \$1,500 in connection with their service.

I am pleased that this bill waives income tax liability for the year of death and the year prior to death for astronauts who die in the line of duty.

Under current law, the time for filing tax returns, paying taxes and other Internal Revenue Service requirements is generally suspended for anyone serving in a combat zone during the period of combatant activities. This bill applies the suspension of tax-filing rules to person deployed outside the United States away from their permanent duty station while participating in an operation designated by the Defense secretary as a "contingency operation" or that becomes a contingency operation. This is defined as a military operation designated by the Defense secretary as one in which members of the armed forces are, or may become, involved in military actions, operations or hostilities against an enemy of the United States. This provision will help our armed forces serving in Iraq.

This legislation provides tax relief to the members of our military. Our soldiers are on frontlines, and now as the war with Iraq continues, we are calling upon these men and women to make even greater sacrifices. This bill represents a compromise between the House and Senate versions in order to avoid a conference. I support this legislation to provide immediate tax relief to the members of our armed forces and our veterans.

Studies have shown pay rates in the military consistently lag behind comparable jobs in the private sector. I believe that this legislation would help military families as they struggle like so many to pay basic expenses.

The provisions in this legislation would provide tax breaks on home sales, travel expenses, and death benefits. We have ample tax benefits for corporations, it is time to help

our officers and enlisted soldiers in the armed forces.

Now more than ever, it's important to support America's top-notch armed forces. I've always believed that in order for Americans to enjoy the freedom that characterizes our country, and for Texans to be able to fully enjoy the natural beauty and resources of our state, it is crucial for the citizens of the nation and our state to feel safe.

To achieve this goal, it's vital that we keep America's armed forces strong. Throughout the years, I've fought for funding to constantly improve the quality of defense-related activities in my state of Texas.

The importance of national defense is increasing every day, and I will continue to support our armed forces—they are the young men and women on the front lines who are called to sacrifice for this great nation and to preserve our Constitutional protections and liberties.

I urge my colleagues to support this bill. Thank you.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. BASS). The question is on the motion offered by the gentleman from California (Mr. THOMAS) that the House suspend the rules and pass the bill, H.R. 1664.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

EXPRESSING SENSE OF CONGRESS REGARDING REFORM OF INTERNAL REVENUE CODE

Mr. THOMAS. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 141) expressing the sense of the Congress that the Internal Revenue Code of 1986 should be fundamentally reformed to be fairer, simpler, and less costly and to encourage economic growth, individual liberty, and investment in American jobs.

The Clerk read as follows:

H. CON. RES. 141

Whereas the Internal Revenue Code of 1986 is overly complex, and imposes significant burdens on individuals, businesses, and the economy;

Whereas the complexity of the Internal Revenue Code of 1986 makes the Code extremely difficult and costly to administer and to comply with;

Whereas recent reports estimate that 1 in 4 Americans are out of compliance with the Code and that the Internal Revenue Service provides the wrong answer nearly half the time through its telephone information program;

Whereas in 2001 the Internal Revenue Service spent \$8,900,000,000 to administer the current system while American taxpayers spent an estimated \$135,000,000,000 and 3,000,000,000 hours, more than a full day for each return, to comply;

Whereas the Code imposes multiple layers of taxation and hides the true cost of taxes in the price of goods and service;

Whereas the Code penalizes investment, discourages the flow of capital into our do-

mestic economy, drives businesses to consider moving investment and jobs to foreign locations, and disadvantages domestically produced goods and services in international markets;

Whereas the Code disincentivizes work, savings, and investment by individuals and families;

Whereas the Code is riddled with decades of loopholes, special interest exemptions, and contradictions which make the Code confusing, costly, and unfair;

Whereas the Department of the Treasury estimates that approximately \$70,000,000,000 in taxable income remains untaxed in offshore accounts;

Whereas on April 13, 2000, the House of Representatives passed, by a vote of 229 yeas and 187 nays, House Resolution 4199, calling for replacement of the Internal Revenue Code not later than December 31, 2004; and

Whereas the most recent Economic Report of the President states that "the current tax system also causes households and businesses to rearrange their affairs in a number of ways that make poor use of economic resources, leading to substantial economic waste and, ultimately, reducing real incomes": Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress—

(1) encourages and supports a national debate on fundamental reform of the Internal Revenue Code of 1986;

(2) agrees with the most recent Economic Report of the President which identifies reducing complexity, improving economic incentives, and achieving fairness, as key objectives of fundamentally reforming such Code; and

(3) as part of this national debate, will begin a series of hearings to examine the case for, and the possible options for, fundamental reform of such Code.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. THOMAS) and the gentleman from Washington (Mr. MCDERMOTT) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. THOMAS).

Mr. THOMAS. Mr. Speaker, I yield my time to the gentleman from Georgia (Mr. KINGSTON), sponsor of the concurrent resolution, and ask unanimous consent that the gentleman from Georgia control the balance of the time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. KINGSTON. Mr. Speaker, I yield myself such time as I may consume.

I rise today as millions of Americans are spending billions of dollars and countless hours trying to comply with the monster we call the IRS code. We all know it is that time of year when we should have done what we promised last year, that we would even do it in mid-January; but somehow all the stuff that we need did not come in the mail, the dividend accounts and all the data that we need, and we know we are supposed to put it together, but we just do not do it. So we postpone it. And now here we are almost on April 15, that dreaded day on the American calendar that we all have to pay our income tax, and we just cannot stand it.

So all over the country right now people who would rather be doing other