

Mr. BURGESS. Mr. Speaker, I recently listened to many of our friends on the other side of the aisle characterize the tax cuts as misdirected and targeted to the wrong people. According to the Joint Economic Committee, the new tax bill provides the largest percentage reductions in the income taxes of low- and middle-income groups, thereby shifting the tax burden upward.

Low-income families in particular benefit from this economic growth and tax relief package through a number of provisions, including increasing the child tax credit to \$1,000. Even families who do not owe taxes may benefit from the tax credit because of the current refundable feature of the credit.

Let us not forget that this group of low-income taxpayers received significant benefit from the tax cuts that passed in 2001, and they continue to benefit from this legislation today.

Mr. Speaker, we cannot continue to punish those who work hard, take risks, and are successful. We need the success of those individuals for the economy to recover. The country needs the jobs that their success will generate.

I remember weeks ago when the folks on the other side of the aisle opposed a tax cut of any kind during the debate on the economic stimulus bill. I believe it is time for some to figure out where they stand today.

PAYING TRIBUTE TO THE VICTIMS AND SURVIVORS OF BREAST CANCER

(Mr. BURNS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURNS. Mr. Speaker, I rise today to pay tribute to the victims and the survivors of breast cancer. This Saturday, June 7, the Susan G. Komen Breast Cancer Foundation will sponsor the 14th annual Race for the Cure. Along with Members of my staff, I am entering this race in pursuit of a cure of this rampant disease.

Breast cancer is a disease that has affected the lives of many Georgians and many throughout our Nation. In fact, my wonderful wife of 30 years, Laura, is a breast cancer survivor. I know firsthand the strength and the dignity that she showed throughout this challenge.

I also know all too well the challenges that families face when confronting the harsh realities of breast cancer. But with early detection and aggressive treatment, we know that breast cancer does not mean a life sentence for women.

I am encouraged by the progress that cancer research has made and the struggle to defeat breast cancer. I realize we have a long way to go. But, Mr. Speaker, my wife and thousands of survivors like her are living proof that breast cancer is not an insurmountable challenge.

PROVIDING FOR CONSIDERATION OF H.R. 1474, CHECK CLEARING FOR THE 21ST CENTURY ACT

Mr. SESSIONS. Mr. Speaker, by the direction of the Committee on Rules, I call up House Resolution 256 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 256

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 2(b) of rule XVIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 1474) to facilitate check truncation by authorizing substitute checks, to foster innovation in the check collection system without mandating receipt of checks in electronic form, and to improve the overall efficiency of the Nation's payments system, and for other purposes. The first reading of the bill shall be dispensed with. All points of order against consideration of the bill are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services. After general debate the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider as an original bill for the purpose of amendment under the five-minute rule the amendment in the nature of a substitute recommended by the Committee on Financial Services now printed in the bill. Each section of the committee amendment in the nature of a substitute shall be considered as read. During consideration of the bill for amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 8 of rule XVIII. Amendments so printed shall be considered as read. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted. Any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from Texas (Mr. SESSIONS) is recognized for 1 hour.

Mr. SESSIONS. Mr. Speaker, for purposes of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MCGOVERN), pending which I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of the rule, House Resolution 256. This rule provides for consideration of H.R. 1474, the Check Clearing for the 21st Century Act.

The Committee on Rules on Tuesday afternoon granted an open rule providing for 1 hour of general debate in the House on the underlying bill, equally divided and controlled by the chairman and ranking minority member of the Committee on Financial Services. The rule waives all points of

order against consideration of the bill, and provides one motion to recommit, with or without instructions.

I would like to reiterate to the House my satisfaction in the open rule granted for consideration of the underlying piece of legislation that we are debating today, which is also known as CHECK-21.

CHECK-21 is an important bill, although it may seem a bit confusing at first blush for America's banking customers and check writers. The good news is this bill garnered bipartisan support in both the Committee on Financial Services and the Committee on Rules, and I anticipate the same result as we move forward towards final passage on the floor today.

The legislative work our House of Representatives will complete today builds on the legislative work that was started back in 1987 to foster innovation in the check collection system. The Expedited Funds Availability Act, which became law back in 1987, directed the Board of Governors of the Federal Reserve System to improve our check processing system.

Today we are making logical extensions to the work started in 1987 by using our much-improved electronic transfer technology to make check writing speedier and more reliable for all parties involved.

Mr. Speaker, each check that is written and used for payment must actually make its way back to the check writer's home bank. That is how each bank patron with a checking account gets the check he or she wrote mailed back to them so that it can appear in their monthly statement.

When we stop to think about it, there is a lot of time, money, and effort invested in getting checks back to their home banks. Checks that are written in one corner of our country today will be trucked and flown to their home bank, wherever they reside, all over the country as a normal part of American commerce, a great expense of time and money. Today, American commerce bears the great expense of time and money associated with shipping checks around the country because it is worth it. Checks are an important commercial instrument that help keep our economy moving.

Today, as a cosponsor of the Check Clearing for the 21st Century Act, I am proud to announce the introduction of a new instrument of commerce into the American economy, the substitute check. The substitute check will provide opportunities to greatly decrease the frantic highway and air traffic associated with the gargantuan task of shipping and flying billions of dollars worth of checks around this country every single year.

Thanks to electronic imaging, paper checks have the opportunity to be converted into electronic form, transmitted in seconds to the home bank across the country, and printed out at their final destination as substitute checks.

The bill provides all those institutions that see electronic transfer of commercial paper as the latest wave in modernizing our economic system the opportunity to use substitute checks, but does not require it. That way we all have a chance to ease into the new potential provided by the creation and introduction of substitute checks into the mainstream of commerce.

Finally, Mr. Speaker, I would like to reassure customers that the same protections provided today under the Uniform Commercial Code for paper checks would also apply to substitute checks. Additionally, CHECK-21 provides legal indemnification protection to bank customers for losses arising from the receipt of substitute checks.

CHECK-21 is a great bill, Mr. Speaker. I congratulate the gentleman from Ohio (Mr. OXLEY) of the Committee on Financial Services, the gentleman from California (Mr. DREIER) of the Committee on Rules, as well as the gentleman from Alabama (Mr. BACHUS), who is the subcommittee chairman that is directing this legislation today, as well as all the original cosponsors of this very important bill.

Therefore, Mr. Speaker, I urge my colleagues to support both the rule and the underlying legislation.

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

Mr. MCGOVERN. Mr. Speaker, I yield myself 6 minutes.

Mr. Speaker, we are here today to consider the rule for H.R. 1474, the Check Clearing for the 21st Century Act. I urge my colleagues to look at this resolution very closely, to study it, because it is a very, very rare specimen.

We all know some of the more famous endangered species, including the Virginia big-eared bat, the buff-headed marmoset, and the yellow-footed rock wallaby; but just as rare is the House open rule. Do not make any sudden moves because we might startle it.

So far this year, the House has considered a total of 38 rules. So far, exactly four of them have been open, four for 38. That is a batting average of .105, which would get us kicked off my son's T-ball team.

This is what passes for democracy around here, which brings us to the rule for H.R. 1474, the Check Clearing for the 21st Century Act. This is an open rule for a noncontroversial bill. The issue for me, Mr. Speaker, is not the rule or the bill, but the fact that this open and fair process is almost never used in this body. Whenever an issue is the least bit contentious, whenever there is even a hint of disagreement about a bill, the majority clamps down on its Members, chokes debates, and forces a closed rule through this House. It is a lousy way to run a legislature, Mr. Speaker.

In the meantime, the Check Clearing for the 21st Century Act, also known as CHECK-21, is a bipartisan bill that will modernize the Nation's check payment system for the 21st century. This legis-

lation will help consumers, businesses, and banks by guaranteeing that check processing and payment will be quicker, and more importantly, lead to more efficient banking.

As many of us remember, the days and weeks following the tragic events of September 11 were filled with confusion in the banking industry. Because many of our planes were grounded, checks were held up around the country. Similar delays occurred during the anthrax crisis.

With the passage of CHECK-21, Congress and the banking industry will harness the innovations of the 21st century so our banking system is not crippled as a result of terrorism, natural disasters, or transportation problems.

□ 1045

In my district, I proudly represent the largest credit union in New England, Digital Credit Union.

According to Mary Ann Clancy, Senior Vice President and General Counsel of the Massachusetts Credit Union League, "Digital has been able to make cleared checks available to members in a more timely, secure and efficient manner ranging from weeks to immediate access. It also helps keep members' information confidential and saves them time searching through piles of checks to balance their checking accounts."

Mr. Speaker, Democrats have no objection to this bill. Check 21 was reported unanimously out of the Committee on Financial Services. The gentleman from Ohio (Mr. OXLEY) and the ranking member, the gentleman from Massachusetts (Mr. FRANK), and the members of the committee should be commended for working in a bipartisan way, something the leadership of this House cannot seem to do.

Which, Mr. Speaker, brings us to the Child Tax Credit. As most people know, during their late-night, back-room negotiations on the tax bill, the Republican leadership deliberately dropped a provision that would have helped nearly 12 million children and their families to get the child tax credit.

Their attack on American workers, on those in the middle, on those trying to get into the middle, continues.

Governing is about choices, Mr. Speaker. The Republican leadership chose to keep the tax breaks for millionaires, and they chose to scrap the help for low-income working families.

So at the end of this debate on the rule, I will ask my colleagues to vote no on the previous question. If the previous question is defeated, I will offer an amendment to provide for the consideration of the Rangel/Davis/DeLauro bill to help the people the Republicans would rather leave behind.

In Massachusetts, for example, 225,000 children would benefit from the Democratic bill. Our proposal provides real relief for the people who need it most, not another giveaway for those who need it least. And we actually pay for our tax relief by closing some of the

corporate tax-shelter scams that some greedy corporations like to use.

I am not sure if any of my Republican colleagues remember, but they used to think that burdening our children and grandchildren with huge debt was a bad thing.

I know my Republican colleagues would rather not talk about this. I know they would have been happier if their secret agreements would have remained secret. But I will put them on notice. We are going to keep on discussing this issue until you do the right thing. We are going to be here today and tomorrow and next week and next month, and we are going to fight for the people who deserve a helping hand.

The Majority Leader made it quite clear the other day what the Republican priorities are. When asked whether he would consider granting relief to those who had been dropped by the leadership in their secret negotiations, he said, "There are a lot of other things that are more important."

If anyone on the other side of the aisle could name one, I would love to hear it.

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

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

The Committee on Rules meets on a regular basis throughout the week, taking important pieces of legislation, hearing debate. It is not unusual for us to be in the Committee on Rules not only at odd hours of the day and night but also to hear hours of testimony from Members of Congress who have important legislation that they wish to bring forward; and I would like to be one member of that committee that stands up and says that I believe that the leadership of the gentleman from California (Mr. DREIER), our chairman, and his balance and wisdom and his dedication to a fair process is something that I believe sets this Committee on Rules up for success every single day. This bill that is on the floor is yet another example of that success that the chairman and this committee achieve.

Mr. Speaker, I yield such time as he may consume to the gentleman from Alabama (Mr. BACHUS), the chairman of the Subcommittee on Financial Institutions and Consumer Credit.

Mr. BACHUS. Mr. Speaker, the gentlewoman from Pennsylvania (Ms. HART) and the gentleman from Tennessee (Mr. FORD), along with the gentleman from New Jersey (Mr. FERCUSON) introduced this legislation; and the title of this legislation, I think, basically describes what this is all about. It is the Check Clearing for the 21st Century Act. That is what we are doing.

We are replacing what the Chamber of Commerce has described as an antiquated method of presenting and returning checks.

It is amazing to me that we had not taken this step 10 or 15 or 20 years ago.

But I do want to commend the gentlewoman from Pennsylvania (Ms. HART), and I want to commend the gentleman from Tennessee (Mr. FORD). I want to commend a bipartisan group of Members who come together to push this legislation and bring it out on the floor today.

This is a model for bipartisanship. There are 33 co-sponsors, Democrats, Republicans. The gentleman from Massachusetts (Mr. FRANK), the ranking member, and the gentleman from Ohio (Mr. OXLEY), both made this a priority.

We have an amendment that was introduced by the gentleman from North Carolina (Mr. WATT) which is included on page 11 in section 3, paragraph E. Part of that language clarifies that nothing in this act shall diminish in any way and everything in this act shall preserve all consumer protections. In fact, we have added consumer protections in this act.

But let me be very brief and say what this does in a nutshell. Americans write 42.5 billion checks a year; and about three-fourths of those checks have to move physically from the bank where they were deposited to the bank where the original maker was, many of them all the way across the country. Most of them travel by air, but a good many of them travel by truck. When they do, they burn oil, making us more oil dependent. This bill as much as anything will help lessen our reliance on foreign oil.

And a lot of people have probably not thought about this, but it is good news for those who travel by air because it will lessen the congestion at our airports. In fact, it is amazing that most Americans do not realize that literally every day tens of thousands of aircraft take to the sky taking back these original checks.

Now, what we are changing today is not something we have not been doing. What the system will go to is actually the system the credit unions in this country have used for over 20 years. So this is nothing new. The credit unions have been using this process. In fact, some of our larger banks by agreement have been doing this process for years without any problems.

The Federal Reserve has urged for several years that we go to this system. It is good for our economy. Not only will it lessen our dependence on foreign oil, not only will it relieve congestion on our highways and airports, but it will also make our process of clearing checks more efficient. In a world economy when we compete with European nations which are already doing this, we do not need costs and burdens to our financial system that they do not have. In fact, we need to have the most efficient system in the world; and, in fact, this legislation will assure that this happens.

In conclusion, we will talk about the nuts and bolts of this legislation in the main debate. We will hear from the gentlewoman from Pennsylvania (Ms. HART) on this legislation. I want to

commend the chairman, the gentleman from Ohio (Mr. OXLEY), for making this a priority. I want to commend the gentleman from Tennessee (Mr. FORD) for his leadership on this issue.

In conclusion, I want to commend all the Members of this body for coming together on this important legislation. We built such a consensus piece of legislation that we have the credit unions endorsing this legislation. We have the community banks endorsing this legislation. We have the independent banks endorsing this legislation. We have the largest 100 financial institutions in the country endorsing this legislation. We have the regulators endorsing this legislation. We have the Chamber of Commerce and several consumer groups endorsing this legislation. And I fully expect that the overwhelming vote that this legislation received in the committee will be repeated out here on the floor with a strong bipartisan majority.

I would think that anyone that understands this legislation will vote in favor of it.

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. COOPER).

Mr. COOPER. Mr. Speaker, the sort of checks that Americans are interested in hearing about are not the check clearing system technicality but the checks they receive as a result of their hard work or as a result of tax refunds.

This July most all Americans with children will be receiving a check in their mailbox as a result of the child tax credit that we passed some 2 weeks ago. Except for the parents who are in the military, who are in the National Guard who do not make a whole lot of money serving our country, and except for the low-income parents who work hard every day for minimum wage or a little bit above, they and their children will not be receiving these checks.

Why? Six million parents, 12 million of the most deserving people in our country, will not be receiving checks because of a deliberate, secret, backroom deal cut by Republican leadership.

Now, most of my constituents want bipartisan government. They want Democrats and Republicans to work together for the greater good of this Nation. And now that our government is under the control of a Republican White House, a Republican Senate, and a Republican House leadership, people are asking, what decisions are they making?

Well, they are making decisions to leave out 12 million poor children, 12 million deserving folks who need a future in this country; and \$400 each would do them a lot of good. It would not only stimulate the economy, it would address the fundamental fairness of that legislation.

Now, many of the folks on the right are saying, well, their parents do not pay taxes. They do pay payroll taxes. They pay property taxes. They pay

sales taxes. I dare any of the Members to go to these people and say they do not pay taxes. These are not welfare recipients. These are hard-working people trying to build the American dream, and this House deliberately left out those parents and their 12 million children because we did not have room to fit it into a \$350 billion tax bill. All we are asking for is 1 percent of that bill, \$3.5 billion to be devoted to the needs of 12 million deserving American kids.

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

Mr. Speaker, as I recall, the debate about this tax bill was all about deficits and all about whether the increase of the debt, the public debt limit was going to be achieved. And what happened is that, as we deliberated about the bill, any motion to instruct conferees from the other party was about those two issues. It was not about the substance of the bill as it related to anything that was contained within or to be talked about by the conferees. But, rather, they were focussed entirely on the debt and the amount of money that would be as a part of bill.

Now we find out that, oh, my gosh, there was a part of this great tax cut that they maybe were for even though they were voting against that. So it is very interesting to hear this debate today.

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

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

Mr. Speaker, I would just remind the gentleman that, unlike the Republican tax bill, we actually pay for this by closing corporate loopholes so we do not add to the debt or deficit.

Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. PALLONE).

Mr. PALLONE. Mr. Speaker, I rise in opposition to the rule because the Republican leadership is not allowing us to bring up the Child Tax Credit for these lower-income working families.

Exactly what my colleague from Massachusetts said is certainly true. This provision which the Republicans eliminated because they did not want to help the working class and working people was financially paid for, and, again, we are trying to get it passed again and it is paid for completely by closing up corporate tax loopholes.

The problem is that the Republicans, they just do not want to give it to these working families. Already the other side the other body is saying that they want to add a child tax credit for people at a higher income level, or the gentleman from Texas (Mr. DELAY) has said that he wants to add more tax cuts here for wealthy people and for corporate interests.

□ 1100

That is the thing that would cause an increase in deficit because they have not paid for it. We are saying, as Democrats, we can pay for this child tax

credit for these working families under \$26,000-or-so in income annually by closing tax corporate tax loopholes; and the Republicans are saying, oh, no, we cannot do that because the only way we will consider it is if we give some child tax credit to higher-income people or other tax cuts to other wealthy people and millionaires, and we do not care whether we pay for that because we do not have any way to pay for that. That just goes into the deficit.

The hypocrisy is unbelievable. My colleagues should simply admit that the Republicans really do not care about the working people at the lower-income levels. They are not willing to give them any kind of tax credit. They can pass the bill today in the other body and send it over here or vice versa, and it is fully paid for; but they are not going to do it, and I can tell my colleagues there are about 200,000 people, children of soldiers in the Armed Forces, that are also being left out of this.

We did a little analysis and found out that these 12 million children that are left out, a good many of them are children of military personnel. So these guys and their families, they are fighting over in Iraq or they are stationed somewhere in the world and defending the country, and they cannot get a lousy child tax credit. It is outrageous.

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

This debate has gone very quickly away from the subject that we had at hand, but I would like to remind my colleagues that tax cuts do work. They get money back to people who are able to utilize them, just like the families that are being talked about here.

The fact of the matter is that this fabulous jobs and growth package that was signed by the President last week has already begun to work in the marketplace. It is seen as a catalyst now for people to want to come and invest more money, not only in this country but also for corporations to have an opportunity to begin employing people, an opportunity for the American people to see the opportunity for them to have jobs and more money back in their pockets; and it is amazing how the debate over all these years and even from just about 10 days ago, May 22, when every single tax cut was bad and every single thing that we would do to take money away from our precious government was seen as a threat to national security, and yet, today, my colleagues on the other side of the aisle are talking about a tax cut that would be necessary to help out the American people again.

That is why we will stay after this. That is why the Republican Party will continue to not only believe in tax cuts that are great for people but an opportunity to give more money back to people who have earned that money and to help out families and children. This is why we have had as part of the bill the marriage penalty because we

do not believe that one spouse that works even part-time should be taxed at the highest rate of the household income.

We are proud of what we are doing, and we are going to keep doing it; and so I am pleased to hear my colleagues talk about the need for tax cuts for all Americans.

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

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

I just respond to the gentleman that I cannot believe he finally met a tax cut he did not like. Unfortunately, what we are talking about here is trying to help people, low-income workers and their children; and because of the Republicans' late-night maneuver, these people are being denied the tax cut that he says that they are very much dedicated to.

Mr. Speaker, I yield 2½ minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Speaker, the majority party spokesman for the Committee on Rules was somewhat inaccurate in describing our position. The effort that we are engaged in to provide some financial relief to some of the poorest and hardest-working people in this country and their children would not cost the government revenues anymore. It would be balanced.

We find, unlike him, a number of unfairnesses in the Tax Code; and I was struck by, in his conversation, the complete absence of any defense of the decision to deny this benefit to these people.

I came down here today as the ranking member of the Committee on Financial Services to talk about check truncation, but I would agree with my colleagues that fairness truncation is a far more important issue; and that is what we are talking about.

The gentleman who spoke said this is a Republican Party and he is proud of it. I think there is too good of appreciation in the country today of the real differences that exist between the parties. Partisanship is not always a bad thing. There is a legitimate aspect in a democratic society to recognizing differences. The gentleman from Texas is proud that they passed a tax bill that excluded the poorest working people in America.

He said he was proud of it, and I think we are proud on our side to be appalled by it. We are proud on our side to say that we can, without further draining our ability to pay for important public needs, provide help to these lower-income people; and as I said, it is a matter of fairness truncation.

By the way, one of the misarguments that is used to defend stiffing the poorest people in this country when the wealthiest are doing very well is, well, they do not pay taxes. Do people in this Chamber really not notice something called the Social Security payroll tax? In fact, anybody who works

pays Social Security payroll taxes. Deductions are made, and in fact, the people who are making \$25,000, \$30,000, \$20,000, they are paying a very large percentage of their income in those taxes.

I hope that we will soon do the non-controversial bill that allows banks to truncate checks, and I hope we will then undo the Republican decision to truncate fairness and equity even further than it is and use some of the resources that we were able to use for a very large overall tax cut and spend a very few dollars on the poorest people in this country, including children.

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

This rule that is before us about check clearing is really something that I think that consumers and the banking community are going to find of interest, and I am sorry that the debate is not on this modernization of the system.

What we are going to do with this wonderful bill that we have before us today is to, once again, prove that an agenda that can move forward problems that are facing the American public, costs that are in its way, inefficiencies in our banking system which is what this bill is about, we are going to solve, be another part of the solution today; and I am very, very proud of not only the gentlewoman from Pennsylvania (Ms. HART), a bright young Member that we have, and the gentleman from New Jersey (Mr. FERGUSON) and the gentleman from Tennessee (Mr. FORD) for bringing this bill, these ideas forward. But I think it shows that, as we talk about and move forward in this great body, the important aspects of that make a difference in America, just like tax cuts; that the American people will see that this House of Representatives not only works, it provides tax relief.

It provides things in our banking system that will keep modernizing America. It will make sure that we are prepared for the future, and as we go past this bill into other areas, whether it be appropriations or working with intelligence or matters of national security, that this House of Representatives every time brings forth a full debate, not only on the issues but makes sure that time is allocated for even the minority party to stand up and to talk about their frustrations.

I think what we are doing today with this bill makes sense. I think the American people see that this House of Representatives and this administration intends to move forward in a proactive, positive way that all Americans can have not only confidence in their government but also confidence in the free market enterprise system that we are so proud of that produces jobs and keeps our economy going.

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

Mr. MCGOVERN. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Speaker, I congratulate the gentleman from Texas in the discretion he showed in continuing to avoid defending this outrageous decision to stiff the poor people.

As to the check truncation bill, I appreciate his discussion of the work. As the ranking member, let me say I appreciate we have an open rule here. We do have an inverse relationship here. Well, we have two.

One, the poorer a person is, the less fairly they are going to be treated in the tax bill. Secondly, the less important the legislation, the more openhanded the Committee on Rules will be in letting us discuss it.

I am glad that we are bringing this bill forward. I was the ranking member when it was put forward, but I have to tell my colleagues I am glad that it is going to pass; but it probably will not make it into my next biography. I do not expect being remembered as the co-author of the check truncation bill will be part of my legacy. So I thank the gentleman for his concern.

The reason we are not debating it is very simple. There is nothing left to say. The banks are going to use the different kinds of paper. People will be able to get a record of their checks. That is the end of it.

I understand why the gentleman would rather talk about something else than being unfair to poor people. Unfortunately, there is not enough substance here.

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

This Republican House has since 1997 made sure that we reduce taxes on people all across the board; and under this new tax cut that we are talking about, a single mother with two children earning \$20,000 will receive over \$2,000 in payment from the government with no tax liability, no tax liability and \$2,000 back. So we really do care about people. We have reduced the tax burden on the American public and will keep doing that.

Mr. Speaker, I yield 4 minutes to the gentlewoman from Pennsylvania (Ms. HART).

(Ms. HART asked and was given permission to revise and extend her remarks.)

Ms. HART. Mr. Speaker, I thank the gentleman for yielding me the time.

I am sitting through this debate because I am here to talk about the check truncation legislation which we are going to debate shortly. However, my life experience and history of working as a State senator in Pennsylvania and chairing the Committee on Taxation compels me to rise regarding some of the comments made by the other side.

I believe that the general public knows what a tax credit is. However, it is clear to me that the other side of the aisle does not. One must pay taxes, income taxes, in order to receive a tax credit; and in fact, in our tax bill that we passed and fortunately was signed

last week, there is an increase in the child tax credit. The general public has asked us for that, and it has been provided.

Those hard-working parents who have been paying income taxes do receive credit, as the gentleman stated, and additional moneys for the raising of their children. Claims have been made that that is not the case, but that is just not true. A tax credit is only paid to those who pay income taxes, and that is exactly what we do.

Also regarding that issue, it is very important for us to note also that since I have joined this body about 2½ years ago, the Republican majority has consistently exempted people who are very low income from paying income taxes. It is important to note that because that is clearly something also that those on the other side of the aisle either are not aware of or have ignored.

Our goal has been to encourage families to keep working, even though they may just recently have left the welfare rolls, even though they may have had a difficulty with a layoff and have taken maybe a more entry-level-related job. Our goal is to make sure that those who work and work hard to support their families have a lower burden. The goal is to encourage them to keep working and be promoted and make more money and eventually become taxpayers.

Once they become income tax payers, they then will qualify for things like tax credits because, like I said earlier, one must pay an income tax in order to earn a tax credit. That is the way it works.

I would also like to note a couple of other things, and I represent a district that is very diverse economically and, unfortunately, has seen more unemployment in the last couple of months. Folks I talk to tell me this, they are very pleased that we have made a very good effort to extend the unemployment which is very important for those who respect working and are not receiving an income.

Our Republican majority has done that several times. We have extended unemployment twice now. We intend to keep watching the economy, try to make it move forward as we have done with this tax bill, which will help employers hire more people and reduce the unemployment rolls. While those good people are still unemployed, we are trying to make sure that they have enough money, and it is extended in our unemployment extension so they continue to support their families until they can find that job.

Finally, I just need to note that the partisan rancor in this body is getting a bit silly. It is disappointing to me as a person who has come to Washington with a lot of positive ideas. I am going to continue to work with those who want to work with us and not create kind of their own version of what passed into law. I am going to continue to work for a positive economy, for growth, for opportunity and for more

employment because I know people across the United States need it.

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

I would say to the gentlewoman from Pennsylvania that our side of the aisle would be more than happy to work with her side of the aisle. Unfortunately, we are always shut out of the process; and I would also say to the gentleman from Texas who earlier referred to this Republican House, this is the people's House, something that those on his side of the aisle seem to have forgotten by leaving millions of working families and children out in the cold.

□ 1115

Mr. Speaker, I yield 2½ minutes to the gentlewoman from Ohio (Ms. KAPTUR).

Ms. KAPTUR. Mr. Speaker, I thank the gentleman from Massachusetts (Mr. MCGOVERN) for yielding me this time, and I rise against the rule on this check-cashing bill. And the reason I rise against the rule is because we are not afforded the opportunity in this House to bring up H.R. 2286, the Rangel-DeLauro bill, that would allow us to include all of America's working families in the relief for child tax credits.

Who is left out? Who is left out are people who earn between \$10,500 a year and \$26,600 a year who have children. The bill that passed last week left them out. The gentleman from Texas is wrong. Democrats did not even know what was in that bill. The ranking member on our sides of the aisle had to find the room the conference committee was being held in. No Democrat read that bill, and we know the Republicans cut a deal.

My Republican colleagues left out working families who live at the bottom of this economy, and they have 19 million children, not a single one of whom are going to get the extra \$400 refund, where those checks are going to be cashed out of this government when they are sent out this summer. Not a one. They left out 6 million families, 19 million children.

The Republicans refuse to see them, but we see them. We really believe in not leaving any child behind. But now, Vice President CHENEY, what does he get? He gets \$93,700. Republicans are leaving 19 million children twisting in the wind, but that is par for the course. One of their favorite sports is golf. They leave a lot of people out there in the sand traps. But the defining difference between Democrats and Republicans is we include everybody. Everybody.

We think some people got too much out of your bill. Vice President CHENEY does not need that money. He will just go out and buy another yacht. But who do we see this bill leaves out? The bill leaves out moms who work at McDonald's. They will not get any refund from the child tax credit refund. It leaves out the janitors that clean the

World Trade Towers who have children. They do not get anything either. And the Republicans' bill leaves out our privates and specialists in the Army, Navy, and Air Force who are at the bottom of the pay scale in our Armed Forces. They will not get the child tax credit refund either.

These folks pay taxes. They not only pay Social Security and Medicare taxes, they pay property taxes, the Federal gas tax, and the cigarette tax. They do not have anybody giving them taxes back. They do not have lobbyists coming in to lobby on their behalf, who are the winners in this bill.

Mr. Speaker, we have a right to include all families. We ought to vote down this rule and demand that the leadership bring up H.R. 2286 to include all of America's children and families.

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

Prior to 2001, the child tax credit was \$500 for an eligible child. The child tax credit was not refundable for most families. However, for families with three or more eligible children the credit was refundable, to the extent the family had payroll liability that was not offset by the earned income tax credit.

What we have attempted to do, and what was signed into law on May 28, accelerates and increases the child credit. Certainly one has to qualify, but the child credit will increase from \$600 per child to \$1,000 per child in 2003 and 2004, and in 2005 the credit will revert back to its 2001 act-in phase. That means that what we have done is to move forward very quickly an acceleration, because I believe, and my party believes, and this bill believes that it is the right thing to do.

The bottom line is that due to political constraints there was not as much money. So what we did is we moved forward from \$600 to \$1,000, but it is only good for 2 tax years. We have a lot of work to do, Mr. Speaker; but I am ready to do that work. I think this body is ready to do that work, and we intend to get it done.

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

Mr. MCGOVERN. Mr. Speaker, I yield myself such time as I may consume to ask my colleagues to review an editorial from The Washington Post entitled, "Children Left Behind," and also today's New York Times editorial entitled, "The Poor Held Hostage for Tax Cuts," which I now submit for the RECORD.

[From the Washington Post, June 2, 2003]

CHILDREN LEFT BEHIND

Even for a debate over taxes, the public discussion taking place right now about child credits in the new tax law is particularly galling, hypocritical and ill-informed. The new law bumps up the credit for each child from \$600 to \$1,000 (though the benefit phases out for families that earn more than \$110,000). This increase, part of the 2001 tax law, was pushed forward to this year under the new law. The 2001 law also allowed some low-income families that don't pay income taxes to benefit from the child tax credit; these families receive money from the govern-

ment, just as with the Earned Income Tax Credit. Those amounts were set to increase in 2005—but that part was not speeded up under the new law. If it had been, it would have cost \$3.5 billion, or 1 percent of the supposed cost of the tax bill, and would have helped almost 12 million children whose families make between \$10,500 and \$26,625.

Stiffing these children was not a last-minute oversight or the unfortunate result of an unreasonably tight \$350 billion ceiling. "Adjustments had to be made," a spokeswoman for the House Ways and Means Committee said, as if those on her side would have preferred otherwise. In fact, the administration didn't include this provision in its original, \$726 billion proposal. The House didn't include it in its \$550 billion version. The Senate Finance Committee didn't include it in its original package. Most Republicans wanted relief only for those who pay income tax. As White House spokesman Ari Fleischer framed it, "Does tax relief go to people who pay income taxes . . . or does it go above and beyond the forgiving of all income taxes, and you actually get a check back from the government for more than you ever owed in income taxes?"

But it's not as if these workers pay no federal taxes; they shell out 7.65 percent of their earnings in Social Security and Medicare payroll taxes. More fundamentally, if it makes sense to help families with children, why shouldn't the aid go to those who need it most? If speeding up the tax credit makes sense for some, why not for everyone? If one goal of the tax bill is to pump money into the economy quickly, why not give it to those most apt to spend it? Such relief could be paid for by cutting the rates for those in the top brackets (people with taxable income of more than about \$312,000) just a smidgen less. These folks already get the biggest rate reduction of all, from 38.6 percent to 35 percent; merely edging that up to 35.3 percent would have paid for the extra child credits. If anything, the question lawmakers should consider is why those who make less than \$10,500 shouldn't be entitled to some credit as well. The theory has been not to subsidize those who choose to work only part time, but in this economy any number of people are working fewer hours because that is all that is available. Some 8 million children live in families who earn below the current threshold.

Indeed, the discussion should be broadened to include the question of why the bill, in a similar fashion, speeded up marriage penalty relief for everyone but the bottom tier, those who qualify for the Earned Income Tax Credit. This is arguably even more unfair than the failure to accelerate the entire child credit: the backwardness of the social policy—discouraging marriage—is obvious, and the marriage penalty is particularly steep in this category. For example, two single parents, each with one child and each earning \$10,000, would receive about \$2,500 through the tax credit; if the married, their tax benefits would drop by more than \$1,000.

Democrats, who somehow never managed to get traction with an argument about the unfairness of the cuts before the bill was passed, are seizing on the new attention to the child credit. Today Sens. Blanche L. Lincoln (D-Ark.) and Olympia J. Snowe (R-Maine) plan to introduce a bill that would accelerate the credit, paid for by curbing corporate tax shelters and imposing some user fees. We're looking forward to the debate.

[From the New York Times, June 5, 2003]

THE POOR HELD HOSTAGE FOR TAX CUTS

Millions of low-income families were cruelly denied child credits in the administra-

tion's latest detaxation victory. Now, with consummate arrogance, Republican leaders in Congress are threatening another irresponsible tax-cut bidding war as the price for repairing the damage. "There are a lot of other things that are more important than that," said Tom Delay, the House Republican majority leader, signaling that revisiting the child-care issue will open the door to even worse deficit-feeding tax-cut plans. Mr. DeLay at least offered unabashed candor instead of the crocodile tears of other Republicans. They are now embarrassed over the furor that low-income families were deleted in the final G.O.P. deal on the tax-cut boon weighted so shamelessly last month to favor the wealthiest Americans.

There is a clear and sensible solution to restore the \$400 child-credit increase to the working poor in a Senate proposal from Blanche Lincoln, Democrat of Arkansas, and Olympia Snowe, Republican of Maine. Their measure, which would cost \$3.5 billion and help nearly 12 million children, would be paid for by eliminating some of the tax-shelter abuses that fed the Enron scandal.

Republicans are scrambling for political cover now, fearing the wrath of the mythic soccer-mom voting bloc next year. But the rival child-care solution being offered by Senator Charles Grassley, Republican of Iowa and the finance chairman, introduces a whole new scale of irresponsibility to the tax-cut games. This would expand the credit to 6.5 million low-income households, although not to minimum-wage earners of less than \$10,500 a year. But at the same time, the upper-bracket limit would be generously, gratuitously raised another \$40,000 to benefit families earning up to \$189,000, hardly the neediest among us. Plus the credits would be made permanent instead of temporary, as currently enacted.

This makes it a \$100-billion-plus budget-busting measure lacking the cost offsets of the sane and prudent Lincoln-Stowe approach. The fiction of Republican leaders' promises to contain the deficit damage of their tax cuts is becoming clearer with each wad of debt rolled onto future generations.

Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. SOLIS).

Ms. SOLIS. Mr. Speaker, I also rise today to voice my strong opposition to this rule. There is a lot of talk about what the recent tax cuts would do for our economy and for working families, and I would like to talk a little bit about what they will not do.

The \$350 billion in tax cuts leaves out working families, in particular, families that make anywhere between \$10,000 and \$26,000. They will not qualify for a child care tax credit. I ask my colleagues to look at this photograph that I have here. This is a working family, a representation of a family that lives in my district. They make \$24,000 a year. They will not get a rebate. They have a son that is serving in our war, that is serving in our war in Iraq; but he will not get any benefit from this tax cut.

Let us really talk about working families and what they do for our economy. They do pay Social Security taxes, they do pay sales taxes. In fact, they are taxed so much that they are looking to us as representatives of this House to do the right thing. One million children in military families, like these families, will get no tax break or credit. This is wrong.

We know that somehow the Republicans found \$90 billion to give to 200,000 millionaire families. Imagine that. That money will not make it to my district because I do not have a single millionaire that lives in my district. We have people that make less than \$20,000, so they do not get the benefit of that money.

Republicans say this is class warfare that we are discussing. Look at the facts. The money does not come home to the districts that send money here to Washington because our Republican colleagues are sending it to their friends. In fact, in California, 31 percent of California families will not receive any child tax credit, and that includes 2.4 million children in California alone. Forty-seven percent of those Californians will get a total tax credit of less than \$100; \$100 does not even help to pay rent in my district, where an apartment goes from \$800 to \$1,000.

I urge Members to vote "no" on the rule. Let us do a child tax credit that is fair for working families.

Mr. SESSIONS. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Speaker, the first time I got up, I talked about the subject at hand, and that was Check-21. But I do want to address what the Democratic Members have talked about, and that is the recently passed tax cut.

One would not think there would be such an uproar from the other side because, in fact, the bill we passed exempts 3 million-plus low-income workers from any Federal tax liability. But there is still an uproar. It increases the child tax credit from \$600 to \$1,000. But there is still an uproar. It actually gives back, and only in Washington could you give back a tax refund above what people pay in, but it actually gives back \$2,000 more to low-income families with children than they paid in; yet there is still an uproar.

Why the uproar? Because the other side wants to take tax money, taxpayers' money that was paid in, and pay it back to people who did not pay taxes. In other words, an individual paying in \$1,500 ought to get back \$3,500. Well, let me tell my colleagues that there is only one problem with that, and that is who pays the \$2,000? The answer is the middle class.

In Alabama, if my colleagues talk to my constituents and say to them that they are going to pay back \$2,000 to people who did not pay taxes, with their tax dollars, because they have children, they are going to call that welfare. And that is exactly what it is. When we pay folks because they have children, and we pay them back \$4,000 just because they have children, not in money they paid in but with someone else's money, that is welfare.

The other side is still upset that we cut welfare several years ago, and they want to use this as an opportunity to start a new welfare program and to fund it out of middle-class taxpayers' pockets.

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. WYNN).

Mr. WYNN. Mr. Speaker, yes, there is an uproar; and, yes, we are appalled. We are appalled that the children of 12 million working families have been excluded from this bill. They are quite content to give \$93,000 in tax cuts to the very wealthy millionaires; but we have 12 million children who have been excluded, 196,000 from my State of Maryland. Yes, there is an uproar. There is something fundamentally wrong with that.

What the Republicans are trying to tell Americans is that these people do not pay taxes. Oh, yes, they do. Number one, they work every day. Every one of these families works every day. Number two, they pay property tax, sales tax, entertainment tax, and they pay all the other kinds of taxes. Importantly, many of these people are in the military. They are privates, they are grunts, they are the people who do the dirty work to defend our country. Yet our Republican colleagues say it is okay to give a millionaire \$93,000 in tax cuts, but it is not okay to give someone making less than \$26,000 a tax break.

Mr. Speaker, I do not call that welfare; I call that democracy. We are Democrats. Every time we talk about this issue, the Republicans want to say that is class warfare. Yes, that is class warfare. But let me talk about that class. It is a class composed of people who work every day and make less than \$26,000 a year. They have 12 million children, and they are not going to get the benefit of tax relief.

Republicans want to talk about putting money back into Americans' pockets. What about the class of Americans that work every day but do not get the benefit of this big \$350 billion tax deal? This tax deal gives a \$90,000 tax cut to millionaires, but they cannot give \$1,000 to a family that works every day and has a child. My colleagues have the audacity to come on this floor and say it is welfare. Yes, there is going to be an uproar. Yes, I am appalled, because it is undemocratic, it is unfair, and it is disgraceful.

All my Republican colleagues want to do is give more money to the very rich; and when we tell them that people are working and need a tax break, they cannot see fit to do it, particularly when some of those people are in our military. It is a disgrace. Let us reject the Republican approach.

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

Mr. MCGOVERN. Mr. Speaker, can you inform us how much time is left on both sides?

The SPEAKER pro tempore (Mr. SWEENEY). The gentleman from Massachusetts (Mr. MCGOVERN) has 10 minutes remaining, and the gentleman from Texas (Mr. SESSIONS) has 4½ minutes remaining.

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Illinois (Ms. SCHAKOWSKY).

Ms. SCHAKOWSKY. Mr. Speaker, it seems as if we have hit a nerve here. We are supposedly talking about a bill that would make it easier to get checks, and the Republicans are clearly embarrassed that there is a whole lot of people, in fact 12 million children, whose families are not going to get checks. They know darn well that that provision that would have sent the check was in the legislation in the Senate, and in a late-night deal that money was taken out.

Here is one of the families. They live in my district. It is Maria, that is the mom, Alma and Elia Narvaez. They are not going to get a check. They are one of the 6.8 million families that thought they were going to get one, but they are not. Along with them, as has been pointed out, there are going to be a million children whose families were going to get checks of people in the military, our young men and women who went off to serve, the low-level private first class. They are not going to get a check.

So it is not just an uproar from this side of the aisle; there is an uproar going on in the country right now.

□ 1130

We read about it in the press, and we hear about it from our constituents. So who is getting the money?

They are talking about it only goes to taxpayers and ask these people if they pay taxes, but who is getting the money?

Well, let us look at the Bush cabinet. We are talking about Treasury Secretary John Snow. He was the CEO of the CSX Corporation, a corporation that paid no Federal income tax in 2001, 2000, and 1998. Do Members know how much he is going to get in a tax break? He is going to get \$330,000 a year in dividend capital gains tax cuts. That is more than Maria Narvaez makes in 16 years. That is his tax cut for 1 year, what she makes in 16 years.

Think about it another way, what the Secretary of the Treasury gets, \$330,000 in 1 year in a tax break, 1,000 families could get a check. Members decide what is fair.

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

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee (Mr. FORD).

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Speaker, let me preface by saying I rise in support of the rule and rise in strong support of the bill and thank the gentlewoman from Pennsylvania (Ms. HART), the gentleman from Ohio (Mr. OXLEY) and the gentleman from Alabama (Mr. BACHUS) for all of their hard work.

In light of the conversation that is occurring, there has been a lot of back and forth. I rise just to say two things: One, this really represents the difference in priorities between the two parties. While one cannot dispute that

the bill that passed here a few nights ago in the form of a jobs bill or a tax cut bill, whatever Members choose to call it, the President has suggested that his tax bill will produce a million jobs, so I have taken to calling it a jobs creation bill.

The reality is the bill cuts taxes for some people but not enough people. The \$3.5 billion that was taken out of the bill, tax cuts that were removed from the bill to make room for other tax cuts, my side characterizes it as tax cuts for wealthy Americans. The other side characterizes it differently.

The reality is \$3.5 billion was taken out of the tax cut that would have gone primarily to families who earn under \$25,000 a year. It is suggested that up to 12 million children will lose out.

The gentleman from Alabama (Mr. BACHUS) is my friend, but I take issue with one characterization. This is not a welfare program. These people earning under \$25,000, they work. Some may work not only in the military but here on this Capitol Hill where we work day in and day out. I believe people who work day in and day out deserve a break.

Not only do these people need it to help feed their families and pay their higher energy bills, they will also spend it in ways that will help rejuvenate this economy.

A point was made about the middle class, and I will submit for the RECORD yesterday's Washington Post piece that shows numerous studies indicate that the middle-class tax share is set to rise after the passage of the 2001, 2002, and 2003 tax bills. We may not like this, but these are the facts. It reports that people earning between \$28,000 and \$337,000 a year will end up paying a higher share of taxes than any other group of Americans after the passage of the 2001, 2002 and 2003 tax bills.

Mr. Speaker, I hope that my friends who label this as an effort to increase welfare will take a look at the facts of the tax bills that this Republican House and Republican Senate have passed.

[From the Washington Post, June 4, 2003]

MIDDLE CLASS TAX SHARE SET TO RISE
STUDIES SAY BURDEN OF RICH TO DECLINE

(By Dana Milbank and Jonathan Weisman)

Three successive tax cuts pushed by President Bush will leave middle-income taxpayers paying a greater share of all federal taxes by the end of the decade, according to new analyses of the Bush administration's tax policies.

As critics of the tax cuts in 2001, 2002 and 2003 have noted, the very wealthiest Americans—those earning \$337,000 or more per year—will be the greatest beneficiaries of the changes in the nation's tax laws. And, as administration officials have argued, low-income taxpayers will also enjoy a disproportionately lighter tax burden.

The result is that a broad swath of lower-middle, middle- and upper-middle-income people, as well as some rich Americans, will carry a greater share of the federal tax burden after the laws passed in the past three years are fully implemented. While taxes are scheduled to decline for all income groups, those earning more than \$28,000 but less than

\$337,000 will end up paying a greater share of the taxes than they did before the changes.

The findings, by two groups that have been critical of the Bush administration's tax policies, add a new wrinkle to the increasingly contentious debate over the fairness of Bush's tax policies and which income groups would benefit most.

Liberal groups have argued that the Bush administration is penalizing the poor while rewarding the rich. In part to answer those critics, Republicans have targeted the poor with expanded tax refund checks for families with children, a new 10 percent tax bracket and a larger earned-income credit for married couples who are poor.

The result may be a surprise to both sides: By the end of the decade, the middle class will be picking up a greater share of the government's tab.

"It's hard to get a lot of progressivity at the very top," said R. Glenn Hubbard, the architect of Bush's most recent tax cut proposal and a former chairman of the White House Council of Economic Advisers. By slashing taxes on dividends, capital gains and inheritances, the cuts ensure that tax burdens will no longer rise consistently with income, as they would with a perfectly "progressive" system. "But," Hubbard added, "we've very much retained progressivity overall because so much money was dumped into the bottom rates."

The two studies focused on separate issues. Citizens for Tax Justice examined the percentage changes in total federal taxes that would be paid by different income groups through 2010. The Tax Policy Center, jointly run by the Brookings Institution and the Urban Institute, looked at the share of federal taxes that would remain for the various groups once those changes are fully phased in. But the studies reached similar conclusions.

Citizens for Tax Justice found that for the lowest fifth of taxpayers—those earning below \$16,000—federal taxes would fall 10 percent between now and 2010, while federal taxes for those in the second quintile—earning between \$16,000 to \$28,000—would fall 12 percent. At the other end of the scale, the decline for the top 1 percent of taxpayers—those making \$337,000 and up—would be 15 percent.

In contrast, for taxpayers earning between \$45,000 and \$337,000, the decline would be 7 percent, less than half the cut reaped by the very wealthy.

Citizens for Tax Justice assumed that those provisions in the tax laws scheduled to expire before 2011 would expire as scheduled, although administration officials have said they are determined to make those changes permanent.

The Tax Policy Center assumed that all proposed tax cuts would become permanent. It found that the share of federal taxes paid by the top 1 percent of taxpayers would drop to 22.8 percent of the total in 2011, from 24.3 percent today, while the share paid by the lowest 40 percent would fall to 2 percent, from 2.2 percent.

All others would have a slightly larger proportion of the federal tax burden in 2011 than they do today. For families earning between \$22,955 and \$80,903, their share of federal taxes would rise from 25.5 percent to 26.1 percent.

Both groups included all federal income, payroll, corporate and estate taxes; Citizens for Tax Justice also included excise taxes.

Treasury Department officials said the studies are skewed because they include Social Security and Medicare payroll taxes, which the tax cuts did not seek to reduce. Pamela F. Olson, the assistant Treasury secretary for tax policy, said that if Social Security taxes are included, then Social Security

benefits should also be measured. "Then you would have a very progressive system," she said.

Instead, Olson pointed to the Treasury's analysis of the impact of successive tax cuts on individual income taxes only. In that analysis, all taxpayers with less than \$100,000 in income are shown to be paying a smaller percentage of their income in taxes than they did before Bush took office. Households earning \$100,000 or more are now paying 73.3 percent of federal income taxes, up from 70 percent.

Figuring out whether tax policy benefits the wealthy or the poor is a hotly disputed subject. Liberals favor a progressive tax system in which households pay higher tax rates and a higher share of their total income as they climb up the income ladder. By that measure, the Bush tax cuts have made the tax code less progressive. By 2011, the poorest taxpayers' after-tax income will have risen only 0.3 percent, according to the Tax Policy Center, while household income for the richest 1 percent of taxpayers will have jumped 8.6 percent.

Conservatives say the better measure is which group winds up paying a greater proportion of the tax burden after the tax cut. The rich may get the largest dollar benefit from the tax cuts, but the top 20 percent of household will still be paying 71.5 percent of all federal taxes in 2011.

Conservatives and liberals alike agree that Bush's tax policies have shifted more of the tax burden to the middle class. Kevin Hassett, a conservative economist with the American Enterprise Institute, said it "makes complete sense" that this would happen as a result of Bush's policies.

Changes such as the elimination of the estate tax and the reduction of the stock-dividend tax disproportionately benefit the wealthiest 1 percent, who have the largest amount of assets and capital. Those at the other end of the income spectrum benefit disproportionately from targeted tax cuts such as the child tax credit.

With the biggest gains going to the wealthiest and to low-income taxpayers, those in the middle inevitably get a higher tax burden because they don't qualify for the targeted tax breaks that go to the poor or the investment-related tax breaks that go to the wealthy. "The middle class is predominantly labor income," Hassett said.

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

Mr. MCGOVERN. Mr. Speaker, I yield 1½ minutes to the gentlewoman from California (Ms. WATSON).

Ms. WATSON. Mr. Speaker, it is shameful enough that the Republican leadership in Congress has chosen to gamble our children's future on a risky and unsustainable tax scheme such as the one signed into law just last week. But what is even more shameful is that the Republicans sold out the very men and women who recently fought for our country in Iraq by cutting many of them out of that tax cut.

That is right. Only hours before Congress was set to vote on President Bush's big tax giveaway, Republicans cut out provisions to expand the child tax credit for working families in order to give the President's wealthy friends a bigger tax cut. The child tax credit provisions Republicans erased would have benefited millions of working families, including many families of Americans soldiers, sailors, airmen and women just as they return from war.

This is outrageous, and my outrage grows when I hear Members of the other party's leadership suggesting that this is grounds to write another tax bill for wealthy investors and accuse us of a new welfare scheme. How can they in all honesty stand on this floor representing the United States and say that kind of thing?

Mr. Speaker, I appeal to Members to fix this problem immediately. This House vote to restore the deleted provisions that would help millions of Americans and their children is one that needs to be taken immediately, so please bring H.R. 2286 to the floor.

Mr. SESSIONS. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, I have been listening with a lot of interest to this debate concerning aspects of the Jobs and Growth Act, a bill that I was happy to cosponsor. America needs jobs, needs growth, but I think some on the other side of the aisle forget where jobs come from. Jobs do not come out of this United States Congress. They do not come out of Washington, D.C., or out of the Federal Government. If we want jobs, the people who need tax relief are job creators. Often when I listen to some of the rhetoric on the other side of the aisle, it is as if these people love jobs, but they hate job creators.

Another point, tax relief ought to be for taxpayers. We have a welfare system. I decline those who would take our Tax Code and turn it into a welfare system. We already have a welfare system; and as Republicans have controlled Congress, we have managed to move people off welfare and onto work. This is an excellent debate because it shows the clear differences between the two parties. It is as if the other side will not be happy until everyone is dependent upon a government check. We will not be happy until every American has an opportunity to have a paycheck, and that is a clear difference between the two parties.

So what we need to do once again, if we want to have jobs, we need to give tax relief to job creators. If we want to be fair, we need to give tax relief to taxpayers. That is the difference here, Mr. Speaker.

Mr. MCGOVERN. Mr. Speaker, I yield 10 seconds to the gentleman from Tennessee (Mr. FORD).

Mr. FORD. I can sit and listen to a lot of this, and I have a lot of friends on the other side of the aisle. But let us be fair. These people making less than \$25,000 a year get up and go to work just like you and I do every single day. They pay a payroll tax which is the highest tax paid by 82 percent of Americans. So the other side of the aisle can label us not being for tax cuts if you choose, but do not call this a welfare plan. This is a plan designed to help people who go to work day in and day out but who earn under \$25,000 a year.

Mr. SESSIONS. Mr. Speaker, I would like to inquire as to the time remaining.

The SPEAKER pro tempore (Mr. SWEENEY). The gentleman from Texas (Mr. SESSIONS) has 2½ minutes remaining. The gentleman from Massachusetts (Mr. MCGOVERN) has 4¼ minutes remaining.

Mr. SESSIONS. Mr. Speaker, I will allow the minority the opportunity to consume their time, and then I will close.

Mr. MCGOVERN. Mr. Speaker, I yield 2½ minutes to the gentleman from California (Mr. GEORGE MILLER).

Mr. GEORGE MILLER of California. Mr. Speaker, it is unfortunate that the gentleman from Texas (Mr. HENSARLING) who had time remaining would not yield to defend his remarks. He did not have the courage to yield to the gentleman from Tennessee (Mr. FORD) who asked him to do so.

Mr. Speaker, as Americans picked up their newspapers this morning, in USA Today they could read about the controversy about Sammy Sosa or the tragedy of Martha Stewart. As they thumbed through the newspaper, they would also read something else, they would read that the child tax credit is not available to 250,000 of our veterans. One in five children in the military will not get the tax credit. Some 750,000 veterans, veterans, their children will not get this tax credit.

It is a shame. How did this happen? How did 250,000 children of active duty veterans, people fighting for this country, their children will not be eligible for the child tax credit?

Let me set the stage. It is late at night. The Republicans are arguing over tax cuts. Some people want to defend the corporations that go to Bermuda, other Members want to defend millionaires. Vice president DICK CHENEY is running between the Republican factions. It is all in the record. He is putting out fires. He has to make a decision: Do you help these veterans? Do you help these active duty people with their children, give them the tax credit? Or, Vice President CHENEY, if he does that, he will only get \$93,000 in tax cuts. If he gives it to the children of hard-working American families earning under \$26,000, DICK CHENEY will have to take a reduction. He will only get \$88,000.

DICK CHENEY is now the chief negotiator running between the House and the Senate. He is running between the extreme position of the House, Republicans who say no tax credits for these children, and the Senate which voted to give tax credits to the children. DICK CHENEY does not know what to do. What does he do?

He decides he is going to give himself a \$93,000 tax cut; and these kids, it is tough. But one would have thought, Mr. Speaker, one would have thought that a former Secretary of Defense would have just dropped off a little change to the troops, to their families and to their children, and to the vet-

erans and their families and their children. It would not have cost DICK CHENEY much. If he just took care of the children, he would have still gotten over \$90,000 a year in tax cuts. He could not see it.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair must remind the Member to refrain from making personally offensive remarks concerning the Vice President.

Mr. GEORGE MILLER of California. Mr. Speaker, I am just reporting what has been reported in the press.

PARLIAMENTARY INQUIRY

Mr. FRANK of Massachusetts. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. Does the gentleman from California yield for that purpose?

Mr. GEORGE MILLER of California. Yes.

The SPEAKER pro tempore. The gentleman will state his parliamentary inquiry.

Mr. FRANK of Massachusetts. Mr. Speaker, I did not hear the gentleman from California say anything personally offensive to the Vice President. I wonder when we are being told that something was personally offensive to the Vice President, what would that be? He may be more thick-skinned than you give him credit for, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from California leveled an inuendo of pecuniary gain.

Mr. FRANK of Massachusetts. So the ruling is or the indication is that any suggestion that the Vice President might be interested in making money would be personally offensive?

Mr. SESSIONS. Mr. Speaker, regular order.

The SPEAKER pro tempore. The Chair would need to hear the remark in context.

The gentleman from California (Mr. GEORGE MILLER) may proceed in order.

Mr. GEORGE MILLER of California. Mr. Speaker, the context is this: When the Vice President went into the room, the children of veterans and active duty service people had the tax credit. When he left the room, he had the big tax cut; they had nothing.

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

Mr. MCGOVERN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I will be asking for a no vote on the previous question. If the previous question is defeated, I will offer an amendment to the rule.

My amendment will provide that immediately after the House passes the Check Clearing for the 21st Century Act, it will take up H.R. 2286, the Working Families Tax Credit Act of 2003. The Rangel Working Families Tax Credit bill will give immediate help to more working families by providing the child tax credit to an estimated 19 million additional children. It will also help families of soldiers in combat by

extending the child tax credit to them, and it will speed up the marriage penalty relief to lower-income working couples.

□ 1145

It does not increase the deficit, not by one dime. It is entirely paid for by closing the shameful corporate loophole that allows corporations to move offshore simply to avoid paying taxes.

Let me make very clear that a "no" vote on the previous question will not stop the consideration of the Check Clearing for the 21st Century Act. A "no" vote will allow the House to vote on both the check bill and the tax fairness bill. However, a "yes" vote on the

previous question will prevent the House from voting on this bill and the child tax credit for working families. I urge a "no" vote on the previous question.

The time to fix this is now. These hard-working taxpayers were left behind, deliberately cut from the tax bill in the middle of the night by the Republican leadership. That is wrong. That is also cruel. These are taxpayers. These are taxpayers. These are workers. I urge my colleagues to do the right thing. Let us come together in a bipartisan way to right a terrible wrong.

I ask unanimous consent, Mr. Speaker, that the text of the amendment and

the description of the amendment be printed in the RECORD immediately before the vote on the previous question.

The SPEAKER pro tempore (Mr. SWEENEY). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

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

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

We are having this debate on the rule for Check-21. It quickly went to child tax credits.

I include for the RECORD information on this from the Committee on Ways and Means.

EXAMPLES—REFUNDABILITY OF CHILD CREDIT FOR 2003

	Pre-2001 Law	2001 Law	2003 Law
EXAMPLE 1: MARRIED COUPLE EARNING \$30,000 WITH 3 CHILDREN			
Tax Liability Before Credits:			
Earnings	30,000	30,000	30,000
Standard deduction	(7,950)	(7,950)	(9,500)
Personal exemptions	(15,250)	(15,250)	(15,250)
Taxable income	6,800	6,800	5,250
Marginal tax rate	15%	10%	10%
Income tax liability	1,020	680	525
Payroll tax liability	2,160	2,160	2,160
Child credit	1,500	1,800	2,475
Earned income credit	782	992	992
Tax Liability After EIC and Child Credit:			
Income tax liability	0	0	0
Payroll tax liability	898	48	0
Payment from government	0	0	782
EXAMPLE 2: SINGLE MOTHER EARNING \$20,000 WITH 2 CHILDREN			
Tax Liability before Credits:			
Earnings	20,000	20,000	20,000
Standard deduction	(7,000)	(7,000)	(7,000)
Personal exemptions	(9,150)	(9,150)	(9,150)
Taxable income	3,850	3,850	3,850
Marginal tax rate	15%	10%	10%
Income tax liability	578	385	385
Payroll tax liability	1,440	1,440	1,440
Child credit	578	1,200	1,335
Earned income credit	2,888	2,888	2,888
Tax Liability After EIC and Child Credit:			
Income tax liability	0	0	0
Payroll tax liability	0	0	0
Payment from government	1,748	2,263	2,398

COMMITTEE ON WAYS AND MEANS

CHILD CREDIT REFUNDABILITY—FACT SHEET

What is a refundable credit?

Most tax credits are nonrefundable. In other words, individuals are eligible for the credit only to the extent they have income tax liability. A credit is refundable if it is payable to individuals who have no income tax liability. The "refundable" amount of the credit is the amount that exceeds the individual's income tax liability.

What was the child credit prior to 2001?

Prior to 2001, the child credit was \$500 per eligible child. The credit was not refundable for most families. However, for families with 3 or more eligible children, the credit was refundable to the extent the family had payroll tax liability that was not offset by the Earned Income Credit (EIC).

How was the child credit expanded in 2001?

The Economic Growth and Tax Relief Reconciliation Act of 2001 significantly expanded the child credit in two important ways:

(1) The law gradually increased the credit from \$500 to \$1,000. The credit was \$600 for 2003 and was scheduled to reach \$1,000 in 2010.

(2) The law made the child credit partially refundable for all families with children—not just those with 3 or more children. The credit is now refundable by an amount equal to 10% of the family's earned income in excess of \$10,000 (Families with three or more chil-

dren get the greater of payroll tax liability or 10% of earning income over \$10,000). The \$10,000 threshold is indexed annually for inflation (it is \$10,500 for 2003), and the 10% refundability rate will increase to 15% in 2005.

How was the child credit expanded in the Jobs and Growth Law of 2003?

The Jobs and Growth Tax Relief Reconciliation Act of 2003, which was signed into law on May 28, accelerates the increase in the child credit. The credit will increase from \$600 per child to \$1,000 per child in 2003 and 2004. In 2005, the credit will revert to its 2001 Act phase-in schedule, and the 10% refundability rate will increase to 15%.

Who will benefit from the new law?

According to the Joint Committee on Taxation, 44 million children (27 million families) will benefit from the acceleration of the increase in the child credit. Some of these children will receive larger refundable credits because of the new law.

Criticisms from the Very Liberal Center on Budget and Policy Priorities

The Center on Budget and Policy Priorities (CBPP), an extremely far left political organization, recently released a "report" arguing that 12 million children would receive more benefits if the new law included a provision to accelerate the increase in the refundability rate from 10% to 15%. Of this 12 million, 8 million receive no new benefits

under the new child credit law and 4 million would receive higher benefits if the refundability were accelerated. However, several factors should be kept in mind.

The new tax law includes several provisions that would benefit low-income families. The expansion of the 10% tax bracket and the increase in the standard deduction for married couples are both targeted to low- and middle-income families. Plus, \$10 billion in State aid was directed to Medicaid, the health care program for the poor.

The new tax law takes an additional 3 million low-income families off the tax rolls entirely.

The child credit provision in the new law tax is refundable to the extent of 10% of earned income in excess of \$10,500. In 2005, the 10% rate will increase to 15%.

Accelerating the increase in the refundability rate from 10% to 15% would affect families who pay no income taxes. In fact, these families generally have negative income tax liability because they are already receiving government payments from the Earned Income Credit and the refundable child credit that was enacted in 2001.

Expanded refundability was not included in President Bush's \$726 billion tax proposal; it was not included in the \$50 billion tax proposal that passed the House, and it was not

included in Chairman GRASSLEY's mark. Instead, expanded refundability was added during the Senate Committee markup as a member item. With the exception of State aid, the final conference report does not include any narrow items or revenue raisers that were added in the Senate.

Expanded refundability would not benefit all children—14 million children would be left out. These children would continue to be left out because their family income is so low (less than \$10,500 of earned income) that they pay no income tax and quality for many other anti-poverty programs or these families' incomes are too high (more than \$75,000 of Adjusted Gross Income for single parents and \$100,000 for married couples with children).

The partisan Democrats at the Center on budget and Policy Priorities vehemently opposed any tax cut of any kind during the debate on the growth bill. Now they are arguing that the tax cut wasn't large enough for families who don't pay income taxes in the first place.

Congress needs to expeditiously consider a significant expansion of the child tax credit.

Mr. Speaker, the American system which we are all a part of and which we support works. It works because we allow the free enterprise system to employ people, to have our economy work; but the tax policy that we have in this country is repressive. Too many people are paying too much in taxes and that is why we have had continuing tax relief. But in the overall system, if you just look at a book that was called "The Myth of the Rich and Poor in America," which was published several years ago, it talked about 76 percent of those who were considered poor in the eighties became the middle class in the nineties. That was because here in America, we have a system, a system that is fair for people, that if they get up and go to work, as has been suggested that a number of people do, they will find in time that they will be a part of the American Dream, a system that works. I believe that the tax cut bill of the President's growths and jobs package is the right thing to do. I believe that our Check-21 bill is another example of the things that this body continues to maintain.

The material previously referred to by Mr. MCGOVERN is as follows:

PREVIOUS QUESTION FOR H. RES. 256—RULE ON H.R. 1474 CHECK CLEARING FOR THE 21ST CENTURY ACT

At the end of the resolution add the following new section:

"SEC. . . Immediately after disposition of the bill H.R. 1474, it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 2286) the Working Families Tax Credit Act of 2003. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the Chairman and ranking Minority Member of the Committee on the Ways and Means; and (2) one motion to recommit with or without instructions."

Mr. SESSIONS. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MCGOVERN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for electronic voting, if ordered, on the question of adoption of the resolution.

The vote was taken by electronic device, and there were—yeas 220, nays 198, not voting 16, as follows:

[Roll No. 243]

YEAS—220

Aderholt	Frelinghuysen	Myrick
Akin	Gallegly	Nethercutt
Bachus	Garrett (NJ)	Neugebauer
Baker	Gerlach	Ney
Ballenger	Gibbons	Northup
Barrett (SC)	Gilchrest	Norwood
Bartlett (MD)	Gillmor	Nunes
Barton (TX)	Gingrey	Nussle
Bass	Goode	Osborne
Beauprez	Goodlatte	Ose
Biggert	Goss	Otter
Bilirakis	Granger	Oxley
Bishop (UT)	Graves	Paul
Blackburn	Green (WI)	Pearce
Blunt	Greenwood	Pence
Boehlert	Gutknecht	Peterson (PA)
Boehner	Harris	Petri
Bonilla	Hart	Pickering
Bonner	Hastings (WA)	Pitts
Bono	Hayes	Platts
Boozman	Hayworth	Pombo
Bradley (NH)	Hensley	Porter
Brady (TX)	Hensarling	Portman
Brown (SC)	Herger	Pryce (OH)
Brown-Waite,	Hobson	Putnam
Ginny	Hoekstra	Quinn
Burgess	Hostettler	Radanovich
Burns	Houghton	Ramstad
Burr	Hulshof	Regula
Buyer	Hunter	Rehberg
Calvert	Hyde	Renzi
Camp	Isakson	Reynolds
Cannon	Issa	Rogers (AL)
Cantor	Istook	Rogers (KY)
Capito	Janklow	Rogers (MI)
Carter	Jenkins	Rohrabacher
Castle	Johnson (CT)	Ros-Lehtinen
Chabot	Johnson (IL)	Royce
Chocola	Johnson, Sam	Ryun (KS)
Coble	Jones (NC)	Saxton
Cole	Keller	Schrock
Collins	Kelly	Sensenbrenner
Crane	Kennedy (MN)	Sessions
Crenshaw	King (IA)	Shadegg
Cubin	King (NY)	Shaw
Culberson	Kingston	Shays
Cunningham	Kirk	Sherwood
Davis, Jo Ann	Kline	Shimkus
Davis, Tom	Knollenberg	Shuster
Deal (GA)	Kolbe	Simmons
DeLay	LaHood	Simpson
DeMint	Latham	Smith (MI)
Diaz-Balart, L.	LaTourette	Smith (NJ)
Diaz-Balart, M.	Leach	Smith (TX)
Doolittle	Lewis (CA)	Souder
Dreier	Linder	Stearns
Duncan	LoBiondo	Sullivan
Dunn	Lucas (OK)	Sweeney
Ehlers	Manzullo	Tancredo
Emerson	McCotter	Tauzin
English	McCrery	Taylor (NC)
Everett	McHugh	Terry
Feeney	McKeon	Thomas
Ferguson	Mica	Thornberry
Flake	Miller (FL)	Tiahrt
Fletcher	Miller (MI)	Tiberti
Foley	Miller, Gary	Turner (OH)
Forbes	Moran (KS)	Upton
Fossella	Murphy	Vitter
Franks (AZ)	Musgrave	Walden (OR)

Walsh	Whitfield	Wolf
Wamp	Wicker	Young (AK)
Weldon (FL)	Wilson (NM)	Young (FL)
Weller	Wilson (SC)	

NAYS—198

Abercrombie	Gutierrez	Neal (MA)
Ackerman	Hall	Oberstar
Alexander	Harman	Obey
Allen	Hastings (FL)	Olver
Andrews	Hill	Ortiz
Baca	Hinchev	Owens
Baird	Hinojosa	Pallone
Baldwin	Hoefel	Pascrell
Ballance	Holden	Pastor
Becerra	Holt	Payne
Bell	Honda	Pelosi
Bereuter	Hoolley (OR)	Peterson (MN)
Berkley	Hoyer	Pomeroy
Berman	Inslee	Price (NC)
Berry	Israel	Rahall
Bishop (GA)	Jackson (IL)	Rangel
Bishop (NY)	Jackson-Lee	Reyes
Blumenauer	(TX)	Rodriguez
Boswell	Jefferson	Ross
Boucher	John	Rothman
Boyd	Johnson, E. B.	Roybal-Allard
Brady (PA)	Jones (OH)	Ruppersberger
Brown (OH)	Kanjorski	Rush
Brown, Corrine	Kaptur	Ryan (OH)
Capps	Kennedy (RI)	Sabo
Capuano	Kildee	Sanchez, Linda
Cardin	Kilpatrick	T.
Cardoza	Kind	Sanchez, Loretta
Carson (IN)	Klecza	Sanders
Case	Kucinich	Sandlin
Clay	Lampson	Schakowsky
Clyburn	Langevin	Schiff
Conyers	Larsen (WA)	Scott (GA)
Cooper	Lee	Scott (VA)
Costello	Levin	Serrano
Cramer	Lewis (GA)	Sherman
Crowley	Lipinski	Skelton
Cummings	Lowey	Slaughter
Davis (AL)	Lucas (KY)	Snyder
Davis (CA)	Lynch	Solis
Davis (FL)	Majette	Spratt
Davis (IL)	Maloney	Stark
Davis (TN)	Markey	Stenholm
DeFazio	Marshall	Strickland
DeGette	Matheson	Stupak
Delahunt	Matsui	Tanner
DeLauro	McCarthy (MO)	Tauscher
Deutsch	McCarthy (NY)	Taylor (MS)
Dingell	McCollum	Thompson (CA)
Doggett	McDermott	Thompson (MS)
Dooley (CA)	McGovern	Tierney
Doyle	McIntyre	Towns
Edwards	McNulty	Turner (TX)
Emanuel	Meehan	Udall (CO)
Engel	Meek (FL)	Udall (NM)
Etheridge	Meeks (NY)	Van Hollen
Evans	Menendez	Velazquez
Farr	Michaud	Visclosky
Fattah	Millender-	Waters
Filner	McDonald	Watson
Ford	Miller (NC)	Watt
Frank (MA)	Miller, George	Waxman
Frost	Mollohan	Weiner
Gonzalez	Moran (VA)	Wexler
Gordon	Murtha	Woolsey
Green (TX)	Nadler	Wu
Grijalva	Napolitano	Wynn

NOT VOTING—16

Burton (IN)	Lantos	Ryan (WI)
Carson (OK)	Larson (CT)	Smith (WA)
Cox	Lewis (KY)	Toomey
Dicks	Lofgren	Weldon (PA)
Eshoo	McInnis	
Gephardt	Moore	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SWEENEY) (during the vote). Members are advised 2 minutes remain in this vote.

□ 1208

Mrs. LOWEY changed her vote from "yea" to "nay."

Mr. REYNOLDS changed his vote from "nay" to "yea."

So the previous question was ordered.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1329

Mr. STUPAK. Mr. Speaker, I ask unanimous consent to have my name removed as a cosponsor of H.R. 1329.

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

There was no objection.

GENERAL LEAVE

Mr. BACHUS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1474.

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

There was no objection.

CHECK CLEARING FOR THE 21ST CENTURY ACT

The SPEAKER pro tempore. Pursuant to House Resolution 256 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 1474.

□ 1210

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 1474) to facilitate check truncation by authorizing substitute checks, to foster innovation in the check collection system without mandating receipt of checks in electronic form, and to improve the overall efficiency of the Nation's payments system, and for other purposes, with Mr. LAHOOD in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the bill is considered as having been read the first time.

Under the rule, the gentleman from Alabama (Mr. BACHUS) and the gentleman from Massachusetts (Mr. FRANK) each will control 30 minutes.

The Chair recognizes the gentleman from Alabama (Mr. BACHUS).

Mr. BACHUS. Mr. Chairman, I yield such time as she may consume to the gentlewoman from Pennsylvania (Ms. HART).

(Ms. HART asked and was given permission to revise and extend her remarks.)

Ms. HART. Mr. Chairman, I rise in support of H.R. 1474.

A lot of people are not familiar with the legislation. We have been calling it "check truncation." The official title is Check Clearing for the 21st Century Act. Our truncated name is Check 21.

This legislation holds the promise of a more efficient check collection system by removing legal barriers to the full utilization of new technologies. It is a win for consumers. It is a win for the financial services industry. It will empower banks to help prevent fraud. It will empower consumers to have more control over their accounts and more efficiency in the transfer of their funds.

Our current check system's legal framework has not kept up with technological advances and has constrained the efforts of many banks to use innovations like digital check imaging to improve check processing efficiency, providing improved service to customers and substantial reductions in transportation and other check processing costs.

This digital check imaging looks like a check. It simply is a copy that is transferable digitally, transferable more quickly, than a paper check. It also can be copied and utilized just like a canceled check.

It is important to implement the technological advances made in the field of payment systems so that we provide customers with expedited access to capital, to credit, yet they will be ensured that they are protected from fraud.

This legislation permits banks, credit unions and other financial institutions to truncate checks, just simply not have to transport that canceled check. It allows them to process and clear checks electronically, without moving those paper checks to clearinghouses and returning the original cancelled checks to customers.

□ 1215

The problem with the current system is that over and over these checks are processed, and it takes a lot of time. It requires physical delivery of the check from the institution of deposit through an intermediary, such as clearinghouses or the Federal Reserve Bank, to the bank of the customer who wrote the check before it can be paid. Each step of this inefficient process relies on the physical transportation of that check, resulting in billions of checks being driven or flown across the country every day.

The problem with this legal framework was highlighted in the days following the September 11 attacks when the Nation's planes were grounded, and the flow of checks transported by air came to a complete stop. During that time, the Federal Reserve's daily check float grew from its normal few hundred million dollars to over \$47 billion.

Under current law, banks, credit unions, and other financial institutions are unable to truncate checks. They are only able to truncate checks if they have special arrangements with other institutions that are part of the transaction. There are over 15,000 banks, thrifts, and credit unions, and they are all negotiating separate agreements among themselves, so it is impossible

to follow and keep in touch with all of those, even for the most diligent financial institution.

The way this bill would work, a Pennsylvania bank would no longer have to ship a check drawn on a California bank all the way across the country in order for it to clear, for it to be processed, and for the actual payment of the check. This is done by creating a new negotiable instrument called a substitute check.

Again, the substitute check would permit banks to truncate the original check; and it would process the information electronically, immediately, and print and deliver the substitute checks to banks and bank customers. So the customer who wishes to retain that record, such as a canceled check, would have something that looks just like it.

This shows exactly what that substitute check looks like. It looks familiar, does it not? It is just an identical copy of a canceled check.

This is the legal equivalent of the original check under our legislation. It would include all the information contained on the original check and the image of the front and back of the original check, as well as the machine-readable numbers which appear on the bottom of the check. And because the substitute check can be processed just like an original check, a bank would not need to invest in any new technology or otherwise change its current check processing operation, unless the bank chooses to update its technology.

Consumers benefit, and this is the most important part of the legislation. Customers maintain the same protections that they have with this law as they have with their original check. Reducing processing costs will result in efficiency gains and expedited services for customers. Accessing images of checks will take a fraction of the time that it currently takes to access microfilm or the physical archives or the canceled check itself. Customers will no longer have to wait for a copy of the check to be obtained from a central processing facility or the microfilm library.

Institutions that have already implemented this check imaging technology offer their customers a wide variety of ways to access these images, including in person at branches as they would today, or through the mail but also over the Internet and in image statements and advanced ATMs. So, for the customer, this is just a wonderful boost.

Customers will also benefit from the availability of check imaging to help combat fraud and the problems associated with bad checks. The ability to access check images on the Internet helps consumers to quickly and conveniently verify their transactions. They can identify potential errors. They can detect fraudulent transactions sooner, rather than waiting until the end of the month when they receive their traditional statement.