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No. 90

## House of Representatives

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. OSE).

### DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,

June 18, 2003.

I hereby appoint the Honorable DOUG OSE to act as Speaker pro tempore on this day.

J. DENNIS HASTERT,

Speaker of the House of Representatives.

### PRAYER

The Reverend Timothy Smith, Chaplain, Sun Health Hospice, Sun City, Arizona, offered the following prayer:

Our Loving Father, we pause now before taking up the duties of this day. We pause to turn our thoughts to You. We acknowledge that in our own strength and wisdom, we are not sufficient for the challenges of the hour.

We unite now to bring to You the Members of this House for Your blessing. May each one today feel the strength and power of Your grace. Amid the many voices crying out to be heard and the agonizing problems to be faced, may they listen for Your still, small voice.

Grace each Member with Your spirit, that their hope be renewed and their vision revived. And bless their families and loved ones, each one, guarding and keeping them in the safety of Your hand.

May Your will for this Nation be done through these, Your servants, placed here by the people. We need Your help today, Father, and we do humbly seek it. In Your holy name. Amen.

### THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the

last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. SNYDER. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER pro tempore. The question is on the Speaker's approval of the Journal.

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

Mr. SYNDER. 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. Pursuant to clause 8, rule XX, further proceedings on this question will be postponed.

The point of no quorum is considered withdrawn.

### PLEDGE OF ALLEGIANCE

The SPEAKER pro tempore. Will the gentleman from Florida (Mr. LINCOLN DIAZ-BALART) come forward and lead the House in the Pledge of Allegiance.

Mr. LINCOLN DIAZ-BALART of Florida led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

### WELCOMING THE REVEREND TIMOTHY SMITH, CHAPLAIN, SUN HEALTH HOSPICE, SUN CITY, ARIZONA

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

Mr. FRANKS of Arizona. Mr. Speaker, our Founding Father, John Adams,

told us, "Our Constitution was made for moral and religious people and that it is wholly inadequate to the government of any other."

Mr. Speaker, we are very privileged today to have among us a man, Reverend Timothy Smith. Reverend Smith reminds all of us of our spiritual heritage in this country, and we are greatly bettered because of his presence with us today.

This gentleman has been offering spiritual counsel and leadership to Arizona residents for more than 30 years; and from children to senior citizens, thousands of Arizonians have benefited tremendously from the selfless ministry of this man.

He has served as chaplain for the Arizona Department of Juvenile Corrections and has pastored congregations in Sun City and Glendale and is currently offering a very touching and much-needed type of compassion on a daily basis as chaplain of Sun Health Hospice in Sun City.

Mr. Speaker, we are indeed blessed to have this man with us because he somehow helps us know in our mortality that there is a high and lofty One that inhabits eternity that watches over all of us, and we are the better for his presence here; and I thank him for his commitment to God, his commitment to his country and his commitment to his fellow man.

### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will entertain ten 1-minutes on each side.

### FREEDOM WILL COME TO CUBA

(Mr. LINCOLN DIAZ-BALART of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LINCOLN DIAZ-BALART of Florida. Mr. Speaker, today I bring to

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.



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the floor of the U.S. House of Representatives the case of Cuban political prisoner Jorge Luis Garcia Perez, known as Antunez.

This young man has been in Castro's gulag since 1990, since his high school days, for failing to keep silent. An extraordinary leader of unlimited courage, Jorge Luis Garcia Perez was sentenced to 18 years in prison for so-called "verbal enemy propaganda."

Antunez, Mr. Speaker, is the face of the real Cuba.

Those who visit Cuba to have a good time, to take advantage of the regime-encouraged child prostitution, or simply to dine with the tyrant, may avoid seeing Antunez these days. But, sooner or later, Antunez will be free, Cuba will be free, and those who collaborated with his jailers and torturers will have to face him and many others like him.

#### COVERUP ON IRAQ DAMAGING LEGITIMACY OF GOVERNMENT

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

Mr. KUCINICH. Mr. Speaker, protection of the truth and the constitutional role of Congress as a coequal branch should not be a partisan matter. Yet yesterday Republicans on the House Committee on International Relations participated in the cover-up of the Bush administration's false claims which sent America to war against Iraq.

The resolution of inquiry, backed by 40 Members of the House, sought to protect Congress' role in asking the administration where is the proof that Iraq has weapons of mass destruction; where was proof of an imminent threat.

Unfortunately, as panic sets in over the realization that this administration misled the American people in the cause of war, Republicans are refusing to hold public hearings, refusing serious oversight, open oversight. Republicans just will not make Republicans accountable. That is the problem with one-party rule.

Our democracy is in danger if we do not make this administration accountable. They sent this country into war based on lies and in doing so have damaged the legitimacy of their own government. Where are the weapons of mass destruction? Where was the imminent threat? Why did America go to war?

#### AMERICA, A LIBERATING NATION

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

Mr. HAYWORTH. Popular representation, Mr. Speaker, in our constitutional Republic is a wonderful thing. It has led some to say that the preceding speaker in the well would make a good President. It has led others to say that the preceding speaker in the well would make a good President of France.

The fact remains, Mr. Speaker, that the United States of America rose up against a tyrant, not only because of weapons of mass destruction, but because the tyrant himself was a weapon of mass destruction. Take a look at the mass graves, the children buried with their dolls, the millions of people who were sacrificed by the regime of Saddam Hussein. And yet there are those, earnest in their intent, to tell us somehow that this Nation is evil, to go to sloganeering: "No blood for oil." The fact remains, historically it was that tyrant who invaded Kuwait for oil, it was that tyrant who went to war with Iran for oil.

The fact is, the United States of America is a liberating Nation, not a conquering Nation. We stand here unashamedly rejoicing in that fact.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair will remind all persons in the gallery that they are here as guests of the House and that any manifestation of approval or disapproval of proceedings or other audible conversation is in violation of the rules of the House.

#### REPEAL OF DEATH TAX TO LIVING AMERICANS

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

Mr. SNYDER. Mr. Speaker, today this House will continue its discussion of the repeal of the estate tax, the so-called "death tax." But, in fact, this bill is a continuation of policies that will hurt living Americans.

Let me give one example. From this month's magazine back home, "Aging Arkansas," referring to the last tax cut passed by this House: "Tax cut bleeds seniors. Yet Republican leaders come forward once again to shrink, wither and dry up government."

And what is government? It is what this article talks about, programs that older Americans have taken for granted.

Today in Arkansas, a few of the wealthiest Americans will benefit from this repeal of the estate tax, but tens of thousands of other Arkansan seniors will be hurt.

#### REPEAL OF ESTATE TAX NECESSARY NOW

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

Mr. RYUN of Kansas. Mr. Speaker, my constituent Mary Ann wrote me about the effect of the estate tax on her family's farm. Her mother's family owned that farm for five generations. Mary Ann promised her mother it

would stay in the family for generations to come. After her parents passed away, Mary Ann was faced with the high cost of the estate tax on the valuable family land she had inherited. Sadly, the family had to part with the farm in part due to the death tax.

Examples such as this have become far too common in my district and across this great Nation. The estate tax has devastated numerous family farms and businesses. It discourages entrepreneurship, thrift, and diligence.

We should not penalize an individual's efforts to make life better for their children. I am opposed to the government taxing anyone's property simply because the owner has died. The time has come to permanently repeal the estate tax.

I urge my colleagues on both sides of the aisle to join me in ending the death tax once and for all.

#### TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT

(Ms. LORETTA SANCHEZ of California asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. LORETTA SANCHEZ of California. Mr. Speaker, I rise today to talk about the Taxpayer Protection and IRS Accountability Act.

I was pleased to see the inclusion of language that abates interest on erroneous tax refunds. This is language nearly identical to my Erroneous Tax Refund Fairness Act.

I had to deal with this very issue a few years ago when I tried to return an erroneous refund. Actually the IRS put into my bank account \$66,000 more than I was supposed to get back, so my husband called and said we want to return this \$66,000. They would not take it. My CPA called and said we would like to return the \$66,000. They would not take it. I called them and said I need to return the \$66,000. They would not take it.

Four months later, they finally took it back. Two weeks later they sent us another check for \$66,000. A short time after that, after we finally got the \$66,000 back to the IRS, I was billed by the IRS for the interest on the money, even though I had not earned any. So I applaud this bill for including this language.

#### FIGHTING FOR DEMOCRACY IN IRAN

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

Mr. PITTS. Mr. Speaker, in the past week, in scenes reminiscent of Eastern Europe in the last days of the Soviet domination, students in Tehran took to the streets in protest against Iran's brutal, repressive government. They were a vivid reminder that a lot of Iranians want more freedom in how they live their lives.

But it was not just students demonstrating. On Sunday, several hundred intellectuals, including several clerics, issued a statement supporting the right of Iranians to criticize the government. These patriots do not want to be told what to think, what to wear, what to read, what to watch, how to behave; and they are frustrated at the slow pace of change.

The demonstrations are evidence enough that freedom-loving people in Iran are growing in numbers and boldness.

Instead of complaining about what we have not found in the Middle East countries, let us appreciate what we have found, people longing for the same freedoms that we enjoy.

#### REPEAL THE DEATH TAX

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

Mr. WILSON of South Carolina. Mr. Speaker, I cannot think of a more unfair and immoral tax than the death tax.

□ 1015

It is fundamentally wrong to tax a person their entire life and then, upon death, have the IRS take up to 60 percent of what they have saved. This is a cruel tax that punishes people for working hard and saving enough to pass something on to their children.

This tax has hit the Palmetto State very hard, as in South Carolina, 1,518 death tax returns were filed in 2001. As a former probate attorney, I have seen firsthand where those who inherit family businesses or farms are forced to lay off workers, cut salaries, liquidate assets, or even take out loans to keep the doors open.

Thanks to President Bush's leadership, we have passed legislation that would end the death tax, but only temporarily. I urge my colleagues to support the bill of the gentlewoman from Washington (Ms. DUNN), H.R. 8, the Death Tax Repeal Permanency Act of 2003. We must make this repeal permanent and end this unfair tax.

In conclusion, God bless our troops.

#### SUPPORT H.R. 660, THE SMALL BUSINESS HEALTH FAIRNESS ACT

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

Mr. CANTOR. Mr. Speaker, this week, the House has a chance to help out over 20 million uninsured workers that are employed by small businesses across our Nation. H.R. 660, the Small Business Health Fairness Act, will allow small employers to band together to access more affordable, more efficient health insurance for their companies.

This bill will help small business owners like Kevin Maxwell from my

district in Midlothian, Virginia. Earlier this year, Mr. Maxwell wrote to me about the escalating health care costs for his employees. He is a partner in a small petroleum parts sales company, employing about 13 people. Mr. Maxwell told me that the health insurance costs will increase from \$1,100 to \$1,400 per month, per family. Two or three years of these types of increases will very quickly force Mr. Maxwell to stop offering health care to his employees.

As a small businessman, Kevin pays more because he does not have the insurance purchasing power that large companies have.

According to the National Federation of Independent Businesses, small businesses pay 17 percent more for health benefits than large companies. That price disparity forces small companies to make tough choices about the benefits they offer.

Mr. Speaker, I applaud people like Kevin Maxwell. It has not been easy, but help is on the way.

#### PRIVATIZING MEDICARE IS A BAD IDEA

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

Mr. MCDERMOTT. Mr. Speaker, last night the House began the process of privatizing Medicare. The Committee on Ways and Means put out a bill, and it has a provision in it that says, by the year 2010, we are going to take away the guaranteed benefit that people have under Medicare, and we are going to give them a defined contribution.

Now, that is a voucher under any other name. They call it premium support. They will try and confuse people. It is wrapped inside the drug bill so people will say, well, we want the prescription drug benefit. If you take it the way the Republicans are giving it to you in the House of Representatives, you have to accept that they are privatizing Medicare.

Now, that is a concept that people simply do not understand what that means. Give \$5,000 to every one of the 40 million old people in this country and send them out looking for a loving insurance company to take care of them. It is a bad idea. People should wake up and see what is happening in the next week.

This rubber stamp Congress is going to put that bill out of here so that they can go home over the 4th of July and say, we gave you prescription drugs. They are going to give you privatized Medicare with it.

#### MEDICARE REFORM IMPROVES QUALITY OF LIFE FOR SENIORS

(Ms. HART asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. HART. Mr. Speaker, I rise in support of a Medicare reform that will actually help our seniors.

The Republican House, along with the Senate, have worked on plans that will help provide prescription drug coverage to seniors. I have spent the last year in my district in western Pennsylvania in different forums with groups telling me what they need.

What we know in Pennsylvania is that prescription drug assistance is necessary. We have been giving it to low-income seniors for years. However, middle income seniors, those who one would think are fairly well off, are finding it very difficult to pay for these prescription drugs.

What I learned in those forums is we need to help them. Our plan does this. It makes sure that catastrophic expenses for prescription drugs are going to be covered for these senior citizens.

We also improve Medicare, making sure that it provides proper access to home health care, so that families can stay together in their later years.

Mr. Speaker, our goal is to make sure that the quality of life for our seniors is better, that they can have access to prescription drugs which they can pay for. That is our goal. That is what we are going to give in our plan.

#### SOME WILL NOT TAKE YES FOR AN ANSWER

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

Mr. PENCE. Mr. Speaker, I was amazed to hear the gentleman from Ohio (Mr. KUCINICH) speak in this Chamber just a few short moments ago and use the word "cover-up" to describe the action that we took in the House Committee on International Relations yesterday. The truth is that some Democrats just will not take yes for an answer.

The gentleman from Ohio (Mr. KUCINICH) offered a resolution asking for the White House to turn over all information relative to the weapons of mass destruction for inspection by the Congress. The White House, at the urging of the House Select Committee on Intelligence, is doing just that. All documentation on the WMD program of Iraq will be available to every Member of Congress at the House Select Committee on Intelligence.

We rejected the Kucinich resolution because it was mute, as the ranking Democrat member of the Committee on International Relations says.

It is not a cover-up, Mr. Speaker. Some Democrats just will not take yes for an answer.

#### WEAPONS OF MASS DESTRUCTION

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

Mr. STEARNS. Mr. Speaker, lately there has been a stir, a desperate grasp for press attention, to form an inquiry into the Bush administration's knowledge of weapons of mass destruction.

Mr. Speaker, for 7 years following the Gulf War, Saddam claimed that he did not possess weapons of mass destruction, and for all 7 years, he was lying. Iraqis told inspectors they had no mustard agent and then they expressed profound shock when quantities of mustard gas were found. Iraq told inspectors they never had weaponized VX nerve agent and then feigned surprise when inspectors found weaponized VX nerve agent. We learned that Saddam Hussein had constructed elaborate concealment mechanisms. The Iraqi regime spent a decade working to ensure that prohibited weapons production was kept quiet. When the inspectors were kicked out of Iraq in 1998, the regime had failed to account for vast quantities of its weapons of mass destruction stockpiles.

So here is a question for the dissenters: Why would a regime without weapons of mass destruction manufacture the mobile laboratories that our troops and the U.N. inspectors found to make such weapons? And why would the numerous defectors, many with recent, first-hand knowledge of Iraq's WMD programs, have detailed elaborate production and concealment efforts? Were they all lying?

Mr. Speaker, Iraq is the size of California and the dirt is deep. There are many places for these weapons to have been hidden. I urge the press and the American people to be patient and let our troops do their jobs. There are still soldiers at risk fighting off violence. We know that these weapons existed and we know that the Iraqi government has never accounted for their destruction. That is what we do know.

#### BAKE SALES AND BUDGET CUTS— THE IMPACT OF NO CHILD LEFT BEHIND

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

Mr. ETHERIDGE. Mr. Speaker, I rise today to explain the effects on our States of the administration's cut of the No Child Left Behind Act. The \$20 billion in education cuts could not come at a worse time as States scramble to close budget gaps and schools struggle to comply with the rigorous new law.

Across America, desperate measures are being taken. In Alabama, schools are being forced to raise class sizes. In Florida, two-thirds of the pre-kindergarten programs are being terminated. In Idaho, parents must raise money for teacher salaries through bake sales and auctions. In Illinois, they have laid off thousands of teachers and staff to increase class sizes and, in some schools, to nearly 40 students. Detroit plans to close 16 schools this month. In South Carolina, 2,000 teachers have been let go, and class sizes are up to 35 students.

This is just a sample of the consequences of the failure of the Federal Government to make good on its promises.

That is why I intend to introduce H.R. 2366, the Fully Fund the No Child Left Behind Act. Before we ask our schools to hold bake sales and our States to live with budget cuts, we should live up to our own budget cuts.

Mr. Speaker, Congress should honor its commitment to our students.

#### MEDICARE REFORM MEANS MODERNIZING HEALTH CARE FOR OUR SENIORS

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

Mr. RYAN of Wisconsin. Mr. Speaker, last night we marked up the Medicare bill in the Committee on Ways and Means, and we are hoping to pass a comprehensive Medicare bill by the 4th of July recess. Just a few minutes ago, we heard a sample of some of the rhetoric we are going to hear from the other side, the distortion, the demagoguery.

There are three things we are trying to accomplish with Medicare reform which we accomplish in this bill: make Medicare fair for seniors across all of America in all States like my State of Wisconsin; modernize Medicare so that it is once again a comprehensive health care plan with prescription drug coverage; and number 3, and perhaps the most important part, recognize the fact that in 13 years, Medicare is going bankrupt and we need to pass reforms to make Medicare solvent for the baby boom generation.

What we are doing is protecting all of the rights seniors have in Medicare today, but expanding their choices of coverage so they have the same choices, like every Member of Congress has here in their own health plan and every other Federal employee.

We have to modernize Medicare. We have to make it fair for all of our constituents in all of our States, and we have to save this vital program for the baby boom generation, and that is what we are accomplishing.

#### PROVIDING FOR CONSIDERATION OF H.R. 1528, TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT OF 2003

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 282 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

#### H. RES. 282

*Resolved*, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 1528) to amend the Internal Revenue Code of 1986 to protect taxpayers and ensure accountability of the Internal Revenue Service. The bill shall be considered as read for amendment. The amendment recommended by the Committee on Ways and Means now printed in the bill,

modified by the amendment printed in part A of the report of the Committee on Rules accompanying this resolution, shall be considered as adopted. All points of order against the bill, as amended, are waived. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill, as amended, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the further amendment printed in part B of the report of the Committee on Rules, if offered by Representative Rangel of New York or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. OSE). The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York (Ms. SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

(Mr. HASTINGS of Washington asked and was given permission to revise and extend his remarks.)

Mr. HASTINGS of Washington. Mr. Speaker, House Resolution 282 is a modified, closed rule waiving all points of order against the consideration of H.R. 1528, the Taxpayer Protection and IRS Accountability Act of 2003. The rule provides one hour of debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. The rule also provides that the amendment in the nature of a substitute recommended by the Committee on Ways and Means, as modified by the amendment printed in Part A of the Committee on Rules report accompanying this resolution, shall be considered as adopted. The rule waives all points of order against the bill, as amended.

The rule further provides for consideration of the amendment printed in Part B of the report, if offered by the gentleman from New York (Mr. RANGEL) or his designee, which shall be considered as read and shall be separately debatable for one hour, equally divided and controlled by a proponent and an opponent.

Finally, the rule waives all points of order against the amendment printed in Part B of the report and provides one motion to recommit, with or without instructions.

Mr. Speaker, H.R. 1528, as authored by my friend and colleague, the gentleman from Ohio (Mr. PORTMAN), would amend the Internal Revenue Code of 1986 to protect taxpayers and ensure accountability of the IRS. The bill would improve the efficiency of tax administration and increase the confidentiality of tax returns and related information.

In addition, H.R. 1528 reforms the penalty and interest provisions of the Internal Revenue Code and provides new safeguards against unfair IRS collection procedures.

Specifically, the bill grants a first-time penalty waiver to individual taxpayers in cases where minor negligence results in a liability that is disproportionate and unreasonable.

□ 1030

The bill allows taxpayers to enter into installment agreements for less than the full amount of their tax liability.

The bill also allows electronic filers until April 30 to file their individual tax returns and allows taxpayers to consult with the Taxpayer Advocate Service on a confidential basis.

Finally, the bill increases the authorization for low income taxpayer clinics from \$6 million to \$9 million in 2004 and from \$12 million for 2005 and \$15 million for subsequent years.

The Congressional Budget Office and Joint Committee on Taxation estimate that H.R. 1528 would decrease governmental receipts by \$308 million over the 2003–2013 time period, and CBO estimates that the bill would increase direct spending by \$171 million over the 2004–2013 time period.

CBO has determined that H.R. 1528 contains no private sector or intergovernmental mandates as defined by the Unfunded Mandate Reform Act and would impose no costs on State, local, or tribal governments.

Mr. Speaker, the gentleman from Ohio (Mr. PORTMAN) and his colleagues on the Committee on Ways and Means are to be commended for their efforts to increase fairness in accountability in our tax collection system. Accordingly, I urge my colleagues to support both this rule and the underlying bill.

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

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

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

Ms. SLAUGHTER. Mr. Speaker, I thank the gentleman from Washington for yielding me the customary 30 minutes.

Mr. Speaker, priorities, what are our priorities? H.R. 1528 is a popular, non-controversial measure that would likely pass under suspension of the rules. So why have we made such a bill more problematic and more difficult to pass? A controversial provision unrelated to restraints on the IRS or protections for American taxpayers was grafted onto this consensus legislation for the second time. If our priority is to enact additional protections for the Federal taxpayer, why was a provision waiving consumer protections for the health insurance tax credit, for workers who have been displaced by trade, implanted into this unrelated bill?

The problem that we now face as we consider H. Res. 282 is that the tax-

payer protection bill eliminates the federally mandated requirements of affordability and nondiscrimination for state-based insurance policies for the American workers whose jobs were moved overseas. This controversial and problematic add-on allows the insurers to pick and choose the displaced workers that they wish to cover, insuring the young and healthy and refusing to cover the older workers and those with preexisting conditions. Such a provision would undo the promises Congress last year made to the displaced workers and to their families. Is our priority the health of working families, or is it increasing the bottom line for certain health plans?

Fortunately, the rule does make in order the substitute amendment offered by the gentleman from New York (Mr. RANGEL), my fellow New Yorker, the ranking member of the Committee on Ways and Means, which better reflects what our priorities should be. This amendment removes the waivers that would allow insurance plans to discriminate and includes the child tax credit that seems to have been abandoned in the bureaucratic forest.

The Nation was outraged to learn that in the recent tax-cutting package almost 12 million children were denied the benefit of the increased child tax credit. A way to correct this is simple and straightforward. The other body overwhelmingly by a vote of 94 to 2 passed a clean, simple, bipartisan bill to extend the child tax credit to the 7 million low-income working families. However, our priorities went in the wrong direction.

Instead of quickly passing the other body's bill so the President could sign it and these low-income working families could receive immediate tax credits, which they badly need, the Chamber chose to consider and pass another round of tax cuts totaling \$82 billion without any offsets, following on the heels of the \$350 billion worth of tax cuts. This indicated that the priority is to use the child tax credit legislation as another opportunity to add more and more tax cuts for those at the highest levels of wealth.

The Rangel substitute includes the language in the clean bill passed by the other body and contains language to extend the child tax credits to the 200,000-or-so families of the military personnel who serve in Iraq, Afghanistan or other combat zones and nonetheless are ineligible under the House-passed tax free-for-all. Let me repeat that, Mr. Speaker: 200,000 families of military personnel who are on active duty were denied the protections or the benefits from this bill.

I urge my colleagues to vote against this rule so that the provisions permitting the discrimination can be excised from an otherwise noncontroversial bill that would undoubtedly pass unanimously. Should H. Res. 282 pass, I strongly urge my colleagues to support the Rangel substitute amendment for these children and families who de-

serve swift and deliberate action without political add-ons and political chicanery.

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

Mr. HASTINGS of Washington. Mr. Speaker, I advise my friend from New York that I have no requests for time, and I am prepared to yield back if she is prepared to yield back.

Ms. SLAUGHTER. Mr. Speaker, I have no requests for time, and I yield back my time.

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

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

#### PROVIDING FOR CONSIDERATION OF H.R. 8, DEATH TAX REPEAL PERMANENCY ACT OF 2003

Mr. REYNOLDS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 281 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 281

*Resolved*, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 8) to make the repeal of the estate tax permanent. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment printed in the report of the Committee on Rules accompanying this resolution, if offered by Representative Pomeroy of North Dakota or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore (Mr. OSE). The gentleman from New York (Mr. REYNOLDS) is recognized for 1 hour.

Mr. REYNOLDS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman, and my colleague and neighbor, from New York (Ms. SLAUGHTER), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

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

Mr. REYNOLDS. Mr. Speaker, House Resolution 281 is a modified closed rule providing for the consideration of H.R. 8, the Death Tax Repeal Permanency Act of 2003, legislation to make the repeal of the estate tax permanent. The rule makes in order 1 hour of debate, a minority substitute, and one motion to recommit, with or without instructions.

Mr. Speaker, the issue before us today is certainly not a new one. In the 106th session, Congress voted several times in a bipartisan fashion to eliminate the death tax. In the 107th session, Congress voted on three separate occasions to eliminate the death tax; but with the death tax relief set to expire in 2011, we might give Dr. Kevorkian a new career as a tax and estate planner.

Today, we have the opportunity to bury the death tax once and for all.

By way of history, this tax was initially imposed to prevent the very wealthy from passing on their wealth from one generation to the next. At the time, this well-intentioned tax eased concerns about the growing concentration of money and power among a small number of wealthy families. Later, it was used to fund national emergencies, and it became necessary to maintain these high tax rates in high wartime levels during the 1930s and the 1940s, but they remained relatively unchanged until the Tax Reform Act of 1976.

Ironically, the death tax served little of the purpose for which it was intended. Rather than prevent the concentrated accumulation of vast wealth, the death tax punished savings and thrift and hard work among American families. Small businesses and farmers have been unfairly penalized for their blood, sweat and tears, paying taxes on already-taxed assets.

Instead of investing money on productive measures such as creating new jobs or purchasing new equipment, businesses and farms are forced to divert their earnings to tax accountants and lawyers just to prepare their estates.

The victims of the death tax are typically hardworking Americans of medium-sized estates, farmers and small business owners. Their enterprises create jobs and growth and opportunities for our communities, but every year those families were literally forced to sell the family farm or business just to pay off their death taxes.

Equally disturbing is the fact that the death tax actually raises relatively little revenue for the Federal Government. Some studies have found that it may cost the government and taxpayers more in administrative and compliance fees than it actually raises in revenue.

Of course, farmers and ranchers are not the only ones facing an unfair and unnecessary burden in the death tax. One study conducted by the Public Policy Institute of New York State found that in a 5-year period family-owned and -operated businesses on an average spent \$125,000 per company on tax planning alone. These costs are incurred prior to any actual payment of Federal estate taxes. They reported that an estimated 14 jobs per business were lost as a result of Federal estate tax planning. For just the 365 businesses surveyed, the total number of jobs already lost due to the Federal estate tax is 5,100. That was just in upstate New York.

My rural and suburban district in New York is laden with small businesses and farms that are owned by hardworking families who pay their taxes, create jobs, and contribute not only to the quality of life in their community but to the Nation's rich heritage. Is it so much to ask that they be able to pass on their industry and hard work, their small business or their farm to their children? Why should Uncle Sam become the Grim Reaper?

The fact is they paid their taxes in life on every acre sown, on every product sold, and on every dollar earned. They should not be taxed in death, too.

Mr. Speaker, death tax relief was a good idea in the 107th Congress, and it is a good idea now. We should not provide this kind of relief for only a few years. We should provide it permanently. This kind of permanent tax relief for farmers, ranchers, and small business owners that will keep the family business growing and growing is just the kind of relief that is beginning to get this economy moving.

Wall Street has shown modest gains not only since Congress passed its tax cut plan but even since we began working on the tax cut itself. As one media report said, "Economic advisers credit the tax cuts and positive first quarter earnings for the gains."

Tax cuts work. They work in helping hardworking families keep more of what they earn. They work in allowing people to have greater control over decisions to save and invest, and they work in creating jobs and creating greater economic opportunity for American families. We are on the right course. Let us keep moving forward.

Mr. Speaker, I urge my colleagues to bury this unfair tax once and for all. Vote "yes" on the rule and the underlying legislation.

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

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

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

Ms. SLAUGHTER. Mr. Speaker, I thank my colleague and neighbor from New York for yielding me the customary 30 minutes.

Mr. Speaker, at the outset let me say that those of us who oppose this bill love the family farms and small businesses no less than anyone else in the Congress. The fact of the matter is that this tax is paid now by such a small percentage of people, less than 2 percent in the United States, that we believe almost every family farm and every small business is covered already by not having to pay estate tax, and indeed, the 2 percent who pay it, including the Warren Buffetts and the Bill Gateses and his father, all claim that this is a very bad direction for us to go in. They do not want to build large kingdoms of their own wealth. They are asking that we keep this because it has always been the American policy

for taxation that it is based upon the ability to pay.

We would be wise, I think, to remember our American history. Republican President Teddy Roosevelt, a hero of mine, who led the charge to create an inheritance tax, believed that the wealthy had a special obligation to the government. He said: "The man of great wealth owes a peculiar obligation to the State because he derives special advantages from the mere existence of government."

□ 1045

It would also be wise to remember the virtues of responsibility and accountability, especially now that the deficit has gone from the \$5.6 trillion surplus to a \$400 billion deficit in a little more than 2 years. The underlying legislation before us today would drain \$80 billion more a year from the already empty Federal Treasury. In other words, the money would have to be borrowed.

Now, what does this say to the American people when we prioritize the checkbooks of the wealthiest 2 percent of Americans before paying for the health care for our veterans and fully funding education? I know that the President pledged to repeal estate tax during his campaign, and I am sure that he knows some people in the top 2 percent who will benefit from the complete and permanent elimination of the inheritance tax.

In fact, he probably mingled with a few of them just last night during the event that kicked off the largest political fund-raising drive in our history. But I meet those whose Social Security benefits are threatened by the drain on the resources of the government, some of the 9 million unemployed and 12 million children that are still without the help of the child tax credit. Teddy Roosevelt admonished, and this is so important because it is so wise, "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little."

I hope that in the short time allocated for discussion of this legislation that we do not frighten the family farmers and small business owners. As I said, all of them, unless they are among the wealthiest 2 percent in the United States, are covered already by not paying this tax. They have worked hard to keep their farms from falling into bankruptcy, and far too many family farms are going under already. They fight hard to keep their small businesses going, and we support them in every way that we can, especially during this continued economic decline. They are not subject to the estate tax as it currently exists. I cannot stress that enough.

Indeed, one of my colleagues on the Committee on Rules last night talked about an event in his home State where the convention hall was full and the President said he wanted to make permanent the repeal of the estate tax

and got a humongous response to that. My colleague on the Committee on Rules said that he was sure that not more than 40 people in that room, if that many, would have benefitted from that repeal.

Special estate tax rules for family farms value their farm land at less than other land, at between 45 percent and 75 percent of its fair market value, and already allows farm couples to exempt up to \$2.6 million from taxes. Family businesses pay less than 1 percent of all estate taxes. Family business couples can also exempt up to \$2.6 million from taxes. The Pomeroy substitute provides even more protections for them. It excludes from the inheritance tax any estate owned by a couple worth \$6 million.

Almost a decade ago, the gentleman from California, the distinguished Chair of the Committee on Rules, said on the floor that "all," and in parentheses the minority members at that time, "are asking for fair treatment on both sides of the aisle here." And I agree with my colleague, I want fairness on both sides of the aisle. I would also like fairness and a little old-fashioned common sense.

Under H. Res. 281, only one amendment has been made in order, a substitute amendment offered by my friend from the gentleman from North Dakota (Mr. POMEROY). However, instead of choosing his substitute amendment that paid for itself, in other words, took money from probably from the tax cut from the very wealthy and paid for what he is recommending here, where we would have no further drain on the Treasury because it would not have added a single penny to the Federal deficit, but instead of making that amendment in order, the Committee on Rules made a second amendment in order which only partially offsets the cost of the elimination of taxes on estates larger than \$3 million.

Even though H.R. 8 falls short, and fails to offset any of the \$80 billion annual losses it creates and adds to our increasing deficit, it is very important to note, Mr. Speaker, that one of the differences between H.R. 8 and the Pomeroy substitute amendment is .35 percent. That's all. H.R. 8 would permanently remove the estate tax on any estate, even those as large as \$3 billion or \$4 billion or \$5 billion or larger, and cost the Federal Government more than \$800 billion over 10 years. The Pomeroy amendment would exempt every estate in America, except for the wealthiest of the wealthy. Only one-third of 1 percent of estates would be so large that they surpassed the generous exclusion in the Pomeroy substitute.

This bill does a great deal for a very few. It really does, again, add to the deficit. And the most important thing about it are that the people who benefit from it the most are the people who most loudly say not to do this; that we do not need it. We would much prefer a stronger economy in America.

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

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

Mr. Speaker, my friends from the left always bring up class warfare every time we have a tax cut discussion in this body. I just would point to two aspects of my colleague and friend's remarks.

First, Henry Aaron and Alicia Munnell, who are two prominent liberal economists, concluded in their study of the estate tax the following: In short, the estate and gift taxes of the United States have failed to achieve their intended purposes. They raise little revenue, they impose large excess burdens, and they are unfair.

Alan Binder, a former member of the Federal Reserve Board, appointed by former President Bill Clinton, found that only about 2 percent of inequity was attributable to the unequal distribution of inherited wealth.

Joseph Stiglitz, who served as Chairman of President Clinton's Council of Economic Advisers, found that the estate tax may ultimately increase income equality.

Those are the same type of things that Republicans or conservatives or economists who are right of center have said. So there seems to be concurrence on that.

I would also say that it is sometimes difficult being a member of the majority to resolve some of the issues of inside baseball upstairs in the Committee on Rules. Sometimes we are attacked because we have open rules, sometimes we are attacked because we have closed rules, modified rules, or whatever happens. In this instance, we just cannot seem to win.

The unfortunate aspect of this is that we have today for our colleagues to consider, in the rule that we now have before us, a substitute offered by the Democrats. If the gentleman from North Dakota (Mr. POMEROY) does not want this substitute, he should withdraw it. He introduced it, he asked the Committee on Rules to consider it, the Committee on Rules did just that.

We also have a recommit, as we have in each and every single rule that we put out on behalf of consideration of legislation since the majority took its control in 1995.

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

Mr. REYNOLDS. I yield to the gentleman from Massachusetts, though it is unfortunate, as a member of the Committee on Rules, the gentleman cannot get time from his side.

Mr. MCGOVERN. Mr. Speaker, I thank the gentleman for yielding. I just want to assure the gentleman that on our side of the aisle, we will not complain if we get open rules, and we certainly would not be complaining as much if the majority allowed the substitute that the gentleman from North Dakota (Mr. POMEROY) wanted to offer, with the offsets, so this Estate Tax Bill would be paid for.

Mr. REYNOLDS. Reclaiming my time, Mr. Speaker, the gentleman from

North Dakota (Mr. POMEROY) came before the Committee on Rules and he introduced his legislation. There is no time I am aware of, in talking to the staff, that the gentleman from North Dakota, from the time he brought the legislation for our consideration until today, that he has asked to withdraw the substitute.

So we are moving forward on the Pomeroy substitute. After that is considered, we will move forward with the motion to recommit and then we will, hopefully, go to final passage.

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

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. MCGOVERN).

Mr. MCGOVERN. Mr. Speaker, a few weeks ago, President Bush signed a huge tax cut into law giving billions and billions of dollars in tax cuts to the very, very wealthy. Of course, in the dead of night, the Republicans stripped out the child tax credit to help low- and middle-income American families. But those families do not go to the fund-raisers at the Hilton, so the leadership does not care about them.

The other body acted quickly and responsibly to fix the child tax problem. The leadership of this House, however, dragged their feet and then acted irresponsibly. Finally, last week, after a drumbeat of public pressure, we saw a child tax credit bill, sort of. What we actually saw was a sham, a distraction, a way to kill the issue with one hand while sending out a press release with the other.

Since the House bill is vastly different and vastly more expensive than the Senate bill, the differences have to be worked out in a conference committee. Conferees have been appointed, but has the conference committee met? No.

Now, it is clear that the leadership of the Committee on Ways and Means is not too busy, since they had time to bring up this week's installment of Tax Cut Bonanza, a bill to eliminate the sunset on the estate tax. Mr. Speaker, the current sunset does not even expire until the year 2010, 7 years from now. Now, the Senate-passed child tax credit can help working families today, but, clearly, the Republicans would rather help the very wealthy 7 years early.

This bill would burden our children and our grandchildren with \$150 billion in debt over the next 10 years and hundreds of billions of dollars more after that. So why are we considering this bill today? The answer is simple: Last night, at the Washington Hilton, all the fat cats had a fund-raiser for the President's reelection campaign. For \$2,000, the people who will benefit from this Estate Tax Bill got a hamburger and a handshake from the Republican Party.

Now, last night in the Committee on Rules, the gentleman from North Dakota (Mr. POMEROY) offered a substitute that would permanently exclude estates worth up to \$3 million per

person or \$6 million for a married couple, and would exempt 99.65 percent of estates from estate tax liability. He offered a substitute that would have been paid for. But last night, keeping with tradition, the Committee on Rules basically disallowed his right to offer that substitute. And, also keeping with tradition of shutting out the voices of average working families in this House, they did not allow him to offer his substitute that had the offsets.

So I guess the problem with the approach of the gentleman from North Dakota is that the people who were raising all the money last night are worth more than \$6 million. They want more. And they are the people that this leadership in the House cares most about. For those people, it is Christmas in June. But the soldier serving our country over in Iraq, who makes \$16,000 a year, gets nothing, because he cannot afford to pay \$2,000 for a hamburger at the Hilton.

Mr. Speaker, I urge my colleagues to defeat the previous question vote for the responsible Pomeroy substitute.

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

As President Reagan would say, Mr. Speaker, there you go again. Class warfare. I do not know about my colleagues, but I go home every weekend, and I see farmers, and I see small businesses that have worked their hearts out. They have worked hard their whole life on their family farm or in their Main Street business. They are not rich, but they have an estate. They want to pass it to whoever they want. In most instances, that is their children. But to pay the estate tax, they have to sell the family farm. And that just is not right, because they paid taxes on every single portion of the products, goods, and services and then they have to do it again at death tax time.

They are not rich, although this would certainly help them, but as I cited in earlier debate, liberal economists and conservative economists all agree the tax does not really do the job. But think about this: The actuaries and life underwriters and everybody else are saying, if you want to die, you want to do it between now and 2010, because God forbid, if it is January 1, 2011. This thing does not work anymore.

It is a reasonable thing to tell America and to show America and perform for America with permanent death tax relief. This tax relief is reasonable. I understand my colleagues on the left do not believe in tax cuts. I accept that. But I also want to remind my colleagues and friends, as the gentleman from Massachusetts (Mr. MCGOVERN) has indicated, in the Committee on Rules every single amendment had a rollcall vote yesterday. They were all heard, they were all debated, and they all had a vote.

We have, in this modified closed rule, included the Pomeroy substitute, and we have included a motion to recom-

mit. We will then have final passage of whatever comes as the result of our colleagues in the conference on the other side.

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

□ 1100

Ms. SLAUGHTER. Mr. Speaker, I yield 3 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, this is not about family farms. In 2001, only 2 percent of the 2.3 million deaths involved any estate or gift tax liability at all. Of those deaths, about one-tenth of 1 percent incurred any liability at all involving family farm assets. How many is that? What does it translate into? Just 46 family farms incurred any estate tax liability at all.

This bill helps 46 family farms, yet will cost \$160 billion. So let us not be fooled. This bill is only about protecting those wealthy few, and the cost of this legislation comes directly out of vital services, job training, education, health care for working families. Even in the most robust economy, eliminating the estate tax would be totally irresponsible, a giveaway to the richest Americans; but at a time when we are experiencing \$400 billion in record deficits, 9 million Americans are unemployed, eliminating the estate tax is not only irresponsible, it is immoral.

This bill is an insult to the 6.5 million families left out of the child tax legislation, 200,000 military families, less than a week after the majority cynically maneuvered to kill legislation passed overwhelmingly by the ordinary body which would have corrected this injustice; and the House majority brings up yet another bill to cut taxes for only the wealthiest Americans.

And if Members think it is only the Democrats that are saying that the Republicans are cynical in what they did last week, let me quote a senior Senate Republican aide. He said that he expected the tax credits for those working families would die in a dead-locked conference, and he said further that it appeared that was the intention of the House Republicans. And today the Republican whip has said our leadership is committed to the bill we sent to the conference. The majority of our Members are not going to accept anything else. They wanted to destroy the opportunity for working people to be able to get a child tax credit. That is what they did last week.

At a time when there are hard-working, tax-paying minimum-wage-earning families, families of 12 million children, they have not yet received a penny of tax relief. The House's consideration of this bill is irresponsible.

This is a debate about priorities. It is about values. I call on my colleagues to turn aside this misguided, reckless bill. I call on President Bush to use his moral leadership, help deliver the child tax credit to those 6.5 million families, those 12 million children. The Presi-

dent should urge his Republican leadership to pass a responsible child credit bill that reflects the principles of this great Nation. Give those 6.5 million low-income families the tax relief they need. They pay taxes, property taxes, sales taxes, excise taxes, payroll taxes, 8 percent of their income. Give them the tax relief that they need. That is what we should be debating today. Those families have earned it.

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

Mr. Speaker, apparently as I cited in my remarks before, some of that has not been heard as we get some of the facts out. The left does not want to cut taxes. I accept that. I understand that. We are going to have a debate; and this House has repeatedly cut taxes, including the estate tax in the 106th Congress, the 107th Congress, and now in the 108th Congress. But Henry Aaron and Alicia Munnell, who are two prominent liberal economists, concluded in their study of the estate tax, the estate and gift taxes in the United States have failed to achieve their intended purposes. They raise little revenue, they impose large excess burdens, and they are unfair.

Alan Binder, a former member of the Federal Reserve Board appointed by President Clinton, found that 2 percent of the equity was attributable to the unequal distribution of inherited wealth.

And Joseph Stiglitz, who served as President Clinton's Council of Economic Advisors, found the estate tax may ultimately increase income inequality. The reason I have cited that a second time in this debate is we can keep coming forward and say how bad it is. The liberal economists, just as we have seen from right-of-center economists, have concurred that this is not a functional tax.

Mr. Speaker, I yield 4 minutes to the gentleman from Georgia (Mr. LINDER), a member of the Committee on Rules.

Mr. LINDER. Mr. Speaker, first of all I would like to say that this is a typical rule on a tax bill, and it gives the minority an opportunity to put all of their eggs in one basket and to vote on a substitute; and that is fair.

But let me speak to the underlying issue, the bill. I was with President Bush some months ago at Harrison High School in Cobb County, Georgia. He spoke for about 30 minutes in a gymnasium that was filled to the rafters. And at one brief time he said we must make permanent the repeal of the death tax, and the place exploded in spontaneous applause and cheering. I turned to the person I was sitting next to, and I said there are not 40 people in this auditorium who are going to benefit from that. They are cheering it because they think it is a moral issue. People should be able to pass on what they earn and keep.

Mr. Speaker, why are we so angry at success in this body? What do rich people do with their money? They give it away, and they do not give it away for

tax reasons. Some of the great fortunes that were given away, the Fricks, the Carnegies, the Mellons, were given away before we had a Tax Code. They were given away because they wanted to, and we think they have a right to decide where their money goes. Bill Gates gives it in Africa for health reasons; Ted Turner gave \$1 billion to the United Nations. Let them make that choice, rather than take it away from them and make the choice for them.

I have said this before on this floor, and I want to say it again. Some years ago and maybe today, if you want to start a business in some great cities, you are visited by a pretty scruffy guy who says we are going to let you stay in business, but we want 30 percent of your profits. And if you sell the business, we are going to take 20 percent of what you make off it; but even the Mafia does not show up at the widow's doorstep asking for their share of what is left over. Our government does. It is immoral, and it ought to end.

Ms. SLAUGHTER. Mr. Speaker, I yield 1½ minutes to the gentleman from Massachusetts (Mr. MCGOVERN) to ask a question.

Mr. MCGOVERN. Mr. Speaker, I have a question for either of my colleagues on the Committee on Rules. The gentleman's party controls the House and the Senate and the White House. My question is when are we going to have a child tax credit? When are we going to provide relief to that soldier in Iraq who is earning \$16,000 a year? We are talking about helping millionaires today, and my question is since the other side of the aisle controls everything, when are they going to bring this child tax credit to the floor?

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

Mr. MCGOVERN. I yield to the gentleman from New York.

Mr. REYNOLDS. Mr. Speaker, I certainly hope that the Senate will quickly respond to the legislation we passed last week, in a prompt response to the decision that they wanted to look at the child tax credit.

Mr. MCGOVERN. Mr. Speaker, some of the gentleman's colleagues in the other body have said quite clearly that they are not going to deal with the bill sent over there because it was not paid for. I guess since we have Republicans that control the House and the Senate, I would like to think that they would get along with each other and resolve some of these issues; and the issue of the child tax credit is something that would help low-income and moderate-income families right now. They need help now, and it seems to me while we are talking about this estate tax relief bill today, which takes place 7 years from now, why can we not help the people hurting right now.

Mr. REYNOLDS. If the gentleman would continue to yield, I am a little confused. Last week the gentleman voted against the child tax credit.

Mr. MCGOVERN. Mr. Speaker, reclaiming my time, no, I voted against

the child tax credit that was not paid for.

Mr. REYNOLDS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Speaker, I rise in support of the rule that we are discussing that would allow us to consider legislation to permanently repeal the death tax.

Mr. Speaker, I am one of those that truly believes the death tax is a triple tax. First, Americans pay a tax when they earn this income. Then they buy an asset and spend it, and they pay the tax then. Then when an American dies, they have to pay the tax again.

This tax is a tax that affects all Americans, especially our small business owners. In fact, 70 percent of small businesses never make it past that first generation because of this tax. It is something that prohibits people from being able to pass that business on to the next generation.

In addition, it discourages savings. It discourages investment, and it is costing our economy hundreds of thousands of jobs.

Mr. Speaker, the Americans get it; 89 percent of the people want us to permanently eliminate the death tax. Small business owners get it. Seniors get it. The farmers in my district in Tennessee, they get it. They want us to do away with death taxes. I hope my colleagues on the other side of the aisle will also get it and vote in favor of this rule and in favor of H.R. 8 to rid our country of an unjust tax that penalizes all Americans.

Ms. SLAUGHTER. Mr. Speaker, I yield 5 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, I think it is important to note that we are dealing with an issue today that, as has been pointed out, that is really not in the realm of debate or action for the next 7 years when in fact what I think bears importance is to recount what has happened here in the last several weeks about a tax credit for working families, people who pay payroll taxes, sales taxes, property taxes and excise taxes, people who make between \$10,500 and \$26,625, again working people, who were told that they were part of a tax package, a \$350 billion tax package.

Oddly enough, their portion of the \$350 billion tax package, \$3.5 billion, was stolen out of the bill that the President signed 10 days ago, 2 weeks ago in the dead of night, and the promise that was made to these individuals was just pulled back in order that we meet the demand of those people, 184,000 millionaires in this country, who are going to get \$93,000 a year in a tax cut; but we could not scale back 1 percent of that \$350 billion to adjust for these working families.

So the Senate in a bipartisan way, the other body in a bipartisan way, because they said that this was just plain wrong, came to the conclusion on a vote of 94 to 2 that we could address this wrongdoing and put \$3.5 billion

into a bill and address this injustice. And they paid for it.

The President, I might add, or his spokesperson, said we ought to do what the Senate, the other body, did. It came to the House of Representatives where the majority leader of the House said we have more important things to do. What is more important? What is more important to do, give \$93,000 in a tax cut to the wealthiest people in this country? Or allow corporations to go overseas and not pay taxes at all? Is that more important than the hardworking American families who pay taxes, 8 percent of their income in taxes, and they should be shortchanged on a \$400 tax credit for their children?

There is a basic and fundamental values issue here about who we care about and what we care about in this Nation. We had an opportunity and what the Republican leadership did, the other side of the aisle did last week, was to in fact come forward with an \$82 billion package to pay for a \$3.5 billion issue, and they did it for one reason; and I will quote the Senate Republican aide again.

□ 1115

A senior Senate Republican aide said he expected the tax credits to die in a deadlocked conference which he said appeared to be the intention of the House Republicans. It was and is the intention of the House Republicans to end this tax credit for these hardworking folks. What people may not know is that everybody else in that tax bill is going to get their tax relief on July 1. Not the families included here. Military families are not going to get it. They are going to have to apply for next year. Two hundred thousand military families fighting a war, fighting a war on our behalf, they are not going to get it. This is an outrage. This should not happen. But over and over and over again, and today what we are talking about is a tax cut, repealing, permanently, the estate tax which I pointed out earlier, 46 families, some of the wealthiest families in the country. And we cannot take care of these families.

I called on the President and the President said he wanted to see this fixed. The President needs to talk to the Republican House leadership, take them in hand and say, let's do what's right. Take the moral leadership, the moral leadership where the President stood up and he fought for the dividend tax cut, again to benefit the wealthiest people in this country. I believe he should take on the moral leadership to fight for these hardworking families.

Mr. REYNOLDS. Mr. Speaker, I yield myself such time as I may consume. I enjoyed that oratory. I would almost think that she voted for the child tax credit last week, but the sad fact is that she did not because she voted the other way. She voted no. We sent a bill over to the other body. I have listened to the presumptions of the other body, of what will happen over there. I have

talked to a few Senators. They give me the hope that they are so desirous of voting on this that they are looking forward to a conference and they are looking forward to getting it on the floor.

The fact is we are talking about permanent estate tax repeal now. That is what is coming on the floor as we pass this rule, if the body does pass it, and I believe that they will and I believe that we will get bipartisan, Democrat-Republican, support for a permanent estate tax, death tax, however, you want to look at the reality, repeal. As we are listening to the debate shift over to the child tax credit, it is fine to lecture what that is and how it all happened.

The fact is last week I voted for a child tax credit and other tax cuts and sent it to the other body. And the fact is the last two orators on the Democratic side did not vote for it.

So as we move forward today back on the death tax to make a permanent death tax repeal, Members get to vote up or down on the rule and then they get to vote on a substitute and then they get to vote on a recommit and then final passage. I look forward to today, because I believe that we will get bipartisan support to pass the permanent repeal of the death tax.

Ms. DELAURO. Mr. Speaker, will the gentleman yield?

Mr. REYNOLDS. I yield to the gentleman from Connecticut.

Ms. DELAURO. Mr. Speaker, I would just say to the gentleman, he says I voted against that bill last week. I will tell him my view and he can dispute this with me. It was a very good feeling vote on the Republican side of the aisle, and that may be where his vote was because, according to Republican Senate people, Senator GRASSLEY today—I am sorry, a member of the other body—a Senator from the other body said he does not have time for a conference. The majority whip in this body said no time for a conference. The gentleman felt good about voting for that bill because he knew that the Senate was not going to do it and, therefore, they were going to kill the child tax credit. He can say it over and over again. I would not vote for a bill that was instrumental in killing the child tax credit nor was it paid for. The bill that I voted for was being paid for.

Mr. REYNOLDS. I guess she did not have a question.

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

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LATHAM). All Members are reminded against making inappropriate references to the Senate.

Ms. SLAUGHTER. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts (Mr. MCGOVERN).

Mr. MCGOVERN. Mr. Speaker, I thank the gentlewoman from New York for yielding the time, and I certainly want to associate myself with her remarks and the remarks of the

gentlewoman from Connecticut. I think it is important to kind of set the facts straight here because the gentleman from New York, for whom I have a great deal of respect, I think has said some things that I believe are a little bit misleading. One is those of us on our side of the aisle here, we voted for the child tax credit six times. They voted against it six times. We voted for it six times. The difference with what we voted for and what they ended up voting for is we ended up voting for a child tax credit that was fully paid for, with offsets, because we are a little concerned quite frankly with the way Republicans are on this tax cut/spending spree right now because it is adding to our deficit and adding to our debt. This year as a result of their policies, CBO tells us that the deficit this year is \$400 billion, the biggest single year deficit ever recorded in our history. That is what we are worried about over here. So we feel very strongly that as we support these tax cut measures to help working families, that they be paid for, that the offsets be specified.

The other body came forward with a bill to help deal with the child tax credit that was going to cost \$10 billion, which was fully paid for, with offsets. The majority in the House could not get together with their counterparts in the other body, even though they are of the same party, but the leadership in this House, I think, is so out of touch and so radical when it comes to how they spend the taxpayers' money in this country that they could not even come up with a bill that even approached anything near what the other body did.

But what the House leadership did is they came up with a bill that would cost \$82 billion, that was not paid for. In other words, it was all borrowed money, money being borrowed from our children and our grandchildren and our great-grandchildren. They all talk about cutting taxes, but they, in essence, are raising taxes on our kids, something called a debt tax. We are paying an ever increasing amount on the interest on the debt that is being accumulated in this country, in large part because of their fiscally irresponsible policies.

So do not tell us that we voted against a child tax credit. We voted for it six times. We voted for one that would provide immediate relief to these families that we have been talking about for these last several weeks, including our military families, men and women serving in Iraq right now making a base pay of \$16,000 a year. They deserve help right now. They work hard, they are defending our country, they deserve this child tax credit. We tried to bring to this floor just like the majority did in the other body brought to the Senate floor a responsible child tax credit bill that was fully paid for. They said no.

We voted for one that was paid for six times and then they came up with a

sham, a public relations ploy, knowing that it will get lost in conference committee or that there would never be a conference committee and these low- and medium-income families would get nothing. And here we are today debating an estate tax relief bill that takes effect 7 years from now. We are talking about lifting the sunset 7 years from now. There are more important and pressing problems for a lot of working families, people who will never get to the point where they are going to have to deal with whether or not they are going to pay estate tax or not.

I would just respectfully suggest to the gentleman that his facts are a little bit wrong with regard to what we on this side of the aisle have tried to do and have been championing.

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

I probably need to put the gentleman from California (Mr. THOMAS) and the gentlewoman from Washington (Ms. DUNN) on notice that when we move into the bill on the underlying legislation, we will be talking more on the child tax credit than the permanent death tax. I am just encouraged to see in the 107th Congress, three votes that occurred on the death tax. I saw from 41 to 58 Democratic votes along with Republicans and it reassures me that we are on the path of a bipartisan tax cut to end the death tax once and for all that is in this country.

We need to see a couple of things. Individuals and families and partnerships or family corporations own 99 percent of all U.S. farms and ranches. Think about that. Individuals, family partnerships or family corporations own 99 percent of all U.S. farms and ranches. I do not want us to ever forget that every acre, every piece of equipment, every business has already been taxed in life, so why should they be taxed in death.

Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma (Mr. SULLIVAN).

Mr. SULLIVAN. Mr. Speaker, today what we are talking about is ending the death tax. I believe it is morally wrong that we tax people on their death. They should not have to visit the IRS and the undertaker on the same day. I know a story of a couple, a man and a woman, who had two children who owned a small business. They passed away, unfortunately, and left that business to their children. Their children thought they would get this business, maybe get a little money. But instead to pay the death tax, they had to actually borrow money to sell that business. The Republican Party does not want to tax dead people. The Democrat Party does. That is the difference here today.

Mr. Speaker, I rise today in support of H.R. 8, the Death Tax Repeal Permanency Act of 2003. This bill permanently repeals the death tax and allows families to pass on businesses and farms to their families without the enormous, intrusive and burdensome

taxes they are often forced to incur. The IRS imposes rates of up to 60 percent of the value of a family business or farm when the owner passes away. To pay the tax man, many families are forced to liquidate assets and sell their businesses and farms though some have been in the family for generations.

The death tax is un-American, Mr. Speaker. Ask any small business owner. They know all too well that 70 percent of family businesses do not survive to the second generation, and 87 percent do not make it to the third. They will tell you that repealing the death tax would create jobs and grow our economy. It is good for small business owners, it is good for our economy and it is good for America.

Join me in voting for H.R. 8, the repeal of this burdensome tax on family-owned farms and businesses. It is morally wrong.

Ms. SLAUGHTER. Mr. Speaker, I yield myself 5 seconds. Saying that it will preserve family farms from taxation does not make it true. They are preserved already from taxation.

Mr. Speaker, I am pleased to yield 1 minute to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, on the commentary for my not having voted for a child tax credit, let me just say we have voted six times on this issue. Democrats have voted for, Republicans voted against, including a motion to instruct on which Republicans voted for taking the bill that the other body passed and bringing it back here. My interest in this effort is not today, it is not yesterday, it is not in the last week.

On March 12, I introduced the child tax credit in the Committee on the Budget and it was voted there for the first time. All of the members on the Democratic side voted yes. All of the members on the Republican side voted no against the child tax credit. This legislation we deal with today goes into effect in 7 years. We have an opportunity to right a wrong, to right an injustice, to pass a child tax credit, to take the bill, to go to conference and address this issue and allow these hard-working people to get their benefit on July 1 as every other American who is going to get the benefit of this tax credit will. It is wrong to do otherwise.

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

I welcome so many from the left to join me in cutting taxes. I look forward to that vote when it comes out of conference committee and maybe she can join us with that.

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

Ms. SLAUGHTER. Mr. Speaker, I want to remind my colleague from New York that the gentleman from Texas (Mr. STENHOLM) would really hate to be put in that category of a lefty.

Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. I thank the gentlewoman for yielding me this time.

Mr. Speaker, I am going to urge that my colleagues vote against this rule. On the one hand, they do allow a Democrat substitute that I am pleased to offer, one that would provide very meaningful estate tax relief. In fact, it would completely take care of any estate tax problem of 99.65 percent of the people of this country. It is far more relief than offered under the majority proposal in each of the next 5 years.

So these family farms and these small businesses we are going to be hearing so much about, the alligator tears we are going to be seeing cried on the majority side, we help them and we help them now. On the other hand, the majority approach is very different. Nobody gets nothing until the wealthiest three-tenths of 1 percent get everything that they need. That is why we have the inferior plan on their side compared to the more generous benefit of ours.

There is another very big difference. Theirs would drive the deficit higher to the tune of \$160 plus billion dollars over 10 years. Why I want to vote against this rule is that we had a proposal in the amendment that I proposed to the Committee on Rules that would have completely paid for the relief we provide. There would have been zero impact on the deficit. Yet to my surprise, the substitute allowed in order only provides for the tax relief portion and does not provide the means by which we avoid any impact on the deficit whatsoever. We wanted to close the Enron-like tax shelters.

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We also had some customs fees, and yet they have shielded this, stripped it out of the rule; and so what we are allowed on the floor will have a deficit impact. I vote against the rule.

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

I have got to tell the Members, I have only been here since 1999, but it never ceases to amaze me to see something new. Yesterday my colleague from North Dakota was before the Committee on Rules advocating this substitute that is contained in this rule and another one, and he was granted one that he actually spoke for; and today he wants to bring down the rule.

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

Mr. REYNOLDS. I yield to the gentleman from North Dakota.

Mr. POMEROY. Mr. Speaker, to my friend from New York, we had within the substitute proposed to the Committee on Rules, on which the gentleman served so well, a pay-for so we were not going to impact the deficit. You took out the pay-for provisions of what we submitted to the committee. You make us impact the deficit, although it is only a fraction to which the majority proposal impacts the deficit. We know you do not care about the deficits. In fact, there has been a \$9 trillion reversal in the financial fortunes of this country within the last 2

years. We think enough is enough. We do not want to drive the deficit deeper and deeper, and that is why I so wish you would have allowed for the pay-for portion proposed to the Committee on Rules to be considered.

I thank the gentleman for yielding.

Mr. REYNOLDS. Mr. Speaker, did the gentleman come before the Committee on Rules and advocate the substitute which is contained in the rule today? I think he did, did he not? Did he come and advocate two different amendments before the Committee on Rules, this one being made that was made as substitute inside the rule? Did he or did he not come yesterday before the Committee on Rules and submit testimony before us asking for consideration of this substitute?

Mr. POMEROY. I believe the gentleman was out of the room at the time I testified, but I would refer him to the transcript.

Mr. REYNOLDS. I am happy to bring the record down and bring it here.

Mr. POMEROY. Does the gentleman want me to answer his question or does he not?

Mr. REYNOLDS. The gentleman and I both know that he was before the committee and asked for this amendment to be considered by the Committee on Rules and now he wants to bring it down. Is that true or not, sir?

Mr. POMEROY. It is not true.

Mr. REYNOLDS. Is the gentleman saying he was not in the Committee on Rules or that he did not request this substitute in his presentation before the Committee on Rules when he spoke on two specific amendments, this being one?

Mr. POMEROY. Mr. Speaker, is the gentleman going to yield to me to answer his question?

Mr. REYNOLDS. I will yield to the gentleman from South Dakota.

Mr. POMEROY. Then I will proceed to answer. If the gentleman will check the transcript of my remarks before the Committee on Rules, I asked that the proposal I offered be considered that paid for the provision for the very meaningful estate tax relief we extend by closing the Enron-type tax loopholes.

I know you probably do not want that considered on the floor of the House. So what you have made in order does not allow us to incorporate the pay-fors. I think that is unfortunate. My specific request to the chairman of the Committee on Rules was to allow the pay-fors.

Mr. REYNOLDS. Mr. Speaker, I reclaim my time.

Mr. Speaker, I must say that in the Committee on Rules, we try to work with our side of the aisle to advise a Member if they do not want their amendment made in order, they should not offer it in the Committee on Rules. Maybe that does not happen to Members on the other side of the aisle; but on our side, if someone comes up there and asks for consideration of an amendment, they ought to be prepared that it might be granted.

I just want to go back and make sure we do not miss anything on the death tax inhibiting economic growth because I have listened to my colleagues on both sides of the aisle talk about creating jobs. The threat of a resurrected death tax will force American families to make inefficient investment decisions and to waste resources in an effort to comply with the death tax. Studies show that repealing the death tax would create as many as 200,000 extra jobs each year across America. Jobs are lost when businesses are liquidated to pay death taxes and to make decisions not to expand because of anticipated death tax liabilities.

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

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

Mr. Speaker, I will be calling for a "no" vote on the previous question. And if it is defeated, I will offer an amendment to the rule. The amendment will make in order the portion of the gentleman from North Dakota's (Mr. POMEROY) request that made his amendment budget neutral and was paid for. The amendment was offered, but was rejected on a party-line vote. At least that part was taken out.

The Pomeroy substitute will provide substantial tax relief from estate taxes. In fact, it grants more generous relief to most estates than the Republican bill and grants it immediately. The Pomeroy substitute completely exempts all but the largest estates from taxation and significantly simplifies tax planning for estates of all sizes. It also exempts virtually all family farms and small businesses from estate taxes. Furthermore, the Pomeroy substitute will not add one single penny to the deficit. Unlike the Republican bill, it will be completely paid for.

Republicans in the House have continued for weeks to block any and every bill that provides tax relief to the people who need it most in this Nation. Even on the issue of estate tax, they favor the rich over the middle- and lower-income working Americans. They continue to take care of their wealthy friends again today with yet another deficit-busting bill. Let us take this opportunity to make in order a substitute that will immediately eliminate estate taxes for all estates of less than \$6 million. That is 99.65 percent of all estates, 99.65; and it will also do that without costing any additional dollars to the deficit.

Let me make very clear that a "no" vote on the previous question will not stop consideration of the Death Tax Repeal Permanency Act of 2003, but a "no" vote will allow the House to vote on the Pomeroy substitute which is fully paid for. However, a "yes" vote on the previous question will prevent us from voting on a fiscally responsible and revenue-neutral tax bill. I urge a "no" vote on the previous question.

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

printed in the RECORD immediately before the vote on the previous question.

The SPEAKER pro tempore (Mr. LATHAM). Is there objection to the request of the gentlewoman from New York?

There was no objection.

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

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

Mr. Speaker, I guess I believe, looking up at the press gallery, that there is probably a view that it is a fair rule. It is a modified closed rule that provides a substitute, then a recommit; and then we move on to final passage. So there is not much controversy on the rule. And we are in a situation as we move forward on a debate that I believe once we get through the process, which is the rule vote, we are going to see in final passage, just looking at the 107th Congress, somewhere between 41 Democratic colleagues and 58 Democratic colleagues who voted for death tax in the past Congress that will join us today in a bipartisan message of passing this legislation out of the House and having it go to the other body.

Mr. Speaker, Benjamin Franklin once noted in this world nothing can be said to be certain except death and taxes. But while death may be certain, taxes are immortal. That is because our current tax system plays a cruel joke on farmers and small business owners. Simply put, the death tax stifles growth, discourages savings, stymies job creation, drains resources, and ruins family businesses. It is time we permanently repeal this unfair tax and allow the American Dream to be passed on to our children and future generations.

The material previously referred to by Ms. SLAUGHTER is as follows:

PREVIOUS QUESTION FOR H. RES. 281—RULE ON H.R. 8: THE DEATH TAX REPEAL PERMANENCY ACT OF 2003

Strike all after the resolving clause and insert in lieu thereof the following:

That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 8) to make the repeal of the estate tax permanent. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment specified in section 2 of this resolution if offered by Representative Pomeroy of North Dakota or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with our without instructions.

SEC. 2. The amendment referred to in the first section of this resolution is as follows:

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 28

OFFERED BY MR. POMEROY

Strike all after the enacting clause and insert the following:

#### SECTION 1. AMENDMENT OF 1986 CODE.

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

(b) TABLE OF CONTENTS.—

Sec. 1. Amendment of 1986 code.

TITLE I—RESTORATION OF ESTATE TAX; REPEAL OF CARRYOVER BASIS

Sec. 101. Restoration of estate tax; repeal of carryover basis.

Sec. 102. Modifications to estate tax.

Sec. 103. Valuation rules for certain transfers of nonbusiness assets; limitation on minority discounts.

TITLE II—PROVISIONS DESIGNED TO CURTAIL TAX SHELTERS

Sec. 201. Clarification of economic substance doctrine.

Sec. 202. Penalty for failing to disclose reportable transaction.

Sec. 203. Accuracy-related penalty for listed transactions and other reportable transactions having a significant tax avoidance purpose.

Sec. 204. Penalty for understatements attributable to transactions lacking economic substance, etc.

Sec. 205. Modifications of substantial understatement penalty for non-reportable transactions.

Sec. 206. Tax shelter exception to confidentiality privileges relating to taxpayer communications.

Sec. 207. Disclosure of reportable transactions.

Sec. 208. Modifications to penalty for failure to register tax shelters.

Sec. 209. Modification of penalty for failure to maintain lists of investors.

Sec. 210. Modification of actions to enjoin certain conduct related to tax shelters and reportable transactions.

Sec. 211. Understatement of taxpayer's liability by income tax return preparer.

Sec. 212. Penalty on failure to report interests in foreign financial accounts.

Sec. 213. Frivolous tax submissions.

Sec. 214. Regulation of individuals practicing before the department of treasury.

Sec. 215. Penalty on promoters of tax shelters.

Sec. 216. Statute of limitations for taxable years for which listed transactions not reported.

Sec. 217. Denial of deduction for interest on underpayments attributable to nondisclosed reportable and noneconomic substance transactions.

TITLE III—OTHER PROVISIONS

Sec. 301. Limitation on transfer or importation of built-in losses.

Sec. 302. Disallowance of certain partnership loss transfers.

Sec. 303. No reduction of basis under section 734 in stock held by partnership in corporate partner.

Sec. 304. Repeal of special rules for FASITs.

Sec. 305. Expanded disallowance of deduction for interest on convertible debt.

Sec. 306. Expanded authority to disallow tax benefits under section 269.

Sec. 307. Modifications of certain rules relating to controlled foreign corporations.

Sec. 308. Basis for determining loss always reduced by nontaxed portion of dividends.

Sec. 309. Affirmation of consolidated return regulation authority.

Sec. 310. Extension of customs user fees.

**TITLE I—RESTORATION OF ESTATE TAX; REPEAL OF CARRYOVER BASIS**

**SEC. 101. RESTORATION OF ESTATE TAX; REPEAL OF CARRYOVER BASIS.**

(a) IN GENERAL.—Subtitles A and E of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subtitles, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subtitles, and amendments, had never been enacted.

(b) SUNSET NOT TO APPLY.—

(1) Subsection (a) of section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking “this Act” and all that follows and inserting “this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010.”

(2) Subsection (b) of such section 901 is amended by striking “, estates, gifts, and transfers”.

(c) CONFORMING AMENDMENTS.—Subsections (d) and (e) of section 511 of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subsections, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subsections, and amendments, had never been enacted.

**SEC. 102. MODIFICATIONS TO ESTATE TAX.**

(a) INCREASE IN EXCLUSION EQUIVALENT OF UNIFIED CREDIT TO \$3,000,000.—Subsection (c) of section 2010 (relating to applicable credit amount) is amended by striking all that follows “the applicable exclusion amount” and inserting “, For purposes of the preceding sentence, the applicable exclusion amount is \$3,000,000.”

(b) MAXIMUM ESTATE TAX RATE TO REMAIN AT 49 PERCENT; RESTORATION OF PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—

(1) Paragraph (1) of section 2001(c) is amended by striking the last 2 items in the table and inserting the following new item:

“Over \$2,000,000 .....	\$780,800, plus 49% of the excess over \$2,000,000.”
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(2) Paragraph (2) of section 2001(c) is amended to read as follows:

“(2) PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—The tentative tax determined under paragraph (1) shall be increased by an amount equal to 5 percent of so much of the amount (with respect to which the tentative tax is to be computed) as exceeds \$10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of the applicable credit amount under section 2010(c) and \$199,200.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2003.

**SEC. 103. VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS; LIMITATION ON MINORITY DISCOUNTS.**

(a) IN GENERAL.—Section 2031 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (f) and by inserting after subsection (c) the following new subsections:

“(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this chapter and chapter 12—

“(1) IN GENERAL.—In the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092)—

“(A) the value of any nonbusiness assets held by the entity shall be determined as if the transferor had transferred such assets directly to the transferee (and no valuation discount shall be allowed with respect to such nonbusiness assets), and

“(B) the nonbusiness assets shall not be taken into account in determining the value of the interest in the entity.

“(2) NONBUSINESS ASSETS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘nonbusiness asset’ means any asset which is not used in the active conduct of 1 or more trades or businesses.

“(B) EXCEPTION FOR CERTAIN PASSIVE ASSETS.—Except as provided in subparagraph (C), a passive asset shall not be treated for purposes of subparagraph (A) as used in the active conduct of a trade or business unless—

“(i) the asset is property described in paragraph (1) or (4) of section 1221(a) or is a hedge with respect to such property, or

“(ii) the asset is real property used in the active conduct of 1 or more real property trades or businesses (within the meaning of section 469(c)(7)(C)) in which the transferor materially participates and with respect to which the transferor meets the requirements of section 469(c)(7)(B)(ii).

For purposes of clause (ii), material participation shall be determined under the rules of section 469(h), except that section 469(h)(3) shall be applied without regard to the limitation to farming activity.

“(C) EXCEPTION FOR WORKING CAPITAL.—Any asset (including a passive asset) which is held as a part of the reasonably required working capital needs of a trade or business shall be treated as used in the active conduct of a trade or business.

“(3) PASSIVE ASSET.—For purposes of this subsection, the term ‘passive asset’ means any—

“(A) cash or cash equivalents,

“(B) except to the extent provided by the Secretary, stock in a corporation or any other equity, profits, or capital interest in any entity,

“(C) evidence of indebtedness, option, forward or futures contract, notional principal contract, or derivative,

“(D) asset described in clause (iii), (iv), or (v) of section 351(e)(1)(B),

“(E) annuity,

“(F) real property used in 1 or more real property trades or businesses (as defined in section 469(c)(7)(C)),

“(G) asset (other than a patent, trademark, or copyright) which produces royalty income,

“(H) commodity,

“(I) collectible (within the meaning of section 401(m)), or

“(J) any other asset specified in regulations prescribed by the Secretary.

“(4) LOOK-THRU RULES.—

“(A) IN GENERAL.—If a nonbusiness asset of an entity consists of a 10-percent interest in any other entity, this subsection shall be applied by disregarding the 10-percent interest and by treating the entity as holding directly its ratable share of the assets of the other entity. This subparagraph shall be applied successively to any 10-percent interest of such other entity in any other entity.

“(B) 10-PERCENT INTEREST.—The term ‘10-percent interest’ means—

“(i) in the case of an interest in a corporation, ownership of at least 10 percent (by vote or value) of the stock in such corporation,

“(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

“(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

“(5) COORDINATION WITH SUBSECTION (b).—Subsection (b) shall apply after the application of this subsection.

“(e) LIMITATION ON MINORITY DISCOUNTS.—For purposes of this chapter and chapter 12,

in the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092), no discount shall be allowed by reason of the fact that the transferee does not have control of such entity if the transferee and members of the family (as defined in section 2032A(e)(2)) of the transferee have control of such entity.”

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

**TITLE II—PROVISIONS DESIGNED TO CURTAIL TAX SHELTERS**

**SEC. 201. CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE.**

(a) IN GENERAL.—Section 7701 is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

“(m) CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE; ETC.—

“(1) GENERAL RULES.—

“(A) IN GENERAL.—In applying the economic substance doctrine, the determination of whether a transaction has economic substance shall be made as provided in this paragraph.

“(B) DEFINITION OF ECONOMIC SUBSTANCE.—For purposes of subparagraph (A)—

“(i) IN GENERAL.—A transaction has economic substance only if—

“(I) the transaction changes in a meaningful way (apart from Federal tax effects and, if there are any Federal tax effects, also apart from any foreign, State, or local tax effects) the taxpayer’s economic position, and

“(II) the taxpayer has a substantial nontax purpose for entering into such transaction and the transaction is a reasonable means of accomplishing such purpose.

“(ii) SPECIAL RULE WHERE TAXPAYER RELIES ON PROFIT POTENTIAL.—A transaction shall not be treated as having economic substance by reason of having a potential for profit unless—

“(I) the present value of the reasonably expected pre-tax profit from the transaction is substantial in relation to the present value of the expected net tax benefits that would be allowed if the transaction were respected, and

“(II) the reasonably expected pre-tax profit from the transaction exceeds a risk-free rate of return.

“(C) TREATMENT OF FEES AND FOREIGN TAXES.—Fees and other transaction expenses and foreign taxes shall be taken into account as expenses in determining pre-tax profit under subparagraph (B)(ii).

“(2) SPECIAL RULES FOR TRANSACTIONS WITH TAX-INDIFFERENT PARTIES.—

“(A) SPECIAL RULES FOR FINANCING TRANSACTIONS.—The form of a transaction which is in substance the borrowing of money or the acquisition of financial capital directly or indirectly from a tax-indifferent party shall not be respected if the present value of the deductions to be claimed with respect to the transaction is substantially in excess of the present value of the anticipated economic returns of the person lending the money or providing the financial capital. A public offering shall be treated as a borrowing, or an acquisition of financial capital, from a tax-indifferent party if it is reasonably expected that at least 50 percent of the offering will be placed with tax-indifferent parties.

“(B) ARTIFICIAL INCOME SHIFTING AND BASIS ADJUSTMENTS.—The form of a transaction with a tax-indifferent party shall not be respected if—

“(i) it results in an allocation of income or gain to the tax-indifferent party in excess of such party’s economic income or gain, or

“(ii) it results in a basis adjustment or shifting of basis on account of overstating

the income or gain of the tax-indifferent party.

“(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—

“(A) ECONOMIC SUBSTANCE DOCTRINE.—The term ‘economic substance doctrine’ means the common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose.

“(B) TAX-INDIFFERENT PARTY.—The term ‘tax-indifferent party’ means any person or entity not subject to tax imposed by subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if the items taken into account with respect to the transaction have no substantial impact on such person’s liability under subtitle A.

“(C) SUBSTANTIAL NONTAX PURPOSE.—In applying subclause (II) of paragraph (1)(B)(i), a purpose of achieving a financial accounting benefit shall not be taken into account in determining whether a transaction has a substantial nontax purpose if the origin of such financial accounting benefit is a reduction of income tax.

“(D) EXCEPTION FOR PERSONAL TRANSACTIONS OF INDIVIDUALS.—In the case of an individual, this subsection shall apply only to transactions entered into in connection with a trade or business or an activity engaged in for the production of income.

“(E) TREATMENT OF LESSORS.—In applying subclause (I) of paragraph (1)(B)(ii) to the lessor of tangible property subject to a lease, the expected net tax benefits shall not include the benefits of depreciation, or any tax credit, with respect to the leased property and subclause (II) of paragraph (1)(B)(ii) shall be disregarded in determining whether any of such benefits are allowable.

“(4) OTHER COMMON LAW DOCTRINES NOT AFFECTED.—Except as specifically provided in this subsection, the provisions of this subsection shall not be construed as altering or supplanting any other rule of law, and the requirements of this subsection shall be construed as being in addition to any such other rule of law.

“(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection. Such regulations may include exemptions from the application of this subsection.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after February 13, 2003.

**SEC. 202. PENALTY FOR FAILING TO DISCLOSE REPORTABLE TRANSACTION.**

(a) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6707 the following new section:

**“SEC. 6707A. PENALTY FOR FAILURE TO INCLUDE REPORTABLE TRANSACTION INFORMATION WITH RETURN OR STATEMENT.**

“(a) IMPOSITION OF PENALTY.—Any person who fails to include on any return or statement any information with respect to a reportable transaction which is required under section 6011 to be included with such return or statement shall pay a penalty in the amount determined under subsection (b).

“(b) AMOUNT OF PENALTY.—

“(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amount of the penalty under subsection (a) shall be \$50,000.

“(2) LISTED TRANSACTION.—The amount of the penalty under subsection (a) with respect to a listed transaction shall be \$100,000.

“(3) INCREASE IN PENALTY FOR LARGE ENTITIES AND HIGH NET WORTH INDIVIDUALS.—

“(A) IN GENERAL.—In the case of a failure under subsection (a) by—

“(i) a large entity, or

“(ii) a high net worth individual,

the penalty under paragraph (1) or (2) shall be twice the amount determined without regard to this paragraph.

“(B) LARGE ENTITY.—For purposes of subparagraph (A), the term ‘large entity’ means, with respect to any taxable year, a person (other than a natural person) with gross receipts in excess of \$10,000,000 for the taxable year in which the reportable transaction occurs or the preceding taxable year. Rules similar to the rules of paragraph (2) and subparagraphs (B), (C), and (D) of paragraph (3) of section 448(c) shall apply for purposes of this subparagraph.

“(C) HIGH NET WORTH INDIVIDUAL.—For purposes of subparagraph (A), the term ‘high net worth individual’ means, with respect to a reportable transaction, a natural person whose net worth exceeds \$2,000,000 immediately before the transaction.

“(c) DEFINITIONS.—For purposes of this section—

“(1) REPORTABLE TRANSACTION.—The term ‘reportable transaction’ means any transaction with respect to which information is required to be included with a return or statement because, as determined under regulations prescribed under section 6011, such transaction is of a type which the Secretary determines as having a potential for tax avoidance or evasion.

“(2) LISTED TRANSACTION.—Except as provided in regulations, the term ‘listed transaction’ means a reportable transaction which is the same as, or substantially similar to, a transaction specifically identified by the Secretary as a tax avoidance transaction for purposes of section 6011.

“(d) AUTHORITY TO RESCIND PENALTY.—

“(1) IN GENERAL.—The Commissioner of Internal Revenue may rescind all or any portion of any penalty imposed by this section with respect to any violation if—

“(A) the violation is with respect to a reportable transaction other than a listed transaction,

“(B) the person on whom the penalty is imposed has a history of complying with the requirements of this title,

“(C) it is shown that the violation is due to an unintentional mistake of fact;

“(D) imposing the penalty would be against equity and good conscience, and

“(E) rescinding the penalty would promote compliance with the requirements of this title and effective tax administration.

“(2) DISCRETION.—The exercise of authority under paragraph (1) shall be at the sole discretion of the Commissioner and may be delegated only to the head of the Office of Tax Shelter Analysis. The Commissioner, in the Commissioner’s sole discretion, may establish a procedure to determine if a penalty should be referred to the Commissioner or the head of such Office for a determination under paragraph (1).

“(3) NO APPEAL.—Notwithstanding any other provision of law, any determination under this subsection may not be reviewed in any administrative or judicial proceeding.

“(4) RECORDS.—If a penalty is rescinded under paragraph (1), the Commissioner shall place in the file in the Office of the Commissioner the opinion of the Commissioner or the head of the Office of Tax Shelter Analysis with respect to the determination, including—

“(A) the facts and circumstances of the transaction,

“(B) the reasons for the rescission, and

“(C) the amount of the penalty rescinded.

“(5) REPORT.—The Commissioner shall each year report to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate—

“(A) a summary of the total number and aggregate amount of penalties imposed, and rescinded, under this section, and

“(B) a description of each penalty rescinded under this subsection and the reasons therefor.

“(e) PENALTY REPORTED TO SEC.—In the case of a person—

“(1) which is required to file periodic reports under section 13 or 15(d) of the Securities Exchange Act of 1934 or is required to be consolidated with another person for purposes of such reports, and

“(2) which—

“(A) is required to pay a penalty under this section with respect to a listed transaction,

“(B) is required to pay a penalty under section 6662A with respect to any reportable transaction at a rate prescribed under section 6662A(c), or

“(C) is required to pay a penalty under section 6662B with respect to any noneconomic substance transaction,

the requirement to pay such penalty shall be disclosed in such reports filed by such person for such periods as the Secretary shall specify. Failure to make a disclosure in accordance with the preceding sentence shall be treated as a failure to which the penalty under subsection (b)(2) applies.

“(f) COORDINATION WITH OTHER PENALTIES.—The penalty imposed by this section is in addition to any penalty imposed under this title.”

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by inserting after the item relating to section 6707 the following:

“Sec. 6707A. Penalty for failure to include reportable transaction information with return or statement.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns and statements the due date for which is after the date of the enactment of this Act.

**SEC. 203. ACCURACY-RELATED PENALTY FOR LISTED TRANSACTIONS AND OTHER REPORTABLE TRANSACTIONS HAVING A SIGNIFICANT TAX AVOIDANCE PURPOSE.**

(a) IN GENERAL.—Subchapter A of chapter 68 is amended by inserting after section 6662 the following new section:

**“SEC. 6662A. IMPOSITION OF ACCURACY-RELATED PENALTY ON UNDERSTATEMENTS WITH RESPECT TO REPORTABLE TRANSACTIONS.**

“(a) IMPOSITION OF PENALTY.—If a taxpayer has a reportable transaction understatement for any taxable year, there shall be added to the tax an amount equal to 20 percent of the amount of such understatement.

“(b) REPORTABLE TRANSACTION UNDERSTATEMENT.—For purposes of this section—

“(1) IN GENERAL.—The term ‘reportable transaction understatement’ means the sum of—

“(A) the product of—

“(i) the amount of the increase (if any) in taxable income which results from a difference between the proper tax treatment of an item to which this section applies and the taxpayer’s treatment of such item (as shown on the taxpayer’s return of tax), and

“(ii) the highest rate of tax imposed by section 1 (section 11 in the case of a taxpayer which is a corporation), and

“(B) the amount of the decrease (if any) in the aggregate amount of credits determined under subtitle A which results from a difference between the taxpayer’s treatment of an item to which this section applies (as shown on the taxpayer’s return of tax) and the proper tax treatment of such item.

For purposes of subparagraph (A), any reduction of the excess of deductions allowed for

the taxable year over gross income for such year, and any reduction in the amount of capital losses which would (without regard to section 1211) be allowed for such year, shall be treated as an increase in taxable income.

“(2) ITEMS TO WHICH SECTION APPLIES.—This section shall apply to any item which is attributable to—

“(A) any listed transaction, and

“(B) any reportable transaction (other than a listed transaction) if a significant purpose of such transaction is the avoidance or evasion of Federal income tax.

“(C) HIGHER PENALTY FOR NONDISCLOSED LISTED AND OTHER AVOIDANCE TRANSACTIONS.—

“(1) IN GENERAL.—Subsection (a) shall be applied by substituting ‘30 percent’ for ‘20 percent’ with respect to the portion of any reportable transaction understatement with respect to which the requirement of section 6664(d)(2)(A) is not met.

“(2) RULES APPLICABLE TO COMPROMISE OF PENALTY.—

“(A) IN GENERAL.—If the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals has been sent with respect to a penalty to which paragraph (1) applies, only the Commissioner of Internal Revenue may compromise all or any portion of such penalty.

“(B) APPLICABLE RULES.—The rules of paragraphs (3), (4), and (5) of section 6707A(d) shall apply for purposes of subparagraph (A).

“(d) DEFINITIONS OF REPORTABLE AND LISTED TRANSACTIONS.—For purposes of this section, the terms ‘reportable transaction’ and ‘listed transaction’ have the respective meanings given to such terms by section 6707A(c).

“(e) SPECIAL RULES.—

“(1) COORDINATION WITH PENALTIES, ETC., ON OTHER UNDERSTATEMENTS.—In the case of an understatement (as defined in section 6662(d)(2))—

“(A) the amount of such understatement (determined without regard to this paragraph) shall be increased by the aggregate amount of reportable transaction understatements and noneconomic substance transaction understatements for purposes of determining whether such understatement is a substantial understatement under section 6662(d)(1), and

“(B) the addition to tax under section 6662(a) shall apply only to the excess of the amount of the substantial understatement (if any) after the application of subparagraph (A) over the aggregate amount of reportable transaction understatements and noneconomic substance transaction understatements.

“(2) COORDINATION WITH OTHER PENALTIES.—

“(A) APPLICATION OF FRAUD PENALTY.—References to an underpayment in section 6663 shall be treated as including references to a reportable transaction understatement and a noneconomic substance transaction understatement.

“(B) NO DOUBLE PENALTY.—This section shall not apply to any portion of an understatement on which a penalty is imposed under section 6662B or 6663.

“(3) SPECIAL RULE FOR AMENDED RETURNS.—Except as provided in regulations, in no event shall any tax treatment included with an amendment or supplement to a return of tax be taken into account in determining the amount of any reportable transaction understatement or noneconomic substance transaction understatement if the amendment or supplement is filed after the earlier of the date the taxpayer is first contacted by the Secretary regarding the examination of the return or such other date as is specified by the Secretary.

“(4) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this subsection, the term ‘noneconomic substance transaction understatement’ has the meaning given such term by section 6662B(c).

“(5) CROSS REFERENCE.—

“**For reporting of section 6662A(c) penalty to the Securities and Exchange Commission, see section 6707A(e).**”

(b) DETERMINATION OF OTHER UNDERSTATEMENTS.—Subparagraph (A) of section 6662(d)(2) is amended by adding at the end the following flush sentence:

“The excess under the preceding sentence shall be determined without regard to items to which section 6662A applies and without regard to items with respect to which a penalty is imposed by section 6662B.”

(c) REASONABLE CAUSE EXCEPTION.—

(1) IN GENERAL.—Section 6664 is amended by adding at the end the following new subsection:

“(d) REASONABLE CAUSE EXCEPTION FOR REPORTABLE TRANSACTION UNDERSTATEMENTS.—

“(1) IN GENERAL.—No penalty shall be imposed under section 6662A with respect to any portion of a reportable transaction understatement if it is shown that there was a reasonable cause for such portion and that the taxpayer acted in good faith with respect to such portion.

“(2) SPECIAL RULES.—Paragraph (1) shall not apply to any reportable transaction understatement unless—

“(A) the relevant facts affecting the tax treatment of the item are adequately disclosed in accordance with the regulations prescribed under section 6011,

“(B) there is or was substantial authority for such treatment, and

“(C) the taxpayer reasonably believed that such treatment was more likely than not the proper treatment.

A taxpayer failing to adequately disclose in accordance with section 6011 shall be treated as meeting the requirements of subparagraph (A) if the penalty for such failure was rescinded under section 6707A(d).

“(3) RULES RELATING TO REASONABLE BELIEF.—For purposes of paragraph (2)(C)—

“(A) IN GENERAL.—A taxpayer shall be treated as having a reasonable belief with respect to the tax treatment of an item only if such belief—

“(i) is based on the facts and law that exist at the time the return of tax which includes such tax treatment is filed, and

“(ii) relates solely to the taxpayer’s chances of success on the merits of such treatment and does not take into account the possibility that a return will not be audited, such treatment will not be raised on audit, or such treatment will be resolved through settlement if it is raised.

“(B) CERTAIN OPINIONS MAY NOT BE RELIED UPON.—

“(i) IN GENERAL.—An opinion of a tax advisor may not be relied upon to establish the reasonable belief of a taxpayer if—

“(I) the tax advisor is described in clause (ii), or

“(II) the opinion is described in clause (iii).

“(ii) DISQUALIFIED TAX ADVISORS.—A tax advisor is described in this clause if the tax advisor—

“(I) is a material advisor (within the meaning of section 6111(b)(1)) who participates in the organization, management, promotion, or sale of the transaction or who is related (within the meaning of section 267(b) or 707(b)(1)) to any person who so participates,

“(II) is compensated directly or indirectly by a material advisor with respect to the transaction,

“(III) has a fee arrangement with respect to the transaction which is contingent on all

or part of the intended tax benefits from the transaction being sustained, or

“(IV) as determined under regulations prescribed by the Secretary, has a continuing financial interest with respect to the transaction.

“(iii) DISQUALIFIED OPINIONS.—For purposes of clause (i), an opinion is disqualified if the opinion—

“(I) is based on unreasonable factual or legal assumptions (including assumptions as to future events),

“(II) unreasonably relies on representations, statements, findings, or agreements of the taxpayer or any other person,

“(III) does not identify and consider all relevant facts, or

“(IV) fails to meet any other requirement as the Secretary may prescribe.”

(2) CONFORMING AMENDMENT.—The heading for subsection (c) of section 6664 is amended by inserting “FOR UNDERPAYMENTS” after “EXCEPTION”.

(d) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 461(i)(3) is amended by striking “section 6662(d)(2)(C)(iii)” and inserting “section 1274(b)(3)(C)”.

(2) Paragraph (3) of section 1274(b) is amended—

(A) by striking “(as defined in section 6662(d)(2)(C)(iii))” in subparagraph (B)(i), and

(B) by adding at the end the following new subparagraph:

“(C) TAX SHELTER.—For purposes of subparagraph (B), the term ‘tax shelter’ means—

“(i) a partnership or other entity,

“(ii) any investment plan or arrangement,

or

“(iii) any other plan or arrangement,

if a significant purpose of such partnership, entity, plan, or arrangement is the avoidance or evasion of Federal income tax.”

(3) Section 6662(d)(2) is amended by striking subparagraphs (C) and (D).

(4) Section 6664(c)(1) is amended by striking “this part” and inserting “section 6662 or 6663”.

(5) Subsection (b) of section 7525 is amended by striking “section 6662(d)(2)(C)(iii)” and inserting “section 1274(b)(3)(C)”.

(6)(A) The heading for section 6662 is amended to read as follows:

“**SEC. 6662. IMPOSITION OF ACCURACY-RELATED PENALTY ON UNDERPAYMENTS.**”

(B) The table of sections for part II of subchapter A of chapter 68 is amended by striking the item relating to section 6662 and inserting the following new items:

“Sec. 6662. Imposition of accuracy-related penalty on underpayments.

“Sec. 6662A. Imposition of accuracy-related penalty on understatements with respect to reportable transactions.”

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

**SEC. 204. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.**

(a) IN GENERAL.—Subchapter A of chapter 68 is amended by inserting after section 6662A the following new section:

“**SEC. 6662B. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.**

“(a) IMPOSITION OF PENALTY.—If a taxpayer has an noneconomic substance transaction understatement for any taxable year, there shall be added to the tax an amount equal to 40 percent of the amount of such understatement.

“(b) REDUCTION OF PENALTY FOR DISCLOSED TRANSACTIONS.—Subsection (a) shall be applied by substituting ‘20 percent’ for ‘40 percent’ with respect to the portion of any non-economic substance transaction understatement with respect to which the relevant facts affecting the tax treatment of the item are adequately disclosed in the return or a statement attached to the return.

“(c) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this section—

“(1) IN GENERAL.—The term ‘noneconomic substance transaction understatement’ means any amount which would be an understatement under section 6662A(b)(1) if section 6662A were applied by taking into account items attributable to noneconomic substance transactions rather than items to which section 6662A would apply without regard to this paragraph.

“(2) NONECONOMIC SUBSTANCE TRANSACTION.—The term ‘noneconomic substance transaction’ means any transaction if—

“(A) there is a lack of economic substance (within the meaning of section 7701(m)(1)) for the transaction giving rise to the claimed tax benefit or the transaction was not respected under section 7701(m)(2), or

“(B) the transaction fails to meet the requirements of any similar rule of law.

“(d) RULES APPLICABLE TO COMPROMISE OF PENALTY.—

“(1) IN GENERAL.—If the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals has been sent with respect to a penalty to which this section applies, only the Commissioner of Internal Revenue may compromise all or any portion of such penalty.

“(2) APPLICABLE RULES.—The rules of paragraphs (3), (4), and (5) of section 6707A(d) shall apply for purposes of paragraph (1).

“(e) COORDINATION WITH OTHER PENALTIES.—Except as otherwise provided in this part, the penalty imposed by this section shall be in addition to any other penalty imposed by this title.

“(f) CROSS REFERENCES.—

“(1) For coordination of penalty with understatements under section 6662 and other special rules, see section 6662A(e).

“(2) For reporting of penalty imposed under this section to the Securities and Exchange Commission, see section 6707A(e).”

(b) CLERICAL AMENDMENT.—The table of sections for part II of subchapter A of chapter 68 is amended by inserting after the item relating to section 6662A the following new item:

“Sec. 6662B. Penalty for understatements attributable to transactions lacking economic substance, etc.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after February 13, 2003.

**SEC. 205. MODIFICATIONS OF SUBSTANTIAL UNDERSTATEMENT PENALTY FOR NON-REPORTABLE TRANSACTIONS.**

(a) SUBSTANTIAL UNDERSTATEMENT OF CORPORATIONS.—Section 6662(d)(1)(B) (relating to special rule for corporations) is amended to read as follows:

“(B) SPECIAL RULE FOR CORPORATIONS.—In the case of a corporation other than an S corporation or a personal holding company (as defined in section 542), there is a substantial understatement of income tax for any taxable year if the amount of the understatement for the taxable year exceeds the lesser of—

“(i) 10 percent of the tax required to be shown on the return for the taxable year (or, if greater, \$10,000), or

“(ii) \$10,000,000.”

(b) REDUCTION FOR UNDERSTATEMENT OF TAXPAYER DUE TO POSITION OF TAXPAYER OR DISCLOSED ITEM.—

(1) IN GENERAL.—Section 6662(d)(2)(B)(i) (relating to substantial authority) is amended to read as follows:

“(i) the tax treatment of any item by the taxpayer if the taxpayer had reasonable belief that the tax treatment was more likely than not the proper treatment, or”.

(2) CONFORMING AMENDMENT.—Section 6662(d) is amended by adding at the end the following new paragraph:

“(3) SECRETARIAL LIST.—For purposes of this subsection, section 6664(d)(2), and section 6694(a)(1), the Secretary may prescribe a list of positions for which the Secretary believes there is not substantial authority or there is no reasonable belief that the tax treatment is more likely than not the proper tax treatment. Such list (and any revisions thereof) shall be published in the Federal Register or the Internal Revenue Bulletin.”

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

**SEC. 206. TAX SHELTER EXCEPTION TO CONFIDENTIALITY PRIVILEGES RELATING TO TAXPAYER COMMUNICATIONS.**

(a) IN GENERAL.—Section 7525(b) (relating to section not to apply to communications regarding corporate tax shelters) is amended to read as follows:

“(b) SECTION NOT TO APPLY TO COMMUNICATIONS REGARDING TAX SHELTERS.—The privilege under subsection (a) shall not apply to any written communication which is—

“(1) between a federally authorized tax practitioner and—

“(A) any person,

“(B) any director, officer, employee, agent, or representative of the person, or

“(C) any other person holding a capital or profits interest in the person, and

“(2) in connection with the promotion of the direct or indirect participation of the person in any tax shelter (as defined in section 1274(b)(3)(C)).”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to communications made on or after the date of the enactment of this Act.

**SEC. 207. DISCLOSURE OF REPORTABLE TRANSACTIONS.**

(a) IN GENERAL.—Section 6111 (relating to registration of tax shelters) is amended to read as follows:

“**SEC. 6111. DISCLOSURE OF REPORTABLE TRANSACTIONS.**

“(a) IN GENERAL.—Each material advisor with respect to any reportable transaction shall make a return (in such form as the Secretary may prescribe) setting forth—

“(1) information identifying and describing the transaction,

“(2) information describing any potential tax benefits expected to result from the transaction, and

“(3) such other information as the Secretary may prescribe.

Such return shall be filed not later than the date specified by the Secretary.

“(b) DEFINITIONS.—For purposes of this section—

“(1) MATERIAL ADVISOR.—

“(A) IN GENERAL.—The term ‘material advisor’ means any person—

“(i) who provides any material aid, assistance, or advice with respect to organizing, promoting, selling, implementing, or carrying out any reportable transaction, and

“(ii) who directly or indirectly derives gross income in excess of the threshold amount for such aid, assistance, or advice.

“(B) THRESHOLD AMOUNT.—For purposes of subparagraph (A), the threshold amount is—

“(i) \$50,000 in the case of a reportable transaction substantially all of the tax benefits from which are provided to natural persons, and

“(ii) \$250,000 in any other case.

“(2) REPORTABLE TRANSACTION.—The term ‘reportable transaction’ has the meaning given to such term by section 6707A(c).

“(c) REGULATIONS.—The Secretary may prescribe regulations which provide—

“(1) that only 1 person shall be required to meet the requirements of subsection (a) in cases in which 2 or more persons would otherwise be required to meet such requirements,

“(2) exemptions from the requirements of this section, and

“(3) such rules as may be necessary or appropriate to carry out the purposes of this section.”

(b) CONFORMING AMENDMENTS.—

(1) The item relating to section 6111 in the table of sections for subchapter B of chapter 61 is amended to read as follows:

“Sec. 6111. Disclosure of reportable transactions.”

(2)(A) So much of section 6112 as precedes subsection (c) thereof is amended to read as follows:

“**SEC. 6112. MATERIAL ADVISORS OF REPORTABLE TRANSACTIONS MUST KEEP LISTS OF ADVISEES.**

“(a) IN GENERAL.—Each material advisor (as defined in section 6111) with respect to any reportable transaction (as defined in section 6707A(c)) shall maintain, in such manner as the Secretary may by regulations prescribe, a list—

“(1) identifying each person with respect to whom such advisor acted as such a material advisor with respect to such transaction, and

“(2) containing such other information as the Secretary may by regulations require.

This section shall apply without regard to whether a material advisor is required to file a return under section 6111 with respect to such transaction.”

(B) Section 6112 is amended by redesignating subsection (c) as subsection (b).

(C) Section 6112(b), as redesignated by subparagraph (B), is amended—

(i) by inserting “written” before “request” in paragraph (1)(A), and

(ii) by striking “shall prescribe” in paragraph (2) and inserting “may prescribe”.

(D) The item relating to section 6112 in the table of sections for subchapter B of chapter 61 is amended to read as follows:

“Sec. 6112. Material advisors of reportable transactions must keep lists of advisees.”

(3)(A) The heading for section 6708 is amended to read as follows:

“**SEC. 6708. FAILURE TO MAINTAIN LISTS OF ADVISEES WITH RESPECT TO REPORTABLE TRANSACTIONS.**”

(B) The item relating to section 6708 in the table of sections for part I of subchapter B of chapter 68 is amended to read as follows:

“Sec. 6708. Failure to maintain lists of advisees with respect to reportable transactions.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions with respect to which material aid, assistance, or advice referred to in section 6111(b)(1)(A)(i) of the Internal Revenue Code of 1986 (as added by this section) is provided after the date of the enactment of this Act.

**SEC. 208. MODIFICATIONS TO PENALTY FOR FAILURE TO REGISTER TAX SHELTERS.**

(a) IN GENERAL.—Section 6707 (relating to failure to furnish information regarding tax shelters) is amended to read as follows:

**“SEC. 6707. FAILURE TO FURNISH INFORMATION REGARDING REPORTABLE TRANSACTIONS.**

“(a) IN GENERAL.—If a person who is required to file a return under section 6111(a) with respect to any reportable transaction—

“(1) fails to file such return on or before the date prescribed therefor, or

“(2) files false or incomplete information with the Secretary with respect to such transaction,

such person shall pay a penalty with respect to such return in the amount determined under subsection (b).

“(b) AMOUNT OF PENALTY.—

“(1) IN GENERAL.—Except as provided in paragraph (2), the penalty imposed under subsection (a) with respect to any failure shall be \$50,000.

“(2) LISTED TRANSACTIONS.—The penalty imposed under subsection (a) with respect to any listed transaction shall be an amount equal to the greater of—

“(A) \$200,000, or

“(B) 50 percent of the gross income derived by such person with respect to aid, assistance, or advice which is provided with respect to the reportable transaction before the date the return including the transaction is filed under section 6111.

Subparagraph (B) shall be applied by substituting ‘75 percent’ for ‘50 percent’ in the case of an intentional failure or act described in subsection (a).

“(c) RESCISSION AUTHORITY.—The provisions of section 6707A(d) (relating to authority of Commissioner to rescind penalty) shall apply to any penalty imposed under this section.

“(d) REPORTABLE AND LISTED TRANSACTIONS.—The terms ‘reportable transaction’ and ‘listed transaction’ have the respective meanings given to such terms by section 6707A(c).”

(b) CLERICAL AMENDMENT.—The item relating to section 6707 in the table of sections for part I of subchapter B of chapter 68 is amended by striking “tax shelters” and inserting “reportable transactions”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to returns the due date for which is after the date of the enactment of this Act.

**SEC. 209. MODIFICATION OF PENALTY FOR FAILURE TO MAINTAIN LISTS OF INVESTORS.**

(a) IN GENERAL.—Subsection (a) of section 6708 is amended to read as follows:

“(a) IMPOSITION OF PENALTY.—

“(1) IN GENERAL.—If any person who is required to maintain a list under section 6112(a) fails to make such list available upon written request to the Secretary in accordance with section 6112(b)(1)(A) within 20 business days after the date of the Secretary’s request, such person shall pay a penalty of \$10,000 for each day of such failure after such 20th day.

“(2) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed by paragraph (1) with respect to the failure on any day if such failure is due to reasonable cause.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests made after the date of the enactment of this Act.

**SEC. 210. MODIFICATION OF ACTIONS TO ENJOIN CERTAIN CONDUCT RELATED TO TAX SHELTERS AND REPORTABLE TRANSACTIONS.**

(a) IN GENERAL.—Section 7408 (relating to action to enjoin promoters of abusive tax shelters, etc.) is amended by redesignating subsection (c) as subsection (d) and by striking subsections (a) and (b) and inserting the following new subsections:

“(a) AUTHORITY TO SEEK INJUNCTION.—A civil action in the name of the United States

to enjoin any person from further engaging in specified conduct may be commenced at the request of the Secretary. Any action under this section shall be brought in the district court of the United States for the district in which such person resides, has his principal place of business, or has engaged in specified conduct. The court may exercise its jurisdiction over such action (as provided in section 7402(a)) separate and apart from any other action brought by the United States against such person.

“(b) ADJUDICATION AND DECREE.—In any action under subsection (a), if the court finds—

“(1) that the person has engaged in any specified conduct, and

“(2) that injunctive relief is appropriate to prevent recurrence of such conduct,

the court may enjoin such person from engaging in such conduct or in any other activity subject to penalty under this title.

“(c) SPECIFIED CONDUCT.—For purposes of this section, the term ‘specified conduct’ means any action, or failure to take action, subject to penalty under section 6700, 6701, 6707, or 6708.”

(b) CONFORMING AMENDMENTS.—

(1) The heading for section 7408 is amended to read as follows:

**“SEC. 7408. ACTIONS TO ENJOIN SPECIFIED CONDUCT RELATED TO TAX SHELTERS AND REPORTABLE TRANSACTIONS.”**

(2) The table of sections for subchapter A of chapter 67 is amended by striking the item relating to section 7408 and inserting the following new item:

“Sec. 7408. Actions to enjoin specified conduct related to tax shelters and reportable transactions.”

(c) EFFECTIVE DATE.—The amendment made by this section shall take effect on the day after the date of the enactment of this Act.

**SEC. 211. UNDERSTATEMENT OF TAXPAYER’S LIABILITY BY INCOME TAX RETURN PREPARER.**

(a) STANDARDS CONFORMED TO TAXPAYER STANDARDS.—Section 6694(a) (relating to understatements due to unrealistic positions) is amended—

(1) by striking “realistic possibility of being sustained on its merits” in paragraph (1) and inserting “reasonable belief that the tax treatment in such position was more likely than not the proper treatment”,

(2) by striking “or was frivolous” in paragraph (3) and inserting “or there was no reasonable basis for the tax treatment of such position”, and

(3) by striking “UNREALISTIC” in the heading and inserting “IMPROPER”.

(b) AMOUNT OF PENALTY.—Section 6694 is amended—

(1) by striking “\$250” in subsection (a) and inserting “\$1,000”, and

(2) by striking “\$1,000” in subsection (b) and inserting “\$5,000”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to documents prepared after the date of the enactment of this Act.

**SEC. 212. PENALTY ON FAILURE TO REPORT INTERESTS IN FOREIGN FINANCIAL ACCOUNTS.**

(a) IN GENERAL.—Section 5321(a)(5) of title 31, United States Code, is amended to read as follows:

“(5) FOREIGN FINANCIAL AGENCY TRANSACTION VIOLATION.—

“(A) PENALTY AUTHORIZED.—The Secretary of the Treasury may impose a civil money penalty on any person who violates, or causes any violation of, any provision of section 5314.

“(B) AMOUNT OF PENALTY.—

“(i) IN GENERAL.—Except as provided in subparagraph (C), the amount of any civil

penalty imposed under subparagraph (A) shall not exceed \$5,000.

“(ii) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under subparagraph (A) with respect to any violation if—

“(I) such violation was due to reasonable cause, and

“(II) the amount of the transaction or the balance in the account at the time of the transaction was properly reported.

“(C) WILLFUL VIOLATIONS.—In the case of any person willfully violating, or willfully causing any violation of, any provision of section 5314—

“(i) the maximum penalty under subparagraph (B)(i) shall be increased to the greater of—

“(I) \$25,000, or

“(II) the amount (not exceeding \$100,000) determined under subparagraph (D), and

“(ii) subparagraph (B)(ii) shall not apply.

“(D) AMOUNT.—The amount determined under this subparagraph is—

“(i) in the case of a violation involving a transaction, the amount of the transaction, or

“(ii) in the case of a violation involving a failure to report the existence of an account or any identifying information required to be provided with respect to an account, the balance in the account at the time of the violation.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to violations occurring after the date of the enactment of this Act.

**SEC. 213. FRIVOLOUS TAX SUBMISSIONS.**

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

**“SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.**

“(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of \$5,000 if—

“(1) such person files what purports to be a return of a tax imposed by this title but which—

“(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

“(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

“(2) the conduct referred to in paragraph (1)—

“(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(B) reflects a desire to delay or impede the administration of Federal tax laws.

“(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

“(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of \$5,000.

“(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

“(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term ‘specified frivolous submission’ means a specified submission if any portion of such submission—

“(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(ii) reflects a desire to delay or impede the administration of Federal tax laws.

“(B) SPECIFIED SUBMISSION.—The term ‘specified submission’ means—

“(i) a request for a hearing under—

“(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

“(II) section 6330 (relating to notice and opportunity for hearing before levy), and

“(ii) an application under—

“(I) section 6159 (relating to agreements for payment of tax liability in installments),

“(II) section 7122 (relating to compromises), or

“(III) section 7811 (relating to taxpayer assistance orders).

“(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

“(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

“(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

“(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.”

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

“(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking “(A)” and inserting “(A)(i)”;

(B) by striking “(B)” and inserting “(ii)”;

(C) by striking the period at the end of the first sentence and inserting “; or”; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

“(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).”

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking “under subsection (a)(3)(B)” and inserting “in writing under subsection (a)(3)(B) and states the grounds for the requested hearing”, and

(2) in subsection (c), by striking “and (e)” and inserting “(e), and (g)”.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

“(e) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.”

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

“Sec. 6702. Frivolous tax submissions.”

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

**SEC. 214. REGULATION OF INDIVIDUALS PRACTICING BEFORE THE DEPARTMENT OF TREASURY.**

(a) CENSURE; IMPOSITION OF PENALTY.—

(1) IN GENERAL.—Section 330(b) of title 31, United States Code, is amended—

(A) by inserting “, or censure,” after “Department”, and

(B) by adding at the end the following new flush sentence:

“The Secretary may impose a monetary penalty on any representative described in the preceding sentence. If the representative was acting on behalf of an employer or any firm or other entity in connection with the conduct giving rise to such penalty, the Secretary may impose a monetary penalty on such employer, firm, or entity if it knew, or reasonably should have known, of such conduct. Such penalty shall not exceed the gross income derived (or to be derived) from the conduct giving rise to the penalty and may be in addition to, or in lieu of, any suspension, disbarment, or censure.”

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to actions taken after the date of the enactment of this Act.

(b) TAX SHELTER OPINIONS, ETC.—Section 330 of such title 31 is amended by adding at the end the following new subsection:

“(d) Nothing in this section or in any other provision of law shall be construed to limit the authority of the Secretary of the Treasury to impose standards applicable to the rendering of written advice with respect to any entity, transaction plan or arrangement, or other plan or arrangement, which is of a type which the Secretary determines as having a potential for tax avoidance or evasion.”

**SEC. 215. PENALTY ON PROMOTERS OF TAX SHELTERS.**

(a) PENALTY ON PROMOTING ABUSIVE TAX SHELTERS.—Section 6700(a) is amended by adding at the end the following new sentence: “Notwithstanding the first sentence, if an activity with respect to which a penalty imposed under this subsection involves a statement described in paragraph (2)(A), the amount of the penalty shall be equal to 50 percent of the gross income derived (or to be derived) from such activity by the person on which the penalty is imposed.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to activities after the date of the enactment of this Act.

**SEC. 216. STATUTE OF LIMITATIONS FOR TAXABLE YEARS FOR WHICH LISTED TRANSACTIONS NOT REPORTED.**

(a) IN GENERAL.—Section 6501(e)(1) (relating to substantial omission of items for income taxes) is amended by adding at the end the following new subparagraph:

“(C) LISTED TRANSACTIONS.—If a taxpayer fails to include on any return or statement for any taxable year any information with respect to a listed transaction (as defined in section 6707A(c)(2)) which is required under section 6011 to be included with such return or statement, the tax for such taxable year may be assessed, or a proceeding in court for collection of such tax may be begun without assessment, at any time within 6 years after

the time the return is filed. This subparagraph shall not apply to any taxable year if the time for assessment or beginning the proceeding in court has expired before the time a transaction is treated as a listed transaction under section 6011.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transactions after the date of the enactment of this Act in taxable years ending after such date.

**SEC. 217. DENIAL OF DEDUCTION FOR INTEREST ON UNDERPAYMENTS ATTRIBUTABLE TO NONDISCLOSED REPORTABLE AND NONECONOMIC SUBSTANCE TRANSACTIONS.**

(a) IN GENERAL.—Section 163 (relating to deduction for interest) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

“(m) INTEREST ON UNPAID TAXES ATTRIBUTABLE TO NONDISCLOSED REPORTABLE TRANSACTIONS AND NONECONOMIC SUBSTANCE TRANSACTIONS.—No deduction shall be allowed under this chapter for any interest paid or accrued under section 6601 on any underpayment of tax which is attributable to—

“(1) the portion of any reportable transaction understatement (as defined in section 6662A(b)) with respect to which the requirement of section 6664(d)(2)(A) is not met, or

“(2) any noneconomic substance transaction understatement (as defined in section 6662B(c)).”

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

**TITLE III—OTHER PROVISIONS**

**SEC. 301. LIMITATION ON TRANSFER OR IMPORTATION OF BUILT-IN LOSSES.**

(a) IN GENERAL.—Section 362 (relating to basis to corporations) is amended by adding at the end the following new subsection:

“(e) LIMITATIONS ON BUILT-IN LOSSES.—

“(1) LIMITATION ON IMPORTATION OF BUILT-IN LOSSES.—

“(A) IN GENERAL.—If in any transaction described in subsection (a) or (b) there would (but for this subsection) be an importation of a net built-in loss, the basis of each property described in subparagraph (B) which is acquired in such transaction shall (notwithstanding subsections (a) and (b)) be its fair market value immediately after such transaction.

“(B) PROPERTY DESCRIBED.—For purposes of subparagraph (A), property is described in this paragraph if—

“(i) gain or loss with respect to such property is not subject to tax under this subtitle in the hands of the transferor immediately before the transfer, and

“(ii) gain or loss with respect to such property is subject to such tax in the hands of the transferee immediately after such transfer.

In any case in which the transferor is a partnership, the preceding sentence shall be applied by treating each partner in such partnership as holding such partner's proportionate share of the property of such partnership.

“(C) IMPORTATION OF NET BUILT-IN LOSS.—For purposes of subparagraph (A), there is an importation of a net built-in loss in a transaction if the transferee's aggregate adjusted bases of property described in subparagraph (B) which is transferred in such transaction would (but for this paragraph) exceed the fair market value of such property immediately after such transaction.”

“(2) LIMITATION ON TRANSFER OF BUILT-IN LOSSES IN SECTION 351 TRANSACTIONS.—

“(A) IN GENERAL.—If—

“(i) property is transferred in any transaction which is described in subsection (a) and which is not described in paragraph (1) of this subsection, and

“(ii) the transferee’s aggregate adjusted bases of the property so transferred would (but for this paragraph) exceed the fair market value of such property immediately after such transaction,

then, notwithstanding subsection (a), the transferee’s aggregate adjusted bases of the property so transferred shall not exceed the fair market value of such property immediately after such transaction.

“(B) ALLOCATION OF BASIS REDUCTION.—The aggregate reduction in basis by reason of subparagraph (A) shall be allocated among the property so transferred in proportion to their respective built-in losses immediately before the transaction.

“(C) EXCEPTION FOR TRANSFERS WITHIN AFFILIATED GROUP.—Subparagraph (A) shall not apply to any transaction if the transferor owns stock in the transferee meeting the requirements of section 1504(a)(2). In the case of property to which subparagraph (A) does not apply by reason of the preceding sentence, the transferor’s basis in the stock received for such property shall not exceed its fair market value immediately after the transfer.”

(b) COMPARABLE TREATMENT WHERE LIQUIDATION.—Paragraph (1) of section 334(b) (relating to liquidation of subsidiary) is amended to read as follows:

“(1) IN GENERAL.—If property is received by a corporate distributee in a distribution in a complete liquidation to which section 332 applies (or in a transfer described in section 337(b)(1)), the basis of such property in the hands of such distributee shall be the same as it would be in the hands of the transferor; except that the basis of such property in the hands of such distributee shall be the fair market value of the property at the time of the distribution—

“(A) in any case in which gain or loss is recognized by the liquidating corporation with respect to such property, or

“(B) in any case in which the liquidating corporation is a foreign corporation, the corporate distributee is a domestic corporation, and the corporate distributee’s aggregate adjusted bases of property described in section 362(e)(1)(B) which is distributed in such liquidation would (but for this subparagraph) exceed the fair market value of such property immediately after such liquidation.”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act.

**SEC. 302. DISALLOWANCE OF CERTAIN PARTNERSHIP LOSS TRANSFERS.**

(a) TREATMENT OF CONTRIBUTED PROPERTY WITH BUILT-IN LOSS.—Paragraph (1) of section 704(c) is amended by striking “and” at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting “, and”, and by adding at the end the following:

“(C) if any property so contributed has a built-in loss—

“(i) such built-in loss shall be taken into account only in determining the amount of items allocated to the contributing partner, and

“(ii) except as provided in regulations, in determining the amount of items allocated to other partners, the basis of the contributed property in the hands of the partnership shall be treated as being equal to its fair market value immediately after the contribution.

For purposes of subparagraph (C), the term ‘built-in loss’ means the excess of the adjusted basis of the property (determined

without regard to subparagraph (C)(ii)) over its fair market value immediately after the contribution.”

(b) ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY ON TRANSFER OF PARTNERSHIP INTEREST IF THERE IS SUBSTANTIAL BUILT-IN LOSS.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 743 (relating to optional adjustment to basis of partnership property) is amended by inserting before the period “or unless the partnership has a substantial built-in loss immediately after such transfer”.

(2) ADJUSTMENT.—Subsection (b) of section 743 is amended by inserting “or with respect to which there is a substantial built-in loss immediately after such transfer” after “section 754 is in effect”.

(3) SUBSTANTIAL BUILT-IN LOSS.—Section 743 is amended by adding at the end the following new subsection:

“(d) SUBSTANTIAL BUILT-IN LOSS.—

“(1) IN GENERAL.—For purposes of this section, a partnership has a substantial built-in loss with respect to a transfer of an interest in a partnership if the transferee partner’s proportionate share of the adjusted basis of the partnership property exceeds by more than \$250,000 the basis of such partner’s interest in the partnership.

“(2) REGULATIONS.—The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of paragraph (1) and section 734(d), including regulations aggregating related partnerships and disregarding property acquired by the partnership in an attempt to avoid such purposes.”

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 743 is amended to read as follows:

**“SEC. 743. ADJUSTMENT TO BASIS OF PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BUILT-IN LOSS.”**

(B) The table of sections for subpart C of part II of subchapter K of chapter 1 is amended by striking the item relating to section 743 and inserting the following new item:

“Sec. 743. Adjustment to basis of partnership property where section 754 election or substantial built-in loss.”

(c) ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY IF THERE IS SUBSTANTIAL BASIS REDUCTION.—

(1) ADJUSTMENT REQUIRED.—Subsection (a) of section 734 (relating to optional adjustment to basis of undistributed partnership property) is amended by inserting before the period “or unless there is a substantial basis reduction”.

(2) ADJUSTMENT.—Subsection (b) of section 734 is amended by inserting “or unless there is a substantial basis reduction” after “section 754 is in effect”.

(3) SUBSTANTIAL BASIS REDUCTION.—Section 734 is amended by adding at the end the following new subsection:

“(d) SUBSTANTIAL BASIS REDUCTION.—

“(1) IN GENERAL.—For purposes of this section, there is a substantial basis reduction with respect to a distribution if the sum of the amounts described in subparagraphs (A) and (B) of subsection (b)(2) exceeds \$250,000.

“(2) REGULATIONS.—

**“For regulations to carry out this subsection, see section 743(d)(2).”**

(4) CLERICAL AMENDMENTS.—

(A) The section heading for section 734 is amended to read as follows:

**“SEC. 734. ADJUSTMENT TO BASIS OF UNDISTRIBUTED PARTNERSHIP PROPERTY WHERE SECTION 754 ELECTION OR SUBSTANTIAL BASIS REDUCTION.”**

(B) The table of sections for subpart B of part II of subchapter K of chapter 1 is

amended by striking the item relating to section 734 and inserting the following new item:

“Sec. 734. Adjustment to basis of undistributed partnership property where section 754 election or substantial basis reduction.”

(d) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to contributions made after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to transfers after the date of the enactment of this Act.

(3) SUBSECTION (c).—The amendments made by subsection (c) shall apply to distributions after the date of the enactment of this Act.

**SEC. 303. NO REDUCTION OF BASIS UNDER SECTION 734 IN STOCK HELD BY PARTNERSHIP IN CORPORATE PARTNER.**

(a) IN GENERAL.—Section 755 is amended by adding at the end the following new subsection:

“(c) NO ALLOCATION OF BASIS DECREASE TO STOCK OF CORPORATE PARTNER.—In making an allocation under subsection (a) of any decrease in the adjusted basis of partnership property under section 734(b)—

“(1) no allocation may be made to stock in a corporation which is a partner in the partnership, and

“(2) any amount not allocable to stock by reason of paragraph (1) shall be allocated under subsection (a) to other partnership property.

Gain shall be recognized to the partnership to the extent that the amount required to be allocated under paragraph (2) to other partnership property exceeds the aggregate adjusted basis of such other property immediately before the allocation required by paragraph (2).”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions after the date of the enactment of this Act.

**SEC. 304. REPEAL OF SPECIAL RULES FOR FASITS.**

(a) IN GENERAL.—Part V of subchapter M of chapter 1 (relating to financial asset securitization investment trusts) is hereby repealed.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (6) of section 56(g) is amended by striking “REMIC, or FASIT” and inserting “or REMIC”.

(2) Clause (ii) of section 382(l)(4)(B) is amended by striking “a REMIC to which part IV of subchapter M applies, or a FASIT to which part V of subchapter M applies,” and inserting “or a REMIC to which part IV of subchapter M applies.”

(3) Paragraph (1) of section 582(c) is amended by striking “, and any regular interest in a FASIT,”.

(4) Subparagraph (E) of section 856(c)(5) is amended by striking the last sentence.

(5) Paragraph (5) of section 860G(a) is amended by adding “and” at the end of subparagraph (B), by striking “, and” at the end of subparagraph (C) and inserting a period, and by striking subparagraph (D).

(6) Subparagraph (C) of section 1202(e)(4) is amended by striking “REMIC, or FASIT” and inserting “or REMIC”.

(7) Subparagraph (C) of section 7701(a)(19) is amended by adding “and” at the end of clause (ix), by striking “, and” at the end of clause (x) and inserting a period, and by striking clause (xi).

(8) The table of parts for subchapter M of chapter 1 is amended by striking the item relating to part V.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this

section shall apply to taxable years beginning after December 31, 2003.

(2) EXCEPTION FOR EXISTING FASITS.—

(A) IN GENERAL.—Paragraph (1) shall not apply to any FASIT in existence on the date of the enactment of this Act.

(B) TRANSFER OF ADDITIONAL ASSETS NOT PERMITTED.—Except as provided in regulations prescribed by the Secretary of the Treasury or the Secretary's delegate, subparagraph (A) shall cease to apply as of the earliest date after the date of the enactment of this Act that any property is transferred to the FASIT.

**SEC. 305. EXPANDED DISALLOWANCE OF DEDUCTION FOR INTEREST ON CONVERTIBLE DEBT.**

(a) IN GENERAL.—Paragraph (2) of section 163(l) is amended by striking "or a related party" and inserting "or equity held by the issuer (or any related party) in any other person".

(b) CONFORMING AMENDMENT.—Paragraph (3) of section 163(l) is amended by striking "or a related party" in the material preceding subparagraph (A) and inserting "or any other person".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued after the date of the enactment of this Act.

**SEC. 306. EXPANDED AUTHORITY TO DISALLOW TAX BENEFITS UNDER SECTION 269.**

(a) IN GENERAL.—Subsection (a) of section 269 (relating to acquisitions made to evade or avoid income tax) is amended to read as follows:

"(a) IN GENERAL.—If—

"(1)(A) any person acquires stock in a corporation, or

"(B) any corporation acquires, directly or indirectly, property of another corporation and the basis of such property, in the hands of the acquiring corporation, is determined by reference to the basis in the hands of the transferor corporation, and

"(2) the principal purpose for which such acquisition was made is evasion or avoidance of Federal income tax by securing the benefit of a deduction, credit, or other allowance,

then the Secretary may disallow such deduction, credit, or other allowance."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to stock and property acquired after February 13, 2003.

**SEC. 307. MODIFICATIONS OF CERTAIN RULES RELATING TO CONTROLLED FOREIGN CORPORATIONS.**

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive investment company) is amended by adding at the end the following flush sentence:

"Such term shall not include any period if there is only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i) of subpart F income of such corporation for such period."

(b) DETERMINATION OF PRO RATA SHARE OF SUBPART F INCOME.—Subsection (a) of section 951 (relating to amounts included in gross income of United States shareholders) is amended by adding at the end the following new paragraph:

"(4) SPECIAL RULES FOR DETERMINING PRO RATA SHARE OF SUBPART F INCOME.—The pro rata share under paragraph (2) shall be determined by disregarding—

"(A) any rights lacking substantial economic effect, and

"(B) stock owned by a shareholder who is a tax-indifferent party (as defined in section 7701(m)(3)) if the amount which would (but for this paragraph) be allocated to such

shareholder does not reflect such shareholder's economic share of the earnings and profits of the corporation."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years on controlled foreign corporation beginning after February 13, 2003, and to taxable years of United States shareholder in which or with which such taxable years of controlled foreign corporations end.

**SEC. 308. BASIS FOR DETERMINING LOSS ALWAYS REDUCED BY NONTAXED PORTION OF DIVIDENDS.**

(a) IN GENERAL.—Section 1059 (relating to corporate shareholder's basis in stock reduced by nontaxed portion of extraordinary dividends) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) BASIS FOR DETERMINING LOSS ALWAYS REDUCED BY NONTAXED PORTION OF DIVIDENDS.—The basis of stock in a corporation (for purposes of determining loss) shall be reduced by the nontaxed portion of any dividend received with respect to such stock if this section does not otherwise apply to such dividend."

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to dividends received after the date of the enactment of this Act.

**SEC. 309. AFFIRMATION OF CONSOLIDATED RETURN REGULATION AUTHORITY.**

(a) IN GENERAL.—Section 1502 (relating to consolidated return regulations) is amended by adding at the end the following new sentence: "In prescribing such regulations, the Secretary may prescribe rules applicable to corporations filing consolidated returns under section 1501 that are different from other provisions of this title that would apply if such corporations filed separate returns."

(b) RESULT NOT OVERTURNED.—Notwithstanding subsection (a), the Internal Revenue Code of 1986 shall be construed by treating Treasury regulation § 1.1502-20(c)(1)(iii) (as in effect on January 1, 2001) as being inapplicable to the type of factual situation in 255 F.3d 1357 (Fed. Cir. 2001).

(c) EFFECTIVE DATE.—The provisions of this section shall apply to taxable years beginning before, on, or after the date of the enactment of this Act.

**SEC. 310. EXTENSION OF CUSTOMS USER FEES.**

Section 13031(j)(3) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(j)(3)) is amended by striking September 30, 2003' and inserting September 30, 2013'.

Amend the title so as to read: "A bill to amend the Internal Revenue Code of 1986 to restore the estate tax, to limit its applicability to estates of over \$3,000,000, to curb abusive tax shelters, and for other purposes."

Mr. REYNOLDS. 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.

Ms. SLAUGHTER. 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 clauses 8 and 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 and then on the question of the Speaker's approval of the Journal, if ordered.

The vote was taken by electronic device, and there were—yeas 227, nays 200, not voting 7, as follows:

[Roll No. 284]

YEAS—227

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

NAYS—200

Abercrombie	Baca	Bell
Ackerman	Baird	Berkley
Alexander	Baldwin	Berman
Allen	Ballance	Berry
Andrews	Becerra	Bishop (GA)

Bishop (NY)  
Blumenauer  
Boswell  
Boucher  
Boyd  
Brady (PA)  
Brown (OH)  
Brown, Corrine  
Capps  
Capuano  
Cardin  
Cardoza  
Carson (OK)  
Case  
Clay  
Clyburn  
Cooper  
Costello  
Cramer  
Crowley  
Cummings  
Davis (AL)  
Davis (CA)  
Davis (FL)  
Davis (IL)  
Davis (TN)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Deutsch  
Dicks  
Dingell  
Doggett  
Dooley (CA)  
Doyle  
Edwards  
Emanuel  
Engel  
Eshoo  
Etheridge  
Evans  
Farr  
Fattah  
Filner  
Ford  
Frank (MA)  
Frost  
Gonzalez  
Gordon  
Green (TX)  
Grijalva  
Gutierrez  
Hall  
Harman  
Hastings (FL)  
Hill  
Hinchey  
Hinojosa  
Hoeffel  
Holden  
Holt  
Honda

Hooley (OR)  
Hoyer  
Inslie  
Israel  
Jackson (IL)  
Jackson-Lee  
(TX)  
Jefferson  
John  
Johnson, E. B.  
Jones (OH)  
Kanjorski  
Kaptur  
Kennedy (RI)  
Kildee  
Kilpatrick  
Kind  
Kleczka  
Kucinich  
Lampson  
Langevin  
Lantos  
Larsen (WA)  
Larsen (CT)  
Lee  
Levin  
Lewis (GA)  
Lipinski  
Lowe  
Lucas (KY)  
Lynch  
Majette  
Maloney  
Markey  
Marshall  
Matheson  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McDermott  
McGovern  
McIntyre  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Michaud  
Millender-  
McDonald  
Miller (NC)  
Miller, George  
Mollohan  
Moore  
Moran (VA)  
Murtha  
Nadler  
Napolitano  
Neal (MA)  
Oberstar  
Obey  
Olver

NOT VOTING—7

Brady (TX)  
Carson (IN)  
Conyers

Gephardt  
Lofgren  
Smith (WA)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LATHAM) (during the vote). Members are reminded there are 2 minutes remaining on this vote.

□ 1201

Messrs. PASCRELL, OBEY, BELL, and Ms. BERKLEY changed their vote from “yea” to “nay.”

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

RECORDED VOTE

Ms. SLAUGHTER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

Ortiz  
Owens  
Pallone  
Pascrell  
Pastor  
Payne  
Pelosi  
Peterson (MN)  
Pomeroy  
Price (NC)  
Rahall  
Rangel  
Reyes  
Rodriguez  
Ross  
Rothman  
Roybal-Allard  
Ruppersberger  
Rush  
Ryan (OH)  
Sabo  
Sanchez, Linda  
T.  
Sanchez, Loretta  
Sanders  
Sandlin  
Schakowsky  
Schiff  
Scott (GA)  
Scott (VA)  
Serrano  
Sherman  
Skelton  
Slaughter  
Snyder  
Solis  
Spratt  
Stark  
Stenholm  
Strickland  
Stupak  
Tanner  
Tauscher  
Taylor (MS)  
Thompson (CA)  
Thompson (MS)  
Tierney  
Towns  
Turner (TX)  
Udall (CO)  
Udall (NM)  
Van Hollen  
Velazquez  
Visclosky  
Waters  
Watson  
Watt  
Waxman  
Wexler  
Woolsey  
Wu  
Wynn

The vote was taken by electronic device, and there were—ayes 230, noes 199, not voting 5, as follows:

[Roll No. 285]

AYES—230

Aderholt  
Akin  
Bachus  
Baker  
Ballenger  
Barrett (SC)  
Bartlett (MD)  
Barton (TX)  
Bass  
Beauprez  
Biggart  
Bilirakis  
Bishop (UT)  
Blackburn  
Blunt  
Boehlert  
Boehner  
Bonilla  
Bonner  
Bono  
Boozman  
Boucher  
Bradley (NH)  
Brady (TX)  
Brown (SC)  
Brown-Waite,  
Hyde  
Burgess  
Burns  
Burr  
Burton (IN)  
Buyer  
Calvert  
Camp  
Cannon  
Cantor  
Capito  
Carter  
Castle  
Chabot  
Chocola  
Coble  
Cole  
Collins  
Cox  
Crane  
Crenshaw  
Cubin  
Culberson  
Cunningham  
Davis, Jo Ann  
Davis, Tom  
Deal (GA)  
DeLay  
DeMint  
Diaz-Balart, L.  
Diaz-Balart, M.  
Doolittle  
Dreier  
Duncan  
Dunn  
Ehlers  
Emerson  
English  
Everett  
Feeney  
Ferguson  
Flake  
Fletcher  
Foley  
Forbes  
Fossella  
Franks (AZ)  
Frelinghuysen  
Gallegly  
Garrett (NJ)  
Gerlach

NOES—199

Abercrombie  
Ackerman  
Alexander  
Allen  
Andrews  
Baca  
Baird  
Baldwin  
Ballance  
Becerra  
Bell  
Bereuter  
Berkley

Davis (FL)  
Davis (IL)  
Davis (TN)  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Deutsch  
Dicks  
Dingell  
Doggett  
Dooley (CA)  
Doyle  
Edwards  
Emanuel  
Engel  
Eshoo  
Etheridge  
Evans  
Farr  
Fattah  
Filner  
Ford  
Frank (MA)  
Frost  
Gonzalez  
Gordon  
Green (TX)  
Grijalva  
Gutierrez  
Renzi  
Reynolds  
Rogers (AL)  
Rogers (KY)  
Rogers (MI)  
Rohrabacher  
Ros-Lehtinen  
Royce  
Ryan (WI)  
Ryun (KS)  
Sandlin  
Saxton  
Schrock  
Sensenbrenner  
Sessions  
Shadegg  
Shaw  
Shays  
Sherwood  
Shimkus  
Shuster  
Simmons  
Simpson  
Smith (MI)  
Smith (NJ)  
Smith (TX)  
Souder  
Stearns  
Sullivan  
Sweeney  
Tancredo  
Tauzin  
Taylor (NC)  
Terry  
Thomas  
Thornberry  
Tiahrt  
Tiberi  
Toomey  
Turner (OH)  
Upton  
Vitter  
Walden (OR)  
Walsh  
Wamp  
Weldon (FL)  
Weldon (PA)  
Weller  
Whitfield  
Wicker  
Wilson (NM)  
Wilson (SC)  
Wolf  
Young (AK)  
Young (FL)

Kilpatrick  
Kind  
Kleczka  
Kucinich  
Lampson  
Langevin  
Lantos  
Larsen (WA)  
Larsen (CT)  
Lee  
Levin  
Lewis (GA)  
Lipinski  
Lowe  
Lynch  
Majette  
Maloney  
Markey  
Marshall  
Matheson  
Matsui  
McCarthy (MO)  
McCarthy (NY)  
McCollum  
McDermott  
McGovern  
McIntyre  
McNulty  
Meehan  
Meek (FL)  
Meeks (NY)  
Menendez  
Michaud  
Millender-  
McDonald  
Miller (NC)  
Miller, George  
Mollohan  
Moore  
Moran (VA)  
Murtha  
Nadler  
Napolitano  
Neal (MA)  
Oberstar  
Obey  
Olver  
Ortiz  
Owens  
Pallone  
Pascrell  
Pastor  
Payne  
Pelosi  
Peterson (MN)

NOT VOTING—5

Carson (IN)  
Gephardt

Lofgren  
Smith (WA)  
Weiner

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are reminded there are 2 minutes remaining on this vote.

□ 1208

So the resolution was agreed to. The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

THE JOURNAL

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the pending business is the question of the Speaker's approval of the Journal of the last day's proceedings.

The question is on the Speaker's approval of the Journal.

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

RECORDED VOTE

Ms. SLAUGHTER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 365, noes 59,

Cardoza  
Carson (OK)  
Case  
Clay  
Clyburn  
Conyers  
Cooper  
Costello  
Cramer  
Crowley  
Cummings  
Davis (AL)  
Davis (CA)

answered "present" 1, not voting 9, as follows:

[Roll No. 286]

AYES—365

Abercrombie Dingell Kirk  
Ackerman Dooley (CA) Kleczka  
Akin Doolittle Kline  
Alexander Doyle Knollenberg  
Allen Dreier Kolbe  
Andrews Duncan LaHood  
Baca Dunn Lampson  
Bachus Edwards Langevin  
Baker Ehlers Lantos  
Ballance Emanuel Larson (CT)  
Ballenger Emerson Latham  
Barrett (SC) Engel LaTourette  
Bartlett (MD) Eshoo Leach  
Barton (TX) Etheridge Lee  
Bass Everett Levin  
Beauprez Farr Lewis (CA)  
Becerra Fattah Lewis (GA)  
Bell Feeney Lewis (KY)  
Bereuter Ferguson Linder  
Berkley Flake Lipinski  
Berman Fletcher Lowey  
Biggart Foley Lucas (KY)  
Bilirakis Forbes Lucas (OK)  
Bishop (GA) Frank (MA) Lynch  
Bishop (NY) Franks (AZ) Majette  
Bishop (UT) Frelinghuysen Maloney  
Blackburn Frost Manzullo  
Blumenauer Gallegly Markey  
Blunt Garrett (NJ) Marshall  
Boehlert Gerlach Matsui  
Boehner Gibbons McCarthy (MO)  
Bonilla Gilchrest McCarthy (NY)  
Bonner Gingrey McCollum  
Bono Gonzales McCotter  
Boozman Goode McCreery  
Boswell Goodlatte McHugh  
Boucher Gordon McClinnis  
Boyd Goss McIntyre  
Bradley (NH) Granger McKeon  
Brady (TX) Graves Meehan  
Brown (SC) Green (TX) Meek (FL)  
Brown, Corrine Green (WI) Meeks (NY)  
Brown-Waite, Greenwood Menendez  
Ginny Grijalva Mica  
Burgess Hall Michaud  
Burns Harman Millender-  
Burr Harris McDonald  
Burton (IN) Hart Miller (FL)  
Buyer Hastings (WA) Miller (MI)  
Calvert Hayes Miller (NC)  
Camp Hayworth Miller, Gary  
Cannon Hensarling Mollohan  
Cantor Herger Moran (KS)  
Capito Hill Moran (VA)  
Capps Hinojosa Murphy  
Cardin Hobson Murtha  
Cardoza Hoeffel Musgrave  
Carson (OK) Hoekstra Myrick  
Carter Holden Nadler  
Case Honda Napolitano  
Castle Hoolley (OR) Neal (MA)  
Chabot Hostettler Nethercutt  
Chocola Houghton Neugebauer  
Clyburn Hoyer Ney  
Coble Hunter Northup  
Cole Hyde Norwood  
Collins Inslee Nunes  
Cooper Isakson Nussle  
Cox Israel Obey  
Cramer Issa Ortiz  
Crenshaw Istook Osborne  
Crowley Jackson (IL) Ose  
Cubin Jackson-Lee Otter  
Culberson (TX) Owens  
Cummings Janklow Oxley  
Cunningham Jenkins Pallone  
Davis (AL) John Pascrell  
Davis (CA) Johnson (CT) Pastor  
Davis (FL) Johnson (IL) Paul  
Davis (IL) Johnson, E. B. Payne  
Davis (TN) Johnson, Sam Pearce  
Davis, Jo Ann Jones (NC) Pelosi  
Davis, Tom Jones (OH) Pence  
Deal (GA) Kanjorski Petri  
DeGette Kaptur Pickering  
Delahunt Keller Pitts  
DeLauro Kelly Platts  
DeLay Kildee Pombo  
DeMint Kilpatrick Pomroy  
Deutsch Kind Porter  
Diaz-Balart, L. King (IA) Portman  
Diaz-Balart, M. King (NY) Price (NC)  
Dicks Kingdon Pryce (OH)

Putnam Saxton Terry  
Quinn Schiff Thomas  
Radanovich Schrock Thornberry  
Rahall Scott (GA) Tiahrt  
Rangel Scott (VA) Tiberi  
Regula Sensenbrenner Tierney  
Rehberg Serrano Toomey  
Renzi Sessions Turner (OH)  
Reyes Shaw Turner (TX)  
Reynolds Shays Upton  
Rodriguez Sherman Van Hollen  
Rogers (AL) Sherwood Velazquez  
Rogers (KY) Shimkus Vitter  
Rogers (MI) Shuster Walden (OR)  
Rohrabacher Simmons Walsh  
Ros-Lehtinen Simpson Wamp  
Ross Skelton Watson  
Rothman Smith (MI) Watt  
Roybal-Allard Smith (NJ) Waxman  
Royce Smith (TX) Weldon (FL)  
Ruppersberger Snyder Weldon (PA)  
Rush Solis Wexler  
Ryan (OH) Souder Whitfield  
Ryan (WI) Spratt Wilson (NM)  
Ryan (KS) Stearns Wilson (SC)  
Sanchez, Linda Sullivan Wolf  
T. Tanner Woolsey  
Sanchez, Loretta Tauzin Wynn  
Sanders Taylor (MS) Young (AK)  
Sandlin Taylor (NC) Young (FL)

NOES—59

Aderholt Hastings (FL) Sabo  
Baird Schakowsky  
Baldwin Holt Shadegg  
Berry Hulshof Slaughter  
Brady (PA) Jefferson Stark  
Brown (OH) Kennedy (MN) Stenholm  
Capuano Kennedy (RI) Strickland  
Clay Kucinich Sweeney  
Conyers Larsen (WA) Tauscher  
Costello LoBiondo Thompson (CA)  
Crane Matheson Thompson (MS)  
DeFazio McDermott Towns  
English McGovern Udall (CO)  
Evans McNulty Udall (NM)  
Filner Miller, George Visclosky  
Ford Moore Waters  
Fossella Oberstar Weller  
Gillmor Olver Wicker  
Gutierrez Peterson (MN) Wu  
Gutknecht Ramstad

ANSWERED "PRESENT"—1

Tancredo

NOT VOTING—9

Carson (IN) Hinchey Smith (WA)  
Doggett Lofgren Stupak  
Gephardt Peterson (PA) Weiner

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are reminded there are 2 minutes remaining on this vote.

□ 1215

So the Journal was approved.

The result of the vote was announced as above recorded.

□ 1215

#### DEATH TAX REPEAL PERMANENCY ACT OF 2003

Ms. DUNN. Mr. Speaker, pursuant to House Resolution 281, I call up the bill (H.R. 8) to make the repeal of the estate tax permanent, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Pursuant to House Resolution 281, the bill is considered read for amendment.

The text of H.R. 8 is as follows:

H.R. 8

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

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Death Tax Repeal Permanency Act of 2003".

#### SEC. 2. ESTATE TAX REPEAL MADE PERMANENT.

Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

The SPEAKER pro tempore. After 1 hour of debate on the bill, it shall be in order to consider the amendment printed in House Report 108-157, if offered by the gentleman from North Dakota (Mr. POMEROY) or his designee, which shall be considered read and shall be debatable for 1 hour, equally divided and controlled by a proponent and an opponent.

The gentlewoman from Washington (Ms. DUNN) and the gentleman from California (Mr. STARK) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentlewoman from Washington (Ms. DUNN).

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

I rise in support of H.R. 8, the Death Tax Repeal Permanency Act of 2003.

The bill before us has been cosponsored by over 200 Members of the House from both sides of the aisle. This approach is simple. It makes elimination of the death tax permanent. Although the bill is only one short sentence, it will have a powerful impact on the millions of people we represent.

Two years ago, Congress voted to phase out and repeal the death tax. Due to the Byrd rule, however, the tax will come back in full force January 1, 2011, imposing a maximum tax of 55 percent on estates. In the last Congress, a majority of the House voted on three occasions to remove this sunset in the law and make repeal permanent. We are here today to complete this unfinished business.

I have no doubt we will hear a great deal of rhetoric from those who want to keep the death tax alive. Repeal only helps the wealthy, they will say. It will reduce charitable giving; it will increase the deficit; it will jeopardize Social Security. Time and again these arguments have been raised. The simple truth is none of them holds water.

Does repeal of the death tax help only the wealthy? The Joint Economic Committee in 1998 underscored how repeal of the death tax will help minority-owned businesses. Both the National Black Chamber of Commerce and the United States Hispanic Chamber of Commerce support repeal of the death tax.

Robert Johnson, the founder of Black Entertainment Television, said in 2001 that "elimination of the estate tax will help close the wealth gap in this Nation between African American families and white families."

Supporters of the estate tax say that it does not really affect rural communities or farmers. Mr. Speaker, I represent rural communities and timber landowners. Earlier this year experts at the United States Forest Service published findings on just how devastating the tax affected rural communities.

Over a 10-year period, 36 percent of forest estates owed the Federal estate tax. In 40 percent of the cases where a Federal estate tax was due, timber or land had to be sold to pay part or all of that tax. The amount of forest land harvested to pay the Federal estate tax was approximately 2.6 million acres every year. Forest land sold was nearly 1.3 million acres per year; and roughly 29 percent of the land sold was developed, or it was turned into subdivisions or converted to other uses.

Supporters of the tax say just lift the exemption amount, but that does not solve the problem. As inflation erodes the value of the exemption level, it will just mean more acres will be sold or harvested or developed. This is not the answer.

They say repeal of the estate tax will reduce charitable giving. In "The CPA Journal" of August 2001, Arthur Schmidt said, "Philanthropy will likely increase as a result of the repeal of the estate tax, both at death because of the greater net resources available, or during the lifetime of the taxpayer as a result of the remaining tax efficiency of the charitable income tax deduction. In either case, the net present value of philanthropy will likely increase."

Does the estate tax really promote charitable giving? IRS statistics show that in four out of five cases of taxable estates no bequest is made. No bequest is made in four out of five cases.

Would estate tax repeal jeopardize Social Security benefits? Federal receipts as a result of the death tax represent less than 1.5 of all total revenues. None of that money goes to Social Security for the trust funds, and eliminating the tax will in no way affect Social Security benefits, not one bit.

The death tax does not prevent accumulation of wealth. It does not promote charitable giving. It does not lead to increased economic growth. It is not a tax on sin. It is a tax on virtuous activities like savings and investment, activities we should be encouraging.

It increases the cost of capital for small businesses. It affects rural communities. It imposes financial burdens on minority businessmen and -women. In sum, the case for the death tax has been made, and it has been over and over again in this House thoroughly rejected.

Woodrow Wilson signed the death tax into law in 1916, and the time has come to get rid of it for once and for all. I urge my colleagues to join me in supporting H.R. 8 and opposing the substitute amendment and providing small businessmen and -women, family farmers and minorities with the capital they will need to expand, to create jobs and grow the economy.

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

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

I rise today to oppose this repeal of the estate tax. In the very same week that the Republicans are willing, as

they did last night, to shortchange seniors on a Medicare prescription drug benefit, they are willing to go out and spend \$60 billion a year on a tax cut for the richest 1 percent. Kind of a new form of shock and awe, along with the same kind of truth that they use in weapons of mass destruction.

This bill before us cost \$163 billion. It occurs only in the last 3 years of the 10-year budget window, and it is on top of the \$1.3 trillion tax cuts signed into law in 2001 and the recent \$350 billion, or trillion bucks when we strip away all the accounting gimmicks.

The gentlewoman from Washington misspoke. Only 642 or 1.4 percent of taxable estates had farm assets making up half or more of the gross estate in the last reported statistics; 776 or 1.6 percent of taxable estates had business or partnership assets comprising half or more of their gross estate. One percent of small businesses and farms, one percent, of those estates would have been forced to liquidate any assets at all to pay the current level of estate tax.

So here they are responding, as the Republicans will, to the Mars family who spent \$1 million lobbying already to get this through and the Connell Company and the Koch Industries, Incorporated, Hallmark Cards. So they have got a few very, very rich people who would like to get away without paying their fair share of what it keeps to make America great.

I suspect that what is really troubling the Republicans is they are worried about the efficacy and ability of their children to succeed. That is understandable. If one is raised and coddled by rich parents and never have to work, they probably need some protection. Most of the money that they are sucking out of our Federal revenues is money that we are taking out of programs like Head Start, Leave No Child Behind, Medicare, health insurance for children, things that will make healthy and strong families.

Warren Buffett who earned some money on his own, something that my Republicans do not seem to understand, most of the people opposing this bill worked at the public trough all their lives, never had a job in free enterprise or else they inherited their money. So if they listen to somebody like Warren Buffett who said we come closer to a true meritocracy than anywhere else around the world, we have mobility so people with talents can be put to the best use. Without the estate tax, we in effect will have an aristocracy of wealth which means we pass down the ability to command the resources of the Nation based on heredity rather than merit. I suppose that is something the Republicans need to keep themselves in office.

He likened the tax repeal to choosing the 2020 Olympic team by picking the eldest son of gold medal winners in the 2000 Olympics. We would regard that as absolute folly in athletic competition. Yet my colleagues on the other side of

the aisle, having been seduced by, I guess, they had 1,200 folks last night raise 3 or \$4 million for the President, but they are worried about every one of them, but not about the 40 million seniors who they denied decent Medicare prescription drug benefits last night because they felt they did not have the money.

The reason they do not have the money is they are giving it away to less than 10,000 people a year. So as they help 10,000 people, who I might add, make that the kids who are going to inherit this, that is, 40,000 a year, so they are going to give away \$60 billion to 40,000 rich kids every year, and they are going to deny 40 million senior citizens the health care they deserve in their old age; and some of my colleagues may snicker about that, but those are mostly you do not have anything left to leave and so I say that it is the same old same old: Republicans pandering to the rich to entrench themselves here and people whose children cannot make it on their own trying to figure out how to support them in an era where they should be learning to make it on their own if they had the right kind of education, which again the Republicans are denying us.

So it is very clear, it is the same old message over and over. Billions of dollars to a few very rich people, turn your back on those who need the help they should be getting from society.

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

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

I want to remind the gentleman from California, whose State is in very financial straits, that in the year 2002 his State and estates in that State sent to the Federal Government \$4,201,408. Actually that is \$4,201,408,000 to the Federal Government, which I am sure his State could have made use of.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a great member of the Committee on Ways and Means and very much in touch with his constituents on repealing the death tax.

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

□ 1230

Mr. SAM JOHNSON of Texas. Mr. Speaker, I thank the gentlewoman from Washington (Ms. DUNN) for yielding me this time.

I think sometimes the Members on the other side forget that this is a Nation built on free enterprise. Free enterprise means you start with nothing and you make something out of it. And guess what? It's great that you can turn it over to your kids when you die.

A great bill this is for America. I strongly support the bill to permanently repeal the death tax. Members of this House have overwhelmingly voted to repeal these destructive taxes that can wipe out a lifetime of work. For many businesses, small businesses

especially, death taxes loom over their very future existence. These taxes have driven far too many business decisions for far too long. Whether it is purchasing extra life insurance that benefits only the tax man or structuring the form of a company ownership so that a small business is not wiped out on the death of a key employee, the death tax has been in the driver's seat of too many small business decisions.

Two years ago, we voted to repeal this tax and let the small business owners get on with making their businesses successful instead of planning for their own demise. But like the arcade game "Whack a Mole," this tax keeps popping up and rearing its ugly head. Many of our Democrat colleagues are arguing for something less than full repeal of the death tax. Class warfare does not work on this issue.

Americans strive to be successful and then share the fruits of their labor with their children. Americans support full repeal of the death tax. They do not want a toll booth on the road to after life. Mr. Speaker, just as you cannot be a little bit dead, this tax cannot be a little bit repealed. Imposing taxes on the value of a lifetime of work is just wrong and we must end this tax permanently.

Mr. STARK. Mr. Speaker, I am happy to yield 4 minutes to the gentleman from Michigan (Mr. LEVIN), a senior member of the Committee on Ways and Means, who, with his brother, understands that hard work and education can lead to a successful career without inheriting a lot of money.

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

Mr. LEVIN. Well, so let us look at the facts, Mr. Speaker. The latest year for which we have exact data shows this: Of all of the taxable estates, only 1 percent would be considered family farms, not the millions that the gentlewoman from Washington (Ms. DUNN) mentioned, but hundreds. That amounts to about 400 people in the entire United States.

As to family-owned businesses in that year for which we have exact data, of the 2.3 million deaths, only 776 decedents had taxable estates. So when you add up the small businesses and family farms, 1.6 of all the estates paid the estate tax.

So what is going on here? We are talking about, at the most, thousands. A few thousand. The Pomeroy substitute would increase the exclusion and, as a result, 99.65 percent of all estates would not be subject to an estate tax. So that means two-fifths of 1 percent would be subject to the estate tax.

So why, in view of that, take away \$162 billion the last 3 years of this 10-year cycle and \$800 billion out of Federal revenues the next 10 years? Eight hundred billion dollars. Well, the main reason is cited today in an article by David Broder based on an article, an op-ed, a week before by Grover Norquist, where he said the Repub-

licans can't do this all at once. They are now doing it step by step. This is David Broder's analysis, and it is so correct: "The consequence of this is a massive rollback in Federal revenue," "and what he (Grover Norquist) regards as a desirable shrinkage of Federal services and benefits. In short, the goal is a system of government wiped clean, on both the revenue and spending side, of almost a century's accumulation of social programs designed to provide a safety net beneath the private economy."

That is what is at stake here. There is class warfare against everybody except, in this case, one-quarter of 1 percent of the population. And when you take into account all the other tax cuts, it is a class warfare against all but the very, very wealthy.

Last night we tried to add to the Medicare benefit \$400 billion to \$500 billion and the Republicans said no. They traded \$400 billion to \$500 billion in Medicare benefits that we wanted to add that would make it real for the seniors of this country, for a tax cut for a few hundred, maybe a few thousand people. Not millions. Not hundreds of thousands. Not even tens of thousands. But a few hundred, or several hundreds of people. That is the Republican value system. That is their option.

So I wish they would not bring up this smoke screen of family farms and small businesses. What they are trying to do is to end this effort to provide a safety net and a step up, a hand up. Not a hand out, but a hand up the ladder for people in the middle-income and low-income groups of America.

That is where my Republican colleagues stand. Let us today show where we stand and vote for the Pomeroy amendment and against this unfortunate and not at all defensible repeal.

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

I think the gentleman has created not just a near miss, but a big, big miss when we speak about family farms. Families own 99 percent of the Nation's farms and ranches, and they are capital intensive businesses. Their assets are not liquid, and so for that reason they are very much at risk at having to pay very large estate taxes. Nearly 20 percent of farmers have paid Federal estate taxes in the previous 5 years. Seventy-seven percent of farmers report that they spent money each year on estate planning.

Not only are we hitting the family farms and the people who are employed by them, but we are also wasting dollars that go into this economy not for the purpose of stimulating this economy, but to pay for life insurance policies, estate planning, and everything else that is there when there is unpredictability and they need to provide for the future of their business and the business that employs so many people throughout the United States.

Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr.

HAYWORTH), a very strong member of the Committee on Ways and Means who has been close to his folks at home on this issue and who has done a great job for us on codifying the issue in the State of Arizona.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Washington State for yielding me this time and for the recognition.

It is interesting to hear the rhetoric so far and the lectures that come from the left and the far left on this matter. They seek to find logic in their illogic. On one hand they tell us that this only affects a very few people. Glaringly omitted from their diatribe against accomplishment is the fact that those very few people, when we take this tax in totality and look at it, account for a little more than 1 percent of total revenues to the Federal Government in any given year.

So understand that the impact here would not tear asunder the safety net as merchants of fear would have us believe. Quite the contrary. Indeed, rather than resorting to the politics of fear, why not embrace the initiatives of opportunity. Stop and think about the small businesses across America that are family owned, the people they employ. Indeed, we know in rural communities that rural areas are affected disproportionately by this.

And though my friend talks about a small percentage of family farms, I think it is safe to say that those family farms impact other businesses, such as farm machinery businesses in their town, grocery stores in their town, and other opportunities for economic advancement. There is a multiplier effect.

Indeed, as we take a look at this, the real life experiences of two Arizonans come to mind: One, a lady living down in Tucson who stopped me and said, you know, my dad had a job, and it was not that of a high-falutin tycoon. He was a milkman in Southern California. After his days in World War II he came home. She said her mom passed away, and her dad made some wise investments. He was thrifty. Then her dad found out he had a terminal illness. He had not spent years in estate planning. He was just the kind of guy for whom thrift and initiative was a byword, and his estate had accumulated to over \$6 million. And now, as he had passed away from this terminal illness, this lady and her siblings were confronted with giving over half of her father's estate to the government.

Or take the example of the 1994 Democratic nominee for Governor in the State of Arizona, Eddie Basha, a proponent of eliminating the death tax. Why? Because he is in the grocery business. The grocery business is capital intensive. He wants to pass the business on to his children. Small wonder that my friend Eddie has left the Democratic party and now is a registered Independent.

But, friends, whether you are a Republican, Democrat, Independent, Libertarian, or Vegetarian, you understand this: There should be no taxation without representation. The fact is, those who work hard and save and pass their businesses down, whether in the minority community, the Hispanic community, the African American community, those respective of Chambers of Commerce embrace this idea. Because by getting the wealth down intergenerationally, we can, in fact, encourage jobs and investments. Vote "yes" on this measure. Put the death tax to death.

Mr. STARK. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Washington (Mr. McDERMOTT).

Mr. McDERMOTT. Mr. Speaker, I guess we are all in touch with our constituents. Mine was quoted today. Bill Gates, Sr. lives in my district, and he said the principal issue is the growing budget deficit. You cannot run a \$400 billion deficit year after year and go around repealing taxes at the same time.

Now, I learned in Sunday school, and it may surprise some of you, but I went to Sunday school, and I learned that you cannot take anything with you when you die. But it is not fair to heap \$800 billion of additional debt on your kids as you go out of sight.

This argument we are having here today is an old one in this society. We made the decision between John Adams and Thomas Jefferson that we were not going to have primogeniture in this country; that you could not pass everything on to your eldest son and that was it. We said everybody ought to start with an even shot, men and women. We have come a long way using that. But now we are saying that somebody who inherited from his father or his mother, millions and millions and millions of dollars, should get it just because he was born lucky.

Now, I have read the Bible and I have looked around and I do not find that anywhere, that if you are born lucky, as they say, some guys were born on third base and they think they hit a triple, but this is not something where you have a God-given right to that. You have a God-given right in this country to have an equal shot.

As for the farmers, I listened to my colleague from Washington go on and on and on about the farmers. I have a letter here from the National Farmers Union dated 16 June. "I write on behalf of 300,000 farmers with the National Farmers Union. There is no evidence that the estate tax has forced the liquidation of any farms, and existing estate tax provisions already exempt 98 percent of all farms and ranches." By increasing the level of the estate tax, as we will get an opportunity with the Pomeroy substitute, to \$4 million per individual, 99.5 percent of America's agricultural producers would be exempt from any State liability.

Now, if the farmers are who we are arguing about here, 300,000 of them just

spoke, and they say this is baloney. In fact, the letter goes on to say that, "we need that money for crop supports and conservation and all the other things that government provides." So they understand that having a government that can provide services is important.

□ 1245

Mr. Speaker, if we give away all of the money, we are going to come back here next year and say we cannot do conservation, we cannot do crop subsidies, we cannot do anything because we do not have the money. These farmers are not stupid. They understand. I think we ought to vote for the Pomeroy amendment.

Ms. DUNN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. MANZULLO), the chairman of the Committee on Small Business.

Mr. MANZULLO. Mr. Speaker, the death tax falls most heavily on small businesses because they are asset rich but cash poor. This bill allows small businesses to be passed from one generation to the next without having to sell assets to pay the punitive tax. This bill is not about Bill Gates. It is not about Warren Buffett. If they have problems with repealing the death tax, let them write a check to the government.

This bill is about the Beuth family of Winnebago, Illinois, and the Hall family of Ogle County, Illinois, who live in my congressional district. Richard and Judy Beuth of Seward almost lost the family farm several years ago when Richard's father died and the IRS hit them with a \$185,000 death tax bill. Factual, not philosophical, factual. Not Warren Buffett, not Bill Gates, but Richard and Judy Beuth of Seward, Illinois. Gary Hall and his four sisters of Lindenwood had to sell equipment, had to sell part of their land, and take out huge loans to pay a \$2.7 million death tax bill they received shortly after their father died in 1996. Real live people, real live farmers, my constituents, forced to go out of business because of the capital-intensive farming operations that they have to make their living.

This tax is immoral. It has devastated too many family farms and mom and pop businesses. These families worked hard all their lives to put food on the dinner tables, and this is about giving that family farm, that family business on to succeeding generations. Of all of the small businesses in this country, fewer than 30 percent are passed on to succeeding generations and fewer than 13 percent make it to the third generation. I urge that this bill to repeal the death tax be made permanent.

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

Mr. Speaker, I would inquire of the gentleman from Illinois (Mr. MANZULLO) if he would be willing to engage with me for a moment. The two constituents mentioned, would they not have been covered under the Pomeroy amendment?

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

Mr. STARK. I yield to the gentleman from Illinois.

Mr. MANZULLO. No, because the estates would have been more than that.

Mr. STARK. The estate on which they paid \$185,000 in tax, how much was the farm worth?

Mr. MANZULLO. It was probably worth more than the \$3 million.

Mr. STARK. Reclaiming my time, so it would be covered by the Pomeroy amendment. I just suggest that many of these horror stories of people who are quite fortunate would be covered under the Pomeroy amendment.

Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. KLECZKA).

(Mr. KLECZKA asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. KLECZKA. Mr. Speaker, the previous gentleman who spoke indicated that the estate tax is immoral. Do Members know what is more immoral? Giving this tax relief to the wealthiest individuals in this country and passing it on through national debt to our children and our grandchildren.

The action we take today, which will cost over \$800 billion in the next 10 years after fully effective, will be put on the national debt of the country to be paid back by our kids and grandkids. Boy, are we generous. Mr. Speaker, the only good thing about today's bill to repeal the estate tax for the billionaires of this country is that it is dead in the Senate, so all of the talk and debate today and the vote we will have later is for naught because the Senate is going to kill it. That is the good news. But let us see what we have done in this House and Congress over the last couple of years.

Last week we provided a tax cut of some \$82 billion. The country is broke. We have a \$400 billion deficit this year. The kids are going to pay that because that is part of the debt now. A month before that we passed another tax bill. This one totaled \$350 billion, of which the wealthiest Americans would get about \$92,000. The average taxpayer in my district would get about \$400. We had no money for that one either. The real problem with that bill is once we total it up, that costs \$1 trillion but that is a secret, so do not say anything. Quiet.

Now 2001 we passed another tax bill. How much did that one cost? That one cost \$1.3 trillion. Again, the surplus is gone. The country is broke. We have a deficit. What the heck are we doing around here? When is this idiocy going to stop?

Today the estate tax has an exemption of \$2 million. It covers everyone in my district. Well, we are going to have an option later today which would raise that to \$7 million and that would take care of 99 percent of all small businesses and farmers in this country. But that is not good enough. That is

not good enough for the Republicans because that is not who they are trying to help. The people they are trying to help are the Hallmark Card people and the Mars candy bar people, who over the last couple of years have spent millions of dollars hiring lobbyists in D.C. and giving campaign contributions, and today they want their due.

Mr. Speaker, I include for the RECORD a Washington Post article of this morning by Jonathan Weisman entitled, "Estate Tax Compromise Sought." What we are doing today is sheer nonsense.

Let me say to my Republican colleagues, we have already voted on this proposition three times; and under the campaign finance law if we vote for an item three times and it does not pass, you are still entitled to the campaign contribution, okay. So Members are still going to get the money from Hallmark and the campaign contributions from the Mars candy bar people; but for God's sake, save the taxpayers of this country.

[From the Washington Post, June 18, 2003]

ESTATE TAX COMPROMISE SOUGHT

HOUSE SET TO PASS REPEAL, BUT SUPPORTERS  
KNOW SENATE VOTES AREN'T THERE

(By Jonathan Weisman)

When a coalition of wealthy families, small-business groups and farm interests won temporary repeal of the estate tax two years ago, they immediately resumed their campaign for permanent repeal. Now, even as the House is expected to vote today for just that, some in the alliance have second thoughts.

It's not that they have backed off their vehement opposition to the tax on large inheritances. Rather, as the Federal budget deficit grows and their patriarchs and matriarchs age, they are losing faith that permanent repeal will ever happen and are considering compromises that were unthinkable two years ago.

The House is expected to vote today to permanently repeal the estate tax after 2010, when it is set to expire after being in effect for only one year. But no one expects the Senate to pass the bill, leading some proponents to believe that the vote and the distant temporary repeal date are more political gamesmanship than a serious legislative attack on the tax.

So some of the affluent families who have bankrolled the repeal movement are exploring estate tax changes short of repeal that could be implemented sooner.

"There is some real concern that 2010 is not soon enough," said a lobbyist working on the issue, referring to the deficit and the uncomfortable fact that some affluent benefactors may not live until 2010. Grover Connell of privately held Connell Co., for example, is 85. The matriarchs and patriarch of the Hallmark greeting-card fortune are in their seventies.

For more than a decade, the coalition has rejected overtures for compromise and declared it will accept nothing short of "death tax" repeal.

The simplicity of their demand, the strength of the small-business coalition and the money of the families financing the effort combined to turn an obscure tax affecting very few Americans into a powerful rallying point, especially for Republicans.

The movement culminated in 2001 with the 10-year, \$1.35 trillion tax cut, which repeals the estate tax in 2010. But the tax is to return in 2011 when the entire tax cut expires.

For the past two years, the repeal coalition has tried, and failed, to gather the 60 Senate votes needed to make the repeal permanent. One lobbyist working on the estate tax said the appeal of the issue may have "plateaued."

And just as the surging Federal budget deficit is beginning to shake up the Bush administration's plans for more tax cuts, it is starting to change the politics of estate tax repeal. Repeal supporters worry that the growing deficit will make it more difficult to eliminate the tax, particularly by 2010, when the vanguard of the baby boom will retire.

The Treasury Department said repeal of the estate tax in 2011 through 2013 would cost the government \$115 billion in revenue. In 2014 through 2023, repeal would cost about \$820 billion, according to the Center on Budget and Policy Priorities.

"The principal issue is the growing federal budget deficit," said William Gates Sr., father of the Microsoft Corp. founder, who opposes repeal of the estate tax. "You can't run a \$400 billion deficit year after year and go around repealing taxes at the same time."

Even if Bush is reelected in 2004, a new president, who could be far less friendly to repeal, will be elected in 2008. And the broad appeal of the anti-estate-tax movement that caught fire in the 1990s may be dissipating simply because people are not feeling so rich anymore, one lobbyist said.

Even at the height of the stock market boom, the estate tax affected very few families because estates worth up to a certain amount are exempt. That amount is currently \$1 million for a single person or as much as \$2 million for a couple. In 2000, the most recent year for which statistics are available, more than 2.4 million adults died in the United States, but only about 52,000 left taxable estates.

The strength of the repeal movement always came from people's fear that their estates would be hit with a huge tax bill. If that fear dissipates in a sluggish economy, so will the movement, lobbyists said.

"I think some of [coalition members] are coming around to 'Let's get a common-sense solution that can work now instead of just talking about this for eons,'" said Sen. Blanche Lincoln (D-Ark.), a past repeal supporter who is floating a less expensive alternative.

With all those factors in mind, some of the biggest names in the estate tax coalition are looking to compromise. The candy-making Mars family of McLean gave more than \$1 million to lobbying powerhouse Patton Boggs LLP last year, in part to explore "estate and gift tax reform," according to lobbying disclosure forms.

Koch Industries Inc., a family-run energy, ranching and finance conglomerate, paid Hogan & Hartson LLP \$40,000 last year, while spending \$500,000 on in-house lobbying on the estate tax. The Connell Co. hired Washington Council Ernst & Young for \$120,000 to lobby for "estate and income tax relief," while Hallmark Cards Inc. spent \$60,000 to hire Capitol Tax Partners LLP.

Stephen Moore, a conservative tax-cutting activist with the Club for Growth, and Mark A. Bloomfield, president of the business-backed American Council for Capital Formation, proposed taxing estates at the current capital gains rate of 15 percent. Taxable estates are subject to a 49 percent tax.

"There are Republicans who want this debate to last forever, keep the [campaign] money flowing in, keep the Democrats off guard," Moore said. "Mark Bloomfield and I have been on crusade to get this done, to break the logjam."

If that proposal cannot be passed, another lobbyist suggested taxing inheritances at income tax rates, which are at most 35 percent.

A stream of lobbyists has passed through Lincoln's office to discuss her proposal to immediately repeal the estate tax for family-owned businesses and farms.

The public faces of the repeal movement remain resolute. "We are 100 percent united behind permanent repeal in 2010," said Patricia Soldano, a Southern California financial planner who, in 1992, helped launch the repeal movement with funding from the Mars family and the Gallo wine heirs, among others.

Dena Battle, the National Federation of Independent Business's lobbyist on the issue, conceded that the budget deficit "certainly changes the dynamics of the debate."

"But," she said, "you're talking about something that takes place 10 years from now. There's no way we can know what the economy is going to look like then. That's not an excuse to vote against this."

There is little doubt that the House will vote today to repeal the tax, but lobbyists said they will look closely at the tally. If past repeal supporters—especially Democrats—vote against it this time, the fledgling movement toward compromise will pick up steam quickly, a lobbyist for one of the rich families predicted.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ADERHOLT). The Chair must remind Members to avoid improper references to the Senate. Remarks in debate may not characterize, nor urge, nor predict actions of the Senate.

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

Mr. Speaker, I would just remind the gentleman from Wisconsin that we did vote three times on this legislation last year in different forms; and, in fact, the legislation passed each of the times by a bipartisan majority. It also passed in the other body by a bipartisan majority. But, unfortunately, because of their strange rule system, it required a 60-vote margin to pass in that body.

Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. PUTNAM), a very prominent member of our sophomore class.

Mr. PUTNAM. Mr. Speaker, I thank the gentlewoman for her leadership on this issue.

I am from a farm family in a rapidly growing part of the State of Florida. I have seen what the death tax does to destroy families and destroy pieces of property that have been in the same family's hands for generations, that have cared for that land and have been steward of that land, and the environmental benefits that come from that. When the death of the grandfather or the great grandfather or the father comes along, it is busted up into half-acre ranchettes, and the environmental and agricultural benefits are lost. The food security issues are lost forever. We cannot unpave a parking lot, we cannot bring those families back together again, you cannot put agriculture back into practice. It is lost forever because of a quirk in our tax law which is purely redistribution of wealth.

Now the Johnny-come-lately deficit hawks on the other side would have us believe that we cannot afford to do this

in this particular economic environment. But they did not believe we should do it when we were projecting trillion-dollar surpluses either. The bottom line is that they do not support the repeal of this immoral tax. They continue to support the redistribution of wealth, the penalty on ambition, the penalty on thrift, the penalty on holding those family operations together again. Despite their best planning efforts, 70 percent of small and family-owned businesses do not survive the second generation and 87 percent do not survive the third.

Mr. Speaker, 90 percent of those failed owners say the death tax was a contributing factor to the loss of that business. It is time for the death tax to die. It is an immoral tax. It sends the wrong philosophical message to the next generation of Americans who are looking for incentives to work hard and create wealth and jobs and build businesses and farms. I urge support of H.R. 8.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. BECERRA).

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, anecdotes are indisputable when the facts speak to the contrary, and perhaps we have to remind Members what the facts are once again. These are not our figures, these are not made-up figures, these are figures provided by the Federal Government, the Bush administration.

In 1999, roughly 2.3 million Americans died. Of those 2.3 million Americans who died, less than 1.3 percent, some 33,000 Americans, paid estate taxes. That is the 1.3 wealthiest Americans in our country who paid estate taxes. So 98.7 percent of the rest of Americans who passed away in 1999 paid zero estate taxes. So when we talk about repealing the estate tax, eliminating the estate tax, we are giving a tax break not for Americans but the 1.3 percent richest Americans in this country.

It is easy with anecdotes to hide behind family farms and family businesses which constitute less than 1 percent of the estates that are paying estate taxes. And it is real easy to hide behind the fact that in legislation like this we are back-loading the costs. We are phasing in the repeal so slowly, so gradually that when we start to add up the real cost of the repeal of the estate tax to the wealthiest 1.3 percent of Americans, when we fully phase it in when it is gone completely, it totals about \$80 billion a year starting in 2014 when this takes full effect. \$80 billion a year in revenues will be lost to the Federal Treasury, more than \$800 billion over the decade from 2014 to 2023.

Now, perhaps it would not be so bad to give the wealthiest 1 percent of Americans a tax cut that 99 percent of Americans would not get at a cost of \$800 billion over the next 10 years from 2014 to 2023 if not for the fact that

today every Member knows that we have a budget deficit for the year of over \$400 billion, the largest deficit this country has ever faced in any year; and we are told that it is probably going to rise to half a trillion dollars, \$500 billion next year. And that is after 2 years ago when the President took office and he said we are going to have for the next 10 years surpluses totaling over \$5.6 trillion.

□ 1300

We have seen a reversal from surpluses of \$5.6 trillion to now projections of a \$3.6 trillion debt over the next 10 years. How can we talk about giving \$800 billion to the 1.3 percent wealthiest Americans? We spend more in tax cuts than we spend in all our educational programs that the Federal Government spends on all our schools combined.

Let us defeat this. Vote for the Pomerooy substitute.

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

I want to remind the gentleman from California that his State, in the year 2002, sent \$4,201,408,000 to the Federal Government. And you can about double that for the cost of complying with the death tax. That is what comes out of the economy. And so his figure of \$80 billion, just take that and double it and that is what has been taken out of the economy.

Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. OSBORNE), a wonderful contributing sophomore Member.

Mr. OSBORNE. Mr. Speaker, I rise in support of H.R. 2143. Mr. Speaker, I do come from a rural area. We have 52,000 farmers and ranchers in Nebraska. I heard some figures that were unbelievable to me, that maybe only 400 farmers in this country would benefit from the repeal of the death tax. I would say out of 52,000 farmers in Nebraska, that we would look at probably somewhere between 15 and 20,000 that would benefit tremendously and will probably not be able to pass their farm on without some repeal of the death tax.

Let me give Members an example. A small ranch in Nebraska is 12,000 acres. That will support about 300 cows and that will support one family. That probably started out at \$25 an acre, it is now worth \$300 an acre, so it was maybe worth \$100,000 when the farmer started out roughly 30 years ago. So it has increased in value. If they have two children and the last surviving parent dies in 2010, that ranch, which is worth \$5 million today, would go on to those two children and they would pay no tax. But in 2011, their tax bill would be \$2 million. They cannot pay that tax. They have to sell the ranch. That is an actual example of an average to small-sized ranch in Nebraska.

The Coble family in Mullen, Nebraska, had that happen to them. And who bought the ranch? Ted Turner bought the ranch. Ted Turner owns several hundred thousand acres in Ne-

braska today, most of which has been bought because people could not afford to keep the ranch because of the inheritance tax. And so that drives hundreds if not thousands of young people off the land. They cannot afford to ranch or farm. Of course, the same thing is true with small businesses. The only way to preserve family ownership is through insurance. And so maybe only 1 percent of inheritance taxes is the issue, but lots of people have to pay insurance in order to hang on.

I urge the support of this bill.

Mr. STARK. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, we ought to tell to all of America as well as those people assembled in this room, what are we going to benefit from this legislation? They have attempted, the other side, from the very beginning of this debate, to say that they are for something and we are against. The Democratic amendment this afternoon covers most of the people, 99.3 percent of everybody on both amendments. You are talking about the exclusiveness of that very, very small percentage of people.

Who are those people? Those are the people that are multimillionaires. Those are people who do not need us. The gentlewoman from Washington has suggested that this is what this State could send back, this is what that State could send back. Does she know they would put a \$100 billion hole in the Federal budget? What are they going to cut? Where is that money going to come from? It is wonderful to say we are going to send all of these inheritance taxes back to the people. How are they going to fill that hole? They must tell the American people where they are going to come up with that money so that they can get this money back in their pockets.

Ms. DUNN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. COX), the chairman of the Policy Committee, a cosponsor of this bill, and a longtime supporter and leader on this bill.

Mr. COX. I thank the gentlewoman for yielding me this time.

Mr. Speaker, I will just make a few observations about the death tax. First, notwithstanding much of what is in the air here, it does not raise any material amount of money for the Federal Government. Nominally, about 1 percent. But, in fact, when we take into account the 65 cents on the dollar in compliance costs and the nearly \$10 billion a year that is sucked out of the economy paid to lawyers and accountants and life insurance experts for compliance, it is a wash. Some estimates say it actually costs more than it raises. Second, it is not an income tax. You do not have to have any income to pay it, even though it is part of the Income Tax Code, 88 pages of it. Instead, it is a property tax and is meant to be confiscatory. These are confiscatory rates, well over half, and the purpose is

to break up large concentrations of wealth. But the tax does not do that, either. In fact, it concentrates wealth because family farms, ranches and small businesses that are liquidated to pay the tax man are absorbed by larger conglomerates. We have seen farmland turned into condos all over America for this reason. The rich do not pay it. They hire expensive lawyers and accountants to design trusts and foundations to avoid the tax so that only small business, family farms and people without cash who have to liquidate assets to pay the tax man pay it.

Lastly, if you work in a small business, this is all about you, because the biggest burden of this tax is borne by those who are laid off. The tax rate on you, the guy who sweeps up the floor after your small business contracts when the founder dies, is 100 percent. When you lose your job, that is the toughest tax that you can pay. That is why making this death tax repeal permanent is so important for everyone in this country.

It is time for the death tax to die, and today we are going to drive a stake through its heart.

Mr. STARK. Mr. Speaker, I am delighted to yield 1 minute to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, I want to begin by commending my colleague from California. I think he raised a number of good points, which is why I strongly have supported reform of the estate tax. We need to do it to support small farms and small business. The question is, how do we go about it? My belief is that the majority party proposal here will benefit the extremely wealthy but will not necessarily help the small businesses and farmers who would benefit more, quite frankly, from the Pomeroy substitute. We need to remember, and it is caveat emptor here, that the Republican bill does not allow for a step-up in basis and there will be many people who think this is a great thing when it passes today, but who will suffer.

Secondly, the gentlewoman from Washington has repeatedly reminded us how much money has left various States. I would remind her with great courtesy that \$500 million a year leaves her own State because Washington State, like six others, is not allowed to deduct the sales tax. She has focused on a tax reform that will benefit 2 percent of the population or less, neglecting a reform that will benefit 47 percent of the population. \$500 million leaves Washington State every single year. We should reform that first and establish justice through that mechanism.

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

I remind the gentlewoman from Washington State that his State in the year 2001 sent back \$578 million to Washington, D.C., with about an equal amount for compliance with that law. Also as a representative of a forested district, 36 percent of forest estates

owe the Federal estate tax, 29 percent of the land was sold or developed or converted to subdivisions, and 1.3 million acres per year of forestland in this Nation were sold. The amount harvested to pay the estate tax was about 2.6 million acres every single year. I respect his point of view on this particular bill, but I think that there are many people who will be affected if he does not vote for this bill.

Mr. BAIRD. Mr. Speaker, will the gentlewoman yield?

Ms. DUNN. I yield to the gentleman from Washington.

Mr. BAIRD. Mr. Speaker, the gentlewoman raises a perfectly legitimate point about the family foresters. The bulk of the family foresters in my district would be perfectly well covered under the \$6 million exemption. I have met with them. I meet with their association. They would be covered under the Pomeroy exemption. What they would not be covered under is any relief from sales tax which is unjust. And the gentlewoman ought to join me in that effort and fix that.

Ms. DUNN. As the gentleman knows, retaking my time, I have already cosponsored that measure and supported it in the committee. We have worked very hard on that and will continue to do so. It affects a number of States. It is important to get rid of it.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. HARRIS), a very active member of the freshman class.

Ms. HARRIS. Mr. Speaker, I rise in support of H.R. 8, which will finally free America's hardworking farmers, small business owners and their families from the specter of the death tax. Benjamin Franklin said, "In this world nothing is certain but death and taxes." This observation notwithstanding, I doubt that even the imaginative Mr. Franklin foresaw the taxation of death itself.

Americans are taxed when they earn money. They are taxed once again when they spend what is left. And at last, not even the cold head of death can stay the grasping hands of the tax collector. By pursuing taxpayers beyond the grave, government visits devastating consequences upon their grieving relatives, forcing some to sell the family business or the family farm just to pay the taxes. The National Federation of Independent Businesses has estimated that the death tax will compel one-third of small business owners today to sell some or all of their business. Moreover, according to the Family Business Estate Tax Coalition, simply planning for the death tax costs small businesses an average of \$125,000 over 5 years. Worse yet, mainstream economists of all political stripes have concluded that the death tax stifles the creation of jobs and opportunity.

Economist Allen Sinai, a consultant for presidential administrations of both parties, has concluded that the permanent repeal of the death tax

could create 160,000 new jobs and an increase in GDP of over \$10 billion.

Mr. Speaker, the opponents of H.R. 8 cannot provide any economic justification for the continued existence of this useless relic. It may even cost more in compliance and to collect this onerous tax than it generates in revenue while it punishes thrift, deters investment and diverts capital to unproductive activities such as tax avoidance.

Mr. STARK. Mr. Speaker, I am delighted to yield 3 minutes to the gentleman from Maryland (Mr. HOYER), the distinguished minority whip.

Mr. HOYER. Beware, working men and women of America. The Republicans from Washington are in town and they are here to help you. Beware.

Mr. Speaker, our Republican friends may think they are burying the estate tax today but they actually are burying our children under a mountain of debt. They see a problem. We Democrats see a problem. We solve a problem without burying our children under a mountain of debt. The GOP bill would create a fiscal Frankenstein that would haunt this Nation for decades to come. The Joint Committee on Taxation estimates this bill will cost \$162 billion. The young people of America are going to pick up that bill. The Center for Budget and Policy Priorities projects that its costs will explode to more than \$800 billion in the decade after that. So if you are about 15, watch out.

Our Nation will run a record budget deficit of more than \$400 billion this year. At the same time the Republican majority has acceded to the largest increase in the debt limit in American history, \$950 billion-plus in 1 year, which was what the deficit was in its entirety in 1980.

So what does the GOP propose today? Legislation that would drive us even deeper into debt. For whom? For three-tenths of 1 percent of the decedents in America. 99.7 percent of the decedents in America who owe estate tax would be exempted under our option without blowing a hole in the deficit. The fact is repealing the estate tax would only benefit the wealthiest three-tenths of 1 percent of the estates in America. Think of that. For three-tenths we are going to blow a continuing hole in the deficit.

Let us remember, it was Republican President Theodore Roosevelt who called for an inheritance tax in 1906 saying, and I want to quote this Republican President.

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"There is every reason why . . . the national government should impose a graduated inheritance tax." Teddy Roosevelt himself, a man of great means, explained: "The prime object should be to put a constantly increasing burden on the inheritance of those swollen fortunes which it is certainly of no benefit to this country to perpetuate." Warren Buffett, one of the wealthiest people in the world, agrees

totally with that. The bill has nothing to do with tax fairness or stimulating the economy. It has everything to do with paying homage to the GOP's reckless tax cut theology and misplaced priorities.

Today, the GOP genuflects at the tax cut alter, but the rest of us ought to be the ones saying a prayer. I urge my colleagues to vote for the Democratic alternative. We talk about personal responsibility. Be personally responsible today.

Ms. DUNN. Mr. Speaker, I yield 1½ minutes to the gentleman from New York (Mr. HOUGHTON), a great member of our committee.

Mr. HOUGHTON. Mr. Speaker, in reply to my friend on the Democratic side, I am a Republican and I am aware and I am old, but I do not quite remember Teddy Roosevelt.

What I would like to do is just to talk a little bit about this whole issue of eliminating the death tax. I do not know where this is going. I do not know whether it has got momentum, but I assume it has.

It sounds appealing. One pays taxes all their life and then why when one should be honored in more does the IRS swoop in and take another bite out of their estate? But if we look at the great estate taxes from a different angle, I have a sense of what this country is all about, that democracies are not where one gets a free ride and stand on another's shoulders forever.

I have two specific worries. One, the corrosive effect this tax would have on a subsequent generation who no longer has to work or earn. That has all been taken care of, and I have seen this effect on other countries where there is an establishment of a landed gentry, a privileged entitled class, and that is not good, and that is not what has made the United States what it is today.

The second issue I have is the first question one asks in planning an estate is what flexibility do I have? What should I protect so the bulk of what I have earned will not be siphoned off by the Government? It is at this great point that the great philanthropic gifts are considered. So, believe me, absent a death tax, the question would not even be raised. So I can see nothing bad from this bill. The assets we have, the ability we have, the motivation to give less, anyway, I do not think it is a great bill, and I hope people vote against it.

Assets we have—the ability, the motivation, to give to those less fortunate than we. This is not a good bill. It should be defeated.

Increase the exclusion dramatically. Protect the family farm or business. But do not wipe out and make permanent the repeal of the estate taxes.

Mr. STARK. Mr. Speaker, I reserve the balance of my time until just before the gentlewoman closes.

Ms. DUNN. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. HENSARLING), freshman member of our class who has been one of the most active on the repeal of the death taxes.

Mr. HENSARLING. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, I believe, as do most Americans, that it is simply unconscionable that anybody would have to visit the undertaker and the IRS agent on the same day. It is unconscionable; it ought to be illegal.

The death tax is nothing more than a tax on the American dream. Americans work hard all their lives to build farms and small businesses in hopes that maybe one day they can pass them along to their families, but after payroll taxes and income taxes and sales taxes and property taxes, all of which the left is so fond, many family businesses do not make it, and those that do, the Government can step in and take over half of what someone worked their entire life to build.

A while back I heard from a rancher in my district who spent 30 years building a cattle ranch, almost lost it once or twice to drought. His hope was to leave that ranch to his family. It was his greatest dream, but with sadness in his voice, he told me when the Government takes their share, there is just not enough to go around.

People on the other side of the aisle want to talk about fairness. Where is the fairness in taking this ranch away? Where is the fairness in taxing Americans twice on the same income? Where is the fairness in having Uncle Sam have an inheritance of 55 percent of a family farm, business, or nest egg?

Mr. Speaker, it is time to reject the politics of class warfare and envy and support the permanent repeal of the death tax. And by ending the death tax, we can help resurrect the American dream.

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

There are two issues with this bill. One is fairness. And the other is lost opportunity. Let me give the Members a hypothetical. Let us take a young man, young woman, who started out after school and never worked anyplace but for the Government, and suddenly early in their youth in their career as a Government worker, they are going to inherit \$40 million. They never had a job outside of public service in their lives. And they might pay \$20 million in tax, be left with \$20 million, to which they contributed nothing but it is nice to get.

The question of fairness is why should my children, who went to school and worked hard to become lawyers and teachers and contribute to society, why should they have to pay the \$20 million for this kid who is going to inherit the \$40 million? That is not fair. They are not asking for a handout. They are probably grumping at their father for fighting against this bill, but they are content. They have got a leg up. They got to go to school, and now they are making their own way. And if, when I pass away, they have to pay some tax, they are going to be proud to do it, and they are proud of me for sug-

gesting that they pay their fair share instead of asking me to give them a free ride. That is the fairness issue.

The lost opportunity is this: For those of us who are wealthy enough to pay the tax, my good friend from New York I think senses this. This bill is going to cost 60 billion bucks a year. We just got a release from the Institute of Medicine that shows that with the 41 million uninsured in this country, for about \$69 billion a year we could provide them with health services. Do my colleagues know what? That would save us another \$130 billion a year that we are paying in lost costs by having them go to hospitals without insurance. What is more important? To give a few thousand rich kids an exemption from paying their fair share and denying 40 million people health care in this country? That is the issue. Yes, it is divisive. Yes, we are talking about separating the rich and the poor. But I think those of us who are fortunate enough to be successful in this country ought to give something back and ought to help those who are less fortunate, and I just think it is crummy, it is anti-Christian, it is cheap, it is obscene to sit and say we have got ours, we are going to give tax breaks to our wealthiest contributors and to hell with the people who do not have health insurance. That is what the Republicans are saying with this bill, and I urge them late in life to come to do what is fair, to help 40 million Americans get health insurance rather than 4,000 get a tax break that will do none of us any good.

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

Ms. DUNN. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. FOLEY), who has been with us from the beginning, who is a strong advocate and a member of the Committee on Ways and Means.

Mr. FOLEY. Mr. Speaker, let me commend the gentlewoman from Washington (Ms. DUNN) for her excellent work on this important bill.

It is a little disingenuous to use the deficit as a reason not to pass this bill. When we inherited this Congress in 1994, they had racked up \$5.7 trillion worth of debt. So let us not start blaming the national debt on this bill or the Republicans. Now they are holding up the Gates family as a paragon of virtue on this issue; yet 2 years ago the Clinton Administration was pursuing the same Gates family for monopolistic practices. Now they use Warren Buffett. Now Warren Buffett, of all people, has billions of dollars. He can step up to the voluntary tax payment window if he so chooses.

The people we are talking about today have paid excise taxes, property taxes, capital gains taxes, income taxes. It is being described here as they are getting an unfair or free ride. These are the hard-working Americans. We learned in our youth to strive to struggle and make something of our life and maybe we could pass on those virtues and values to the next generation.

The rich know how to shelter their income. They are very good at creating trust and remainderman trust. In fact, one of the premier families in America, the Kennedy family, has 40 or 60 or 80 trusts that were established to pass the money into different hands to avoid, I am sure, the estate tax liability. These are families that have properly prepared, but it has been expensive. It has been time consuming, and it is complicated.

We can have a debate and pick sides. The Democrats are obviously offering a \$7 million package in a minute; so I do not know the difference between a \$7 million estate or a \$10 million estate, but somehow they reconciled that \$7 million may not be rich. They keep claiming today in this debate they are for the little guy. If they are little and have worked hard and have earned some money, there is a penalty box for them under their plan. They take away what they have earned. They give it and redistribute it to someone else.

This is about fairness. This is about family farms. This is about a lot of people. But to sit here and speculate somehow we are going to implode or explode the deficit is simply wrong.

Mr. FARR. Mr. Speaker, I have long been a strong advocate that tax policy ought to be consistent with good land use policy. Inheritance tax is neither. California has seen the break-up of agricultural real estate holdings, and the dissolution of small businesses to pay inheritance taxes. Although repeal of the tax at this time is not good fiscal policy, we have no choice with this up or down vote but to support good land policy. Agricultural land should not be subdivided merely for tax purposes.

It has been argued that the repeal of the estate tax will only benefit a few Americans. This is certainly not the case for Californians. The estate tax affects the lives of many of my constituents, whether they are families trying to hold onto their farms, small businesses working to keep their doors open, or children protecting the legacy of their parents.

Having said this, I regret that the repeal of the estate tax comes at a time when the Republican-led Congress is driving this country further and further into debt. Republicans in Washington have turned a \$5.6 trillion surplus, left by the Clinton administration, into a \$3.6 trillion deficit, a total loss of \$9 trillion for Americans and their families.

I also regret that the Republican-dominated House does not allow Democrats to offer sensible, bi-partisan alternatives. I, like other Democratic Californians, support an alternative where family farms and businesses would be subject to capital gains tax if they decided to sell their farm or business. I am confident that we could have agreed on a sensible compromise, such as this one, if the Republican leadership had allowed members a full and open debate.

In the final analysis, however, repealing the estate tax will help family farms stay in the family. It will help California maintain a policy of sensible growth and curb the sprawl that comes with subdivision of property. It will help small businesses stay afloat and survive the passing of generations. Nevertheless, we should all keep in mind that if we are concerned for future generations, we should be

very wary about increasing the public debt. We need to act in a fiscally responsible way if we want to leave a prosperous future for our children.

Mr. WELDON of Florida. Mr. Speaker, I rise in strong support of H.R. 8, the Death Tax Repeal Permanency Act of 2003. I am a proud cosponsor of this bill. I am pleased that the House approved my bill last year to accomplish this very same goal. Unfortunately, we were unable to garner the votes in the Senate to enact this into law.

The Death Tax Needs to Die. Along with the marriage penalty, the death tax is perhaps the most disgraceful tax levied by the Federal Government and it should be repealed. The death tax is double taxation. Small business owners and family farmers pay taxes throughout their lifetime, then at the time of death they are assessed another tax on the value of the property on which they have already paid taxes.

Critics claim that we can't afford to eliminate the death tax. They are wrong. We can't afford not to permanently repeal the death tax. Family businesses spend nearly \$14.2 billion a year on estate planning and insurance costs largely to avoid the death tax. Studies indicate the cost of compliance with the death tax equals the amount of death taxes received. Thus, the "real" cost of the death tax to business is double the tax burden.

During the debate last year on my bill to permanently repeal the death tax, I asked a constituent of mine, Danny Sexton of Kissimmee, FL and owner of Kissimmee Florist, to come to Washington and share his "death tax" experience.

Mr. Sexton, who comes from a family of florists, inherited his uncle's flower shop and was faced with paying almost \$160,000 in estate taxes. This forced him to have to liquidate all of the assets, lay off staff, but salaries, and take out a loan just to pay the death tax. He also had to establish a line of credit just to keep the operation running.

Danny Sexton is the face of the death tax. The death tax isn't a tax for the rich, it is a tax that hurts family owned businesses—family owned businesses that are the back-bone of this great Nation. The folks that worked in Danny's florist were not rich, but they lost their jobs because of the death tax.

According to the National Federation of Independent Business more than 70 percent of family businesses do not survive the second generation and 87 percent of family businesses do not make it to the third generation. Sixty percent of small business owners report that they would create new jobs over the coming year if death taxes were eliminated.

For the sake of future generations, Congress must take responsibility, do the right thing, and permanently repeal the estate tax. I urge my colleagues to vote for H.R. 8, the Death Tax Repeal Permanency Act of 2003.

Mr. UDALL of Colorado. Mr. Speaker, I support reform of the estate tax—that is why I voted for the substitute. But I do not support repeal of the estate tax—and so I cannot vote for this bill as it stands. For me, this is not a partisan issue. Instead, it is an issue of reasonableness, fairness, and fiscal responsibility.

In 2001, I did not vote for the bill that included changes in the estate tax. However, there were parts of that bill that I think should be made permanent, including the elimination of the "marriage penalty" and the provisions

related to the adoption credit and the exclusion from tax of restitution to Holocaust survivors. And, as I said, I support reform of the estate tax. I definitely think we should act to make it easier for people to pass their estates—including lands and businesses—on to future generations. This is important for the whole country, of course, but it is particularly important for Coloradans who want to help keep ranch lands in open, undeveloped condition by reducing the pressure to sell them to pay estate taxes.

Since I have been in Congress, I have been working toward that goal. I am convinced that it is something that can be achieved—but it should be done in a reasonable, fiscally responsible way in a way that deserves broad bipartisan support. That means it should be done in a better way than by enacting this bill, and the substitute would have done that. That alternative would have provided real, effective relief without the excesses of the Republican bill. It would have raised the estate tax's special exclusion to \$3 million for each and every person's estate—meaning to \$6 million for a couple—and would have done so immediately. So, under that alternative, a married couple—including but not limited to the owners of a ranch or small business—with an estate worth up to \$6 million could pass it on intact with no estate tax whatsoever. And since, under the alternative that permanent change would take effect on January 1st of next year—not in 2011, like the bill before us—it clearly would be much more helpful to everyone who might be affected by the estate tax. At the same time, the alternative was much more fiscally responsible. It would not run the same risks of weakening our ability to do what is needed to maintain and strengthen Social Security and Medicare, provide a prescription drug benefit for seniors, invest in our schools and communities, and pay down the public debt.

The 2001 tax cut bill included complete repeal of the estate tax for only one year, 2010, but contained language that sunsets all of the tax cuts, including changes in the estate tax after 2001. This bill would exempt repeal of the estate tax from the general sunset provisions. Between now and 2013 it would reduce the Federal revenue available to meet necessary expenses by \$162 billion. I think this is simply irresponsible as we face the decade between 2013 and 2022—the time when the baby boomers will be retiring.

Also, we all know, the budget outlook has changed dramatically since 2001. Trillions of dollars of budget surpluses that were projected have disappeared—because of the combination of the recession, the costs of fighting terrorism and paying for homeland defense, and the enactment of tax legislation. And now the proposal is to make the budgetary outlook even more difficult, making it that much harder to meet our national commitments—all in order to provide a tax break for less than 0.4 percent of all estates. I do not think this is responsible, and I cannot support it.

And, as if that were not bad enough, this bill does nothing to correct one of the worst aspects of the estate-tax provisions in the 2001 bill—the hidden tax increase on estates whose value has increased by more than \$1.3 million, beginning in 2010, due to the capital gains tax. Currently, once an asset, such as a farm or business, has gone through an estate, whether any estate tax is paid or not, the

value to the heirs is “stepped up” for future capital gains tax calculations. However, last year’s bill—now enacted into law—provides for replacing this with a “carryover basis” system in which the original value is the basis when heirs dispose of inherited assets. That means they will have to comply with new record-keeping requirements, and most small business will end up paying more in taxes. That cries out for reform, but this bill does not provide it.

Mr. Speaker, I am very disappointed with the evident determination of the Republican leadership to insist on bringing this bill forward. Just as they have done in the past, they have rejected any attempt to shape a bill that could be supported by all Members. Since I was first elected, I have sought to work with our colleagues on both sides of the aisle on this issue to achieve realistic and responsible reform of the estate tax. But this bill does not meet that test, and I cannot support it.

Mr. LANGEVIN. Mr. Speaker, I rise in support of the Pomeroy substitute to H.R. 8, the Estate Tax Repeal Permanency Act, and in opposition to the underlying bill. As the son of a small business owner, I know firsthand the tax burden placed on entrepreneurs and working families, and I support efforts to responsibly protect small business owners.

The Pomeroy substitute provides needed relief by eliminating estate taxes for assets totaling \$3 million per individual or \$6 million per married couple. Increasing the exemption to this level means that 99.65 percent of all estates will not pay a single penny of the estate tax beginning in 2004. The substitute provides relief sooner than the Republican bill, which does not take full effect until 2011 and has an exemption of only \$1.5 million for 2004. Small businesses and farm owners should not be penalized for their success, nor should they need to worry about their ability to pass the family business on to future generations, and the substitute addresses these concerns.

H.R. 8 goes far beyond providing fair tax relief to small businesses and family farms that are in greatest need of assistance. Besides benefiting just a few thousand American families per year, H.R. 8 would also have a devastating impact on charities, foundations, universities and other philanthropic organizations because the estate tax provides a powerful tax incentive to donate money to these groups. The Department of Treasury estimates a decrease of up to 12 percent per year in charitable giving, or more than \$1 billion annually, should full repeal occur.

The Republicans’ call for repealing the estate tax comes at a time when our Government is already in fiscal crisis. The 2001 estate tax provision will reduce revenues by more than \$192 billion over ten years, and over the second decade, the costs will be a whopping \$820 billion. With a \$400 billion deficit for fiscal year 2003, now is not the time to add \$1 trillion in debt to the tab that future generations must pay. These added costs also come as Congress prepares to pass a prescription drug program and baby boomers near retirement. We must work to meet our obligation to our Nation’s seniors rather than cutting taxes for the wealthiest families in America.

Based on Internal Revenue Service data for 2002, out of approximately 10,000 deaths in my home State, only 426 Rhode Island decedents filed estate tax returns. This number

would be much lower with the \$3 million exemption under the Pomeroy substitute. Under our Democratic alternative, those eligible middle-income families, small business owners and family farmers truly in need would receive estate tax relief.

I urge my colleagues to join me in supporting permanent reform of the estate tax, but not irresponsibly repealing it. Our small business owners are in need of relief, and we must provide it without leaving future generations to pay the bill.

Mr. BEREUTER. Mr. Speaker, as stated on the record many times, this Member continues his strong opposition to the permanent, total elimination of the estate tax on the super-rich. The reasons for this Member’s opposition to this perfectly terrible idea have been publicly explained on numerous occasions, including past statements in the CONGRESSIONAL RECORD.

It must also be noted, however, that this Member is strongly in favor of substantially raising the estate tax exemption level and reducing the rate of taxation on all levels of taxable estates, and that today he has re-introduced legislation to this effect. This same bill, H.R. 42 was introduced in the previous 107th Congress by this Member—the only change in the bill introduced today is that the highest individual income tax is now 35 percent.

This Member believes that the only way to ensure that his Nebraska and all American small business, farm and ranch families and individuals benefit from estate tax reform is to dramatically and immediately increase the Federal inheritance tax exemption level, such as provided in this Member’s newly re-introduced measure.

This Member’s bill would provide immediate, essential Federal estate tax relief by immediately increasing the Federal estate tax exclusion to \$10 million effective upon enactment. With some estate planning, a married couple could double the value of this exclusion to \$20 million. As a comparison, for tax year 2002, the estate tax exclusion was only \$675,000. In addition, this Member’s re-introduced bill would adjust this \$10 million exclusion for inflation thereafter. The legislation also would decrease the highest Federal estate tax rate from 55 percent to the “highest individual income tax rate” that corresponds to that specific tax year—the highest individual income tax rate will be going down to 35 percent in stages.

Finally, this Member’s re-introduced bill would continue to apply the stepped-up capital gains basis to the estate, which is provided in current law. In fact, this Member has said on many occasions that he would be willing to raise the estate tax exclusion level to \$15 million.

Since this Member believes that his bill or similar legislation is the only responsible way to provide true estate tax reduction for our Nation’s small business, farm and ranch families, this Member must use this opportunity to reiterate the following reasons for his opposition to the total elimination of the Federal estate tax.

First, to totally eliminate the estate tax on billionaires and mega-millionaires would be very much contrary to the national interest. It is not in America’s interest that absolutely huge estates should be passed from generations to generations—getting ever larger. The establishment of a permanent privileged class,

re-enforced every generation, is too much like the situation in many European countries from which immigrants fled from hopelessness from the total domination of a small feudal class.

Second, the elimination of the estate tax also would have a very negative impact upon the continuance of very large charitable contributions for colleges and universities and other worthy institutions in our country.

Finally, and fortunately, this Member believes that actually the Federal estate tax will never be eliminated in the year 2010. Reason will ultimately prevail and this effort to totally eliminate the estate tax on the super-rich will be seen as the very counterproductive step that it would be.

At this point, this Member notes that under the previously enacted estate tax legislation (e.g., the Economic Growth and Tax Relief Reconciliation Act), beginning in 2011, the “stepped-up basis” is eliminated, with two exceptions, such that the value of inherited assets would be “carried-over” from the deceased. Therefore, as noted previously by this Member, the Economic Growth and Tax Relief Reconciliation Act could result in unfortunate tax consequences for some heirs as the heirs would have to pay capital gains taxes on any increase in the value of the property from the time the asset was acquired by the deceased until it was sold by the heirs—resulting in a higher capital gain and larger tax liability for the heirs than under the current “stepped-up” basis law.

In closing, Mr. Speaker, while this Member is strongly supportive of legislation to substantially raise the estate tax exemption level and to reduce the rate of taxation on all levels of taxable estates, and as such today re-introduced his legislation to this effect, this Member cannot in good conscience support the permanent total elimination of the inheritance tax on the super-rich.

Mr. KNOLLENBERG. Mr. Speaker, today we have a key vote in front of this House on one of the most unfair and unjustifiable taxes in our Nation today.

Today we can permanently repeal the estate tax otherwise known as the death tax, to save millions of hard-working Americans from the ordeal of losing a family business at the same time as a family member. Unfortunately this is a prospect that is all too real for many small businesses.

Americans for Tax Reform says that 70 percent of small businesses do not survive the second generation as a result of the death tax. With our current economic uncertainty, we need to make it easier for our small businesses to survive, not harder. We can take a big step toward that end here today by passing a permanent repeal of the death tax.

I urge the House to vote this most unfair and unreasonable of taxes out of existence permanently.

Ms. MAJETTE. Mr. Speaker, as I have said many times in the past: I support tax relief, and I support repeal of the estate and gift tax. But, I also support tax relief that is fair and responsible. House Resolution 8, the Estate Tax Repeal Permanency Act is neither at this time.

That’s why I today I voted for the Pomeroy substitute, which would exclude estates worth \$3 million—\$6 million per couple—from the estate tax beginning in 2004. This provides relief sooner than under current law, and sooner than under H.R. 8. The Pomeroy substitute would repeal permanently the estate tax for 99.65 percent of all taxable estates.

The Democratic alternative is effective and would provide immediate relief. Small and family businesses, which are the backbone of our economy, would be protected.

Most important, it is the fiscally responsible thing to do.

This vote comes against the backdrop of huge surpluses that have turned into record-breaking deficits. This year alone, our Nation will incur a record budget deficit of more than \$400 billion. This Congress, the House has already passed over \$425 billion in tax cuts, including the Republican tax cuts, the increased child tax credit action of last week, and the cuts provided for in the Energy bill from earlier in the spring.

It has been estimated that the Republican estate tax repeal bill would cost \$162 billion through 2013, and the Center for Budget and Policy Priorities projects that its costs would explode to more than \$800 billion in the decade after that. Add this bill to the \$425 billion in tax cuts already passed and it will take the total to at least \$1.387 trillion of revenues lost over the next 20 years. That's \$1.387 trillion in debt reduction that could have been achieved.

The revenue decrease from the estate tax repeal would come just when baby-boomers are beginning to retire and will bring increased demands on Social Security and Medicare programs, not to mention the cost of the war in Iraq and our continued involvement overseas.

I am in favor of reducing the tax burden in ways that will stimulate the economy and put money into the hands of those who need it most, but not at the expense of the long term health of this Nation, and not in a way that will burden our children and grandchildren for the rest of their lives.

Our economy is still sputtering. We cannot continue to cut revenues when it does nothing to stimulate the economy. We are already making severe cuts in much needed services, and not expanding programs that are proven investments in our future and our children's future.

As an example of the flawed priorities of this Congress, this week in committee the Republicans voted not to spend \$12 billion to fully fund Head Start, yet a few short weeks ago they voted to give relief to people who do not need it in the form of huge tax cuts. Adding to our national deficit again today will continue to make it more difficult for the Federal Government to address other pressing social needs, including education, health care, and home land security.

Long-term success in this country depends on high-quality education, stable and high-paying jobs and access to quality health care, and we must invest in these things to secure our children's future.

What we need today is a renewed commitment to fiscal responsibility. What we need today is a new direction and an emphasis on the future, not on the past.

I support repealing the estate tax, and have voted to do so today in a responsible manner, by supporting the Pomeroy substitute.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition to H.R. 8, the "Death Tax Repeal Permanency Act of 2003," and in support of the substitute amendment proposed by my colleague from North Dakota, the Honorable Mr. POMEROY.

I support granting relief to the many Americans in our farming community and small busi-

ness community through the repeal of the death tax. Presently, only 2 percent of the estates of persons who die each year are taxed, and this number will fall in coming years as the exemption level for the estate tax rises. Of the estates that are subject to the estate tax, very few include family-owned businesses or farms. For example, in 1998, family-owned businesses or farms comprised the majority of the taxable estates in just 1,418 of the approximately 2.3 million people who died that year—or 6 out of every 10,000 people who died. Taken together, all farms and family businesses account for less than 3 percent of the assets in taxable estates valued at less than \$5 million.

Family farms and businesses are already recipients of special treatment under existing law. For instances, estates that contain family farms and businesses may use special valuation significantly reduce or eliminate estate tax liability. In addition, when the enterprise accounts for at least one-third of an estate, tax payment can be deferred for up to 14 years. Furthermore, relief for family farms and businesses can be provided without repealing the estate tax.

If, hypothetically, the estate tax were extended at its 2009 level with a \$3.5 million exemption and an upper echelon of 45 percent only 10,000 estates nationwide would be subject to taxation in the year 2010. That amounts to less than one half of one percent of the projected 2.6 million deaths for that year. For every 1,000 deaths, 995 people would be completely exempt from estate taxes. The remaining five individuals would pay significantly less in tax because of higher exemption and lower rate.

The United States Treasury Department analyzed the estate tax and found that raising the estate tax exemption level for family-owned farms and businesses to \$4 million for individuals and \$8 million for married couples, as proposed in 2000, would have exempted practically all of the family-owned farms and reduced the already small number of family businesses subject to the tax by nearly three-quarters.

The estate tax is also beneficial for charitable giving efforts. The very existence of the estate tax creates a powerful incentive for charitable giving. A recent study found that if the estate tax were eliminated charitable giving would have been reduced by approximately \$10 billion in 2001. This amount is equal to the total grants currently made by the largest 100 foundations in the United States.

The estate tax increases the amount of charitable contributions among the largest estates by making these contributions tax deductible and thus act to reduce estate taxes. In 2001, for example, the latest year for which these IRS data are available, estates contributed \$16.2 billion to charities. Taxable estates of more than \$20 million gave \$6.8 billion of this total, averaging \$23 million in donations per estate.

Giving in the trying economic times America is facing, this Chamber cannot afford to pass another financially imprudent bill. Beneficial programs like Head Start are being altered and Leave No Child Behind is being restricted. Medicare is under attack. The war in Iraq cost Americans billions of dollars, and the deficit is ballooning out of control. The repeal of the estate tax is a step in the wrong direction.

Mr. Speaker, the death tax should be repealed. I support the Pomeroy substitute that

features offsets that close the corporate tax loophole to pay for the estate tax repeal proposal.

The SPEAKER pro tempore (Mr. PUTNAM). All time for debate on the bill has expired.

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
OFFERED BY MR. POMEROY

Mr. POMEROY. Mr. Speaker, I offer an amendment in the nature of a substitute.

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. POMEROY:

Strike all after the enacting clause and insert the following:

**SECTION 1. RESTORATION OF ESTATE TAX; REPEAL OF CARRYOVER BASIS.**

(a) IN GENERAL.—Subtitles A and E of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subtitles, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subtitles, and amendments, had never been enacted.

(b) SUNSET NOT TO APPLY.—

(1) Subsection (a) of section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking "this Act" and all that follows and inserting "this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010."

(2) Subsection (b) of such section 901 is amended by striking "estates, gifts, and transfers".

(c) CONFORMING AMENDMENTS.—Subsections (d) and (e) of section 511 of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subsections, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subsections, and amendments, had never been enacted.

**SEC. 2. MODIFICATIONS TO ESTATE TAX.**

(a) INCREASE IN EXCLUSION EQUIVALENT OF UNIFIED CREDIT TO \$3,000,000.—Subsection (c) of section 2010 of the Internal Revenue Code of 1986 (relating to applicable credit amount) is amended by striking all that follows "the applicable exclusion amount" and inserting ". For purposes of the preceding sentence, the applicable exclusion amount is \$3,000,000."

(b) MAXIMUM ESTATE TAX RATE TO REMAIN AT 49 PERCENT; RESTORATION OF PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—

(1) Paragraph (1) of section 2001(c) of such Code is amended by striking the last 2 items in the table and inserting the following new item:

"Over \$2,000,000 .....	\$780,800, plus 49% of the excess over \$2,000,000."
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(2) Paragraph (2) of section 2001(c) of such Code is amended to read as follows:

"(2) PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—The tentative tax determined under paragraph (1) shall be increased by an amount equal to 5 percent of so much of the amount (with respect to which the tentative tax is to be computed) as exceeds \$10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of the applicable credit amount under section 2010(c) and \$199,200."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2003.

**SEC. 3. VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS; LIMITATION ON MINORITY DISCOUNTS.**

(a) IN GENERAL.—Section 2031 of the Internal Revenue Code of 1986 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (f) and by inserting after subsection (c) the following new subsections:

“(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this chapter and chapter 12—

“(1) IN GENERAL.—In the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092)—

“(A) the value of any nonbusiness assets held by the entity shall be determined as if the transferor had transferred such assets directly to the transferee (and no valuation discount shall be allowed with respect to such nonbusiness assets), and

“(B) the nonbusiness assets shall not be taken into account in determining the value of the interest in the entity.

“(2) NONBUSINESS ASSETS.—For purposes of this subsection—

“(A) IN GENERAL.—The term ‘nonbusiness asset’ means any asset which is not used in the active conduct of 1 or more trades or businesses.

“(B) EXCEPTION FOR CERTAIN PASSIVE ASSETS.—Except as provided in subparagraph (C), a passive asset shall not be treated for purposes of subparagraph (A) as used in the active conduct of a trade or business unless—

“(i) the asset is property described in paragraph (1) or (4) of section 1221(a) or is a hedge with respect to such property, or

“(ii) the asset is real property used in the active conduct of 1 or more real property trades or businesses (within the meaning of section 469(c)(7)(C)) in which the transferor materially participates and with respect to which the transferor meets the requirements of section 469(c)(7)(B)(ii).

For purposes of clause (ii), material participation shall be determined under the rules of section 469(h), except that section 469(h)(3) shall be applied without regard to the limitation to farming activity.

“(C) EXCEPTION FOR WORKING CAPITAL.—Any asset (including a passive asset) which is held as a part of the reasonably required working capital needs of a trade or business shall be treated as used in the active conduct of a trade or business.

“(3) PASSIVE ASSET.—For purposes of this subsection, the term ‘passive asset’ means any—

“(A) cash or cash equivalents,

“(B) except to the extent provided by the Secretary, stock in a corporation or any other equity, profits, or capital interest in any entity,

“(C) evidence of indebtedness, option, forward or futures contract, notional principal contract, or derivative,

“(D) asset described in clause (iii), (iv), or (v) of section 351(e)(1)(B),

“(E) annuity,

“(F) real property used in 1 or more real property trades or businesses (as defined in section 469(c)(7)(C)),

“(G) asset (other than a patent, trademark, or copyright) which produces royalty income,

“(H) commodity,

“(I) collectible (within the meaning of section 401(m)), or

“(J) any other asset specified in regulations prescribed by the Secretary.

“(4) LOOK-THRU RULES.—

“(A) IN GENERAL.—If a nonbusiness asset of an entity consists of a 10-percent interest in any other entity, this subsection shall be applied by disregarding the 10-percent interest and by treating the entity as holding di-

rectly its ratable share of the assets of the other entity. This subparagraph shall be applied successively to any 10-percent interest of such other entity in any other entity.

“(B) 10-PERCENT INTEREST.—The term ‘10-percent interest’ means—

“(i) in the case of an interest in a corporation, ownership of at least 10 percent (by vote or value) of the stock in such corporation,

“(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

“(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

“(5) COORDINATION WITH SUBSECTION (b).—Subsection (b) shall apply after the application of this subsection.

“(e) LIMITATION ON MINORITY DISCOUNTS.—For purposes of this chapter and chapter 12, in the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092), no discount shall be allowed by reason of the fact that the transferee does not have control of such entity if the transferee and members of the family (as defined in section 2032A(e)(2)) of the transferee have control of such entity.”

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

Amend the title so as to read: “A bill to amend the Internal Revenue Code of 1986 to restore the estate tax, to limit its applicability to estates of over \$3,000,000, and for other purposes.”

The SPEAKER pro tempore. Pursuant to House Resolution 281, the gentleman from North Dakota (Mr. POMEROY) and the gentlewoman from Washington (Ms. DUNN) each will control 30 minutes.

The Chair recognizes the gentleman from North Dakota (Mr. POMEROY).

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

Mr. Speaker, as we begin consideration of the substitute, I would like us to focus on something pretty central to the fundamentals of legislating. We ought to do as a Congress that which we can do. The substitute I bring forward will take effect during the tenure of this Congress. It is effective January 1, 2004. The majority proposal before us does nothing during the sitting of this Congress, nothing during the sitting of the next Congress, the Congress after that, the Congress after that, the Congress after that. Nothing until January 1, 2011.

We have heard so much from the other side. We have heard so much about how they care about all the problems, how mean of us to oppose their addressing the problems. And yet now when it comes to the substitute, this is where the rubber meets the road because we want to do something now and something meaningful and they do nothing. Nothing about their bill.

□ 1330

Not one whit of their bill applies during the sitting of this Congress or until the year 2011.

Again, I referenced earlier the heart-wrenching examples we have heard from the majority about family farm-

ers. Let us talk for a minute about family farmers. I know something about family farmers. In representing the State of North Dakota, I probably represent more production acreage than any other Members of this House. The family farmers who have estate tax problems, and I am happy to tell my colleagues most of them do not, but of those that do, let us get after it. Let us get them relief and get them relief now.

The substitute I have advanced would give family farm couples \$6 million in exclusion from estate tax. Any farmer in operation up to \$6 million, no estate taxes. One hundred percent repeal, effective January 1. That is very meaningful relief and it is going to go right to the heart of the farm families that they are talking about.

Now, what do they offer by way of an alternative, this Congress, for dealing with these farm families? Absolutely nothing. In 2004, under their proposal, family farm estates over \$3 million will be subject to estate tax; over \$3 million. Family farm estates per couple in our situation: \$6 million. We provide double the relief immediately. And so really, what they are offering these people is a total sham, because under their proposal, nobody gets anything until the very wealthiest, a tiny number of estates in this country, are taken care of.

Mr. Speaker, where I come from, a bird in the hand is worth two in the bush, and that is especially true when we consider prospects that this year 2011 will actually offer the kind of relief that they proclaim so loudly. Five Congresses from now are going to be looking at a very different budget situation, because the cost of their proposal absolutely explodes in the very decade baby boomers retire.

Consider the chart here. Mr. Speaker, \$162 billion of revenue loss in the first 10 years. It ramps up slowly, and then really clobbers you: A \$500 million loss in '04; a \$31 billion loss in the year 2011; \$57 billion loss in 2012; \$63 billion loss in 2013. You catch my drift. This thing explodes in its consequence in the budget. Mr. Speaker, \$840 billion worth of revenue loss in the next decade, just as baby boomers retire and want their Medicare and want their Social Security.

Now, what do my colleagues think is likely? We are going to say, no, baby boomers, we have this estate tax we repealed some time ago, and we are going to stick with it. I do not think so. I think the prospects are overwhelming that this distant repeal will never arrive.

Finally, I think that it just makes it very, very clear what this is all about. To look at the relief we offer in each of the next 5 years being vastly superior to theirs, because they do not want, in any way, to lose some of the momentum behind total repeal. So they will leave family farmers in the lurch through the year 2011; they will leave the small businesses they talk about in

the lurch in the year 2011. Again, look at this: estates \$6 million and under; no tax under our proposal in 2004; \$3 million and under taxed under their proposal. In 2005, the same situation. Again, we are superior in 2006, 2007 and 2008.

Now, if this Congress has before it the opportunity to give over each of the next 5 years meaningful relief to people that need it, why in the world do we not do it? That is exactly what this substitute is all about.

There is one final feature that I would discuss briefly; it is a feature that I was surprised to hear my friend, the gentlewoman from Washington, tout before the Committee on Rules yesterday, and that is, this notion of who is going to have capital gains tax on inherited property? Because under our proposal, when you inherit the property, the only capital gains tax on the appreciated value of that property you are going to have is between the time you inherited it and the time you sell it. Under their proposal, you are going to face capital gains taxes from the time it was purchased originally, whoever purchased it that ultimately bequeathed it to you in the inheritance.

And so in the family farm context, you have an awful lot of farmland coming into families in the 1930s, in the 1940s at just nominal value, which now has significant value. And when the heir goes to sell it, you are going to have capital gains on all capital appreciation over \$1.3 million. We are going to have an awful lot of the family farmers that they are touting so much on this debate that right now do not have estate tax problems, and surely would not have estate tax problems under our bill, that are going to find themselves with walloping capital gains taxes, because they take this stepped up in basis and throw it out for carry-over so that they can help the wealthiest tiny few in this country.

Mr. Speaker, we have a proposal in my substitute to take care of 99.65 percent of the estates in this country. My gosh, that is pretty darn close to perfect, 99.7. But they do not want that relief to move forward, because it is the three-tenths of 1 percent of their wealthiest benefactors that they are most worried about. Well, I say let us deal with this straight up, take what we can get now, provide meaningful relief effective in 2004, pass the Pomeroy substitute, and get this on the road toward exactly what we need: estate tax relief now for America's families.

Mr. Speaker, I ask unanimous consent to have my friend and colleague, the gentleman from Maryland (Mr. CARDIN), assist in the management of the time.

The SPEAKER pro tempore (Mr. PUTNAM). Is there objection to the request of the gentleman from North Dakota?

There was no objection.

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

Mr. Speaker, I am strongly opposed to this amendment, and I want my colleagues to look at it very closely and be very clear about what this amendment would do. It establishes a permanent death tax. It is a huge tax increase on small business and family farms.

This amendment would increase taxes on farmers, on timber growers, on small businessmen and small business women, and it would not only take money from their pockets and send it to Washington, D.C.; it would practically force them to take more money from their pockets to pay lawyers, insurance salesmen, and estate planners. And why? So they will not have to send their money to Washington, D.C. to comply with this permanent death tax.

There are people who think this is a good thing. I do not understand it; I do not question their intent, I simply acknowledge that that is the case.

We have already debated the issue surrounding the death tax, but let us look closely at the impact of this amendment, because I think it puts on display the philosophy of those who want to keep the death tax.

Under current law, the tax rate for estates is due to fall in 2004, in 2005, 2006, and 2007. For 2 years, the rate would remain at 45 percent and then be totally repealed in 2010. This amendment eviscerates that tax relief.

Some estates may benefit under this amendment. If you are unlucky enough that your business is not doing well and you fall below the \$3 million threshold that is in this amendment, you benefit. But what this amendment tells you is this: do not be successful. Do not save your money. Do not invest your money. Do not grow your business.

Instead, it encourages you to spend it now, sit back, consume that estate, because the government is going to take half of that estate anyway, and everybody knows how wisely the government spends our money. Because the more successful you are and the harder and the more you work, the more expensive it will be for you to hand that business on to your children.

Does the amendment promote charitable giving? No, it does not. Does it redistribute the money it raises to those who are less wealthy? No, it does not. Does it equalize income among different layers of society? No, it does not do that. Does it help pay Social Security benefits? No.

Opponents of death tax repeal make all of those charges, but when they bring forth their own proposal, we can see it for what it really is: a tax increase, pure and simple. A way to put money in the pockets of the Federal Government. And because the exemption level is not indexed, there will be free money to the Treasury. Inflation grows, but the exemption stays just the same. As the economy improves, as businesses grow, as people invest and work hard, they will be penalized, be-

cause someone in Washington, D.C. said you can only be so successful, an arbitrary limit, and then you pay.

That is what this amendment is about and that is why it ought to be voted down.

Mr. Speaker, we hear time and again the arguments of those who want to keep the death tax. We hear about equality, about Social Security, about charitable giving, about enormous concentrations of wealth. But when it comes right down to it, it is about money.

Mr. Speaker, this approach is the wrong approach. This policy has outlived its day. This philosophy is not what made our Nation great, and I urge a "no" vote on this substitute.

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

Mr. CARDIN. Mr. Speaker, it is my pleasure to yield 2 minutes to the distinguished democratic whip, the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I say to my friend from Washington State, what we hear over here is enmity, enmity towards the common wheel. I do not mean towards government, I mean towards us coming together as a people to invest in America, to invest in our children, to leave no child behind, to make sure our environment is clean, to make sure that we have the resources to invest in national defense.

Now, those of you who go to work every day and work for a living and get a salary check and have deductions from that salary check, to help your government have a national defense, have the programs for education and health care and NIH research to make our society better, hear me now. Those of you who work every day, let me tell you what the objective of this provision is.

First, we are going to exempt three-tenths of a percent; not exempt 99.7 which the Pomeroy bill does, and it speaks to those small farmers and those small business people who have grown America, who we want to exempt. We are for that. But what it does not do is add gargantuan amounts to the debt and then, let me tell my colleagues what this does. I have \$100 million that I inherited from my dad, hooray for me. I will never, ever pay taxes again under the Republican program.

Never, unless it happens to be a sales tax or an excise tax. I will not pay income tax, because this is inherited dollars, and I will have it invested in corporate or savings accounts, and the Republicans want to exempt both dividends from taxation and interest on savings from taxation. So I will never pay taxes again. And, by the way, they also want to exempt capital gains.

Now, if you get most of your income from capital gains, or you get most of your income from dividends, or you get most of your income from interest, you may be for this. But if, however, you are like the overwhelming majority of Americans who get up every day, play

by the rules, work hard, and get a salary check, this undermines you, your children, and your families.

Vote for the Pomeroy substitute.

Ms. DUNN. Mr. Speaker, I yield 3½ minutes to the gentleman from Missouri (Mr. HULSHOF), a very valuable member of the Committee on Ways and Means, a gentleman who knows what he is talking about because he has been through it personally.

Mr. HULSHOF. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, I have been listening to the discussion and the debate and the rhetoric, and I have been a bit disappointed by some of the arguments that have been made; not surprised by the arguments, but nonetheless disappointed. There have been some of my colleagues on the other side who have talked about hypotheticals. Let me allow my colleagues a little glimpse into a very personal story.

On November 22 of last year, my father collapsed and died at our family's home in Southeast Missouri. He was 68. On his first trip to Washington, D.C., he sat right up there in the gallery to watch his son take the first oath of office. He died without an estate plan. In fact, I wish my colleagues could have met my dad, because if they had shaken his hand, they would have immediately noticed the callouses from 4 decades of working our family's farm down in the district of the gentlewoman from Missouri (Mrs. EMERSON).

One of the necessities, of course, of having that painful experience is that my mom and I, as the surviving members of the family, had to conduct an inventory. And I do not mind telling my colleagues, a 493-acre farm, a number of irrigation systems, farm equipment, grain trucks, the modest home where I grew up, modest savings and, thankfully, because of Congress's actions a number of years ago, my mom was not required to pay the tax. Yet, she has vowed to put together an estate plan in order to pass on the legacy that my father built.

□ 1345

So she has been forced to spend thousands of dollars to accountants, to lawyers to create these legal contortions that are required by the very existence of the estate tax. Can anybody give me a compelling reason why she should have to spend her limited resources in order to preserve my father's legacy? Can anyone?

As long as the estate tax laws remain on the books, surviving family members across this country will have to shell out hard-earned dollars to ensure that the long reach of the death tax does not force them to sell off assets in the family business.

The gentleman from North Dakota is my friend. I applaud his intent. One of the charts that he mentioned, at the bottom, it says only 400 farms would actually be subject to the estate tax. I think that is what it says on the bot-

tom of it, and I will let my colleagues look at the exhibit; and yet what the chart does not say is that every farm or every family business has to file an estate tax form and a return, perhaps a simple exercise, but in every instance where a family business has been accumulating assets, a return has to be filed, which means again hours of meetings with accountants and lawyers and, again, a cost of compliance.

So it is not just the number of estates that would be subject to the tax. It is this huge cost that as long as the estate tax, the inheritance tax remains on the laws of our books there will be this cost of compliance to all family businesses across the country.

Simply, the death of a family member should never be a taxable event.

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

Let me say to my friend we all, of course, offer our deepest condolences as we did to his family. I am afraid, though, that the bill without the Pomeroy substitute is going to offer no help whatsoever for a decade to people who may find themselves in this same position.

One of the principal advantages of the substitute is that not only does it provide immediate help starting in 2004, exempting those estates \$3 million, \$6 million on a couple, and by the way, those gross estates would not have to file forms. They do not even have to file an information form if their gross value is below \$3 million. So I think we would provide immediate help to a significant number, to the overwhelming majority of people who would find themselves in the same position that my colleague's family found itself in.

But there is a second reason that I think family farms, which go through a similar situation, would benefit much more from the substitute than the underlying bill, and this is predictability. I dare say that if the bill that the Republicans are bringing forward were to pass, very few individuals who had estates of 3, 4, 5, 6, \$7 million would change their estate plan based upon the predictability of Congress to keep this policy in effect for the next decade, so that the relief would eventually come.

Predictability is very important in estate planning. The Pomeroy substitute gives us that predictability, a policy that will stand, a policy that exempts 99.6 percent of the estates in our country today. Those individuals would be able to make estate changes in order to deal with the new realities of a law that makes sense.

There is a third reason in addition to the fact that we provide immediate relief and it is predictable. The third reason we have heard over and over again, and it is an important reason, and this is affordability, what we can afford as a Nation.

Next week we are going to be debating whether we can afford a prescription drug plan for our seniors. We

make choices. We set priorities by what we think is important. The Joint Economic Committee on Taxation, not this Member but our objective professionals, tell us that this bill will lose, when fully implemented in the next decade, \$850 billion. Our prescription drug plan that will be on the floor next week is \$400 billion. Those of us who say can we not find a little bit more money for the millions of seniors who do not have health insurance, can we not throw a few more dollars in that program, we are told we do not have the money.

Yet we have the money for relief that affects only a few thousand estates in this country, and that is all it is. It is not the wholesale farm. It is the farms of a very few. In fact, they are wealthy farms that are going to be affected, estates of a very few, very wealthy people in this Nation that are impacted by maintaining an estate tax for the very, very wealthy individuals. And as my friend, the gentleman from Maryland (Mr. HOYER), pointed out, the reason why the underlying bill will never become law and if it becomes law it will never be sustained is that Americans would not tolerate multibillionaires passing their estates tax free and their income not being taxed. It will not be sustained.

Vote for the underlying substitute. It will affect policy today. It will take care of the problems we have heard before.

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

Ms. DUNN. Mr. Speaker, I yield 12 minutes to the gentleman from Georgia (Mr. BURNS) for the purposes of control, a gentleman who has been very involved in the development of our legislation and very much a supporter of it as he has come to Congress as a freshman Member. He will present differing points of views from people who come from all over the country who are members of the freshman class.

The SPEAKER pro tempore (Mr. PUTNAM). Is there objection to the request of the gentlewoman from Washington?

There was no objection.

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

I thank the gentlewoman from Washington for yielding me the time; and Mr. Speaker, I rise today in support of H.R. 8, as introduced by the gentlewoman from Washington (Ms. DUNN) and in opposition to the Pomeroy substitute amendment.

In 2001, Congress repealed the death tax temporarily. It is scheduled to resurface and haunt farmers and small business owners again in 2011. My constituents in the 12th district of Georgia are not rich; but they own farms, they own small businesses, where family ownership still means a great deal.

H.R. 8 helps to ensure their survival. The underlying bill that I am proud to cosponsor is good for small businesses. It is good for family ownership. It is good for family farms.

The amendment crafted by the opponents of H.R. 8 would gut the bill and would reinstitute the double taxation of a person's earnings over a lifetime. This is a veiled attempt to increase the taxation burden on our small businesses and family farms. Do not be deceived.

The death tax stifles economic growth. It is counterproductive to the American Dream, and it is an unfair and immoral tax on our small and minority business owners.

The substitute amendment reinstates the death tax and ensures its hindrance on the family businesses and the farmers. We must vote "no" on the substitute.

H.R. 8 does just the opposite. It kills the death tax permanently. I encourage my colleagues to vote against the substitute amendment and to vote for the underlying bill that ensures the viability of our small businesses and our family farms.

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

Mr. CARDIN. Mr. Speaker, it is now my pleasure to yield 2 minutes to the gentleman from Illinois (Mr. EMANUEL).

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

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

I was moved by my colleague's story who remembers his father here when he got sworn in. Just 5 months ago, my father sat up there and watched me get sworn in, and he came to this country in 1959. So whatever happens in his life and my life, I will always have that time that he was able to see, having coming to this country, his son get sworn in.

Now that I am a father of three children, I am reminded of what Mark Twain once said: "At 12 I concluded my father was a fool. By 16 I was shocked what he could learn in only 4 years." I say that because I am going to provide for my children the same values that my father taught me and my mother. They are going to get love, education and a good kick out the front door so they can earn their way around this world the way I have.

The truth is, what we should be doing instead of helping wealthy people protect their wealth, we should help people build wealth. I had an amendment that is not allowed today on the floor that would support the Pomeroy substitute and give us estate tax relief where it should be provided for our farm and small business owners, but also provide a deduction for college tuition education for all families who are trying to send their children to college: \$4,000 they are allowed to deduct for college education; families, up to \$100,000. That deduction ends in 2005.

College costs have gone up by 20, 30 percent over the last couple of years. It is continuing to go up. Yet in 2005 that deduction for a middle-class family to send their kids to college is eliminated. It ends. That is about creating wealth. That is about our common shared val-

ues. So we can have an estate tax and help create wealth by making sure everybody gets access to that ticket to the middle-class dream, a college education.

That deduction is eliminated in 2005. I offered an amendment to extend it to 2013 so we can have estate tax reform and college education. What we should do is be in the position of not having an either/or policy, a tax reform on the estate tax and provide middle-class families the opportunity to give their children a college education, not go broke doing it, and make sure that the American Dream stays alive for generations to come.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Georgia (Mr. GINGREY).

Mr. GINGREY. Mr. Speaker, I thank the gentleman from Georgia (Mr. BURNS) for yielding me the time.

Mr. Speaker, as I listen to this debate, of course I stand here fully in favor of H.R. 8 and against the Pomeroy amendment because it is really not about who has received and who has not this double taxation, this so-called death tax.

The other side says that there is a \$3 million exemption under the Pomeroy substitute, that 99.6 percent of estates would be exempted from the death tax. I personally do not need that \$3 million exemption or even the \$600,000 exemption. I would probably be fine with a \$300,000 exemption; but the point is, it is a double taxation and it is wrong. It is wrong to tax anybody twice on the same income.

These people, no matter what their net worth, they have paid taxes. They have paid at the highest marginal tax rate; and it is totally wrong, as the gentleman from Missouri (Mr. HULSHOF) said, to have to worry about paying taxes after death.

Mr. CARDIN. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, in the Oregon legislature some years ago, I actually led, as Chair of a tax committee, a reform of the estate tax. I thought I understood some of the principles; but after listening to the rhetoric regarding this issue, looking at the facts since I have been a Member of Congress, I thought maybe I would go back and check to see if there was something I was missing.

I invited a number of tax professionals in my community, CPAs, tax attorneys, financial planners, to come down and talk to me about how the effect of this proposal actually works. It was fascinating, giving these people a grant of immunity, and I urge any of my colleagues to do the same with tax professionals in their community.

They said, number one, under existing law anybody who could not shield at least \$5 million of an estate was really guilty of malpractice.

Number two, they said it was not the estate tax that broke up small business. It was idiot sons, and they said in their experience when they watch great inherited wealth after three genera-

tions, it looks like it becomes a genetic defect. It was fascinating what they told me, people who in the main were Republicans who work in this every day.

They pointed out that huge wealth, which would be tax free under the Republican proposal today, huge wealth often was not even taxed once. One does not become a billionaire based on their W-2s.

□ 1400

It is capital appreciation. And the clever approach of eliminating the inheritance tax, eliminating dividends from taxation means that you will be able to manipulate it, while people with great means will not be paying any tax at all if they do not want to.

If my colleagues truly wanted to help protect the family farm and small business, they would join together with the vast bipartisan consensus in this Chamber to index the inheritance tax to be able to deal with the Pomeroy amendment, which actually would help the mother of the gentleman from Missouri (Mr. HULSHOF), not the proposal that he is going to vote for.

Mr. Speaker, I strongly urge that we approve the Pomeroy amendment.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Florida (Mr. FEENEY).

Mr. FEENEY. Mr. Speaker, I thank the gentleman from Georgia for yielding me this time.

I am not surprised that some tax planners oppose this act, because what this does is to simplify the Tax Code. What the substitute amendment does is to make a 40,000-plus page Tax Code longer and more complicated. It is understandable that a few tax planners do not like this.

But there is something inherently unfair about taxing people when they die. My motto is: No taxation without respiration. When a person quits breathing, we ought to leave them alone. And the notion we are going to make a complicated Tax Code even more complicated with this ceiling under the Pomeroy amendment, this creates a ceiling on growth and prosperity and success. This is a ceiling on the future.

The bottom line is that we have more people in America engaged in the preparation and collection of taxes than we do in the growing of food and agriculture. That is wrong. We need actually to have fewer tax planners and estate planners. We need to let family farmers, we need to let small businesses, automobile dealers and other businesses in our communities plan for their future without the need of expensive lawyers and tax planners.

Again, my colleagues, let us abolish the death tax. No taxation without respiration.

Mr. CARDIN. Mr. Speaker, could I inquire as to the amount of time that remains on both sides?

The SPEAKER pro tempore (Mr. PUTNAM). The gentleman from Maryland (Mr. CARDIN) has 13 minutes remaining, the gentlewoman from Washington (Ms. DUNN) has 11 minutes remaining, and the gentleman from Georgia (Mr. BURNS) has 8½ minutes remaining.

Mr. CARDIN. Mr. Speaker, I ask unanimous consent that the rightful sponsor of the substitute, the gentleman from North Dakota (Mr. POMEROY), be allowed to control the remaining time on this side.

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

There was no objection.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas (Mr. CARTER).

Mr. CARTER. Mr. Speaker, I thank the gentleman from Georgia for yielding me this time.

Mr. Speaker, I stand in support of H.R. 8 and totally opposed to the substitute. It is time we kill the death tax once and for all and forever. This is critical. Across the street from my church is a 400-acre farm. The second generation of farmers are farming that farm. But because of the growth in our county, the value of that farm, which these people intend to farm, is now over \$2.50 a square foot because of development growth. Those people will be killed by this tax. We have got to eliminate it so that those people, their children, can continue to farm.

I ran into a good friend of mine in New Mexico. After years in college, I just assumed he would be continuing to ranch in Clayton, New Mexico. But, no, he is not in the ranching business. Why? Because the inheritance tax wiped out a ranch that they fought for and died for in Northern New Mexico. And now he is not there anymore. We have to protect those people and kill this tax.

Mr. POMEROY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN).

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

Mr. LEVIN. Mr. Speaker, the Pomeroy amendment would exclude 99.65 percent of all estates from estate tax. So what is going on here? Why would the Republicans want to abolish the estate tax on this two-fifths of 1 percent? And, by the way, almost none of the 99.65 have to file a return. I think the answer is pretty clear: It is not only that my Republican colleagues are trying to protect the very, very, very wealthiest. That they are doing. And maybe that is their instinct. But what is really happening is my colleagues are taking \$50 billion a year out of the Treasury of the United States. That is the difference between the Pomeroy bill and the total repeal.

That \$50 billion a year would make up about one-third of the shortfall of Social Security. It would also provide other programs, like education, that

are not only a safety net but are a rung up the ladder for middle- and lower-income families, and, yes, a lot of higher-income families. So that is what the Republicans are trying to do. They say it is only 1 percent of the totals revenues of this country. But they chipping away, chip by chip, block by block at the revenue in-flow into the Treasury of the U.S. and starving the programs that are needed for the vast majority.

What the Republicans are doing is to help a teeny tiny minority, a small number, hundreds, only hundreds of farmers and small business. The rest do not pay any estate tax. What the Republicans are trying to do is to help that small, small minority, and they are hurting 99 percent of the American people.

Vote for Pomeroy and vote against the basic bill.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Minnesota (Mr. KLINE).

Mr. KLINE. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise today in strong support of H.R. 8, a measure that frees men and women from being penalized for their hard work and their success. The Death Repeal Permanency Act of 2003 would eliminate the death tax, eliminate it, and that is the key, once and for all.

Mr. Speaker, Congress has already voted to get rid of the tax. We should never ever let it come back. The estate tax discourages the very values we prize most highly in our Nation. It is a tax on hard work and savings, on sacrifice, and on success.

In Minnesota, the family farm is an important part of our commerce, an important part of our industry. It is part of the fabric of Minnesota. The family farm epitomizes the values that we hold most dear. We should never ever let this tax creep back in and put those farms in jeopardy.

We cannot allow this unjust penalty to harm any of our family farmers, whether they are a small farm, like my wife's family farm, or a big farm. The estate tax is immoral. The death of an individual's father, mother, father-in-law or mother-in-law should not be a taxable event. Not now, not ever.

Let us support H.R. 8 and not the Pomeroy substitute.

Mr. POMEROY. Mr. Speaker, I yield 1 minute to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me this time.

Let us be clear what this is about. This is not about saving the family farm. This is not about protecting small business. This is about over a 10-year period giving \$160 billion in tax relief to the richest 2 percent of the population. Ninety-eight percent of the people get nothing.

What these folks are trying to do by running up huge deficits and a huge national debt is to end up cutting back disastrously on Medicare, Medicaid, education, and veterans' protection. No

money to ease the waiting lines at VA hospitals all over America, but \$180 billion for the richest 2 percent of the population.

This is an insult to the middle class and to the working families of this country. It should be defeated.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Indiana (Mr. CHOCOLA).

Mr. CHOCOLA. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in support of H.R. 8 and opposed to the amendment.

The bottom line, although we hear a lot of discussion, the bottom line is anybody who spends their whole life building a business or growing a farm should never have to sell that business or that farm to pay death taxes. The American dream is based on the principles of hard work and the celebration of self-reliance and individual responsibility.

People can reap the rewards of their own success, and they should be encouraged to share that success with others. The death tax and this amendment violates every single one of those principles of the American Dream. Mr. Speaker, it is not only the heirs that are punished by this unfair tax, it is the employees of those companies and those farms, and it is the customers, and it is most of all the communities that those farms and those businesses operate in.

Mr. Speaker, it is past time for Congress to repeal the death tax permanently, and I encourage all of my colleagues to support H.R. 8 and vote against this amendment.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Pennsylvania (Mr. GERLACH).

Mr. GERLACH. Mr. Speaker, I thank the gentleman for yielding me this time. I appreciate the opportunity to speak on this matter. I rise today to oppose the substitute amendment and to support the underlying bill. The initial repeal of the death tax was designed to benefit an important sector in our economy: Family-owned and small businesses.

Many of these businesses hold non-liquid assets and, thus, upon the passing of an elder, many families finds they must liquidate a portion or all of their family business in order to pay the obligations imposed upon them by the estate tax. Often these businesses are generations old, and when they liquidate not only does the family suffer but the economy and the community suffers as well.

Small businesses are among the strongest participants in our economy, yet their continued viability is the most vulnerable to unfair and excessive taxes, such as the death tax, which may tax up to 55 percent of a business' full value. Permanently repealing the death tax will not only provide much-needed tax relief to personal estates passed to individuals, but will also insulate this business sector so vital to our fledgling economic recovery.

Additionally, if we do not address this issue by a permanent repeal of the estate tax, it will automatically be reinstated in 2011. Individuals and small businesses would again face the looming specter of the return of the death tax. I urge opposition to the substitute amendment and for support of the underlying bill.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas (Mr. BURGESS).

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

Mr. BURGESS. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise today in strong support of H.R. 8, against the substitute amendment, and in favor of the repeal of the death tax.

Hardworking men and women toil every day to provide for their families and make their children's lives better. That is the American dream. Today that dream is being threatened by the death tax. Upon death, heirs are often forced to sell the family farm or small business to pay the Federal estate tax because a large share of their wealth is held in assets such as lands, buildings, plant and equipment. That is not right, that is not fair, and that is not the American way.

It is not fair because that property has already been taxed once, and in some cases twice. Two weeks ago, we passed the President's economic stimulus plan, which puts tax dollars back in the hands of people who make our economy go. We cannot continue to punish those who work hard, take risks, and are successful. We need their success. We need their success for the economy to recover. We need their success to create jobs.

The next step towards getting our economy moving is to repeal the unfair and unjust death tax. It is for that reason I am a strong supporter of permanently abolishing the death tax.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Alabama (Mr. BONNER).

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

Mr. BONNER. Mr. Speaker, I rise in strong support of H.R. 8 and in opposition to this substitute. I firmly believe that this is every bit as important a piece of legislation as the President's tax cut was just a few weeks ago, and I am very proud to be a cosponsor.

The death tax is fundamentally un-American. We should all aspire to be successful. And if we are fortunate enough to accumulate a little wealth, we should be able to leave that to our children, to our grandchildren, to our universities, our churches, our synagogues, or whomever we choose, not whom the government chooses. This unfair and punitive tax is killing America's small businessmen and women and our family farmers.

Congress understood this in 2001 and acted to gradually repeal the estate

tax. But the repeal will sunset in 2010. It simply makes no sense whatsoever to expect taxpayers to time their deaths so as to qualify for more favorable tax treatment. The House recognized this problem, and we have twice voted to make this repeal permanent.

My district in Alabama is largely rural, with small landowners. Estate planning is extremely difficult and expensive. This is just wrong to make these people not only be doubly taxed but triple taxed. I again urge my colleagues to oppose the substitute and support the underlying bill.

□ 1415

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

Mr. Speaker, I find it curious that the preceding speakers each making their eloquent speeches on behalf of their family farm constituents, their small business constituents, will oppose the amendment that I have offered that will bring them meaningful relief right now, January 1, 2004.

Mr. Speaker, let me just go through the comparison. If a couple's estate is worth \$6 million or less on January 1, 2004, no estate tax under our proposal. Under their proposal, these farms and small businesses with valuations in excess of over \$3 million, they are going to have tax under their proposal in 2004, 2005, 2006, 2007, and 2008. There is more relief under our proposal than their proposal.

If they want to protect these estates, they should pass the substitute today; and next year if they want to go ahead and try to pass the repeal, they can go ahead and try. There is no harm in that, take what you can get now and come back and take some more later. That is how we function in this Congress a lot. But they have done something quite different. They say nobody gets any relief until 2011 because at that time the wealthiest three-tenths of 1 percent get to participate fully in the relief as well.

If that is what this is about, let us talk about the three-tenths of 1 percent. But do not put this on family farms or small businesses; or as an earlier speaker said, this estate tax repeal is really about the guy pushing the broom. I do not know too many guys pushing brooms that have estate tax problems. It goes to show really the overblown rhetoric on the other side of the aisle unmatched by any reasonable effort to help now address the estate tax problems they speak so compellingly about.

Mr. Speaker, I yield 3 minutes to the gentleman from Seattle, Washington (Mr. MCDERMOTT).

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. MCDERMOTT. Mr. Speaker, I think the gentleman from North Dakota, who comes from a big farming district, has a great amendment here.

Mr. Speaker, I will include for the RECORD a letter from the National

Farmers Union dated June 16, 2003. The letter says there is no evidence that the estate tax has forced the liquidation of any farms, and existing estate tax provisions already exempt 98 percent of all farmers and ranchers. This is a letter on behalf of 300,000 farmers and ranchers. By increasing the level of estate exemption to \$4 million per individual, which is what the Pomeroy amendment does, 99.5 percent of American agricultural producers would be exempted from any estate tax liability. It goes on to say the 20-year Federal cost of Federal estate tax repeal is estimated to be nearly \$1 trillion. For farmers and ranchers, such a loss in Federal revenues will reduce our ability to fund a wide range of commodity, conservation, rural development, research and trade programs important to family farms.

Why are we doing this? Well, we are in the rubber-stamp Congress. We have an amendment out here that makes sense, but the Republicans will not consider it because "I approve of everything George Bush does," and they are out here to rubber stamp another amendment.

In spite of the fact that last night we created a bill in the Committee on Ways and Means to deal with pharmaceutical benefits, we said to people, we are going to cover you from zero up to \$2,000 and then there is going to be this big gap up to \$4,900 people do not get a thing. They have to keep paying their premium, but they are not going to get anything out of it. From \$2,000 to \$4,900 in your bill is not a tax benefit that covers the pharmaceutical needs of people.

Now we could fix that simply with the money we have here today that we are passing out the back door, not to farmers; this is not a farmer issue. This is a bunch of very, very rich people hiding behind farmers. They are sort of sneaking behind the combine waiting until this bill gets through, and then they are going to stand up and take all their money. This is not for farmers. The farmers say that.

So who is it for? It is the President of the United States who had a fund-raiser last night, and he said give me \$2,000 a plate, sit down; and I am going to rubber-stamp another bill.

Mr. Speaker, we have rubber-stamped one bill after another. A Member on the other side of the aisle said this is equally important with the other tax bill we did. Hey, there is \$900 billion still laying in the Committee on Ways and Means. It is going to be brought out here, and we will rubber-stamp it. How big is the debt? Nobody cares. Our kids can pay for that, except for the kids of rich people; they do not pay taxes.

NATIONAL FARMERS UNION,  
June 16, 2003.

House of Representatives,  
Washington, DC.

DEAR MEMBER OF CONGRESS: I write on behalf of the 300,000 farmer and rancher members of the National Farmers Union to urge you to vote against H.R. 8, legislation that

would repeal the federal estate tax when it comes to the floor of the U.S. House of Representatives.

Repeal proponents have characterized this issue as critical to the future sustainability of America's family farms and ranches because it is a primary cause of farm liquidations. This argument is without merit. There is no evidence that the estate tax has forced the liquidation of any farms, and existing estate tax provisions already exempt 98 percent of all farms and ranches. By increasing the level of the estate tax exemption to \$4 million per individual, 99.5 percent of America's agricultural producers would be exempt from any estate tax liability.

We believe estate tax laws should be reformed, not repealed. An immediate increase in the level of the exemption utilized to calculate estate tax liability, and simplification of the rules and procedures governing the filing and payment of estate taxes, represents a more rational and beneficial approach for farmers, ranchers and small business owners than full repeal.

The tax reform approach will minimize the loss of revenue for both the federal and state governments that will result from full repeal at a time when budget deficits and declining public revenues are severely stressing our capacity to maintain and expand priority programs important to the American people. The twenty-year federal cost of full estate tax repeal is estimated to be nearly \$1 trillion. For farmers and ranchers, such a loss in federal revenues will reduce our ability to fund a wide range of commodity, conservation, rural development, research and trade programs important to the farm economy. These programs are much more critical to retaining a family farm oriented production agriculture system than the limited savings resulting from estate tax repeal that will only accrue to the nation's wealthiest individuals.

Estate tax reform will provide much needed certainty to those engaged in planning for the future while ensuring that individuals are not subjecting their heirs to a capital gains tax liability resulting from the potential loss of the stepped-up basis provisions contained in current law. If this occurs, the result will amount to a substantial tax increase for those of more modest means and smaller accumulations of wealth.

We look forward to working with you to develop and adopt an estate tax reform proposal that is both fair and fiscally responsible. Thank you for your consideration of these issues and for your vote against repeal of the federal estate tax.

Sincerely,

DAVID J. FREDERICKSON,  
*President.*

Mr. BURNS. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. MURPHY).

Mr. MURPHY. Mr. Speaker, I would like to add one other thing to this discussion, that is, many a small business owner has a lot of money tied up in assets, but very little in cash by comparisons. They will spend perhaps hundreds of thousands a year paying for insurance, lawyers' fees and accountants to make sure that upon their death, the insurance picks up the tab.

This money that they spend each year could be spent on employees' wages and benefits and expanding their businesses. Some of the smaller farmers do not have the money to pay for this. I just want to make sure that we keep that in perspective, that there is a lot of money that is spent every year

by small businesses that otherwise could be going to help employees. Insurance is what pays it anyway, and that is not the way we should be thinking about it. They should be thinking about ways to keep the money in their business now and after their death so they can continue to have people employed.

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

Mr. Speaker, I would like to summarize what we have heard from the new Members of Congress. The death tax as we know it is wrong. It is immoral. It is something that we must repeal permanently. My colleagues on the other side of the aisle would like to suggest that the substitute is the better approach, but it establishes a permanent death tax. The farmers and ranchers and the small business people of America are opposed to any death tax. I would remind Members that the American Farm Bureau is supportive of the repeal of the death tax permanently, as are numerous other organizations that recognize how onerous this burden is to America.

I would like to add my support to the underlying bill, H.R. 8. Let us kill the death tax today. Let us make it permanent. Let us ensure the future of our children and grandchildren.

Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentlewoman from Washington (Ms. DUNN) and that she may control that time.

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

There was no objection.

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

Mr. Speaker, I want to make a couple of points in response to things I heard during the debate, and I appreciate the participation of the freshmen Members of Congress. Their viewpoint is very energetic and fresh. It is very valuable to hear what they have to say.

There has been mention in the past of the National Farmers Union, and I want to assure people listening to this debate that the American Farm Bureau, which has 5 million members, supports permanent repeal of the death tax, as do the Agricultural Retailers Association, the Alabama Farmers Federation, the American Society of Farm Managers, the Rural Appraisers, the American Soybean Association, the American Nursery and Landscape Association, the Farm Credit Bureau. I could go on and on. There is a list of 25 organizations here that support the permanent repeal of the death tax.

Why is that? The reason is they want predictability. One of the previous speakers talked about unpredictability because the act will not go into effect until 2010, 7 years from now. These farmers support permanent repeal because they do not want to have to bet on the fact that their farm will be within \$3 million, which is the limit in the Pomeroy amendment. We hear talk

about \$6 million, and that is for two members of a family. They do not want to put those dollars into providing for estate planning and purchasing life insurance policies so liquidity will be there when the time comes that they are taken from this vale of tears and their children have to pay for the inheritance of their estate. They want to use those dollars and put that capital into their businesses and farms and into their equipment and land and into the employment of many, many people who will lose their jobs once farms close down.

Mr. Speaker, we have another speaker who would like to speak about the death tax. He is a long-time Member and very active in this debate through the years.

Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. COBLE).

Mr. COBLE. Mr. Speaker, I am pleased to cosponsor H.R. 8, and I commend the gentlewoman from Washington (Ms. DUNN) for the diligent work that she has performed regarding this issue.

I was proud to support the Economic Growth and Tax Relief Reconciliation Act of 2001, which included a permanent repeal of the death tax. Unfortunately, due to arcane rules of the other body, this much-needed relief for working Americans is scheduled to sunset at the conclusion of 2010. Since then my colleagues, many of my colleagues, and I have voted twice to make this repeal permanent. I am hopeful that this Congress, both the House and the other body, will finally agree to permanently repeal the death tax and send it to the President for his signature.

Unless we pass H.R. 8, it is my belief that some of my constituents in the Sixth Congressional District of North Carolina will once again be subject to the death tax in 2011. Further, the sunset of this tax makes it difficult for business owners to make strategic planning and investment decisions which could have a major impact on the future of their business and loved ones.

Finally, I do not believe we should punish American families who have worked diligently to provide for themselves and their families and want to pass along the fruits of this success to their children and grandchildren. The death tax is a threat to the American Dream as we know it. It is my belief that this tax is the most onerous in the code. Conceptually and in practice, it reduces personal incentive to remain industrious, a disincentive to save, to invest.

Eliminating the death tax, coupled with the recent Jobs and Growth Relief and Reconciliation Act, will greatly assist in restoring consumer confidence, spurring capital investment, and creating new jobs which are critical components of economic viability and growth, particularly in the small business community. I urge passage of H.R. 8.

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

I want to speak for a moment on the question of where rural America is on my amendment. I believe if we ask the farmers of this country today, and I represent a whole lot of farmers in North Dakota, if they would take a proposition where they get \$6 million per farm couple estate tax relief, no estate tax if their farm is \$6 million or under, or no relief at all until 2011 under the majority proposal, leaving them with exposure over \$3 million under their proposal as opposed to \$6 million with our proposal, I would be interested in a show of hands on that one.

I have a strong feeling that most would support relief now. In addition to that, we are not used to the notion of capital gains on inherited estates, but I heard the gentlewoman from Washington (Ms. DUNN) talk about the new capital gains feature that is part of their proposal and that it is going to be a good thing because it means you are going to have to keep farming or running that small business because if you sell it, you are going to have capital gains exposure. I do not think that it is a good thing that we suddenly impose capital gains exposure on inherited assets. That is why the stepped-up basis feature of our bill is so important.

□ 1430

Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. PELOSI), our leader. I am so proud of her and so proud she joins the debate on my amendment.

Ms. PELOSI. Mr. Speaker, I thank the distinguished gentleman for yielding me this time and I thank him for his very great leadership in shaping and bringing this alternative to the floor. It simply makes sense. It recognizes that family farmers, small businesses, hardworking Americans would like some relief from estate taxes so they can pass on the fruit of their labor to the next generation. What his substitute will do will cover 99.6 percent of all estates in America. It is reasonable. He would like to have paid for it, but we were told that it was against the rules of the House to pay for it by closing corporate tax shelters. It is against the rules of the House to eliminate corporate tax shelters. But his proposal as he presented it was fiscally sound and paid for, reasonable, and covered the estates of 99.6 percent of America's estates. I thank and congratulate the gentleman from North Dakota for his leadership.

Mr. Speaker, every one of us in this body, and we know this and are reminded of it on a daily basis, takes an oath to protect and defend the Constitution of the United States every time we are sworn in to a new term. In the Preamble to the Constitution, it says our first responsibilities are to provide for the common defense, to promote the general welfare and to

provide the blessings of liberty for ourselves and our posterity. Let us look at that in light of what is happening on the floor today. The Republicans are bringing a continuation of their reckless tax-cutting binge that they are on to undermine the fiscal soundness of our country. They do it on a weekly basis, without any sense of what it does to plunge our children into indebtedness rather than investing in our future, and here they are again today.

Provide for the common defense. Those men and women in uniform who provide for the common defense deserve for us to make a future worthy of their potential sacrifice. That future must be one that is better for everyone in America. Those who have provided for our common defense, some of whom of an earlier generation, have been called the greatest generation. Yet a tax cut of this nature that is on the floor today will benefit fewer than 10,000 estates in our country and for that cost we could give 100 percent of Americans a prescription drug benefit. Those members of the greatest generation would benefit from that. Instead, we have again another piece to the reckless binge that the Republicans are on. Pretty soon the country will tilt from the imbalance of all of this recklessness.

And provide the blessings of liberty for our and our posterity. Every child in America is an heir to that legacy, is part of that posterity. Instead of investing in their future, and in fact, what we could have done earlier this week and we could do any minute here, to give them an expansion of a tax credit, instead we are plunging them into debt again rather than investing in their future. We have to see this goodie that is on the floor today, not only for itself, but what it is part of and how dangerous that is to our posterity and to our children's future, if that is the way you want to describe that.

The Republicans' intentions are clear. They want to unravel the social compact that we have with the American people. The role of government, to educate the public, to invest in our infrastructure, to protect the American people, to reward our senior citizens who have built our country. Instead, and they speak of it with great arrogance now, they are proud of the shrinking of government that they have that is part of their design, and critical to it is to reduce the tax base; to reduce the tax base. Some of these people that have talked about previous tax cuts will be paying, those who have unearned income, whose income is dividend income, will not pay any taxes on the dividend and now they will not pay any taxes on the estate. I am talking about all of those people above a \$6 million for a couple, \$3 million for an individual estate.

One of the values that the American people hold dear is the value of fairness. We are a country of fairness. How could it be fair to say we are going to

give the wealthiest 10,000 families in America a bonanza instead of giving every senior citizen in America a prescription drug benefit? How could it be a sense of fairness to say to the children of the wealthiest families in America, we're concerned about your posterity, you are heirs and heiresses, but ignore the fact that every child in America, as I said before, is an heir and heiress to the great legacy that is our great country, a country of opportunity, opportunity that will be diminished by these tax cuts, opportunity that is diminished by the cutting back and investments in our children's health and their education and the economic security of their families by creating jobs instead of indebting us into the future with an impact of the deficits on long-term interest rates to be a drag on investment in our economy to create jobs.

We have to look at all of this as one. In the same week, within a matter of days that we have deprived the children of minimum-wage earners of the expansion of the tax credit, which they could have in a matter of weeks if the Republicans in the House would act responsibly, in the same week that we, over and over, again honor our men and women in uniform, which they deserve, we bring dishonor to them by saying their children, 250,000 of them, are not worthy of the expansion of the tax credit. At the same time, as we do all of this, we are not building a future worthy of the sacrifice of our men and women in uniform. We are not honoring our oath of office to provide the blessings of liberty for ourselves and our posterity, our children, to promote the general welfare. Where is that in the vision of this bill except that it is another part of the reckless binge that the Republicans are on, a fiscal unsoundness that has been a failure for the first 2½ years, losing 3.1 million jobs, and now they want to heap more on to it.

That is why I am so pleased that the gentleman from North Dakota took the lead on this. His standing on issues relating to America's family farmers is impeccable. He has been their champion in issues relating to economic security, education, rural education, rural health, rural housing, rural transportation in every possible way. He brings great credibility to this debate for his concern for the people that he represents with such dignity. And he gives this body an opportunity to immediately give tax relief to estates of \$3 million for an individual or \$6 million for a couple instead of squandering our children's future for the top 10,000 or fewer estates in our country at the expense of so much else.

The trade-offs are appalling. We have a responsibility in this body. We are elected for a reason. We are not here just to give tax cuts that do not create jobs, that do not grow the economy and are not fair and plunge us into debt. I urge my colleagues to honor your

oaths of office. I urge you to do the responsible thing. I urge you to vote "yes" on the Pomeroy substitute.

Ms. DUNN. Mr. Speaker, I yield 30 seconds to the gentleman from Michigan (Mr. SMITH).

(Mr. SMITH of Michigan asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Michigan. Mr. Speaker, let me just say that as a farmer, the value of farmland has increased dramatically. That means an average 500-acre farm in many of the Midwest areas is now worth more than the \$3 million allowed in this substitute. That means that a farm family has to sell off part of the farm to pay off the death tax debt to the Federal Government. \$3 million is too low and means losing the farm for many farmers.

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

I think Members have a good idea of what we are going through here today. We have been through this issue before. Each time I am very happy to say that the House of Representatives has stood up to get rid of the death tax repeal permanently. Three times in the last Congress the House voted to repeal the death tax. We are here today only for one reason and that is that the rules of the other body have stymied this tax relief for small business people and for family farms.

Some of my colleagues would say we should throw in the towel. They say the Senate will never pass this legislation, so why not compromise? Why even take up the permanent repeal piece of legislation? That is the statement made by the Pomeroy substitute. We faced similar arguments not very long ago when we considered an economic growth package, but the House did not throw in the towel and the legislation that is now law reflects to a very deep degree the policy decisions that were written right here on the floor of this House of Representatives. Thanks to the tenacity and the leadership of the chairman of the Committee on Ways and Means, the will of the House prevailed. Frankly, I am very optimistic that we will ultimately prevail on permanently repealing the death tax.

I hope Members will not be swayed by the rhetoric and the hyperbole on the other side because we have heard lots of it today. On this issue, the opposition rhetoric and reality have very little in common. Why should Members vote against this amendment? Let me tell you why. Number one, it will be a retreat from the tax relief this body voted 2 years ago. In fact, it would reinstate a permanent death tax. Number two, we need to permanently repeal the death tax so that small businesses and family farmers can plan their future and invest in their businesses. We do not need to make them spend the fruits of their labor on estate lawyers and accountants and insurance policies. Number three, this is a direct vote against the President's proposal to repeal this

tax permanently and that is based on 80 percent of the American people who think that the death tax is an unfair tax.

We need to inject greater fairness into the Tax Code. Do not be swayed by the arguments of those who say this is about a tax break for the wealthy. This is a relief from a burden that takes money from middle-income people who run their small businesses and their family farms. The wealthy people can afford to hire lawyers and accountants to avoid the burden of the estate tax. This is not about charitable giving and it is not about the wealthy. It is about people who are trying to raise money for the Federal Treasury and using an abhorrently unfair, misguided tax to do that. When people argue in favor of keeping the death tax, I am reminded of a story about Samuel Johnson, the English literary critic. An acquaintance of Johnson's had been unhappily married for a long time, and when the man's wife died he almost immediately remarried. Dr. Johnson said, "That's an example of the triumph of hope over experience." That is what this is about, Mr. Speaker. It is about people who are wedded to misguided hope over experience.

Mr. Speaker, I think we have had enough experience with the death tax, nearly 90 years worth since 1916, and that is why we should reject this amendment. I urge my colleagues to vote "no."

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

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

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from North Dakota is recognized for 2½ minutes.

Mr. POMEROY. Mr. Speaker, I am very pleased that our leader was able to participate in the debate, and am pleased to have the participation of the Speaker of the House in closing for the majority, because I think the issue is of that importance.

The esteemed Speaker of the House, a gentleman I admire greatly, representing the State of Illinois, I reckon is going to tell us something about how we have to do this for family farmers and the small businesses of this country. I think that it is time that family farmers and small businesses have estate tax relief and that is why I have put forward this amendment which brings them estate tax relief effective January 1 of 2004. Again, let us put the rhetoric aside and just look at the facts.

□ 1445

In 2004, these families that they have been talking about, 3 million and over, estate tax liability attaches. A couple, in our side, 6 million liability of taxes. Meaningful relief now, 2004, 2005, 2006, 2007, 2008. We provide meaningful relief in each of those years beyond what the majority proposes.

I also expect that the Speaker of the House is going to talk a little bit about

how we need to do this to get the economy moving again. Let us consider that one because something that takes effect in 2004 is much more related to getting the economy moving again than something that has no effect whatsoever until the year 2011. Consider this date, 2011, which, again, is the first time the majority proposal has any effect. That is five Congresses from now and into the third Presidential term from now. There is nothing we can do to bind action at that time, nothing in the world. We might kid ourselves about it, but what this Congress can do is attend to that in the here and now. That is why I believe it is time we move estate tax relief forward, do it in a meaningful way, do it in a way to provide couples 6 million and under complete freedom from ever having to worry about estate tax again, and if we attach at that number, we will address completely the estate tax concerns of 99.65 percent of the people in this country.

I do not know the definition of universal, but that is getting mighty darn close; and it beats by a mile, in my opinion, leaving people with the estate tax exposure they have until the year 2011.

Here is the danger that we will never get to 2011. This is the cost of the proposal the first 10 years; this is the cost in the next 10 years. I believe there is significant risk 2011 will never be allowed to occur under the majority bill. Let us get relief now. Please vote for my amendment.

Ms. DUNN. Mr. Speaker, I yield the remainder of my time to the gentleman from Illinois (Mr. HASTERT), the Speaker of the House.

Mr. HASTERT. Mr. Speaker, I thank the gentlewoman from the State of Washington for yielding me this time. I thank her for her leadership on this issue.

We have been talking about this for a long, long time. I am somewhat amused in hearing some of the rhetoric here on the floor this afternoon. I hear words like "reckless" and "abominable" and big words; but when we talk about this, I do not hear the word "fairness" very often. We got into a long discussion about other tax bills. And child tax credits, that we should vote for them. We did vote for them. Not only did we extend them just a little bit just like our other friends on the other side of the aisle wanted to extend them, to the year 2005, but we extended them clear out to the year 2010. On top of that we said that those folks who may be a fireman or may be a teacher and earn over \$110,000 a year maybe ought to get some of this tax break as well, and we have added that on. So that issue is off the table. That is not an argument that we talk about this afternoon.

And when we talk about other tax bills out there, our veterans and other issues, we had that in that bill as well, so veterans can get a tax break and families that lose their loved ones can

get a tax break. But we have passed it. Let us just get it done.

What we are talking about here is fairness to families. We have talked over and over again about small businesses, the family farm, the orchard, the little ranch, some folks who have pulled together all their resources for a little business, a small manufacturing, might have been a real estate firm. But I grew up in one of those small businesses. My family owned a retail store. We were a farm service business; and in the 1950's the stockyards moved away from Chicago, and we lost that business. The feeders moved away. But families learn how to start over again. So we went from the feed business to the food business, started a restaurant business. But I will tell the Members all my life and my family's in those businesses, we did not take vacations. The kids stayed and worked in that business. We did not know what a paycheck was until we were 18 or 19 years old. We were paid \$5 at a time, put a little gas in the car, go buy lunch, and that was how we got paid.

Families sacrifice to make small businesses work. Families sacrifice to make small farms better. They pay taxes all the time. People say this is a big tax break for people who made these businesses, but they paid the income taxes. They pay them every year. They pay real estate taxes. They pay sales taxes. They have been taxed to death; but yet they have made that sacrifice to make that business work, and now we are simply saying that as the years of those people who found those businesses are ending, they ought to have the comfort and relief to pass that business on to the next generation, to their children and to their grandchildren. And this is not just for rich people. This is for everybody who shares in the American Dream.

The largest beginning group of people who start small businesses in my district are Hispanics. They are minorities. Do the Members not think they ought to have the same break for themselves and their children if they want to pass it on to the next generation? Sure, they should. So why are we denying it?

We need to pass this piece of legislation so that we can keep this American heritage of families working, of families creating wealth, of families owning businesses because when they sell their business, who buys it? Some foreign company maybe, maybe a Fortune 500. That family loses that grasp in being able to carry that business forward.

This is a plain and simple bill. We have had it on the floor under the leadership of the gentlewoman from Washington three times before. It is time that we pass it. It is time that we make it law. It is time that the other body understands what we are trying to do and to come along and make it law with us. The American people deserve this legislation. Let us move forward and pass it today.

Mr. NEAL of Massachusetts. Mr. Speaker, I rise in opposition to yet another budget-bust-

ing bill. The Republican estate tax repeal that we are considering today will cost \$1 trillion over the next two decades, and will kick into high gear just at the time the baby boomers retire.

The Democratic substitute, however, provides immediate and greater estate tax relief to more families this decade than the Republican bill. And, the Democratic substitute would have no effect on the Federal budget, had the Republican leadership not refused the revenue offsets in the substitute.

Our Republican colleagues say this substitute doesn't do enough, but the substitute would provide that 99.65 percent of decedents would not have to pay estate taxes. Who is in this less-than-one-percent group that the Republican majority is so intent on protecting?

Well, the Washington Post today reports about some of these wealthy patrons in the shadows: "So some of the affluent families who have bankrolled the repeal movement," including the heirs of the Hallmark greeting card company and the candy-making Mars family, "are exploring estate tax changes short of repeal that could be implemented sooner." In fact, the Post reports, the heirs of Hallmark spent \$60,000 while the Mars' heirs spent \$1 million on professional Washington lobbyists to push their views on estate tax relief. That may be money well spent, considering the reckless drive to repeal in the face of exploding deficits.

But, as one of the lobbyists in Washington argues to the Post, don't let exploding deficits dissuade you. It is not certain to happen, she argues, so feel free voting for \$1 trillion in estate tax relief to that half-of-one-percent group. While the heirs are ready to cut a deal, the lobbyists hold strong.

Mr. Speaker, I urge my colleagues to vote down this irresponsible Republican bill.

Mr. KIND. Mr. Speaker, I rise today in strong support for making estate tax relief permanent so that family-owned farms and businesses can be passed down from generation to generation. The estate tax should be updated and modernized to reflect both the economic growth so many Americans have experienced in recent years, and the hard work of millions of entrepreneurs and those just trying to make a living. These businesses should not be punished for being successful or for simply having their owners pass away.

The United States is the land of opportunity, encouraging free enterprise and rewarding entrepreneurs. The estate tax should be modified to protect family-owned small businesses and family farms from the threat of having to be sold just to pay the tax.

But, Mr. Speaker, H.R. 8 would fully repeal the estate tax for all Americans at a time when the administration is running record deficits that threaten the futures of our children's children. As we all know, the estate tax applies to fewer than 2 percent of all estates, about 50,000 a year. This bill would initially cost the Nation's treasury \$161 billion over 11 years, and \$840 billion over the following 10 years.

Mr. Speaker, the majority's policies have turned a projected \$5.3 trillion surplus into an estimated \$3 trillion deficit over 10 years. This year alone, our budget deficit will reach a record \$400 billion and will likely exceed \$500 billion next year. However, even with these record deficits, we are debating yet another tax cut on top of the fiscally irresponsible \$350 billion tax cut package this House recently passed.

With the majority's policies leading our Nation toward a fiscal train wreck, we should not be talking about totally repealing the death tax and instead talk about doing something about the debt tax, which falls upon all Americans. The growing amount of taxes needed to pay interest on the national debt will double under the Republican budget, costing the average family of four \$8,453 in 2013. That is \$8,000 a year that the average family will have to pay in taxes that will not go to provide better schools, national defense, or other government services. With the staggering budget shortfalls facing our country, Mr. Speaker, complete repeal of the estate tax is simply not an option I can support.

Therefore, I am supporting the substitute being offered by my good friend Mr. POMEROY. His legislation will immediately help the small businesses and family farms by increasing the estate tax exemption to \$3 million for individuals and \$6 million for couples. This meaningful, commonsense bill will exempt 99.65 percent of all estates from the estate tax.

Mr. Speaker, it is our responsibility to avoid towering deficits and reduce the debt future generations will inherit. We must give them the capability and flexibility to meet whatever problems or needs they face. I cannot, in good faith, support legislation that will put our country further into deficit spending with a tax cut that will hurt future generations for the unforeseeable future.

The SPEAKER pro tempore (Mr. SIMPSON). All time for debate on the amendment in the nature of a substitute has expired.

Pursuant to House Resolution 281, the previous question is ordered on the bill and on the amendment in the nature of a substitute offered by the gentleman from North Dakota (Mr. POMEROY).

The question is on the amendment in the nature of a substitute offered by the gentleman from North Dakota (Mr. POMEROY).

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

Mr. POMEROY. 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.

The vote was taken by electronic device, and there were—yeas 188, nays 239, not voting 8, as follows:

[Roll No. 287]

YEAS—188

Ackerman	Brady (PA)	Davis (FL)
Alexander	Brown (OH)	Davis (IL)
Allen	Brown, Corrine	Davis (TN)
Baca	Capps	DeFazio
Baird	Capuano	DeGette
Baldwin	Cardin	Delahunt
Ballance	Case	DeLauro
Berkley	Castle	Deusch
Berman	Clay	Dicks
Berry	Clyburn	Dingell
Bishop (GA)	Cooper	Doyle
Bishop (NY)	Costello	Edwards
Blumenauer	Crowley	Emanuel
Boswell	Cummings	Engel
Boucher	Davis (AL)	Eshoo
Boyd	Davis (CA)	Etheridge

Evans	Lewis (GA)	Ross	Mica	Putnam	Smith (TX)	Biggert	Goodlatte	Oxley
Farr	Lowey	Rothman	Miller (FL)	Quinn	Souder	Billrakis	Gordon	Paul
Fattah	Lucas (KY)	Roybal-Allard	Miller (MI)	Radanovich	Stearns	Bishop (GA)	Goss	Pearce
Filner	Lynch	Ruppersberger	Miller, Gary	Ramstad	Sullivan	Bishop (UT)	Granger	Pence
Ford	Majette	Rush	Moran (KS)	Rangel	Sweeney	Blackburn	Graves	Peterson (MN)
Frank (MA)	Maloney	Ryan (OH)	Murphy	Regula	Tancredo	Blunt	Green (WI)	Peterson (PA)
Frost	Markey	Sabo	Musgrave	Rehberg	Tauzin	Boehlert	Greenwood	Petri
Gonzalez	Marshall	Sanchez, Linda	Myrick	Renzi	Taylor (NC)	Boehner	Gutknecht	Pickering
Gordon	Matheson	T.	Nethercutt	Reynolds	Terry	Bonilla	Hall	Pitts
Green (TX)	Matsui	Sanchez, Loretta	Neugebauer	Rogers (AL)	Thomas	Bonner	Harris	Platts
Grijalva	McCarthy (MO)	Sanders	Ney	Rogers (KY)	Thompson (CA)	Bono	Hart	Pombo
Gutierrez	McCarthy (NY)	Sandlin	Northup	Rogers (MI)	Thornberry	Boozman	Hastert	Porter
Harman	McCollum	Schakowsky	Norwood	Rohrabacher	Tiahrt	Boswell	Hastings (WA)	Portman
Hastings (FL)	McDermott	Schiff	Nunes	Ros-Lehtinen	Tiberi	Boucher	Hayes	Pryce (OH)
Hill	McGovern	Scott (GA)	Nussle	Royce	Toomey	Bradley (NH)	Hayworth	Putnam
Hinchee	McIntyre	Scott (VA)	Osborne	Ryan (WI)	Turner (OH)	Brady (TX)	Hefley	Quinn
Hinojosa	McNulty	Serrano	Ose	Ryun (KS)	Upton	Brown (SC)	Hensarling	Rahall
Hoeffel	Meehan	Otter	Saxton	Schrock	Vitter	Brown-Waite,	Herger	Ramstad
Holden	Meek (FL)	Oxley	Schroek	Sensenbrenner	Walden (OR)	Ginny	Hobson	Regula
Holt	Meeks (NY)	Paul	Sessions	Wamp	Walsh	Burgess	Hoekstra	Rehberg
Honda	Menendez	Pearce	Sessions	Weldon (FL)	Weld (PA)	Burns	Burr	Renzi
Hooley (OR)	Michaud	Pence	Shadegg	Welder (PA)	Weller	Burton (IN)	Hostettler	Reynolds
Hoyer	Millender-	Peterson (PA)	Shaw	Whitfield	Wilson (NM)	Buyer	Hulshof	Rogers (AL)
Inslee	McDonald	Petri	Shays	Wicker	Wilson (SC)	Calvert	Hunter	Rogers (KY)
Israel	Miller (NC)	Pickering	Sherwood	Wilson (NM)	Wolf	Cannon	Hyde	Rogers (MI)
Jackson (IL)	Miller, George	Pitts	Shimkus	Wilson (SC)	Young (AK)	Cantor	Isakson	Rohrabacher
Jackson-Lee	Mollohan	Platts	Shuster	Wolf	Young (FL)	Capito	Israel	Ros-Lehtinen
(TX)	Moore	Pombo	Simmons	Smith (MI)		Cardoza	Issa	Ross
Jefferson	Moran (VA)	Portman	Simpson	Smith (NJ)		Carson (OK)	Istook	Royce
John	Murtha	Pryce (OH)	Smith (MI)			Carter	Janklow	Ruppersberger
Johnson, E. B.	Napolitano		Smith (NJ)			Castle	Jenkins	Ryan (OH)
Jones (OH)	Neal (MA)					Chabot	John	Ryan (WI)
Kanjorski	Oberstar					Choccola	Johnson (IL)	Ryan (KS)
Kaptur	Obey					Clay	Johnson, Sam	Sandlin
Kennedy (RI)	Olver					Coble	Jones (NC)	Saxton
Kildee	Ortiz					Cole	Keller	Schrock
Kilpatrick	Owens					Cole	Kelly	Scott (GA)
Kind	Pallone					Collins	Kennedy (MN)	Sensenbrenner
Kleczka	Pascarell					Costello	King (IA)	Sessions
Kucinich	Pastor					Cox	King (NY)	Shadegg
Lampson	Payne					Cramer	Kingston	Shaw
Langevin	Pelosi					Crane	Kirk	Shays
Lantos	Peterson (MN)					Crenshaw	Kline	Sherwood
Larsen (WA)	Pomeroy					Cubin	Knollenberg	Shimkus
Larson (CT)	Price (NC)					Culberson	LaHood	Shuster
Leach	Rahall					Cunningham	Lampson	Simmons
Lee	Reyes					Davis (TN)	Larsen (WA)	Simpson
Levin	Rodriguez					Davis, Jo Ann	Latham	Skelton
						Deal (GA)	LaTourette	Smith (MI)
						DeLay	Lewis (CA)	Smith (NJ)
						DeMint	Lewis (KY)	Smith (TX)
						Diaz-Balart, L.	Linder	Souder
						Diaz-Balart, M.	LoBiondo	Stearns
						Dooley (CA)	Lucas (KY)	Sullivan
						Doolittle	Lucas (OK)	Sweeney
						Dreier	Manzullo	Tancredo
						Duncan	Matheson	Tanner
						Dunn	McCarthy (NY)	Tauzin
						Edwards	McCotter	Taylor (NC)
						Ehlers	McCrary	Terry
						Emerson	McHugh	Thomas
						English	McInnis	Thompson (CA)
						Everett	McIntyre	Thornberry
						Farr	McKeon	Tiahrt
						Feeney	Miller (FL)	Toomey
						Ferguson	Miller (MI)	Turner (OH)
						Flake	Miller, Gary	Upton
						Fletcher	Moran (KS)	Vitter
						Foley	Murphy	Walden (OR)
						Forbes	Musgrave	Walsh
						Ford	Myrick	Wamp
						Fossella	Nethercutt	Weldon (FL)
						Franks (AZ)	Neugebauer	Weldon (PA)
						Frelinghuysen	Ney	Weller
						Gallely	Northup	Whitfield
						Garrett (NJ)	Norwood	Wicker
						Gibbons	Nunes	Wilson (NM)
						Gilchrest	Nussle	Wilson (SC)
						Gillmor	Osborne	Wolf
						Gingrey	Ose	Wynn
						Goode	Otter	Young (AK)
								Young (FL)

NOT VOTING—8

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE  
 The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are reminded there are 2 minutes remaining on this vote.

□ 1514

Messrs. TERRY, RANGEL, and HALL changed their vote from "yea" to "nay."

Mr. HILL, Mr. STARK, Mrs. CAPPS and Ms. SOLIS changed their vote from "nay" to "yea."

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. HULSHOF. Mr. Speaker, on rollcall No. 287 I was inadvertently detained. Had I been present, I would have voted "nay."

The SPEAKER pro tempore (Mr. LATOURETTE). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

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

RECORDED VOTE

Ms. DUNN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 15-minute vote.

The vote was taken by electronic device, and there were—ayes 264, noes 163, not voting 8, as follows:

[Roll No. 288]

AYES—264

Abercrombie	Cox	Harris	Baker	Bass
Aderholt	Cramer	Hart	Ballenger	Beauprez
Akin	Crane	Hastert	Baird	Bell
Andrews	Crenshaw	Hastings (WA)	Baldwin	Berkley
Bachus	Cubin	Hayes	Ballance	Berry
Baker	Culberson	Hayworth	Becerra	
Ballenger	Cunningham	Hefley	Bereuter	
Barrett (SC)	Davis, Jo Ann	Hensarling	Berman	
Bartlett (MD)	Davis, Tom	Herger	Bishop (NY)	
Barton (TX)	Deal (GA)	Hobson	Blumenauer	
Bass	DeLay	Hoekstra	Boyd	
Beauprez	DeMint	Hostettler		
Becerra	Diaz-Balart, L.	Houghton		
Bell	Diaz-Balart, M.	Hunter		
Bereuter	Doggett	Hyde		
Biggert	Doolittle	Isakson		
Billrakis	Dreier	Issa		
Bishop (UT)	Duncan	Istook		
Blackburn	Dunn	Janklow		
Blunt	Ehlers	Jenkins		
Boehlert	Emerson	Johnson (CT)		
Boehner	English	Johnson (IL)		
Bonilla	Everett	Johnson, Sam		
Bonner	Feeney	Jones (NC)		
Bono	Ferguson	Keller		
Boozman	Flake	Kelly		
Bradley (NH)	Fletcher	Kennedy (MN)		
Brady (TX)	Foley	King (IA)		
Brown (SC)	Forbes	King (NY)		
Brown-Waite,	Fossella	Kingston		
Ginny	Franks (AZ)	Kirk		
Burgess	Frelinghuysen	Kline		
Burns	Gallely	Knollenberg		
Burr	Garrett (NJ)	Kolbe		
Burton (IN)	Gerlach	LaHood		
Buyer	Gibbons	Latham		
Calvert	Gilchrest	LaTourette		
Camp	Gillmor	Lewis (CA)		
Cannon	Gingrey	Lewis (KY)		
Cantor	Goode	Linder		
Capito	Goodlatte	Lipinski		
Cardoza	Goss	LoBiondo		
Carson (OK)	Granger	Lucas (OK)		
Carter	Graves	Manzullo		
Chabot	Green (WI)	McCotter		
Choccola	Greenwood	McCrary		
Coble	Gutknecht	McHugh		
Cole	Hall	McInnis		
Collins		McKeon		

NOES—163

Brady (PA)	Davis (FL)
Brown (OH)	Davis (IL)
Brown, Corrine	DeFazio
Capps	DeGette
Capuano	DeLahunt
Cardin	DeLauro
Case	Deutsch
Clyburn	Dicks
Cooper	Dingell
Crowley	Doggett
Cummings	Doyle
Davis (AL)	Emanuel
Davis (CA)	Engel

Eshoo	Lewis (GA)	Rodriguez
Etheridge	Lipinski	Rothman
Evans	Roybal-Allard	Lowey
Fattah	Lynch	Rush
Filner	Majette	Sabo
Frank (MA)	Maloney	Sanchez, Linda
Frost	Markey	T.
Gonzalez	Marshall	Sanchez, Loretta
Green (TX)	Matsui	Sanders
Grijalva	McCarthy (MO)	Schakowsky
Gutierrez	McCollum	Schiff
Harman	McDermott	Scott (VA)
Hastings (FL)	McGovern	Serrano
Hill	McNulty	Sherman
Hinchee	Meehan	Slaughter
Hoeffel	Meek (FL)	Snyder
Holden	Meeks (NY)	Solis
Holt	Menendez	Spratt
Honda	Michaud	Stark
Houghton	Millender-	Stenholm
Hoyer	McDonald	Strickland
Inslee	Miller (NC)	Stupak
Jackson (IL)	Miller, George	Tauscher
Jackson-Lee	Mollohan	Taylor (MS)
(TX)	Moore	Thompson (MS)
Jefferson	Moran (VA)	Tierney
Johnson (CT)	Murtha	Towns
Johnson, E. B.	Napolitano	Turner (TX)
Jones (OH)	Neal (MA)	Udall (CO)
Kanjorski	Oberstar	Udall (NM)
Kaptur	Obey	Van Hollen
Kennedy (RI)	Olver	Velazquez
Kildee	Ortiz	Visclosky
Kilpatrick	Owens	Waters
Kind	Pallone	Watson
Kleccka	Pascrell	Watt
Kucinich	Pastor	Waxman
Langevin	Payne	Weiner
Lantos	Pelosi	Wexler
Larson (CT)	Pomeroy	Woolsey
Leach	Price (NC)	Wu
Lee	Rangel	
Levin	Reyes	

## NOT VOTING—8

Carson (IN)	Lofgren	Smith (WA)
Conyers	Nadler	Tiberi
Gephardt	Radanovich	

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

□ 1531

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. TIBERI. Mr. Speaker, on rolcall 288, The Death Tax Repeal Permanency Act, I was detained in the U.S. Capitol and unable to cast my vote. Had I been able, I would have voted "aye" on H.R. 8, The Death Tax Repeal Permanency Act.

Mr. RADANOVICH. Mr. Speaker, I missed the vote on passage of H.R. 8, but would like to state that I would have voted "aye" on final passage.

**MAKING IN ORDER DURING CONSIDERATION OF H.R. 1528, TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT OF 2003, POSTPONEMENT OF FURTHER CONSIDERATION UNTIL A TIME DESIGNATED BY THE SPEAKER**

Mr. BLUNT. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 1528 pursuant to House Resolution 282, notwithstanding the ordering of the previous question, it may be in order at any time for the Chair to postpone further consideration of the bill until a later time to be designated by the Speaker.

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

There was no objection.

**EXPLANATION OF PURPOSE OF POSTPONEMENT OF FURTHER CONSIDERATION OF H.R. 1528, TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT OF 2003**

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

Mr. BLUNT. Mr. Speaker, the purpose of this request to postpone votes or further consideration of the bill until a later time to be designated by the Speaker is just simply to allow the Members, and families that are in town and intend to go with them, to go to the picnic at the White House this evening. By moving these votes until tomorrow, we allow that to happen, and I hope that allows the family members who are here and intending to go to this event with Members to have as much of the evening as they anticipated having.

**REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 660, SMALL BUSINESS HEALTH FAIRNESS ACT OF 2003**

Mr. LINCOLN DIAZ-BALART of Florida, from the Committee on Rules, submitted a privileged report (Rept. No. 108-160) on the resolution (H. Res. 283) providing for consideration of the bill (H.R. 660) to amend title I of the Employee Retirement Income Security Act of 1974 to improve access and choice for entrepreneurs with small businesses with respect to medical care for their employees, which was referred to the House Calendar and ordered to be printed.

**TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT OF 2003**

Mr. MCCRERY. Mr. Speaker, pursuant to House Resolution 282, I call up the bill (H.R. 1528) to amend the Internal Revenue Code of 1986 to protect taxpayers and ensure accountability of the Internal Revenue Service, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 282, the bill is considered read for amendment.

The text of H.R. 1528 is as follows:

H.R. 1528

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

**SECTION 1. SHORT TITLE; ETC.**

(a) SHORT TITLE.—This Act may be cited as the "Taxpayer Protection and IRS Accountability Act of 2003".

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is ex-

pressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

**TITLE I—PENALTY AND INTEREST REFORMS**

Sec. 101. Failure to pay estimated tax penalty converted to interest charge on accumulated unpaid balance.

Sec. 102. Exclusion from gross income for interest on overpayments of income tax by individuals.

Sec. 103. Abatement of interest.

Sec. 104. Deposits made to suspend running of interest on potential underpayments.

Sec. 105. Expansion of interest netting for individuals.

Sec. 106. Waiver of certain penalties for first-time unintentional minor errors.

Sec. 107. Frivolous tax submissions.

Sec. 108. Clarification of application of Federal tax deposit penalty.

**TITLE II—FAIRNESS OF COLLECTION PROCEDURES**

Sec. 201. Partial payment of tax liability in installment agreements.

Sec. 202. Extension of time for return of property.

Sec. 203. Individuals held harmless on wrongful levy, etc., on individual retirement plan.

Sec. 204. Seven-day threshold on tolling of statute of limitations during tax review.

Sec. 205. Study of liens and levies.

**TITLE III—TAX ADMINISTRATION REFORMS**

Sec. 301. Revisions relating to termination of employment of Internal Revenue Service employees for misconduct.

Sec. 302. Confirmation of authority of tax court to apply doctrine of equitable recoupment.

Sec. 303. Jurisdiction of tax court over collection due process cases.

Sec. 304. Office of Chief Counsel review of offers in compromise.

Sec. 305. 15-day delay in due date for electronically filed individual income tax returns.

Sec. 306. Access of National Taxpayer Advocate to independent legal counsel.

Sec. 307. Payment of motor fuel excise tax refunds by direct deposit.

Sec. 308. Family business tax simplification.

Sec. 309. Health insurance costs of eligible individuals.

Sec. 310. Suspension of tax-exempt status of terrorist organizations.

**TITLE IV—CONFIDENTIALITY AND DISCLOSURE**

Sec. 401. Collection activities with respect to joint return disclosable to either spouse based on oral request.

Sec. 402. Taxpayer representatives not subject to examination on sole basis of representation of taxpayers.

Sec. 403. Disclosure in judicial or administrative tax proceedings of return and return information of persons who are not party to such proceedings.

Sec. 404. Prohibition of disclosure of taxpayer identification information with respect to disclosure of accepted offers-in-compromise.

- Sec. 405. Compliance by contractors with confidentiality safeguards.
- Sec. 406. Higher standards for requests for and consents to disclosure.
- Sec. 407. Notice to taxpayer concerning administrative determination of browsing; annual report.
- Sec. 408. Expanded disclosure in emergency circumstances.
- Sec. 409. Disclosure of taxpayer identity for tax refund purposes.
- Sec. 410. Disclosure to State officials of proposed actions related to section 501(c)(3) organizations.
- Sec. 411. Confidentiality of taxpayer communications with the Office of the Taxpayer Advocate.

#### TITLE V—MISCELLANEOUS

- Sec. 501. Clarification of definition of church tax inquiry.
- Sec. 502. Expansion of declaratory judgment remedy to tax-exempt organizations.
- Sec. 503. Employee misconduct report to include summary of complaints by category.
- Sec. 504. Annual report on awards of costs and certain fees in administrative and court proceedings.
- Sec. 505. Annual report on abatement of penalties.
- Sec. 506. Better means of communicating with taxpayers.
- Sec. 507. Explanation of statute of limitations and consequences of failure to file.
- Sec. 508. Amendment to treasury auction reforms.
- Sec. 509. Enrolled agents.
- Sec. 510. Financial management service fees.
- Sec. 511. Extension of Internal Revenue Service user fees.

#### TITLE VI—LOW-INCOME TAXPAYER CLINICS

- Sec. 601. Low-income taxpayer clinics.
- TITLE VII—FEDERAL-STATE UNEMPLOYMENT ASSISTANCE AGREEMENTS.
- Sec. 701. Applicability of certain Federal-State agreements relating to unemployment assistance.

#### TITLE I—PENALTY AND INTEREST REFORMS

##### SEC. 101. FAILURE TO PAY ESTIMATED TAX PENALTY CONVERTED TO INTEREST CHARGE ON ACCUMULATED UNPAID BALANCE.

(a) PENALTY MOVED TO INTEREST CHAPTER OF CODE.—The Internal Revenue Code of 1986 is amended by redesignating section 6654 as section 6641 and by moving section 6641 (as so redesignated) from part I of subchapter A of chapter 68 to the end of subchapter E of chapter 67 (as added by subsection (e)(1) of this section).

(b) PENALTY CONVERTED TO INTEREST CHARGE.—The heading and subsections (a) and (b) of section 6641 (as so redesignated) are amended to read as follows:

##### “SEC. 6641. INTEREST ON FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

“(a) IN GENERAL.—Interest shall be paid on any underpayment of estimated tax by an individual for a taxable year for each day of such underpayment. The amount of such interest for any day shall be the product of the underpayment rate established under subsection (b)(2) multiplied by the amount of the underpayment.

“(b) AMOUNT OF UNDERPAYMENT; INTEREST RATE.—For purposes of subsection (a)—

“(1) AMOUNT.—The amount of the underpayment on any day shall be the excess of—

“(A) the sum of the required installments for the taxable year the due dates for which are on or before such day, over

“(B) the sum of the amounts (if any) of estimated tax payments made on or before such day on such required installments.

“(2) DETERMINATION OF INTEREST RATE.—

“(A) IN GENERAL.—The underpayment rate with respect to any day in an installment underpayment period shall be the underpayment rate established under section 6621 for the first day of the calendar quarter in which such installment underpayment period begins.

“(B) INSTALLMENT UNDERPAYMENT PERIOD.—For purposes of subparagraph (A), the term ‘installment underpayment period’ means the period beginning on the day after the due date for a required installment and ending on the due date for the subsequent required installment (or in the case of the 4th required installment, the 15th day of the 4th month following the close of a taxable year).

“(C) DAILY RATE.—The rate determined under subparagraph (A) shall be applied on a daily basis and shall be based on the assumption of 365 days in a calendar year.

“(3) TERMINATION OF ESTIMATED TAX INTEREST.—No day after the end of the installment underpayment period for the 4th required installment specified in paragraph (2)(B) for a taxable year shall be treated as a day of underpayment with respect to such taxable year.”

(c) INCREASE IN SAFE HARBOR WHERE TAX IS SMALL.—

(1) IN GENERAL.—Clause (i) of section 6641(d)(1)(B) (as so redesignated) is amended to read as follows:

“(i) the lesser of—

“(I) 90 percent of the tax shown on the return for the taxable year (or, if no return is filed, 90 percent of the tax for such year), or

“(II) the tax shown on the return for the taxable year (or, if no return is filed, the tax for such year) reduced (but not below zero) by \$1,600, or”.

(2) CONFORMING AMENDMENT.—Subsection (e) of section 6641 (as so redesignated) is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(d) CONFORMING AMENDMENTS.—

(1) Paragraphs (1) and (2) of subsection (e) (as redesignated by subsection (c)(2)) and subsection (h) of section 6641 (as so designated) are each amended by striking “addition to tax” each place it occurs and inserting “interest”.

(2) Section 167(g)(5)(D) is amended by striking “6654” and inserting “6641”.

(3) Section 460(b)(1) is amended by striking “6654” and inserting “6641”.

(4) Section 3510(b) is amended—

(A) by striking “section 6654” in paragraph (1) and inserting “section 6641”;

(B) by amending paragraph (2)(B) to read as follows:

“(B) no interest would be required to be paid (but for this section) under 6641 for such taxable year by reason of the \$1,600 amount specified in section 6641(d)(1)(B)(i)(II).”;

(C) by striking “section 6654(d)(2)” in paragraph (3) and inserting “section 6641(d)(2)”; and

(D) by striking paragraph (4).

(5) Section 6201(b)(1) is amended by striking “6654” and inserting “6641”.

(6) Section 6601(h) is amended by striking “6654” and inserting “6641”.

(7) Section 6621(b)(2)(B) is amended by striking “addition to tax under section 6654” and inserting “interest required to be paid under section 6641”.

(8) Section 6622(b) is amended—

(A) by striking “PENALTY FOR” in the heading; and

(B) by striking “addition to tax under section 6654 or 6655” and inserting “interest required to be paid under section 6641 or addition to tax under section 6655”.

(9) Section 6658(a) is amended—

(A) by striking “6654, or 6655” and inserting “or 6655, and no interest shall be required to be paid under section 6641.”; and

(B) by inserting “or paying interest” after “the tax” in paragraph (2)(B)(ii).

(10) Section 6665(b) is amended—

(A) in the matter preceding paragraph (1) by striking “, 6654.”; and

(B) in paragraph (2) by striking “6654 or”.

(11) Section 7203 is amended by striking “section 6654 or 6655” and inserting “section 6655 or interest required to be paid under section 6641”.

(e) CLERICAL AMENDMENTS.—

(1) Chapter 67 is amended by inserting after subchapter D the following:

##### “Subchapter E—Interest on Failure by Individual to Pay Estimated Income Tax

“Sec. 6641. Interest on failure by individual to pay estimated income tax.”.

(2) The table of subchapters for chapter 67 is amended by adding at the end the following new items:

“Subchapter D. Notice requirements.

“Subchapter E. Interest on failure by individual to pay estimated income tax.”.

(3) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6654.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to installment payments for taxable years beginning after December 31, 2003.

##### SEC. 102. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting after section 139 the following new section:

##### “SEC. 139A. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

“(a) IN GENERAL.—In the case of an individual, gross income shall not include interest paid under section 6611 on any overpayment of tax imposed by this subtitle.

“(b) EXCEPTION.—Subsection (a) shall not apply in the case of a failure to claim items resulting in the overpayment on the original return if the Secretary determines that the principal purpose of such failure is to take advantage of subsection (a).

“(c) SPECIAL RULE FOR DETERMINING MODIFIED ADJUSTED GROSS INCOME.—For purposes of this title, interest not included in gross income under subsection (a) shall not be treated as interest which is exempt from tax for purposes of sections 32(i)(2)(B) and 6012(d) or any computation in which interest exempt from tax under this title is added to adjusted gross income.”.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 139 the following new item:

“Sec. 139A. Exclusion from gross income for interest on overpayments of income tax by individuals.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received in calendar years beginning after the date of the enactment of this Act.

##### SEC. 103. ABATEMENT OF INTEREST.

(a) ABATEMENT OF INTEREST WITH RESPECT TO ERRONEOUS REFUND CHECK WITHOUT REGARD TO SIZE OF REFUND.—Paragraph (2) of section 6404(e) is amended by striking “unless—” and all that follows and inserting “unless the taxpayer (or a related party) has in any way caused such erroneous refund.”.

(b) ABATEMENT OF INTEREST TO EXTENT INTEREST IS ATTRIBUTABLE TO TAXPAYER RELIANCE ON WRITTEN STATEMENTS OF THE IRS.—Subsection (f) of section 6404 is amended—

(1) in the subsection heading, by striking “PENALTY OR ADDITION” and inserting “INTEREST, PENALTY, OR ADDITION”; and

(2) in paragraph (1) and in subparagraph (B) of paragraph (2), by striking “penalty or addition” and inserting “interest, penalty, or addition”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to interest accruing on or after the date of the enactment of this Act.

**SEC. 104. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS.**

(a) IN GENERAL.—Subchapter A of chapter 67 (relating to interest on underpayments) is amended by adding at the end the following new section:

**“SEC. 6603. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS, ETC.**

“(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN AS PAYMENT OF TAX.—A taxpayer may make a cash deposit with the Secretary which may be used by the Secretary to pay any tax imposed under subtitle A or B or chapter 41, 42, 43, or 44 which has not been assessed at the time of the deposit. Such a deposit shall be made in such manner as the Secretary shall prescribe.

“(b) NO INTEREST IMPOSED.—To the extent that such deposit is used by the Secretary to pay tax, for purposes of section 6601 (relating to interest on underpayments), the tax shall be treated as paid when the deposit is made.

“(c) RETURN OF DEPOSIT.—Except in a case where the Secretary determines that collection of tax is in jeopardy, the Secretary shall return to the taxpayer any amount of the deposit (to the extent not used for a payment of tax) which the taxpayer requests in writing.

“(d) PAYMENT OF INTEREST.—

“(1) IN GENERAL.—For purposes of section 6611 (relating to interest on overpayments), a deposit which is returned to a taxpayer shall be treated as a payment of tax for any period to the extent (and only to the extent) attributable to a disputable tax for such period. Under regulations prescribed by the Secretary, rules similar to the rules of section 6611(b)(2) shall apply.

“(2) DISPUTABLE TAX.—

“(A) IN GENERAL.—For purposes of this section, the term ‘disputable tax’ means the amount of tax specified at the time of the deposit as the taxpayer’s reasonable estimate of the maximum amount of any tax attributable to disputable items.

“(B) SAFE HARBOR BASED ON 30-DAY LETTER.—In the case of a taxpayer who has been issued a 30-day letter, the maximum amount of tax under subparagraph (A) shall not be less than the amount of the proposed deficiency specified in such letter.

“(3) OTHER DEFINITIONS.—For purposes of paragraph (2)—

“(A) DISPUTABLE ITEM.—The term ‘disputable item’ means any item of income, gain, loss, deduction, or credit if the taxpayer—

“(i) has a reasonable basis for its treatment of such item, and

“(ii) reasonably believes that the Secretary also has a reasonable basis for disallowing the taxpayer’s treatment of such item.

“(B) 30-DAY LETTER.—The term ‘30-day letter’ means the first letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals.

“(4) RATE OF INTEREST.—The rate of interest allowable under this subsection shall be the Federal short-term rate determined under section 6621(b), compounded daily.

“(e) USE OF DEPOSITS.—

“(1) PAYMENT OF TAX.—Except as otherwise provided by the taxpayer, deposits shall be treated as used for the payment of tax in the order deposited.

“(2) RETURNS OF DEPOSITS.—Deposits shall be treated as returned to the taxpayer on a last-in, first-out basis.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 67 is amended by adding at the end the following new item:

“Sec. 6603. Deposits made to suspend running of interest on potential underpayments, etc.”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to deposits made after the date of the enactment of this Act.

(2) COORDINATION WITH DEPOSITS MADE UNDER REVENUE PROCEDURE 84 0958.—In the case of an amount held by the Secretary of the Treasury or his delegate on the date of the enactment of this Act as a deposit in the nature of a cash bond deposit pursuant to Revenue Procedure 84 0958, the date that the taxpayer identifies such amount as a deposit made pursuant to section 6603 of the Internal Revenue Code (as added by this Act) shall be treated as the date such amount is deposited for purposes of such section 6603.

**SEC. 105. EXPANSION OF INTEREST NETTING FOR INDIVIDUALS.**

(a) IN GENERAL.—Subsection (d) of section 6621 (relating to elimination of interest on overlapping periods of tax overpayments and underpayments) is amended by adding at the end the following: “Solely for purposes of the preceding sentence, section 6611(e) shall not apply in the case of an individual.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accrued after December 31, 2003.

**SEC. 106. WAIVER OF CERTAIN PENALTIES FOR FIRST-TIME UNINTENTIONAL MINOR ERRORS.**

(a) IN GENERAL.—Section 6651 (relating to failure to file tax return or to pay tax) is amended by adding at the end the following new subsection:

“(i) TREATMENT OF FIRST-TIME UNINTENTIONAL MINOR ERRORS.—

“(1) IN GENERAL.—In the case of a return of tax imposed by subtitle A filed by an individual, the Secretary may waive an addition to tax under subsection (a) if—

“(A) the individual has a history of compliance with the requirements of this title,

“(B) it is shown that the failure is due to an unintentional minor error,

“(C) the penalty would be grossly disproportionate to the action or expense that would have been needed to avoid the error, and imposing the penalty would be against equity and good conscience,

“(D) waiving the penalty would promote compliance with the requirements of this title and effective tax administration, and

“(E) the taxpayer took all reasonable steps to remedy the error promptly after discovering it.

“(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

“(A) the Secretary has waived any addition to tax under this subsection with respect to any prior failure by such individual,

“(B) the failure is a mathematical or clerical error (as defined in section 6213(g)(2)), or

“(C) the failure is the lack of a required signature.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2004.

**SEC. 107. FRIVOLOUS TAX SUBMISSIONS.**

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

**“SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.**

“(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of \$5,000 if—

“(1) such person files what purports to be a return of a tax imposed by this title but which—

“(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

“(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

“(2) the conduct referred to in paragraph (1)—

“(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(B) reflects a desire to delay or impede the administration of Federal tax laws.

“(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

“(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of \$5,000.

“(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

“(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term ‘specified frivolous submission’ means a specified submission if any portion of such submission is based on a position which the Secretary has identified as frivolous under subsection (c).

“(B) SPECIFIED SUBMISSION.—The term ‘specified submission’ means—

“(i) a request for a hearing under—

“(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

“(II) section 6330 (relating to notice and opportunity for hearing before levy), and

“(ii) an application under—

“(I) section 7811 (relating to taxpayer assistance orders),

“(II) section 6159 (relating to agreements for payment of tax liability in installments), or

“(III) section 7122 (relating to compromises).

“(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

“(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

“(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

“(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.”.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

“Sec. 6702. Frivolous tax submissions.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

**SEC. 108. CLARIFICATION OF APPLICATION OF FEDERAL TAX DEPOSIT PENALTY.**

Nothing in section 6656 of the Internal Revenue Code of 1986 shall be construed to permit the percentage specified in subsection (b)(1)(A)(iii) thereof to apply other than in a case where the failure is for more than 15 days.

**TITLE II—FAIRNESS OF COLLECTION PROCEDURES****SEC. 201. PARTIAL PAYMENT OF TAX LIABILITY IN INSTALLMENT AGREEMENTS.**

(a) IN GENERAL.—

(1) Section 6159(a) (relating to authorization of agreements) is amended—

(A) by striking “satisfy liability for payment of” and inserting “make payment on”, and

(B) by inserting “full or partial” after “facilitate”.

(2) Section 6159(c) (relating to Secretary required to enter into installment agreements in certain cases) is amended in the matter preceding paragraph (1) by inserting “full” before “payment”.

(b) REQUIREMENT TO REVIEW PARTIAL PAYMENT AGREEMENTS EVERY TWO YEARS.—Section 6159 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and inserting after subsection (c) the following new subsection:

“(d) SECRETARY REQUIRED TO REVIEW INSTALLMENT AGREEMENTS FOR PARTIAL COLLECTION EVERY TWO YEARS.—In the case of an agreement entered into by the Secretary under subsection (a) for partial collection of a tax liability, the Secretary shall review the agreement at least once every 2 years.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date of the enactment of this Act.

**SEC. 202. EXTENSION OF TIME FOR RETURN OF PROPERTY.**

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 (relating to return of property) is amended by striking “9 months” and inserting “2 years”.

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 (relating to suits by persons other than taxpayers) is amended—

(1) in paragraph (1) by striking “9 months” and inserting “2 years”, and

(2) in paragraph (2) by striking “9-month” and inserting “2-year”.

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

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

**SEC. 203. INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC., ON INDIVIDUAL RETIREMENT PLAN.**

(a) IN GENERAL.—Section 6343 (relating to authority to release levy and return property) is amended by adding at the end the following new subsection:

“(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC., ON INDIVIDUAL RETIREMENT PLAN.—

“(1) IN GENERAL.—If the Secretary determines that an individual retirement plan has been levied upon in a case to which subsection (b) or (d)(2)(A) applies, an amount equal to the sum of—

“(A) the amount of money returned by the Secretary on account of such levy, and

“(B) interest paid under subsection (c) on such amount of money,

may be deposited into an individual retirement plan (other than an endowment con-

tract) to which a rollover from the plan levied upon is permitted.

“(2) TREATMENT AS ROLLOVER.—The distribution on account of the levy and any deposit under paragraph (1) with respect to such distribution shall be treated for purposes of this title as if such distribution and deposit were part of a rollover described in section 408(d)(3)(A)(i); except that—

“(A) interest paid under subsection (c) shall be treated as part of such distribution and as not includible in gross income,

“(B) the 60-day requirement in such section shall be treated as met if the deposit is made not later than the 60th day after the day on which the individual receives an amount under paragraph (1) from the Secretary, and

“(C) such deposit shall not be taken into account under section 408(d)(3)(B).

“(3) REFUND, ETC., OF INCOME TAX ON LEVY.—If any amount is includible in gross income for a taxable year by reason of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year.

“(4) INTEREST.—Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement plan.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 after December 31, 2003.

**SEC. 204. SEVEN-DAY THRESHOLD ON TOLLING OF STATUTE OF LIMITATIONS DURING TAX REVIEW.**

(a) IN GENERAL.—Section 7811(d)(1) (relating to suspension of running of period of limitation) is amended by inserting after “application,” the following: “but only if the date of such decision is at least 7 days after the date of the taxpayer’s application”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to applications filed after the date of the enactment of this Act.

**SEC. 205. STUDY OF LIENS AND LEVIES.**

The Secretary of the Treasury, or the Secretary’s delegate, shall conduct a study of the practices of the Internal Revenue Service concerning liens and levies. The study shall examine—

(1) the declining use of liens and levies by the Internal Revenue Service, and

(2) the practicality of recording liens and levying against property in cases in which the cost of such actions exceeds the amount to be realized from such property.

Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit such study to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

**TITLE III—TAX ADMINISTRATION REFORMS****SEC. 301. REVISIONS RELATING TO TERMINATION OF EMPLOYMENT OF INTERNAL REVENUE SERVICE EMPLOYEES FOR MISCONDUCT.**

(a) IN GENERAL.—Subchapter A of chapter 80 (relating to application of internal revenue laws) is amended by inserting after section 7804 the following new section:

**“SEC. 7804A. DISCIPLINARY ACTIONS FOR MISCONDUCT.**

“(a) DISCIPLINARY ACTIONS.—

“(1) IN GENERAL.—Subject to subsection (c), the Commissioner shall take an action in ac-

cordance with the guidelines established under paragraph (2) against any employee of the Internal Revenue Service if there is a final administrative or judicial determination that such employee committed any act or omission described under subsection (b) in the performance of the employee’s official duties or where a nexus to the employee’s position exists.

“(2) GUIDELINES.—The Commissioner shall issue guidelines for determining the appropriate level of discipline, up to and including termination of employment, for committing any act or omission described under subsection (b).

“(b) ACTS OR OMISSIONS.—The acts or omissions described under this subsection are—

“(1) willful failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer’s home, personal belongings, or business assets;

“(2) willfully providing a false statement under oath with respect to a material matter involving a taxpayer or taxpayer representative;

“(3) with respect to a taxpayer or taxpayer representative, the willful violation of—

“(A) any right under the Constitution of the United States;

“(B) any civil right established under—

“(i) title VI or VII of the Civil Rights Act of 1964;

“(ii) title IX of the Education Amendments of 1972;

“(iii) the Age Discrimination in Employment Act of 1967;

“(iv) the Age Discrimination Act of 1975;

“(v) section 501 or 504 of the Rehabilitation Act of 1973; or

“(vi) title I of the Americans with Disabilities Act of 1990; or

“(C) the Internal Revenue Service policy on unauthorized inspection of returns or return information;

“(4) willfully falsifying or destroying documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative;

“(5) assault or battery on a taxpayer or taxpayer representative, but only if there is a criminal conviction, or a final adverse judgment by a court in a civil case, with respect to the assault or battery;

“(6) willful violations of this title, Department of the Treasury regulations, or policies of the Internal Revenue Service (including the Internal Revenue Manual) for the purpose of retaliating against, or harassing, a taxpayer or taxpayer representative;

“(7) willful misuse of the provisions of section 6103 for the purpose of concealing information from a congressional inquiry;

“(8) willful failure to file any return of tax required under this title on or before the date prescribed therefor (including any extensions) when a tax is due and owing, unless such failure is due to reasonable cause and not due to willful neglect;

“(9) willful understatement of Federal tax liability, unless such understatement is due to reasonable cause and not due to willful neglect; and

“(10) threatening to audit a taxpayer, or to take other action under this title, for the purpose of extracting personal gain or benefit.

“(c) DETERMINATIONS OF COMMISSIONER.—

“(1) IN GENERAL.—The Commissioner may take a personnel action other than a disciplinary action provided for in the guidelines under subsection (a)(2) for an act or omission described under subsection (b).

“(2) DISCRETION.—The exercise of authority under paragraph (1) shall be at the sole discretion of the Commissioner and may not be delegated to any other officer. The Commissioner, in his sole discretion, may establish a procedure to determine if an individual

should be referred to the Commissioner for a determination by the Commissioner under paragraph (l).

“(3) NO APPEAL.—Notwithstanding any other provision of law, any determination of the Commissioner under this subsection may not be reviewed in any administrative or judicial proceeding. A finding that an act or omission described under subsection (b) occurred may be reviewed.

“(d) DEFINITION.—For the purposes of the provisions described in clauses (i), (ii), and (iv) of subsection (b)(3)(B), references to a program or activity regarding Federal financial assistance or an education program or activity receiving Federal financial assistance shall include any program or activity conducted by the Internal Revenue Service for a taxpayer.

“(e) ANNUAL REPORT.—The Commissioner shall submit to Congress annually a report on disciplinary actions under this section.”.

(b) CLERICAL AMENDMENT.—The table of sections for chapter 80 is amended by inserting after the item relating to section 7804 the following new item:

“Sec. 7804A. Disciplinary actions for misconduct.”.

(c) REPEAL OF SUPERSEDED SECTION.—Section 1203 of the Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105 09206; 112 Stat. 720) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 302. CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.**

(a) CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.—Subsection (b) of section 6214 (relating to jurisdiction over other years and quarters) is amended by adding at the end the following new sentence: “Notwithstanding the preceding sentence, the Tax Court may apply the doctrine of equitable recoupment to the same extent that it is available in civil tax cases before the district courts of the United States and the United States Court of Federal Claims.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any action or proceeding in the Tax Court with respect to which a decision has not become final (as determined under section 7481 of the Internal Revenue Code of 1986) as of the date of the enactment of this Act.

**SEC. 303. JURISDICTION OF TAX COURT OVER COLLECTION DUE PROCESS CASES.**

(a) IN GENERAL.—Section 6330(d)(1) (relating to judicial review of determination) is amended to read as follows:

“(1) JUDICIAL REVIEW OF DETERMINATION.—The person may, within 30 days of a determination under this section, appeal such determination to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to judicial appeals filed after the date of the enactment of this Act.

**SEC. 304. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS IN COMPROMISE.**

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking “Whenever a compromise” and all that follows through “his delegate” and inserting “If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel’s delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion”.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

**SEC. 305. 15-DAY DELAY IN DUE DATE FOR ELECTRONICALLY FILED INDIVIDUAL INCOME TAX RETURNS.**

(a) IN GENERAL.—Section 6072 (relating to time for filing income tax returns) is amended by adding at the end the following new subsection:

“(f) ELECTRONICALLY FILED RETURNS OF INDIVIDUALS.—

“(1) IN GENERAL.—Returns of an individual under section 6012 or 6013 (other than an individual to whom subsection (c) applies) which are filed electronically—

“(A) in the case of returns filed on the basis of a calendar year, shall be filed on or before the 30th day of April following the close of the calendar year, and

“(B) in the case of returns filed on the basis of a fiscal year, shall be filed on or before the last day of the 4th month following the close of the fiscal year.

“(2) ELECTRONIC FILING.—Paragraph (1) shall not apply to any return unless—

“(A) such return is accepted by the Secretary, and

“(B) the balance due (if any) shown on such return is paid electronically in a manner prescribed by the Secretary.

“(3) SPECIAL RULES.—

“(A) ESTIMATED TAX.—If—

“(i) paragraph (1) applies to an individual for any taxable year, and

“(ii) there is an overpayment of tax shown on the return for such year which the individual allows against the individual’s obligation under section 6641,

then, with respect to the amount so allowed, any reference in section 6641 to the April 15 following such taxable year shall be treated as a reference to April 30.

“(B) REFERENCES TO DUE DATE.—Paragraph (1) shall apply solely for purposes of determining the due date for the individual’s obligation to file and pay tax and, except as otherwise provided by the Secretary, shall be treated as an extension of the due date for any other purpose under this title.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns filed with respect to taxable years beginning after December 31, 2002.

**SEC. 306. ACCESS OF NATIONAL TAXPAYER ADVOCATE TO INDEPENDENT LEGAL COUNSEL.**

Clause (i) of section 7803(c)(2)(D) (relating to personnel actions) is amended by striking “and” at the end of subclause (I), by striking the period at the end of subclause (II) and inserting “, and”, and by adding at the end the following new subclause:

“(III) appoint a counsel in the Office of the Taxpayer Advocate to report solely to the National Taxpayer Advocate.”.

**SEC. 307. PAYMENT OF MOTOR FUEL EXCISE TAX REFUNDS BY DIRECT DEPOSIT.**

(a) IN GENERAL.—Subchapter II of chapter 33 of title 31, United States Code, is amended by adding at the end the following new section:

**“1A3337. Payment of motor fuel excise tax refunds by direct deposit**

“The Secretary of the Treasury shall make payments under sections 6420, 6421, and 6427 of the Internal Revenue Code of 1986 by electronic funds transfer (as defined in section 3332(j)(1)) if the person who is entitled to the payment—

“(1) elects to receive the payment by electronic funds transfer; and

“(2) satisfies the requirements of section 3332(g) with respect to such payment at such time and in such manner as the Secretary may require.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 33 of title 31, United States Code, is amended by adding at the end the following new item:

“3337. Payment of motor fuel excise tax refunds by direct deposit.”.

**SEC. 308. FAMILY BUSINESS TAX SIMPLIFICATION.**

(a) IN GENERAL.—Section 761 (defining terms for purposes of partnerships) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) QUALIFIED JOINT VENTURE.—

“(1) IN GENERAL.—In the case of a qualified joint venture conducted by a husband and wife who file a joint return for the taxable year, for purposes of this title—

“(A) such joint venture shall not be treated as a partnership.

“(B) all items of income, gain, loss, deduction, and credit shall be divided between the spouses in accordance with their respective interests in the venture, and

“(C) each spouse shall take into account such spouse’s respective share of such items as if they were attributable to a trade or business conducted by such spouse as a sole proprietor.

“(2) QUALIFIED JOINT VENTURE.—For purposes of paragraph (1), the term ‘qualified joint venture’ means any joint venture involving the conduct of a trade or business if—

“(A) the only members of such joint venture are a husband and wife,

“(B) both spouses materially participate (within the meaning of section 469(h) without regard to paragraph (5) thereof) in such trade or business, and

“(C) both spouses elect the application of this subsection.”.

**(b) NET EARNINGS FROM SELF-EMPLOYMENT.—**

(1) Subsection (a) of section 1402 (defining net earnings from self-employment) is amended by striking “and” at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting “; and”, and by inserting after paragraph (15) the following new paragraph:

“(16) notwithstanding the preceding provisions of this subsection, each spouse’s share of income or loss from a qualified joint venture shall be taken into account as provided in section 761(f) in determining net earnings from self-employment of such spouse.”.

(2) Subsection (a) of section 211 of the Social Security Act (defining net earnings from self-employment) is amended by striking “and” at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting “; and”, and by inserting after paragraph (15) the following new paragraph:

“(16) Notwithstanding the preceding provisions of this subsection, each spouse’s share of income or loss from a qualified joint venture shall be taken into account as provided in section 761(f) of the Internal Revenue Code of 1986 in determining net earnings from self-employment of such spouse.”.

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

**SEC. 309. HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS.**

(a) CONSUMER OPTIONS.—Paragraph (2) of section 35(e) is amended by inserting at the end the following new subparagraph:

“(C) WAIVER BY ELIGIBLE INDIVIDUALS.—With respect to any month which ends before January 1, 2006, this paragraph shall not apply with respect to any eligible individual and such individual’s qualifying family members if such eligible individual elects to waive the application of this paragraph with respect to such month.”.

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

**SEC. 310. SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.**

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

“(p) SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.—

“(1) IN GENERAL.—The exemption from tax under subsection (a) with respect to any organization described in paragraph (2), and the eligibility of any organization described in paragraph (2) to apply for recognition of exemption under subsection (a), shall be suspended during the period described in paragraph (3).

“(2) TERRORIST ORGANIZATIONS.—An organization is described in this paragraph if such organization is designated or otherwise individually identified—

“(A) under section 212(a)(3)(B)(vi)(II) or 219 of the Immigration and Nationality Act as a terrorist organization or foreign terrorist organization,

“(B) in or pursuant to an Executive order which is related to terrorism and issued under the authority of the International Emergency Economic Powers Act or section 5 of the United Nations Participation Act of 1945 for the purpose of imposing on such organization an economic or other sanction, or

“(C) in or pursuant to an Executive order issued under the authority of any Federal law if—

“(i) the organization is designated or otherwise individually identified in or pursuant to such Executive order as supporting or engaging in terrorist activity (as defined in section 212(a)(3)(B) of the Immigration and Nationality Act) or supporting terrorism (as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989); and

“(ii) such Executive order refers to this subsection.

“(3) PERIOD OF SUSPENSION.—With respect to any organization described in paragraph (2), the period of suspension—

“(A) begins on the later of—

“(i) the date of the first publication of a designation or identification described in paragraph (2) with respect to such organization, or

“(ii) the date of the enactment of this subsection, and

“(B) ends on the first date that all designations and identifications described in paragraph (2) with respect to such organization are rescinded pursuant to the law or Executive order under which such designation or identification was made.

“(4) DENIAL OF DEDUCTION.—No deduction shall be allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for any contribution to an organization described in paragraph (2) during the period described in paragraph (3).

“(5) DENIAL OF ADMINISTRATIVE OR JUDICIAL CHALLENGE OF SUSPENSION OR DENIAL OF DEDUCTION.—Notwithstanding section 7428 or any other provision of law, no organization or other person may challenge a suspension under paragraph (1), a designation or identification described in paragraph (2), the period of suspension described in paragraph (3), or a denial of a deduction under paragraph (4) in any administrative or judicial proceeding relating to the Federal tax liability of such organization or other person.

“(6) ERRONEOUS DESIGNATION.—

“(A) IN GENERAL.—If—

“(i) the tax exemption of any organization described in paragraph (2) is suspended under paragraph (1),

“(ii) each designation and identification described in paragraph (2) which has been made with respect to such organization is determined to be erroneous pursuant to the law or Executive order under which such designation or identification was made, and

“(iii) the erroneous designations and identifications result in an overpayment of income tax for any taxable year by such organization,

credit or refund (with interest) with respect to such overpayment shall be made.

“(B) WAIVER OF LIMITATIONS.—If the credit or refund of any overpayment of tax described in subparagraph (A)(iii) is prevented at any time by the operation of any law or rule of law (including res judicata), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the 1-year period beginning on the date of the last determination described in subparagraph (A)(ii).

“(7) NOTICE OF SUSPENSIONS.—If the tax exemption of any organization is suspended under this subsection, the Internal Revenue Service shall update the listings of tax-exempt organizations and shall publish appropriate notice to taxpayers of such suspension and of the fact that contributions to such organization are not deductible during the period of such suspension.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to designations made before, on, or after the date of the enactment of this Act.

**TITLE IV—CONFIDENTIALITY AND DISCLOSURE**

**SEC. 401. COLLECTION ACTIVITIES WITH RESPECT TO JOINT RETURN DISCLOSEABLE TO EITHER SPOUSE BASED ON ORAL REQUEST.**

(a) IN GENERAL.—Paragraph (8) of section 6103(e) (relating to disclosure of collection activities with respect to joint return) is amended by striking “in writing” the first place it appears.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests made after the date of the enactment of this Act.

**SEC. 402. TAXPAYER REPRESENTATIVES NOT SUBJECT TO EXAMINATION ON SOLE BASIS OF REPRESENTATION OF TAXPAYERS.**

(a) IN GENERAL.—Paragraph (1) of section 6103(h) (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended—

(1) by striking “Returns” and inserting the following:

“(A) IN GENERAL.—Returns”, and

(2) by adding at the end the following new subparagraph:

“(B) TAXPAYER REPRESENTATIVES.—Notwithstanding subparagraph (A), the return of the representative of a taxpayer whose return is being examined by an officer or employee of the Department of the Treasury shall not be open to inspection by such officer or employee on the sole basis of the representative’s relationship to the taxpayer unless a supervisor of such officer or employee has approved the inspection of the return of such representative on a basis other than by reason of such relationship.”

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date which is 180 days after the date of the enactment of this Act.

**SEC. 403. DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS WHO ARE NOT PARTY TO SUCH PROCEEDINGS.**

(a) IN GENERAL.—Paragraph (4) of section 6103(h) (relating to disclosure to certain Fed-

eral officers and employees for purposes of tax administration, etc.) is amended by adding at the end the following new subparagraph:

“(B) DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS NOT PARTY TO SUCH PROCEEDINGS.—

“(i) NOTICE.—Return or return information of any person who is not a party to a judicial or administrative proceeding described in this paragraph shall not be disclosed under clause (ii) or (iii) of subparagraph (A) until after the Secretary makes a reasonable effort to give notice to such person and an opportunity for such person to request the deletion of matter from such return or return information, including any of the items referred to in paragraphs (1) through (7) of section 6110(c). Such notice shall include a statement of the issue or issues the resolution of which is the reason such return or return information is sought. In the case of S corporations, partnerships, estates, and trusts, such notice shall be made at the entity level.

“(ii) DISCLOSURE LIMITED TO PERTINENT PORTION.—The only portion of a return or return information described in clause (i) which may be disclosed under subparagraph (A) is that portion of such return or return information that directly relates to the resolution of an issue in such proceeding.

“(iii) EXCEPTIONS.—Clause (i) shall not apply—

“(I) to any civil action under section 7407, 7408, or 7409,

“(II) to any ex parte proceeding for obtaining a search warrant, order for entry on premises or safe deposit boxes, or similar ex parte proceeding,

“(III) to disclosure of third party return information by indictment or criminal information, or

“(IV) if the Attorney General or the Attorney General’s delegate determines that the application of such clause would seriously impair a criminal tax investigation or proceeding.”

(b) CONFORMING AMENDMENTS.—Paragraph (4) of section 6103(h) is amended by—

(1) by striking “PROCEEDINGS.—A return” and inserting “PROCEEDINGS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a return”;

(2) by redesignating subparagraphs (A), (B), (C), and (D) as clauses (i), (ii), (iii), and (iv), respectively; and

(3) in the matter following clause (iv) (as so redesignated), by striking “subparagraph (A), (B), or (C)” and inserting “clause (i), (ii), or (iii)” and by moving such matter 2 ems to the right.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to proceedings commenced after the date of the enactment of this Act.

**SEC. 404. PROHIBITION OF DISCLOSURE OF TAXPAYER IDENTIFICATION INFORMATION WITH RESPECT TO DISCLOSURE OF ACCEPTED OFFERS-IN-COMPROMISE.**

(a) GENERAL.—Paragraph (1) of section 6103(k) (relating to disclosure of certain returns and return information for tax administrative purposes) is amended by inserting “(other than the taxpayer’s address and TIN)” after “Return information”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disclosures made after the date of the enactment of this Act.

**SEC. 405. COMPLIANCE BY CONTRACTORS WITH CONFIDENTIALITY SAFEGUARDS.**

(a) IN GENERAL.—Section 6103(p) (relating to State law requirements) is amended by adding at the end the following new paragraph:

“(9) DISCLOSURE TO CONTRACTORS AND OTHER AGENTS.—Notwithstanding any other provision of this section, no return or return information shall be disclosed to any contractor or other agent of a Federal, State, or local agency unless such agency, to the satisfaction of the Secretary—

“(A) has requirements in effect which require each such contractor or other agent which would have access to returns or return information to provide safeguards (within the meaning of paragraph (4)) to protect the confidentiality of such returns or return information,

“(B) agrees to conduct an annual, on-site review (mid-point review in the case of contracts of less than 1 year in duration) of each such contractor or other agent to determine compliance with such requirements,

“(C) submits the findings of the most recent review conducted under subparagraph (B) to the Secretary as part of the report required by paragraph (4)(E), and

“(D) certifies to the Secretary for the most recent annual period that each such contractor or other agent is in compliance with all such requirements.

The certification required by subparagraph (D) shall include the name and address of each contractor and other agent, a description of the contract of the contractor or other agent with the agency, and the duration of such contract.”.

(b) CONFORMING AMENDMENT.—Subparagraph (B) of section 6103(p)(8) is amended by inserting “or paragraph (9)” after “subparagraph (A)”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to disclosures made after December 31, 2003.

(2) CERTIFICATIONS.—The first certification under section 6103(p)(9)(D) of the Internal Revenue Code of 1986, as added by subsection (a), shall be made with respect to calendar year 2004.

**SEC. 406. HIGHER STANDARDS FOR REQUESTS FOR AND CONSENTS TO DISCLOSURE.**

(a) IN GENERAL.—Subsection (c) of section 6103 (relating to disclosure of returns and return information to designee of taxpayer) is amended by adding at the end the following new paragraphs:

“(2) REQUIREMENTS FOR VALID REQUESTS AND CONSENTS.—A request for or consent to disclosure under paragraph (1) shall only be valid for purposes of this section, sections 7213, 7213A, and 7431 if—

“(A) at the time of execution, such request or consent designates a recipient of such disclosure and is dated, and

“(B) at the time such request or consent is submitted to the Secretary, the submitter of such request or consent certifies, under penalty of perjury, that such request or consent complied with subparagraph (A).

“(3) RESTRICTIONS ON PERSONS OBTAINING INFORMATION.—Any person shall, as a condition for receiving return or return information under paragraph (1)—

“(A) ensure that such return and return information is kept confidential,

“(B) use such return and return information only for the purpose for which it was requested, and

“(C) not disclose such return and return information except to accomplish the purpose for which it was requested, unless a separate consent from the taxpayer is obtained.

“(4) REQUIREMENTS FOR FORM PRESCRIBED BY SECRETARY.—For purposes of this subsection, the Secretary shall prescribe a form for requests and consents which shall—

“(A) contain a warning, prominently displayed, informing the taxpayer that the form should not be signed unless it is completed,

“(B) state that if the taxpayer believes there is an attempt to coerce him to sign an incomplete or blank form, the taxpayer should report the matter to the Treasury Inspector General for Tax Administration, and

“(C) contain the address and telephone number of the Treasury Inspector General for Tax Administration.”.

(b) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to the Congress on compliance with the designation and certification requirements applicable to requests for or consent to disclosure of returns and return information under section 6103(c) of the Internal Revenue Code of 1986, as amended by subsection (a). Such report shall—

(1) evaluate (on the basis of random sampling) whether—

(A) the amendment made by subsection (a) is achieving the purposes of this section;

(B) requesters and submitters for such disclosure are continuing to evade the purposes of this section and, if so, how; and

(C) the sanctions for violations of such requirements are adequate; and

(2) include such recommendations that the Treasury Inspector General for Tax Administration considers necessary or appropriate to better achieve the purposes of this section.

(c) CONFORMING AMENDMENTS.—

(1) Section 6103(c) is amended by striking “TAXPAYER.—The Secretary” and inserting “TAXPAYER.—

“(1) IN GENERAL.—The Secretary”.

(2) Section 7213(a)(1) is amended by striking “section 6103(n)” and inserting “subsections (c) and (n) of section 6103”.

(3) Section 7213A(a)(1)(B) is amended by striking “subsection (l)(18) or (n) of section 6103” and inserting “subsection (c), (l)(18), or (n) of section 6103”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to requests and consents made after 3 months after the date of the enactment of this Act.

**SEC. 407. NOTICE TO TAXPAYER CONCERNING ADMINISTRATIVE DETERMINATION OF BROWSING; ANNUAL REPORT.**

(a) NOTICE TO TAXPAYER.—Subsection (e) of section 7431 (relating to notification of unlawful inspection and disclosure) is amended by adding at the end the following: “The Secretary shall also notify such taxpayer if the Treasury Inspector General for Tax Administration substantiates that such taxpayer’s return or return information was inspected or disclosed in violation of any of the provisions specified in paragraph (1), (2), or (3).”.

(b) REPORTS.—Subsection (p) of section 6103 (relating to procedure and recordkeeping), as amended by section 405, is further amended by adding at the end the following new paragraph:

“(10) REPORT ON UNAUTHORIZED DISCLOSURE AND INSPECTION.—As part of the report required by paragraph (3)(C) for each calendar year, the Secretary shall furnish information regarding the unauthorized disclosure and inspection of returns and return information, including the number, status, and results of—

“(A) administrative investigations,

“(B) civil lawsuits brought under section 7431 (including the amounts for which such lawsuits were settled and the amounts of damages awarded), and

“(C) criminal prosecutions.”.

(c) EFFECTIVE DATE.—

(1) NOTICE.—The amendment made by subsection (a) shall apply to determinations made after the date of the enactment of this Act.

(2) REPORTS.—The amendment made by subsection (b) shall apply to calendar years

ending after the date of the enactment of this Act.

**SEC. 408. EXPANDED DISCLOSURE IN EMERGENCY CIRCUMSTANCES.**

(a) IN GENERAL.—Section 6103(i)(3)(B) (relating to danger of death or physical injury) is amended by striking “or State” and inserting “, State, or local”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

**SEC. 409. DISCLOSURE OF TAXPAYER IDENTITY FOR TAX REFUND PURPOSES.**

(a) IN GENERAL.—Paragraph (1) of section 6103(m) (relating to disclosure of taxpayer identity information) is amended by striking “and other media” and by inserting “, other media, and through any other means of mass communication”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 410. DISCLOSURE TO STATE OFFICIALS OF PROPOSED ACTIONS RELATED TO SECTION 501(c)(3) ORGANIZATIONS.**

(a) IN GENERAL.—Subsection (c) of section 6104 is amended by striking paragraph (2) and inserting the following new paragraphs:

“(2) DISCLOSURE OF PROPOSED ACTIONS.—

“(A) SPECIFIC NOTIFICATIONS.—In the case of an organization to which paragraph (1) applies, the Secretary may disclose to the appropriate State officer—

“(i) a notice of proposed refusal to recognize such organization as an organization described in section 501(c)(3) or a notice of proposed revocation of such organization’s recognition as an organization exempt from taxation,

“(ii) the issuance of a letter of proposed deficiency of tax imposed under section 507 or chapter 41 or 42, and

“(iii) the names, addresses, and taxpayer identification numbers of organizations that have applied for recognition as organizations described in section 501(c)(3).

“(B) ADDITIONAL DISCLOSURES.—Returns and return information of organizations with respect to which information is disclosed under subparagraph (A) may be made available for inspection by or disclosed to an appropriate State officer.

“(C) PROCEDURES FOR DISCLOSURE.—Information may be inspected or disclosed under subparagraph (A) or (B) only—

“(i) upon written request by an appropriate State officer, and

“(ii) for the purpose of, and only to the extent necessary in, the administration of State laws regulating such organizations.

Such information may only be inspected by or disclosed to a person other than the appropriate State officer if such person is an officer or employee of the State and is designated by the appropriate State officer to receive the returns or return information under this paragraph on behalf of the appropriate State officer.

“(D) DISCLOSURES OTHER THAN BY REQUEST.—The Secretary may make available for inspection or disclose returns and return information of an organization to which paragraph (1) applies to an appropriate State officer of any State if the Secretary determines that such inspection or disclosure may facilitate the resolution of State or Federal issues relating to the tax-exempt status of such organization.

“(3) USE IN ADMINISTRATIVE AND JUDICIAL CIVIL PROCEEDINGS.—Returns and return information disclosed pursuant to this subsection may be disclosed in administrative and judicial civil proceedings pertaining to the enforcement of State laws regulating such organizations in a manner prescribed by the Secretary similar to that for tax administration proceedings under section 6103(h)(4).

“(4) NO DISCLOSURE IF IMPAIRMENT.—Returns and return information shall not be disclosed under this subsection, or in any proceeding described in paragraph (3), to the extent that the Secretary determines that such disclosure would seriously impair Federal tax administration.

“(5) DEFINITIONS.—For purposes of this subsection—

“(A) RETURN AND RETURN INFORMATION.—The terms ‘return’ and ‘return information’ have the respective meanings given to such terms by section 6103(b).

“(B) APPROPRIATE STATE OFFICER.—The term ‘appropriate State officer’ means—

“(i) the State attorney general, or  
“(ii) any other State official charged with overseeing organizations of the type described in section 501(c)(3).”

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (A) of section 6103(p)(3) is amended by inserting “and section 6104(c)” after “section” in the first sentence.

(2) Paragraph (4) of section 6103(p) is amended—

(A) in the matter preceding subparagraph (A), by inserting “, or any appropriate State officer (as defined in section 6104(c)),” before “or any other person”;

(B) in subparagraph (F)(i), by inserting “or any appropriate State officer (as defined in section 6104(c)),” before “or any other person”;

(C) in the matter following subparagraph (F), by inserting “, an appropriate State officer (as defined in section 6104(c)),” after “including an agency” each place it appears.

(3) Paragraph (2) of section 7213(a) is amended by inserting “or under section 6104(c)” after “6103”.

(4) Paragraph (2) of section 7213A(a) is amended by inserting “or 6104(c)” after “6103”.

(5) Paragraph (2) of section 7431(a) is amended by inserting “(including any disclosure in violation of section 6104(c))” after “6103”.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act but shall not apply to requests made before such date.

**SEC. 411. CONFIDENTIALITY OF TAXPAYER COMMUNICATIONS WITH THE OFFICE OF THE TAXPAYER ADVOCATE.**

(a) IN GENERAL.—Subsection (c) of section 7803 is amended by adding at the end the following new paragraph:

“(5) CONFIDENTIALITY OF TAXPAYER INFORMATION.—

“(A) IN GENERAL.—To the extent authorized by the National Taxpayer Advocate or pursuant to guidance issued under subparagraph (B), any officer or employee of the Office of the Taxpayer Advocate may withhold from the Internal Revenue Service and the Department of Justice any information provided by, or regarding contact with, any taxpayer.

“(B) ISSUANCE OF GUIDANCE.—In consultation with the Chief Counsel for the Internal Revenue Service and subject to the approval of the Commissioner of Internal Revenue, the National Taxpayer Advocate may issue guidance regarding the circumstances (including with respect to litigation) under which, and the persons to whom, employees of the Office of the Taxpayer Advocate shall not disclose information obtained from a taxpayer. To the extent to which any provision of the Internal Revenue Manual would require greater disclosure by employees of the Office of the Taxpayer Advocate than the disclosure required under such guidance, such provision shall not apply.

“(C) EMPLOYEE PROTECTION.—Section 7214(a)(8) shall not apply to any failure to report knowledge or information if—

“(i) such failure to report is authorized under subparagraph (A), and

“(ii) such knowledge or information is not of fraud committed by a person against the United States under any revenue law.”

(b) CONFORMING AMENDMENT.—Subparagraph (A) of section 7803(c)(4) is amended by inserting “and” at the end of clause (ii), by striking “; and” at the end of clause (iii) and inserting a period, and by striking clause (iv).

**TITLE V—MISCELLANEOUS**

**SEC. 501. CLARIFICATION OF DEFINITION OF CHURCH TAX INQUIRY.**

Subsection (i) of section 7611 (relating to section not to apply to criminal investigations, etc.) is amended by striking “or” at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting “, or”, and by inserting after paragraph (5) the following:

“(6) information provided by the Secretary related to the standards for exemption from tax under this title and the requirements under this title relating to unrelated business taxable income.”

**SEC. 502. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.**

(a) IN GENERAL.—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after “509(a)” the following: “or as a private operating foundation (as defined in section 4942(j)(3))”; and

(2) by amending subparagraph (C) to read as follows:

“(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in subsection (c) (other than paragraph (3)) or (d) of section 501 which is exempt from tax under section 501(a), or”

(b) COURT JURISDICTION.—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking “United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia” and inserting the following: “United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)).”

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

**SEC. 503. EMPLOYEE MISCONDUCT REPORT TO INCLUDE SUMMARY OF COMPLAINTS BY CATEGORY.**

(a) IN GENERAL.—Clause (ii) of section 7803(d)(2)(A) is amended by inserting before the semicolon at the end the following: “, including a summary (by category) of the 10 most common complaints made and the number of such common complaints”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to reporting periods ending after the date of the enactment of this Act.

**SEC. 504. ANNUAL REPORT ON AWARDS OF COSTS AND CERTAIN FEES IN ADMINISTRATIVE AND COURT PROCEEDINGS.**

Not later than 3 months after the close of each Federal fiscal year after fiscal year 2003, the Treasury Inspector General for Tax Administration shall submit a report to Congress which specifies for such year—

(1) the number of payments made by the United States pursuant to section 7430 of the Internal Revenue Code of 1986 (relating to awarding of costs and certain fees);

(2) the amount of each such payment;

(3) an analysis of any administrative issue giving rise to such payments; and

(4) changes (if any) which will be implemented as a result of such analysis and other changes (if any) recommended by the Treasury Inspector General for Tax Administration as a result of such analysis.

**SEC. 505. ANNUAL REPORT ON ABATEMENT OF PENALTIES.**

Not later than 6 months after the close of each Federal fiscal year after fiscal year 2003, the Treasury Inspector General for Tax Administration shall submit a report to Congress on abatements of penalties under the Internal Revenue Code of 1986 during such year, including information on the reasons and criteria for such abatements.

**SEC. 506. BETTER MEANS OF COMMUNICATING WITH TAXPAYERS.**

Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to Congress evaluating whether technological advances, such as e-mail and facsimile transmission, permit the use of alternative means for the Internal Revenue Service to communicate with taxpayers.

**SEC. 507. EXPLANATION OF STATUTE OF LIMITATIONS AND CONSEQUENCES OF FAILURE TO FILE.**

The Secretary of the Treasury or the Secretary’s delegate shall, as soon as practicable but not later than 180 days after the date of the enactment of this Act, revise the statement required by section 6227 of the Omnibus Taxpayer Bill of Rights (Internal Revenue Service Publication No. 1), and any instructions booklet accompanying a general income tax return form for taxable years beginning after 2002 (including forms 1040, 1040A, 1040EZ, and any similar or successor forms relating thereto), to provide for an explanation of—

(1) the limitations imposed by section 6511 of the Internal Revenue Code of 1986 on credits and refunds; and

(2) the consequences under such section 6511 of the failure to file a return of tax.

**SEC. 508. AMENDMENT TO TREASURY AUCTION REFORMS.**

(a) IN GENERAL.—Clause (i) of section 202(c)(4)(B) of the Government Securities Act Amendments of 1993 (31 U.S.C. 3121 note) is amended by inserting before the semicolon “(or, if earlier, at the time the Secretary releases the minutes of the meeting in accordance with paragraph (2)).”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to meetings held after the date of the enactment of this Act.

**SEC. 509. ENROLLED AGENTS.**

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

**“SEC. 7528. ENROLLED AGENTS.**

“(a) IN GENERAL.—The Secretary may prescribe such regulations as may be necessary to regulate the conduct of enrolled agents in regards to their practice before the Internal Revenue Service.

“(b) USE OF CREDENTIALS.—Any enrolled agents properly licensed to practice as required under rules promulgated under section (a) herein shall be allowed to use the credentials or designation as ‘enrolled agent’, ‘EA’, or ‘E.A.’.”

(b) CLERICAL AMENDMENT.—The table of sections for chapter 77 is amended by adding at the end the following new item:

“Sec. 7528. Enrolled agents.”

(c) PRIOR REGULATIONS.—Nothing in the amendments made by this section shall be construed to have any effect on part 10 of

title 31, Code of Federal Regulations, or any other Federal rule or regulation issued before the date of the enactment of this Act.

**SEC. 510. FINANCIAL MANAGEMENT SERVICE FEES.**

Notwithstanding any other provision of law, the Financial Management Service may charge the Internal Revenue Service, and the Internal Revenue Service may pay the Financial Management Service, a fee sufficient to cover the full cost of implementing a continuous levy program under subsection (h) of section 6331 of the Internal Revenue Code of 1986. Any such fee shall be based on actual levies made and shall be collected by the Financial Management Service by the retention of a portion of amounts collected by levy pursuant to that subsection. Amounts received by the Financial Management Service as fees under that subsection shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code, and shall be collected and accounted for in accordance with the provisions of that section. The amount credited against the taxpayer's liability on account of the continuous levy shall be the amount levied, without reduction for the amount paid to the Financial Management Service as a fee.

**SEC. 511. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.**

(a) IN GENERAL.—Chapter 77 (relating to miscellaneous provisions), as amended by section 509, is further amended by adding at the end the following new section:

**“SEC. 7529. INTERNAL REVENUE SERVICE USER FEES.**

“(a) GENERAL RULE.—The Secretary shall establish a program requiring the payment of user fees for—

“(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and

“(2) other similar requests.

“(b) PROGRAM CRITERIA.—

“(1) IN GENERAL.—The fees charged under the program required by subsection (a)—

“(A) shall vary according to categories (or subcategories) established by the Secretary,

“(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and

“(C) shall be payable in advance.

“(2) EXEMPTIONS, ETC.—

“(A) IN GENERAL.—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

“(B) EXEMPTION FOR CERTAIN REQUESTS REGARDING PENSION PLANS.—The Secretary shall not require payment of user fees under such program for requests for determination letters with respect to the qualified status of a pension benefit plan maintained solely by 1 or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

“(i) made after the later of—

“(I) the fifth plan year the pension benefit plan is in existence, or

“(II) the end of any remedial amendment period with respect to the plan beginning within the first 5 plan years, or

“(ii) made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.

“(C) DEFINITIONS AND SPECIAL RULES.—For purposes of subparagraph (B)—

“(i) PENSION BENEFIT PLAN.—The term ‘pension benefit plan’ means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

“(ii) ELIGIBLE EMPLOYER.—The term ‘eligible employer’ means an eligible employer (as defined in section 408(p)(2)(C)(i)(I)) which has

at least 1 employee who is not a highly compensated employee (as defined in section 414(q)) and is participating in the plan. The determination of whether an employer is an eligible employer under subparagraph (B) shall be made as of the date of the request described in such subparagraph.

“(iii) DETERMINATION OF AVERAGE FEES CHARGED.—For purposes of any determination of average fees charged, any request to which subparagraph (B) applies shall not be taken into account.

“(3) AVERAGE FEE REQUIREMENT.—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

Category	Average Fee
Employee plan ruling and opinion ..	\$250
Exempt organization ruling .....	\$350
Employee plan determination .....	\$300
Exempt organization determination .....	\$275
Chief counsel ruling .....	\$200.

“(c) TERMINATION.—No fee shall be imposed under this section with respect to requests made after September 30, 2013.”

(b) CONFORMING AMENDMENTS.—

(1) The table of sections for chapter 77 is amended by adding at the end the following new item:

“Sec. 7529. Internal Revenue Service user fees.”

(2) Section 10511 of the Revenue Act of 1987 is repealed.

(3) Section 620 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.

(c) LIMITATIONS.—Notwithstanding any other provision of law, any fees collected pursuant to section 7527 of the Internal Revenue Code of 1986, as added by subsection (a), shall not be expended by the Internal Revenue Service unless provided by an appropriations Act.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

**TITLE VI—LOW-INCOME TAXPAYER CLINICS**

**SEC. 601. LOW-INCOME TAXPAYER CLINICS.**

(a) LIMITATION ON AMOUNT OF GRANTS.—Paragraph (1) of section 7526(c) (relating to special rules and limitations) is amended by striking “\$6,000,000 per year” and inserting “\$9,000,000 for 2004, \$12,000,000 for 2005, and \$15,000,000 for each year thereafter”.

(b) PROMOTION OF CLINICS.—Section 7526(c) is amended by adding at the end the following new paragraph:

“(6) PROMOTION OF CLINICS.—The Secretary is authorized to promote the benefits of and encourage the use of low-income taxpayer clinics through the use of mass communications, referrals, and other means.”

(c) USE OF GRANTS FOR OVERHEAD EXPENSES PROHIBITED.—Section 7526(c), as amended by subsection (b), is further amended by adding at the end the following new paragraph:

“(7) USE OF GRANTS FOR OVERHEAD EXPENSES PROHIBITED.—No grant made under this section may be used for the general overhead expenses of any institution sponsoring a qualified low-income taxpayer clinic.”

(d) ELIGIBLE CLINICS.—

(1) IN GENERAL.—Paragraph (2) of section 7526(b) is amended to read as follows:

“(2) ELIGIBLE CLINIC.—The term ‘eligible clinic’ means—

“(A) any clinical program at an accredited law, business, or accounting school in which students represent low-income taxpayers in controversies arising under this title; and

“(B) any organization described in section 501(c) and exempt from tax under section 501(a) which satisfies the requirements of paragraph (1) through representation of taxpayers or referral of taxpayers to qualified representatives.”

(2) CONFORMING AMENDMENT.—Subparagraph (A) of section 7526(b)(1) is amended by striking “means a clinic” and inserting “means an eligible clinic”.

**TITLE VII—FEDERAL-STATE UNEMPLOYMENT ASSISTANCE AGREEMENTS**

**SEC. 701. APPLICABILITY OF CERTAIN FEDERAL-STATE AGREEMENTS RELATING TO UNEMPLOYMENT ASSISTANCE.**

Effective as of May 25, 2003, section 208 of Public Law 107 09147 is amended—

(1) in subsection (a)(2), by inserting “or” after “ending”; and

(2) in subsection (b), by striking “May 31” each place it appears and inserting “June 1”.

The SPEAKER pro tempore. Pursuant to House Resolution 282, the amendment in the nature of a substitute printed in the bill, modified by the amendment printed in part A of House Report 108-158, is adopted.

The text of H.R. 1528, as amended, as modified, is as follows:

H.R. 1528

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

**SECTION 1. SHORT TITLE; ETC.**

(a) SHORT TITLE.—This Act may be cited as the “Taxpayer Protection and IRS Accountability Act of 2003”.

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

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

**TITLE I—PENALTY AND INTEREST REFORMS**

Sec. 101. Failure to pay estimated tax penalty converted to interest charge on accumulated unpaid balance.

Sec. 102. Exclusion from gross income for interest on overpayments of income tax by individuals.

Sec. 103. Abatement of interest.

Sec. 104. Deposits made to suspend running of interest on potential underpayments.

Sec. 105. Expansion of interest netting for individuals.

Sec. 106. Waiver of certain penalties for first-time unintentional minor errors.

Sec. 107. Frivolous tax submissions.

Sec. 108. Clarification of application of Federal tax deposit penalty.

**TITLE II—FAIRNESS OF COLLECTION PROCEDURES**

Sec. 201. Partial payment of tax liability in installment agreements.

Sec. 202. Extension of time for return of property.

Sec. 203. Individuals held harmless on wrongful levy, etc., on individual retirement plan.

Sec. 204. Seven-day threshold on tolling of statute of limitations during tax review.

Sec. 205. Study of liens and levies.

**TITLE III—TAX ADMINISTRATION REFORMS**

Sec. 301. Revisions relating to termination of employment of Internal Revenue Service employees for misconduct.

Sec. 302. Confirmation of authority of tax court to apply doctrine of equitable recoupment.

- Sec. 303. Jurisdiction of tax court over collection due process cases.
- Sec. 304. Office of Chief Counsel review of offers in compromise.
- Sec. 305. 15-day delay in due date for electronically filed individual income tax returns.
- Sec. 306. Access of National Taxpayer Advocate to independent legal counsel.
- Sec. 307. Payment of motor fuel excise tax refunds by direct deposit.
- Sec. 308. Family business tax simplification.
- Sec. 309. Health insurance costs of eligible individuals.
- Sec. 310. Suspension of tax-exempt status of terrorist organizations.
- Sec. 311. Extension of joint review of strategic plans and budget for the Internal Revenue Service.

#### TITLE IV—CONFIDENTIALITY AND DISCLOSURE

- Sec. 401. Collection activities with respect to joint return disclosable to either spouse based on oral request.
- Sec. 402. Taxpayer representatives not subject to examination on sole basis of representation of taxpayers.
- Sec. 403. Disclosure in judicial or administrative tax proceedings of return and return information of persons who are not party to such proceedings.
- Sec. 404. Prohibition of disclosure of taxpayer identification information with respect to disclosure of accepted offers-in-compromise.
- Sec. 405. Compliance by contractors with confidentiality safeguards.
- Sec. 406. Higher standards for requests for and consents to disclosure.
- Sec. 407. Notice to taxpayer concerning administrative determination of browsing; annual report.
- Sec. 408. Expanded disclosure in emergency circumstances.
- Sec. 409. Disclosure of taxpayer identity for tax refund purposes.
- Sec. 410. Disclosure to State officials of proposed actions related to section 501(c)(3) organizations.
- Sec. 411. Confidentiality of taxpayer communications with the Office of the Taxpayer Advocate.

#### TITLE V—MISCELLANEOUS

- Sec. 501. Clarification of definition of church tax inquiry.
- Sec. 502. Expansion of declaratory judgment remedy to tax-exempt organizations.
- Sec. 503. Employee misconduct report to include summary of complaints by category.
- Sec. 504. Annual report on awards of costs and certain fees in administrative and court proceedings.
- Sec. 505. Annual report on abatement of penalties.
- Sec. 506. Better means of communicating with taxpayers.
- Sec. 507. Explanation of statute of limitations and consequences of failure to file.
- Sec. 508. Amendment to treasury auction reforms.
- Sec. 509. Enrolled agents.
- Sec. 510. Financial management service fees.
- Sec. 511. Extension of Internal Revenue Service user fees.

#### TITLE VI—LOW-INCOME TAXPAYER CLINICS

- Sec. 601. Low-income taxpayer clinics.

#### TITLE VII—FEDERAL-STATE UNEMPLOYMENT ASSISTANCE AGREEMENTS.

- Sec. 701. Applicability of certain Federal-State agreements relating to unemployment assistance.

#### TITLE I—PENALTY AND INTEREST REFORMS

##### SEC. 101. FAILURE TO PAY ESTIMATED TAX PENALTY CONVERTED TO INTEREST CHARGE ON ACCUMULATED UNPAID BALANCE.

(a) PENALTY MOVED TO INTEREST CHAPTER OF CODE.—The Internal Revenue Code of 1986 is amended by redesignating section 6654 as section 6641 and by moving section 6641 (as so redesignated) from part I of subchapter A of chapter 68 to the end of subchapter E of chapter 67 (as added by subsection (e)(1) of this section).

(b) PENALTY CONVERTED TO INTEREST CHARGE.—The heading and subsections (a) and (b) of section 6641 (as so redesignated) are amended to read as follows:

##### “SEC. 6641. INTEREST ON FAILURE BY INDIVIDUAL TO PAY ESTIMATED INCOME TAX.

“(a) IN GENERAL.—Interest shall be paid on any underpayment of estimated tax by an individual for a taxable year for each day of such underpayment. The amount of such interest for any day shall be the product of the underpayment rate established under subsection (b)(2) multiplied by the amount of the underpayment.

“(b) AMOUNT OF UNDERPAYMENT; INTEREST RATE.—For purposes of subsection (a)—

“(1) AMOUNT.—The amount of the underpayment on any day shall be the excess of—

“(A) the sum of the required installments for the taxable year the due dates for which are on or before such day, over

“(B) the sum of the amounts (if any) of estimated tax payments made on or before such day on such required installments.

“(2) DETERMINATION OF INTEREST RATE.—

“(A) IN GENERAL.—The underpayment rate with respect to any day in an installment underpayment period shall be the underpayment rate established under section 6621 for the first day of the calendar quarter in which such installment underpayment period begins.

“(B) INSTALLMENT UNDERPAYMENT PERIOD.—For purposes of subparagraph (A), the term ‘installment underpayment period’ means the period beginning on the day after the due date for a required installment and ending on the due date for the subsequent required installment (or in the case of the 4th required installment, the 15th day of the 4th month following the close of a taxable year).

“(C) DAILY RATE.—The rate determined under subparagraph (A) shall be applied on a daily basis and shall be based on the assumption of 365 days in a calendar year.

“(3) TERMINATION OF ESTIMATED TAX INTEREST.—No day after the end of the installment underpayment period for the 4th required installment specified in paragraph (2)(B) for a taxable year shall be treated as a day of underpayment with respect to such taxable year.”

(c) INCREASE IN SAFE HARBOR WHERE TAX IS SMALL.—

(1) IN GENERAL.—Clause (i) of section 6641(d)(1)(B) (as so redesignated) is amended to read as follows:

“(i) the lesser of—

“(I) 90 percent of the tax shown on the return for the taxable year (or, if no return is filed, 90 percent of the tax for such year), or

“(II) the tax shown on the return for the taxable year (or, if no return is filed, the tax for such year) reduced (but not below zero) by \$1,600, or”.

(2) CONFORMING AMENDMENT.—Subsection (e) of section 6641 (as so redesignated) is amended by striking paragraph (1) and redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(d) CONFORMING AMENDMENTS.—

(1) Paragraphs (1) and (2) of subsection (e) (as redesignated by subsection (c)(2)) and subsection (h) of section 6641 (as so designated) are each amended by striking “addition to tax” each place it occurs and inserting “interest”.

(2) Section 167(g)(5)(D) is amended by striking “6654” and inserting “6641”.

(3) Section 460(b)(1) is amended by striking “6654” and inserting “6641”.

(4) Section 3510(b) is amended—

(A) by striking “section 6654” in paragraph (1) and inserting “section 6641”;

(B) by amending paragraph (2)(B) to read as follows:

“(B) no interest would be required to be paid (but for this section) under 6641 for such taxable year by reason of the \$1,600 amount specified in section 6641(d)(1)(B)(i)(II).”;

(C) by striking “section 6654(d)(2)” in paragraph (3) and inserting “section 6641(d)(2)”;

and

(D) by striking paragraph (4).

(5) Section 6201(b)(1) is amended by striking “6654” and inserting “6641”.

(6) Section 6601(h) is amended by striking “6654” and inserting “6641”.

(7) Section 6621(b)(2)(B) is amended by striking “addition to tax under section 6654” and inserting “interest required to be paid under section 6641”.

(8) Section 6622(b) is amended—

(A) by striking “PENALTY FOR” in the heading; and

(B) by striking “addition to tax under section 6654 or 6655” and inserting “interest required to be paid under section 6641 or addition to tax under section 6655”.

(9) Section 6658(a) is amended—

(A) by striking “6654, or 6655” and inserting “or 6655, and no interest shall be required to be paid under section 6641.”; and

(B) by inserting “or paying interest” after “the tax” in paragraph (2)(B)(ii).

(10) Section 6665(b) is amended—

(A) in the matter preceding paragraph (1) by striking “, 6654,”; and

(B) in paragraph (2) by striking “6654 or”.

(11) Section 7203 is amended by striking “section 6654 or 6655” and inserting “section 6655 or interest required to be paid under section 6641”.

(e) CLERICAL AMENDMENTS.—

(1) Chapter 67 is amended by inserting after subchapter D the following:

##### “Subchapter E—Interest on Failure by Individual to Pay Estimated Income Tax

“Sec. 6641. Interest on failure by individual to pay estimated income tax.”.

(2) The table of subchapters for chapter 67 is amended by adding at the end the following new items:

“Subchapter D. Notice requirements.

“Subchapter E. Interest on failure by individual to pay estimated income tax.”.

(3) The table of sections for part I of subchapter A of chapter 68 is amended by striking the item relating to section 6654.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to installment payments for taxable years beginning after December 31, 2003.

##### SEC. 102. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 (relating to items specifically excluded from gross income) is amended by inserting after section 139 the following new section:

##### “SEC. 139A. EXCLUSION FROM GROSS INCOME FOR INTEREST ON OVERPAYMENTS OF INCOME TAX BY INDIVIDUALS.

“(a) IN GENERAL.—In the case of an individual, gross income shall not include interest paid under section 6611 on any overpayment of tax imposed by this subtitle.

“(b) EXCEPTION.—Subsection (a) shall not apply in the case of a failure to claim items resulting in the overpayment on the original return if the Secretary determines that the principal purpose of such failure is to take advantage of subsection (a).

“(c) SPECIAL RULE FOR DETERMINING MODIFIED ADJUSTED GROSS INCOME.—For purposes of this title, interest not included in gross income

under subsection (a) shall not be treated as interest which is exempt from tax for purposes of sections 32(i)(2)(B) and 6012(d) or any computation in which interest exempt from tax under this title is added to adjusted gross income.”.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 is amended by inserting after the item relating to section 139 the following new item:

“Sec. 139A. Exclusion from gross income for interest on overpayments of income tax by individuals.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to interest received in calendar years beginning after the date of the enactment of this Act.

#### SEC. 103. ABATEMENT OF INTEREST.

(a) ABATEMENT OF INTEREST WITH RESPECT TO ERRONEOUS REFUND CHECK WITHOUT REGARD TO SIZE OF REFUND.—Paragraph (2) of section 6404(e) is amended by striking “unless—” and all that follows and inserting “unless the taxpayer (or a related party) has in any way caused such erroneous refund.”.

(b) ABATEMENT OF INTEREST TO EXTENT INTEREST IS ATTRIBUTABLE TO TAXPAYER RELIANCE ON WRITTEN STATEMENTS OF THE IRS.—Subsection (f) of section 6404 is amended—

(1) in the subsection heading, by striking “PENALTY OR ADDITION” and inserting “INTEREST, PENALTY, OR ADDITION”; and

(2) in paragraph (1) and in subparagraph (B) of paragraph (2), by striking “penalty or addition” and inserting “interest, penalty, or addition”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to interest accruing on or after the date of the enactment of this Act.

#### SEC. 104. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS.

(a) IN GENERAL.—Subchapter A of chapter 67 (relating to interest on underpayments) is amended by adding at the end the following new section:

##### “SEC. 6603. DEPOSITS MADE TO SUSPEND RUNNING OF INTEREST ON POTENTIAL UNDERPAYMENTS, ETC.

“(a) AUTHORITY TO MAKE DEPOSITS OTHER THAN AS PAYMENT OF TAX.—A taxpayer may make a cash deposit with the Secretary which may be used by the Secretary to pay any tax imposed under subtitle A or B or chapter 41, 42, 43, or 44 which has not been assessed at the time of the deposit. Such a deposit shall be made in such manner as the Secretary shall prescribe.

“(b) NO INTEREST IMPOSED.—To the extent that such deposit is used by the Secretary to pay tax, for purposes of section 6601 (relating to interest on underpayments), the tax shall be treated as paid when the deposit is made.

“(c) RETURN OF DEPOSIT.—Except in a case where the Secretary determines that collection of tax is in jeopardy, the Secretary shall return to the taxpayer any amount of the deposit (to the extent not used for a payment of tax) which the taxpayer requests in writing.

“(d) PAYMENT OF INTEREST.—

“(1) IN GENERAL.—For purposes of section 6611 (relating to interest on overpayments), a deposit which is returned to a taxpayer shall be treated as a payment of tax for any period to the extent (and only to the extent) attributable to a disputable tax for such period. Under regulations prescribed by the Secretary, rules similar to the rules of section 6611(b)(2) shall apply.

“(2) DISPUTABLE TAX.—

“(A) IN GENERAL.—For purposes of this section, the term ‘disputable tax’ means the amount of tax specified at the time of the deposit as the taxpayer’s reasonable estimate of the maximum amount of any tax attributable to disputable items.

“(B) SAFE HARBOR BASED ON 30-DAY LETTER.—In the case of a taxpayer who has been issued a 30-day letter, the maximum amount of tax

under subparagraph (A) shall not be less than the amount of the proposed deficiency specified in such letter.

“(3) OTHER DEFINITIONS.—For purposes of paragraph (2)—

“(A) DISPUTABLE ITEM.—The term ‘disputable item’ means any item of income, gain, loss, deduction, or credit if the taxpayer—

“(i) has a reasonable basis for its treatment of such item, and

“(ii) reasonably believes that the Secretary also has a reasonable basis for disallowing the taxpayer’s treatment of such item.

“(B) 30-DAY LETTER.—The term ‘30-day letter’ means the first letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal Revenue Service Office of Appeals.

“(4) RATE OF INTEREST.—The rate of interest allowable under this subsection shall be the Federal short-term rate determined under section 6621(b), compounded daily.

“(e) USE OF DEPOSITS.—

“(1) PAYMENT OF TAX.—Except as otherwise provided by the taxpayer, deposits shall be treated as used for the payment of tax in the order deposited.

“(2) RETURNS OF DEPOSITS.—Deposits shall be treated as returned to the taxpayer on a last-in, first-out basis.”.

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 67 is amended by adding at the end the following new item:

“Sec. 6603. Deposits made to suspend running of interest on potential underpayments, etc.”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to deposits made after the date of the enactment of this Act.

(2) COORDINATION WITH DEPOSITS MADE UNDER REVENUE PROCEDURE 84-58.—In the case of an amount held by the Secretary of the Treasury or his delegate on the date of the enactment of this Act as a deposit in the nature of a cash bond deposit pursuant to Revenue Procedure 84-58, the date that the taxpayer identifies such amount as a deposit made pursuant to section 6603 of the Internal Revenue Code (as added by this Act) shall be treated as the date such amount is deposited for purposes of such section 6603.

#### SEC. 105. EXPANSION OF INTEREST NETTING FOR INDIVIDUALS.

(a) IN GENERAL.—Subsection (d) of section 6621 (relating to elimination of interest on overlapping periods of tax overpayments and underpayments) is amended by adding at the end the following: “Solely for purposes of the preceding sentence, section 6611(e) shall not apply in the case of an individual.”.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to interest accrued after December 31, 2003.

#### SEC. 106. WAIVER OF CERTAIN PENALTIES FOR FIRST-TIME UNINTENTIONAL MINOR ERRORS.

(a) IN GENERAL.—Section 6651 (relating to failure to file tax return or to pay tax) is amended by adding at the end the following new subsection:

“(i) TREATMENT OF FIRST-TIME UNINTENTIONAL MINOR ERRORS.—

“(1) IN GENERAL.—In the case of a return of tax imposed by subtitle A filed by an individual, the Secretary may waive an addition to tax under subsection (a) if—

“(A) the individual has a history of compliance with the requirements of this title,

“(B) it is shown that the failure is due to an unintentional minor error,

“(C) the penalty would be grossly disproportionate to the action or expense that would have been needed to avoid the error, and imposing the penalty would be against equity and good conscience,

“(D) waiving the penalty would promote compliance with the requirements of this title and effective tax administration, and

“(E) the taxpayer took all reasonable steps to remedy the error promptly after discovering it.

“(2) EXCEPTIONS.—Paragraph (1) shall not apply if—

“(A) the Secretary has waived any addition to tax under this subsection with respect to any prior failure by such individual,

“(B) the failure is a mathematical or clerical error (as defined in section 6213(g)(2)), or

“(C) the failure is the lack of a required signature.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2004.

#### SEC. 107. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

##### “SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

“(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of \$5,000 if—

“(1) such person files what purports to be a return of a tax imposed by this title but which—

“(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

“(B) contains information that on its face indicates that the self-assessment is substantially incorrect; and

“(2) the conduct referred to in paragraph (1)—

“(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

“(B) reflects a desire to delay or impede the administration of Federal tax laws.

“(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

“(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of \$5,000.

“(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

“(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term ‘specified frivolous submission’ means a specified submission if any portion of such submission is based on a position which the Secretary has identified as frivolous under subsection (c).

“(B) SPECIFIED SUBMISSION.—The term ‘specified submission’ means—

“(i) a request for a hearing under—

“(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

“(II) section 6330 (relating to notice and opportunity for hearing before levy), and

“(ii) an application under—

“(I) section 7811 (relating to taxpayer assistance orders),

“(II) section 6159 (relating to agreements for payment of tax liability in installments), or

“(III) section 7122 (relating to compromises).

“(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

“(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(I).

“(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

“(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section

shall be in addition to any other penalty provided by law.”.

(b) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

“Sec. 6702. Frivolous tax submissions.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

**SEC. 108. CLARIFICATION OF APPLICATION OF FEDERAL TAX DEPOSIT PENALTY.**

Nothing in section 6656 of the Internal Revenue Code of 1986 shall be construed to permit the percentage specified in subsection (b)(1)(A)(iii) thereof to apply other than in a case where the failure is for more than 15 days.

**TITLE II—FAIRNESS OF COLLECTION PROCEDURES**

**SEC. 201. PARTIAL PAYMENT OF TAX LIABILITY IN INSTALLMENT AGREEMENTS.**

(a) IN GENERAL.—

(1) Section 6159(a) (relating to authorization of agreements) is amended—

(A) by striking “satisfy liability for payment of” and inserting “make payment on”, and

(B) by inserting “full or partial” after “facilitate”.

(2) Section 6159(c) (relating to Secretary required to enter into installment agreements in certain cases) is amended in the matter preceding paragraph (1) by inserting “full” before “payment”.

(b) REQUIREMENT TO REVIEW PARTIAL PAYMENT AGREEMENTS EVERY TWO YEARS.—Section 6159 is amended by redesignating subsections (d) and (e) as subsections (e) and (f), respectively, and inserting after subsection (c) the following new subsection:

“(d) SECRETARY REQUIRED TO REVIEW INSTALLMENT AGREEMENTS FOR PARTIAL COLLECTION EVERY TWO YEARS.—In the case of an agreement entered into by the Secretary under subsection (a) for partial collection of a tax liability, the Secretary shall review the agreement at least once every 2 years.”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date of the enactment of this Act.

**SEC. 202. EXTENSION OF TIME FOR RETURN OF PROPERTY.**

(a) EXTENSION OF TIME FOR RETURN OF PROPERTY SUBJECT TO LEVY.—Subsection (b) of section 6343 (relating to return of property) is amended by striking “9 months” and inserting “2 years”.

(b) PERIOD OF LIMITATION ON SUITS.—Subsection (c) of section 6532 (relating to suits by persons other than taxpayers) is amended—

(1) in paragraph (1) by striking “9 months” and inserting “2 years”, and

(2) in paragraph (2) by striking “9-month” and inserting “2-year”.

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

(1) levies made after the date of the enactment of this Act, and

(2) levies made on or before such date if the 9-month period has not expired under section 6343(b) of the Internal Revenue Code of 1986 (without regard to this section) as of such date.

**SEC. 203. INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC., ON INDIVIDUAL RETIREMENT PLAN.**

(a) IN GENERAL.—Section 6343 (relating to authority to release levy and return property) is amended by adding at the end the following new subsection:

“(f) INDIVIDUALS HELD HARMLESS ON WRONGFUL LEVY, ETC. ON INDIVIDUAL RETIREMENT PLAN.—

“(1) IN GENERAL.—If the Secretary determines that an individual retirement plan has been lev-

ied upon in a case to which subsection (b) or (d)(2)(A) applies, an amount equal to the sum of—

“(A) the amount of money returned by the Secretary on account of such levy, and

“(B) interest paid under subsection (c) on such amount of money,

may be deposited into an individual retirement plan (other than an endowment contract) to which a rollover from the plan levied upon is permitted.

“(2) TREATMENT AS ROLLOVER.—The distribution on account of the levy and any deposit under paragraph (1) with respect to such distribution shall be treated for purposes of this title as if such distribution and deposit were part of a rollover described in section 408(d)(3)(A)(i); except that—

“(A) interest paid under subsection (c) shall be treated as part of such distribution and as not includible in gross income,

“(B) the 60-day requirement in such section shall be treated as met if the deposit is made not later than the 60th day after the day on which the individual receives an amount under paragraph (1) from the Secretary, and

“(C) such deposit shall not be taken into account under section 408(d)(3)(B).

“(3) REFUND, ETC., OF INCOME TAX ON LEVY.—If any amount is includible in gross income for a taxable year by reason of a levy referred to in paragraph (1) and any portion of such amount is treated as a rollover under paragraph (2), any tax imposed by chapter 1 on such portion shall not be assessed, and if assessed shall be abated, and if collected shall be credited or refunded as an overpayment made on the due date for filing the return of tax for such taxable year.

“(4) INTEREST.—Notwithstanding subsection (d), interest shall be allowed under subsection (c) in a case in which the Secretary makes a determination described in subsection (d)(2)(A) with respect to a levy upon an individual retirement plan.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid under subsections (b), (c), and (d)(2)(A) of section 6343 of the Internal Revenue Code of 1986 after December 31, 2003.

**SEC. 204. SEVEN-DAY THRESHOLD ON TOLLING OF STATUTE OF LIMITATIONS DURING TAX REVIEW.**

(a) IN GENERAL.—Section 7811(d)(1) (relating to suspension of running of period of limitation) is amended by inserting after “application,” the following: “but only if the date of such decision is at least 7 days after the date of the taxpayer’s application.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to applications filed after the date of the enactment of this Act.

**SEC. 205. STUDY OF LIENS AND LEVIES.**

The Secretary of the Treasury, or the Secretary’s delegate, shall conduct a study of the practices of the Internal Revenue Service concerning liens and levies. The study shall examine—

(1) the declining use of liens and levies by the Internal Revenue Service, and

(2) the practicality of recording liens and levying against property in cases in which the cost of such actions exceeds the amount to be realized from such property.

Not later than 1 year after the date of the enactment of this Act, the Secretary shall submit such study to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.

**TITLE III—TAX ADMINISTRATION REFORMS**

**SEC. 301. REVISIONS RELATING TO TERMINATION OF EMPLOYMENT OF INTERNAL REVENUE SERVICE EMPLOYEES FOR MISCONDUCT.**

(a) IN GENERAL.—Subchapter A of chapter 80 (relating to application of internal revenue laws) is amended by inserting after section 7804 the following new section:

**“SEC. 7804A. DISCIPLINARY ACTIONS FOR MISCONDUCT.**

“(a) DISCIPLINARY ACTIONS.—

“(1) IN GENERAL.—Subject to subsection (c), the Commissioner shall take an action in accordance with the guidelines established under paragraph (2) against any employee of the Internal Revenue Service if there is a final administrative or judicial determination that such employee committed any act or omission described under subsection (b) in the performance of the employee’s official duties or where a nexus to the employee’s position exists.

“(2) GUIDELINES.—The Commissioner shall issue guidelines for determining the appropriate level of discipline, up to and including termination of employment, for committing any act or omission described under subsection (b).

“(b) ACTS OR OMISSIONS.—The acts or omissions described under this subsection are—

“(1) willful failure to obtain the required approval signatures on documents authorizing the seizure of a taxpayer’s home, personal belongings, or business assets;

“(2) willfully providing a false statement under oath with respect to a material matter involving a taxpayer or taxpayer representative;

“(3) with respect to a taxpayer or taxpayer representative, the willful violation of—

“(A) any right under the Constitution of the United States;

“(B) any civil right established under—

“(i) title VI or VII of the Civil Rights Act of 1964;

“(ii) title IX of the Education Amendments of 1972;

“(iii) the Age Discrimination in Employment Act of 1967;

“(iv) the Age Discrimination Act of 1975;

“(v) section 501 or 504 of the Rehabilitation Act of 1973; or

“(vi) title I of the Americans with Disabilities Act of 1990; or

“(C) the Internal Revenue Service policy on unauthorized inspection of returns or return information;

“(4) willfully falsifying or destroying documents to conceal mistakes made by any employee with respect to a matter involving a taxpayer or taxpayer representative;

“(5) assault or battery on a taxpayer or taxpayer representative, but only if there is a criminal conviction, or a final adverse judgment by a court in a civil case, with respect to the assault or battery;

“(6) willful violations of this title, Department of the Treasury regulations, or policies of the Internal Revenue Service (including the Internal Revenue Manual) for the purpose of retaliating against, or harassing, a taxpayer or taxpayer representative;

“(7) willful misuse of the provisions of section 6103 for the purpose of concealing information from a congressional inquiry;

“(8) willful failure to file any return of tax required under this title on or before the date prescribed therefor (including any extensions) when a tax is due and owing, unless such failure is due to reasonable cause and not due to willful neglect;

“(9) willful understatement of Federal tax liability, unless such understatement is due to reasonable cause and not due to willful neglect; and

“(10) threatening to audit a taxpayer, or to take other action under this title, for the purpose of extracting personal gain or benefit.

“(c) DETERMINATIONS OF COMMISSIONER.—

“(1) IN GENERAL.—The Commissioner may take a personnel action other than a disciplinary action provided for in the guidelines under subsection (a)(2) for an act or omission described under subsection (b).

“(2) DISCRETION.—The exercise of authority under paragraph (1) shall be at the sole discretion of the Commissioner and may not be delegated to any other officer. The Commissioner, in his sole discretion, may establish a procedure to

determine if an individual should be referred to the Commissioner for a determination by the Commissioner under paragraph (1).

“(3) NO APPEAL.—Notwithstanding any other provision of law, any determination of the Commissioner under this subsection may not be reviewed in any administrative or judicial proceeding. A finding that an act or omission described under subsection (b) occurred may be reviewed.

“(d) DEFINITION.—For the purposes of the provisions described in clauses (i), (ii), and (iv) of subsection (b)(3)(B), references to a program or activity regarding Federal financial assistance or an education program or activity receiving Federal financial assistance shall include any program or activity conducted by the Internal Revenue Service for a taxpayer.

“(e) ANNUAL REPORT.—The Commissioner shall submit to Congress annually a report on disciplinary actions under this section.”

(b) CLERICAL AMENDMENT.—The table of sections for chapter 80 is amended by inserting after the item relating to section 7804 the following new item:

“Sec. 7804A. Disciplinary actions for misconduct.”

(c) REPEAL OF SUPERSEDED SECTION.—Section 1203 of the Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105-206; 112 Stat. 720) is repealed.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 302. CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.**

(a) CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.—Subsection (b) of section 6214 (relating to jurisdiction over other years and quarters) is amended by adding at the end the following new sentence: “Notwithstanding the preceding sentence, the Tax Court may apply the doctrine of equitable recoupment to the same extent that it is available in civil tax cases before the district courts of the United States and the United States Court of Federal Claims.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any action or proceeding in the Tax Court with respect to which a decision has not become final (as determined under section 7481 of the Internal Revenue Code of 1986) as of the date of the enactment of this Act.

**SEC. 303. JURISDICTION OF TAX COURT OVER COLLECTION DUE PROCESS CASES.**

(a) IN GENERAL.—Section 6330(d)(1) (relating to judicial review of determination) is amended to read as follows:

“(1) JUDICIAL REVIEW OF DETERMINATION.—The person may, within 30 days of a determination under this section, appeal such determination to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).”

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to judicial appeals filed after the date of the enactment of this Act.

**SEC. 304. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS IN COMPROMISE.**

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking “Whenever a compromise” and all that follows through “his delegate” and inserting “If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel’s delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion”.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

**SEC. 305. 15-DAY DELAY IN DUE DATE FOR ELECTRONICALLY FILED INDIVIDUAL INCOME TAX RETURNS.**

(a) IN GENERAL.—Section 6072 (relating to time for filing income tax returns) is amended by adding at the end the following new subsection:

“(f) ELECTRONICALLY FILED RETURNS OF INDIVIDUALS.—

“(1) IN GENERAL.—Returns of an individual under section 6012 or 6013 (other than an individual to whom subsection (c) applies) which are filed electronically—

“(A) in the case of returns filed on the basis of a calendar year, shall be filed on or before the 30th day of April following the close of the calendar year, and

“(B) in the case of returns filed on the basis of a fiscal year, shall be filed on or before the last day of the 4th month following the close of the fiscal year.

“(2) ELECTRONIC FILING.—Paragraph (1) shall not apply to any return unless—

“(A) such return is accepted by the Secretary, and

“(B) the balance due (if any) shown on such return is paid electronically in a manner prescribed by the Secretary.

“(3) SPECIAL RULES.—

“(A) ESTIMATED TAX.—If—

“(i) paragraph (1) applies to an individual for any taxable year, and

“(ii) there is an overpayment of tax shown on the return for such year which the individual allows against the individual’s obligation under section 6641,

then, with respect to the amount so allowed, any reference in section 6641 to the April 15 following such taxable year shall be treated as a reference to April 30.

“(B) REFERENCES TO DUE DATE.—Paragraph (1) shall apply solely for purposes of determining the due date for the individual’s obligation to file and pay tax and, except as otherwise provided by the Secretary, shall be treated as an extension of the due date for any other purpose under this title.

“(4) TERMINATION.—This subsection shall not apply to any return filed with respect to a taxable year which begins after December 31, 2005.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to returns filed with respect to taxable years beginning after December 31, 2002.

**SEC. 306. ACCESS OF NATIONAL TAXPAYER ADVOCATE TO INDEPENDENT LEGAL COUNSEL.**

Clause (i) of section 7803(c)(2)(D) (relating to personnel actions) is amended by striking “and” at the end of subclause (I), by striking the period at the end of subclause (II) and inserting “, and”, and by adding at the end the following new subclause:

“(III) appoint a counsel in the Office of the Taxpayer Advocate to report solely to the National Taxpayer Advocate.”

**SEC. 307. PAYMENT OF MOTOR FUEL EXCISE TAX REFUNDS BY DIRECT DEPOSIT.**

(a) IN GENERAL.—Subchapter II of chapter 33 of title 31, United States Code, is amended by adding at the end the following new section:

“§3337. Payment of motor fuel excise tax refunds by direct deposit

“The Secretary of the Treasury shall make payments under sections 6420, 6421, and 6427 of the Internal Revenue Code of 1986 by electronic funds transfer (as defined in section 3332(j)(1)) if the person who is entitled to the payment—

“(1) elects to receive the payment by electronic funds transfer; and

“(2) satisfies the requirements of section 3332(g) with respect to such payment at such time and in such manner as the Secretary may require.”

(b) CLERICAL AMENDMENT.—The table of sections for subchapter II of chapter 33 of title 31, United States Code, is amended by adding at the end the following new item:

“3337. Payment of motor fuel excise tax refunds by direct deposit.”

**SEC. 308. FAMILY BUSINESS TAX SIMPLIFICATION.**

(a) IN GENERAL.—Section 761 (defining terms for purposes of partnerships) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

“(f) QUALIFIED JOINT VENTURE.—

“(1) IN GENERAL.—In the case of a qualified joint venture conducted by a husband and wife who file a joint return for the taxable year, for purposes of this title—

“(A) such joint venture shall not be treated as a partnership,

“(B) all items of income, gain, loss, deduction, and credit shall be divided between the spouses in accordance with their respective interests in the venture, and

“(C) each spouse shall take into account such spouse’s respective share of such items as if they were attributable to a trade or business conducted by such spouse as a sole proprietor.

“(2) QUALIFIED JOINT VENTURE.—For purposes of paragraph (1), the term ‘qualified joint venture’ means any joint venture involving the conduct of a trade or business if—

“(A) the only members of such joint venture are a husband and wife,

“(B) both spouses materially participate (within the meaning of section 469(h) without regard to paragraph (5) thereof) in such trade or business, and

“(C) both spouses elect the application of this subsection.”

(b) NET EARNINGS FROM SELF-EMPLOYMENT.—

(1) Subsection (a) of section 1402 (defining net earnings from self-employment) is amended by striking “and” at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting “; and”, and by inserting after paragraph (15) the following new paragraph:

“(16) notwithstanding the preceding provisions of this subsection, each spouse’s share of income or loss from a qualified joint venture shall be taken into account as provided in section 761(f) in determining net earnings from self-employment of such spouse.”

(2) Subsection (a) of section 211 of the Social Security Act (defining net earnings from self-employment) is amended by striking “and” at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting “; and”, and by inserting after paragraph (15) the following new paragraph:

“(16) Notwithstanding the preceding provisions of this subsection, each spouse’s share of income or loss from a qualified joint venture shall be taken into account as provided in section 761(f) of the Internal Revenue Code of 1986 in determining net earnings from self-employment of such spouse.”

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

**SEC. 309. HEALTH INSURANCE COSTS OF ELIGIBLE INDIVIDUALS.**

(a) CONSUMER OPTIONS.—

(1) IN GENERAL.—Paragraph (2) of section 35(e) is amended by adding at the end the following new subparagraphs:

“(C) WAIVER BY ELIGIBLE INDIVIDUALS.—With respect to any month, clauses (i) and (ii) of subparagraph (A) shall not apply with respect to any eligible individual and such individual’s qualifying family members if such individual—

“(i) does not reside in a State which the Secretary has identified by regulation, guidance, or otherwise as a State in which any coverage which—

“(I) is described in any of subparagraphs (C) through (H) of paragraph (1), and

“(II) meets the requirements of subparagraphs (A) and (B) of this paragraph,

is available to eligible individuals (and their qualifying family members) residing in the State, and

“(i) elects to waive the application of clauses (i) and (ii) of subparagraph (A) of this paragraph.

“(D) ELECTION.—Any election made under subparagraph (C)(ii) shall be effective for the month for which such election is made and for all subsequent months.

“(E) TERMINATION.—Subparagraphs (C) and (D) shall not apply to any month beginning after December 31, 2004.”.

(2) NO IMPACT ON STATE CONSUMER PROTECTIONS.—Nothing in the amendment made by paragraph (1) supercedes or otherwise affects the application of State law relating to consumer insurance protections (including State law implementing the requirements of part B of title XXVII of the Public Health Service Act).

(b) STATE-BASED CONTINUATION COVERAGE NOT SUBJECT TO REQUIREMENTS.—Subparagraphs (A) and (B)(i) of section 35(e)(2) are each amended by striking “subparagraphs (B) through (H)” and inserting “subparagraphs (C) through (H)”.

(c) EFFECTIVE DATE.—

(1) CONSUMER OPTIONS.—The amendment made by subsection (a) shall apply to months beginning after the date of the enactment of this Act.

(2) STATE-BASED CONTINUATION COVERAGE.—The amendments made by subsection (b) shall take effect as if included in section 201(a) of the Trade Act of 2002.

#### SEC. 310. SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

“(p) SUSPENSION OF TAX-EXEMPT STATUS OF TERRORIST ORGANIZATIONS.—

“(1) IN GENERAL.—The exemption from tax under subsection (a) with respect to any organization described in paragraph (2), and the eligibility of any organization described in paragraph (2) to apply for recognition of exemption under subsection (a), shall be suspended during the period described in paragraph (3).

“(2) TERRORIST ORGANIZATIONS.—An organization is described in this paragraph if such organization is designated or otherwise individually identified—

“(A) under section 212(a)(3)(B)(vi)(II) or 219 of the Immigration and Nationality Act as a terrorist organization or foreign terrorist organization,

“(B) in or pursuant to an Executive order which is related to terrorism and issued under the authority of the International Emergency Economic Powers Act or section 5 of the United Nations Participation Act of 1945 for the purpose of imposing on such organization an economic or other sanction, or

“(C) in or pursuant to an Executive order issued under the authority of any Federal law if—

“(i) the organization is designated or otherwise individually identified in or pursuant to such Executive order as supporting or engaging in terrorist activity (as defined in section 212(a)(3)(B) of the Immigration and Nationality Act) or supporting terrorism (as defined in section 140(d)(2) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989); and

“(ii) such Executive order refers to this subsection.

“(3) PERIOD OF SUSPENSION.—With respect to any organization described in paragraph (2), the period of suspension—

“(A) begins on the later of—

“(i) the date of the first publication of a designation or identification described in paragraph (2) with respect to such organization, or

“(ii) the date of the enactment of this subsection, and

“(B) ends on the first date that all designations and identifications described in paragraph (2) with respect to such organization are re-

scinded pursuant to the law or Executive order under which such designation or identification was made.

“(4) DENIAL OF DEDUCTION.—No deduction shall be allowed under section 170, 545(b)(2), 556(b)(2), 642(c), 2055, 2106(a)(2), or 2522 for any contribution to an organization described in paragraph (2) during the period described in paragraph (3).

“(5) DENIAL OF ADMINISTRATIVE OR JUDICIAL CHALLENGE OF SUSPENSION OR DENIAL OF DEDUCTION.—Notwithstanding section 7428 or any other provision of law, no organization or other person may challenge a suspension under paragraph (1), a designation or identification described in paragraph (2), the period of suspension described in paragraph (3), or a denial of a deduction under paragraph (4) in any administrative or judicial proceeding relating to the Federal tax liability of such organization or other person.

“(6) ERRONEOUS DESIGNATION.—

“(A) IN GENERAL.—If—

“(i) the tax exemption of any organization described in paragraph (2) is suspended under paragraph (1),

“(ii) each designation and identification described in paragraph (2) which has been made with respect to such organization is determined to be erroneous pursuant to the law or Executive order under which such designation or identification was made, and

“(iii) the erroneous designations and identifications result in an overpayment of income tax for any taxable year by such organization, credit or refund (with interest) with respect to such overpayment shall be made.

“(B) WAIVER OF LIMITATIONS.—If the credit or refund of any overpayment of tax described in subparagraph (A)(iii) is prevented at any time by the operation of any law or rule of law (including *res judicata*), such credit or refund may nevertheless be allowed or made if the claim therefor is filed before the close of the 1-year period beginning on the date of the last determination described in subparagraph (A)(ii).

“(7) NOTICE OF SUSPENSIONS.—If the tax exemption of any organization is suspended under this subsection, the Internal Revenue Service shall update the listings of tax-exempt organizations and shall publish appropriate notice to taxpayers of such suspension and of the fact that contributions to such organization are not deductible during the period of such suspension.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to designations made before, on, or after the date of the enactment of this Act.

#### SEC. 311. EXTENSION OF JOINT REVIEW OF STRATEGIC PLANS AND BUDGET FOR THE INTERNAL REVENUE SERVICE.

(a) IN GENERAL.—Paragraph (2) of section 8021(f) (relating to joint reviews) is amended by striking “2004” and inserting “2009”.

(b) REPORT.—Subparagraph (C) of section 8022(3) (regarding reports) is amended—

(1) by striking “2004” and inserting “2009”, and

(2) by striking “with respect to—” and all that follows and inserting “with respect to the matters addressed in the joint review referred to in section 8021(f)(2).”.

#### TITLE IV—CONFIDENTIALITY AND DISCLOSURE

#### SEC. 401. COLLECTION ACTIVITIES WITH RESPECT TO JOINT RETURN DISCLOSED TO EITHER SPOUSE BASED ON ORAL REQUEST.

(a) IN GENERAL.—Paragraph (8) of section 6103(e) (relating to disclosure of collection activities with respect to joint return) is amended by striking “in writing” the first place it appears.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to requests made after the date of the enactment of this Act.

#### SEC. 402. TAXPAYER REPRESENTATIVES NOT SUBJECT TO EXAMINATION ON SOLE BASIS OF REPRESENTATION OF TAXPAYERS.

(a) IN GENERAL.—Paragraph (1) of section 6103(h) (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended—

(1) by striking “Returns” and inserting the following:

“(A) IN GENERAL.—Returns”, and

(2) by adding at the end the following new subparagraph:

“(B) TAXPAYER REPRESENTATIVES.—Notwithstanding subparagraph (A), the return of the representative of a taxpayer whose return is being examined by an officer or employee of the Department of the Treasury shall not be open to inspection by such officer or employee on the sole basis of the representative’s relationship to the taxpayer unless a supervisor of such officer or employee has approved the inspection of the return of such representative on a basis other than by reason of such relationship.”.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date which is 180 days after the date of the enactment of this Act.

#### SEC. 403. DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS WHO ARE NOT PARTY TO SUCH PROCEEDINGS.

(a) IN GENERAL.—Paragraph (4) of section 6103(h) (relating to disclosure to certain Federal officers and employees for purposes of tax administration, etc.) is amended by adding at the end the following new subparagraph:

“(B) DISCLOSURE IN JUDICIAL OR ADMINISTRATIVE TAX PROCEEDINGS OF RETURN AND RETURN INFORMATION OF PERSONS NOT PARTY TO SUCH PROCEEDINGS.—

“(i) NOTICE.—Return or return information of any person who is not a party to a judicial or administrative proceeding described in this paragraph shall not be disclosed under clause (ii) or (iii) of subparagraph (A) until after the Secretary makes a reasonable effort to give notice to such person and an opportunity for such person to request the deletion of matter from such return or return information, including any of the items referred to in paragraphs (1) through (7) of section 6110(c). Such notice shall include a statement of the issue or issues the resolution of which is the reason such return or return information is sought. In the case of S corporations, partnerships, estates, and trusts, such notice shall be made at the entity level.

“(ii) DISCLOSURE LIMITED TO PERTINENT PORTION.—The only portion of a return or return information described in clause (i) which may be disclosed under subparagraph (A) is that portion of such return or return information that directly relates to the resolution of an issue in such proceeding.

“(iii) EXCEPTIONS.—Clause (i) shall not apply—

“(I) to any civil action under section 7407, 7408, or 7409,

“(II) to any ex parte proceeding for obtaining a search warrant, order for entry on premises or safe deposit boxes, or similar ex parte proceeding,

“(III) to disclosure of third party return information by indictment or criminal information, or

“(IV) if the Attorney General or the Attorney General’s delegate determines that the application of such clause would seriously impair a criminal tax investigation or proceeding.”.

(b) CONFORMING AMENDMENTS.—Paragraph (4) of section 6103(h) is amended by—

(1) by striking “PROCEEDINGS.—A return” and inserting “PROCEEDINGS.—

“(A) IN GENERAL.—Except as provided in subparagraph (B), a return”;

(2) by redesignating subparagraphs (A), (B), (C), and (D) as clauses (i), (ii), (iii), and (iv), respectively, and by moving such clauses 2 ems to the right; and

(3) in the matter following clause (iv) (as so redesignated), by striking “subparagraph (A), (B), or (C)” and inserting “clause (i), (ii), or (iii)” and by moving such matter 2 ems to the right.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to proceedings commenced after the date of the enactment of this Act.

**SEC. 404. PROHIBITION OF DISCLOSURE OF TAXPAYER IDENTIFICATION INFORMATION WITH RESPECT TO DISCLOSURE OF ACCEPTED OFFERS-IN-COM-PROMISE.**

(a) **GENERAL.**—Paragraph (1) of section 6103(k) (relating to disclosure of certain returns and return information for tax administrative purposes) is amended by inserting “(other than the taxpayer’s address and TIN)” after “Return information”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to disclosures made after the date of the enactment of this Act.

**SEC. 405. COMPLIANCE BY CONTRACTORS WITH CONFIDENTIALITY SAFEGUARDS.**

(a) **IN GENERAL.**—Section 6103(p) (relating to State law requirements) is amended by adding at the end the following new paragraph:

“(9) **DISCLOSURE TO CONTRACTORS AND OTHER AGENTS.**—Notwithstanding any other provision of this section, no return or return information shall be disclosed to any contractor or other agent of a Federal, State, or local agency unless such agency, to the satisfaction of the Secretary—

“(A) has requirements in effect which require each such contractor or other agent which would have access to returns or return information to provide safeguards (within the meaning of paragraph (4)) to protect the confidentiality of such returns or return information.

“(B) agrees to conduct an annual, on-site review (mid-point review in the case of contracts of less than 1 year in duration) of each such contractor or other agent to determine compliance with such requirements.

“(C) submits the findings of the most recent review conducted under subparagraph (B) to the Secretary as part of the report required by paragraph (4)(E), and

“(D) certifies to the Secretary for the most recent annual period that each such contractor or other agent is in compliance with all such requirements.

The certification required by subparagraph (D) shall include the name and address of each contractor and other agent, a description of the contract of the contractor or other agent with the agency, and the duration of such contract.”

(b) **CONFORMING AMENDMENT.**—Subparagraph (B) of section 6103(p)(8) is amended by inserting “or paragraph (9)” after “subparagraph (A)”.

(c) **EFFECTIVE DATE.**—

(1) **IN GENERAL.**—The amendments made by this section shall apply to disclosures made after December 31, 2003.

(2) **CERTIFICATIONS.**—The first certification under section 6103(p)(9)(D) of the Internal Revenue Code of 1986, as added by subsection (a), shall be made with respect to calendar year 2004.

**SEC. 406. HIGHER STANDARDS FOR REQUESTS FOR AND CONSENTS TO DISCLOSURE.**

(a) **IN GENERAL.**—Subsection (c) of section 6103 (relating to disclosure of returns and return information to designee of taxpayer) is amended by adding at the end the following new paragraphs:

“(2) **REQUIREMENTS FOR VALID REQUESTS AND CONSENTS.**—A request for or consent to disclosure under paragraph (1) shall only be valid for purposes of this section, sections 7213, 7213A, and 7431 if—

“(A) at the time of execution, such request or consent designates a recipient of such disclosure and is dated, and

“(B) at the time such request or consent is submitted to the Secretary, the submitter of such request or consent certifies, under penalty of perjury, that such request or consent complied with subparagraph (A).

“(3) **RESTRICTIONS ON PERSONS OBTAINING INFORMATION.**—Any person shall, as a condition for receiving return or return information under paragraph (1)—

“(A) ensure that such return and return information is kept confidential,

“(B) use such return and return information only for the purpose for which it was requested, and

“(C) not disclose such return and return information except to accomplish the purpose for which it was requested, unless a separate consent from the taxpayer is obtained.

“(4) **REQUIREMENTS FOR FORM PRESCRIBED BY SECRETARY.**—For purposes of this subsection, the Secretary shall prescribe a form for requests and consents which shall—

“(A) contain a warning, prominently displayed, informing the taxpayer that the form should not be signed unless it is completed,

“(B) state that if the taxpayer believes there is an attempt to coerce him to sign an incomplete or blank form, the taxpayer should report the matter to the Treasury Inspector General for Tax Administration, and

“(C) contain the address and telephone number of the Treasury Inspector General for Tax Administration.”

(b) **REPORT.**—Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to the Congress on compliance with the designation and certification requirements applicable to requests for or consent to disclosure of returns and return information under section 6103(c) of the Internal Revenue Code of 1986, as amended by subsection (a). Such report shall—

(1) evaluate (on the basis of random sampling) whether—

(A) the amendment made by subsection (a) is achieving the purposes of this section;

(B) requesters and submitters for such disclosure are continuing to evade the purposes of this section and, if so, how; and

(C) the sanctions for violations of such requirements are adequate; and

(2) include such recommendations that the Treasury Inspector General for Tax Administration considers necessary or appropriate to better achieve the purposes of this section.

(c) **CONFORMING AMENDMENTS.**—

(1) Section 6103(c) is amended by striking “TAXPAYER.—The Secretary” and inserting “TAXPAYER.—

“(1) **IN GENERAL.**—The Secretary”.

(2) Section 7213(a)(1) is amended by striking “section 6103(n)” and inserting “subsections (c) and (n) of section 6103”.

(3) Section 7213A(a)(1)(B) is amended by striking “subsection (l)(18) or (n) of section 6103” and inserting “subsection (c), (l)(18), or (n) of section 6103”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to requests and consents made after 3 months after the date of the enactment of this Act.

**SEC. 407. NOTICE TO TAXPAYER CONCERNING ADMINISTRATIVE DETERMINATION OF BROWSING; ANNUAL REPORT.**

(a) **NOTICE TO TAXPAYER.**—Subsection (e) of section 7431 (relating to notification of unlawful inspection and disclosure) is amended by adding at the end the following: “The Secretary shall also notify such taxpayer if the Treasury Inspector General for Tax Administration substantiates that such taxpayer’s return or return information was inspected or disclosed in violation of any of the provisions specified in paragraph (1), (2), or (3).”

(b) **REPORTS.**—Subsection (p) of section 6103 (relating to procedure and recordkeeping), as amended by section 405, is further amended by adding at the end the following new paragraph:

“(10) **REPORT ON UNAUTHORIZED DISCLOSURE AND INSPECTION.**—As part of the report required by paragraph (3)(C) for each calendar year, the Secretary shall furnish information regarding the unauthorized disclosure and inspection of returns and return information, including the number, status, and results of—

“(A) administrative investigations,

“(B) civil lawsuits brought under section 7431 (including the amounts for which such lawsuits were settled and the amounts of damages awarded), and

“(C) criminal prosecutions.”.

(c) **EFFECTIVE DATE.**—

(1) **NOTICE.**—The amendment made by subsection (a) shall apply to determinations made after the date of the enactment of this Act.

(2) **REPORTS.**—The amendment made by subsection (b) shall apply to calendar years ending after the date of the enactment of this Act.

**SEC. 408. EXPANDED DISCLOSURE IN EMERGENCY CIRCUMSTANCES.**

(a) **IN GENERAL.**—Section 6103(i)(3)(B) (relating to danger of death or physical injury) is amended by striking “or State” and inserting “, State, or local”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall take effect on the date of the enactment of this Act.

**SEC. 409. DISCLOSURE OF TAXPAYER IDENTITY FOR TAX REFUND PURPOSES.**

(a) **IN GENERAL.**—Paragraph (1) of section 6103(m) (relating to disclosure of taxpayer identity information) is amended by striking “and other media” and by inserting “, other media, and through any other means of mass communication,”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act.

**SEC. 410. DISCLOSURE TO STATE OFFICIALS OF PROPOSED ACTIONS RELATED TO SECTION 501(e)(3) ORGANIZATIONS.**

(a) **IN GENERAL.**—Subsection (c) of section 6104 is amended by striking paragraph (2) and inserting the following new paragraphs:

“(2) **DISCLOSURE OF PROPOSED ACTIONS.**—

“(A) **SPECIFIC NOTIFICATIONS.**—In the case of an organization to which paragraph (1) applies, the Secretary may disclose to the appropriate State officer—

“(i) a notice of proposed refusal to recognize such organization as an organization described in section 501(c)(3) or a notice of proposed revocation of such organization’s recognition as an organization exempt from taxation,

“(ii) the issuance of a letter of proposed deficiency of tax imposed under section 507 or chapter 41 or 42, and

“(iii) the names, addresses, and taxpayer identification numbers of organizations that have applied for recognition as organizations described in section 501(c)(3).

“(B) **ADDITIONAL DISCLOSURES.**—Returns and return information of organizations with respect to which information is disclosed under subparagraph (A) may be made available for inspection by or disclosed to an appropriate State officer.

“(C) **PROCEDURES FOR DISCLOSURE.**—Information may be inspected or disclosed under subparagraph (A) or (B) only—

“(i) upon written request by an appropriate State officer, and

“(ii) for the purpose of, and only to the extent necessary in, the administration of State laws regulating such organizations.

Such information may only be inspected by or disclosed to a person other than the appropriate State officer if such person is an officer or employee of the State and is designated by the appropriate State officer to receive the returns or return information under this paragraph on behalf of the appropriate State officer.

“(D) **DISCLOSURES OTHER THAN BY REQUEST.**—The Secretary may make available for inspection or disclose returns and return information

of an organization to which paragraph (1) applies to an appropriate State officer of any State if the Secretary determines that such inspection or disclosure may facilitate the resolution of State or Federal issues relating to the tax-exempt status of such organization.

**(3) USE IN ADMINISTRATIVE AND JUDICIAL CIVIL PROCEEDINGS.**—Returns and return information disclosed pursuant to this subsection may be disclosed in administrative and judicial civil proceedings pertaining to the enforcement of State laws regulating such organizations in a manner prescribed by the Secretary similar to that for tax administration proceedings under section 6103(h)(4).

**(4) NO DISCLOSURE IF IMPAIRMENT.**—Returns and return information shall not be disclosed under this subsection, or in any proceeding described in paragraph (3), to the extent that the Secretary determines that such disclosure would seriously impair Federal tax administration.

**(5) DEFINITIONS.**—For purposes of this subsection—

**(A) RETURN AND RETURN INFORMATION.**—The terms ‘return’ and ‘return information’ have the respective meanings given to such terms by section 6103(b).

**(B) APPROPRIATE STATE OFFICER.**—The term ‘appropriate State officer’ means—

(i) the State attorney general, or  
(ii) any other State official charged with overseeing organizations of the type described in section 501(c)(3).”

**(b) CONFORMING AMENDMENTS.**—

(1) Subparagraph (A) of section 6103(p)(3) is amended by inserting “and section 6104(c)” after “section” in the first sentence.

(2) Paragraph (4) of section 6103(p) is amended—

(A) in the matter preceding subparagraph (A), by inserting “, or any appropriate State officer (as defined in section 6104(c)),” before “or any other person”;

(B) in subparagraph (F)(i), by inserting “or any appropriate State officer (as defined in section 6104(c)),” before “or any other person”;

(C) in the matter following subparagraph (F), by inserting “, an appropriate State officer (as defined in section 6104(c)),” after “including an agency” each place it appears.

(3) Paragraph (2) of section 7213(a) is amended by striking “6103,” and inserting “6103 or under section 6104(c).”

(4) Paragraph (2) of section 7213A(a) is amended by inserting “or 6104(c)” after “6103”.

(5) Paragraph (2) of section 7431(a) is amended by inserting “(including any disclosure in violation of section 6104(c))” after “6103”.

**(c) EFFECTIVE DATE.**—The amendments made by this section shall take effect on the date of the enactment of this Act but shall not apply to requests made before such date.

**SEC. 411. CONFIDENTIALITY OF TAXPAYER COMMUNICATIONS WITH THE OFFICE OF THE TAXPAYER ADVOCATE.**

**(a) IN GENERAL.**—Subsection (c) of section 7803 is amended by adding at the end the following new paragraph:

**(5) CONFIDENTIALITY OF TAXPAYER INFORMATION.**—

**(A) IN GENERAL.**—To the extent authorized by the National Taxpayer Advocate or pursuant to guidance issued under subparagraph (B), any officer or employee of the Office of the Taxpayer Advocate may withhold from the Internal Revenue Service and the Department of Justice any information provided by, or regarding contact with, any taxpayer.

**(B) ISSUANCE OF GUIDANCE.**—In consultation with the Chief Counsel for the Internal Revenue Service and subject to the approval of the Commissioner of Internal Revenue, the National Taxpayer Advocate may issue guidance regarding the circumstances (including with respect to litigation) under which, and the persons to whom, employees of the Office of the Taxpayer Advocate shall not disclose information obtained

from a taxpayer. To the extent to which any provision of the Internal Revenue Manual would require greater disclosure by employees of the Office of the Taxpayer Advocate than the disclosure required under such guidance, such provision shall not apply.

**(C) EMPLOYEE PROTECTION.**—Section 7214(a)(8) shall not apply to any failure to report knowledge or information if—

(i) such failure to report is authorized under subparagraph (A), and

(ii) such knowledge or information is not of fraud committed by a person against the United States under any revenue law.”

**(b) CONFORMING AMENDMENT.**—Subparagraph (A) of section 7803(c)(4) is amended by inserting “and” at the end of clause (ii), by striking “; and” at the end of clause (iii) and inserting a period, and by striking clause (iv).

**TITLE V—MISCELLANEOUS**

**SEC. 501. CLARIFICATION OF DEFINITION OF CHURCH TAX INQUIRY.**

Subsection (i) of section 7611 (relating to section not to apply to criminal investigations, etc.) is amended by striking “or” at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting “, or”, and by inserting after paragraph (5) the following:

“(6) information provided by the Secretary related to the standards for exemption from tax under this title and the requirements under this title relating to unrelated business taxable income.”

**SEC. 502. EXPANSION OF DECLARATORY JUDGMENT REMEDY TO TAX-EXEMPT ORGANIZATIONS.**

**(a) IN GENERAL.**—Paragraph (1) of section 7428(a) (relating to creation of remedy) is amended—

(1) in subparagraph (B) by inserting after “509(a)” the following: “or as a private operating foundation (as defined in section 4942(j)(3))”; and

(2) by amending subparagraph (C) to read as follows:

“(C) with respect to the initial qualification or continuing qualification of an organization as an organization described in subsection (c) (other than paragraph (3)) or (d) of section 501 which is exempt from tax under section 501(a), or”.

**(b) COURT JURISDICTION.**—Subsection (a) of section 7428 is amended in the material following paragraph (2) by striking “United States Tax Court, the United States Claims Court, or the district court of the United States for the District of Columbia” and inserting the following: “United States Tax Court (in the case of any such determination or failure) or the United States Claims Court or the district court of the United States for the District of Columbia (in the case of a determination or failure with respect to an issue referred to in subparagraph (A) or (B) of paragraph (1)).”

**(c) EFFECTIVE DATE.**—The amendments made by this section shall apply to pleadings filed with respect to determinations (or requests for determinations) made after the date of the enactment of this Act.

**SEC. 503. EMPLOYEE MISCONDUCT REPORT TO INCLUDE SUMMARY OF COMPLAINTS BY CATEGORY.**

**(a) IN GENERAL.**—Clause (ii) of section 7803(d)(2)(A) is amended by inserting before the semicolon at the end the following: “, including a summary (by category) of the 10 most common complaints made and the number of such common complaints”.

**(b) EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply with respect to reporting periods ending after the date of the enactment of this Act.

**SEC. 504. ANNUAL REPORT ON AWARDS OF COSTS AND CERTAIN FEES IN ADMINISTRATIVE AND COURT PROCEEDINGS.**

Not later than 3 months after the close of each Federal fiscal year after fiscal year 2003, the

Treasury Inspector General for Tax Administration shall submit a report to Congress which specifies for such year—

(1) the number of payments made by the United States pursuant to section 7430 of the Internal Revenue Code of 1986 (relating to awarding of costs and certain fees);

(2) the amount of each such payment;

(3) an analysis of any administrative issue giving rise to such payments; and

(4) changes (if any) which will be implemented as a result of such analysis and other changes (if any) recommended by the Treasury Inspector General for Tax Administration as a result of such analysis.

**SEC. 505. ANNUAL REPORT ON ABATEMENT OF PENALTIES.**

Not later than 6 months after the close of each Federal fiscal year after fiscal year 2003, the Treasury Inspector General for Tax Administration shall submit a report to Congress on abatements of penalties under the Internal Revenue Code of 1986 during such year, including information on the reasons and criteria for such abatements.

**SEC. 506. BETTER MEANS OF COMMUNICATING WITH TAXPAYERS.**

Not later than 18 months after the date of the enactment of this Act, the Treasury Inspector General for Tax Administration shall submit a report to Congress evaluating whether technological advances, such as e-mail and facsimile transmission, permit the use of alternative means for the Internal Revenue Service to communicate with taxpayers.

**SEC. 507. EXPLANATION OF STATUTE OF LIMITATIONS AND CONSEQUENCES OF FAILURE TO FILE.**

The Secretary of the Treasury or the Secretary's delegate shall, as soon as practicable but not later than 180 days after the date of the enactment of this Act, revise the statement required by section 6227 of the Omnibus Taxpayer Bill of Rights (Internal Revenue Service Publication No. 1), and any instructions booklet accompanying a general income tax return form for taxable years beginning after 2002 (including forms 1040, 1040A, 1040EZ, and any similar or successor forms relating thereto), to provide for an explanation of—

(1) the limitations imposed by section 6511 of the Internal Revenue Code of 1986 on credits and refunds; and

(2) the consequences under such section 6511 of the failure to file a return of tax.

**SEC. 508. AMENDMENT TO TREASURY AUCTION REFORMS.**

**(a) IN GENERAL.**—Clause (i) of section 202(c)(4)(B) of the Government Securities Act Amendments of 1993 (31 U.S.C. 3121 note) is amended by inserting before the semicolon “(or, if earlier, at the time the Secretary releases the minutes of the meeting in accordance with paragraph (2))”.

**(b) EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to meetings held after the date of the enactment of this Act.

**SEC. 509. ENROLLED AGENTS.**

**(a) IN GENERAL.**—Chapter 77 (relating to miscellaneous provisions) is amended by adding at the end the following new section:

**“SEC. 7528. ENROLLED AGENTS.**

“(a) **IN GENERAL.**—The Secretary may prescribe such regulations as may be necessary to regulate the conduct of enrolled agents in regards to their practice before the Internal Revenue Service.

“(b) **USE OF CREDENTIALS.**—Any enrolled agents properly licensed to practice as required under rules promulgated under section (a) here-in shall be allowed to use the credentials or designation as ‘enrolled agent’, ‘EA’, or ‘E.A.’.”

**(b) CLERICAL AMENDMENT.**—The table of sections for chapter 77 is amended by adding at the end the following new item:

“Sec. 7528. Enrolled agents.”

(c) **PRIOR REGULATIONS.**—Nothing in the amendments made by this section shall be construed to have any effect on part 10 of title 31, Code of Federal Regulations, or any other Federal rule or regulation issued before the date of the enactment of this Act.

**SEC. 510. FINANCIAL MANAGEMENT SERVICE FEES.**

Notwithstanding any other provision of law, the Financial Management Service may charge the Internal Revenue Service, and the Internal Revenue Service may pay the Financial Management Service, a fee sufficient to cover the full cost of implementing a continuous levy program under subsection (h) of section 6331 of the Internal Revenue Code of 1986. Any such fee shall be based on actual levies made and shall be collected by the Financial Management Service by the retention of a portion of amounts collected by levy pursuant to that subsection. Amounts received by the Financial Management Service as fees under that subsection shall be deposited into the account of the Department of the Treasury under section 3711(g)(7) of title 31, United States Code, and shall be collected and accounted for in accordance with the provisions of that section. The amount credited against the taxpayer's liability on account of the continuous levy shall be the amount levied, without reduction for the amount paid to the Financial Management Service as a fee.

**SEC. 511. EXTENSION OF INTERNAL REVENUE SERVICE USER FEES.**

(a) **IN GENERAL.**—Chapter 77 (relating to miscellaneous provisions), as amended by section 509, is further amended by adding at the end the following new section:

**“SEC. 7529. INTERNAL REVENUE SERVICE USER FEES.**

**“(a) GENERAL RULE.**—The Secretary shall establish a program requiring the payment of user fees for—

**“(1) requests to the Internal Revenue Service for ruling letters, opinion letters, and determination letters, and**

**“(2) other similar requests.**

**“(b) PROGRAM CRITERIA.**—

**“(1) IN GENERAL.**—The fees charged under the program required by subsection (a)—

**“(A) shall vary according to categories (or subcategories) established by the Secretary,**

**“(B) shall be determined after taking into account the average time for (and difficulty of) complying with requests in each category (and subcategory), and**

**“(C) shall be payable in advance.**

**“(2) EXEMPTIONS, ETC.**—

**“(A) IN GENERAL.**—The Secretary shall provide for such exemptions (and reduced fees) under such program as the Secretary determines to be appropriate.

**“(B) EXEMPTION FOR CERTAIN REQUESTS REGARDING PENSION PLANS.**—The Secretary shall not require payment of user fees under such program for requests for determination letters with respect to the qualified status of a pension benefit plan maintained solely by 1 or more eligible employers or any trust which is part of the plan. The preceding sentence shall not apply to any request—

**“(i) made after the later of—**

**“(I) the fifth plan year the pension benefit plan is in existence, or**

**“(II) the end of any remedial amendment period with respect to the plan beginning within the first 5 plan years, or**

**“(ii) made by the sponsor of any prototype or similar plan which the sponsor intends to market to participating employers.**

**“(C) DEFINITIONS AND SPECIAL RULES.**—For purposes of subparagraph (B)—

**“(i) PENSION BENEFIT PLAN.**—The term ‘pension benefit plan’ means a pension, profit-sharing, stock bonus, annuity, or employee stock ownership plan.

**“(ii) ELIGIBLE EMPLOYER.**—The term ‘eligible employer’ means an eligible employer (as defined

in section 408(p)(2)(C)(i)(I)) which has at least 1 employee who is not a highly compensated employee (as defined in section 414(q)) and is participating in the plan. The determination of whether an employer is an eligible employer under subparagraph (B) shall be made as of the date of the request described in such subparagraph.

**“(iii) DETERMINATION OF AVERAGE FEES CHARGED.**—For purposes of any determination of average fees charged, any request to which subparagraph (B) applies shall not be taken into account.

**“(3) AVERAGE FEE REQUIREMENT.**—The average fee charged under the program required by subsection (a) shall not be less than the amount determined under the following table:

Category	Average Fee
Employee plan ruling and opinion .....	\$250
Exempt organization ruling .....	\$350
Employee plan determination .....	\$300
Exempt organization determination ...	\$275
Chief counsel ruling .....	\$200.

**“(c) TERMINATION.**—No fee shall be imposed under this section with respect to requests made after September 30, 2013.”

**(b) CONFORMING AMENDMENTS.**—

**(1) The table of sections for chapter 77 is amended by adding at the end the following new item:**

**“Sec. 7529. Internal Revenue Service user fees.”.**

**(2) Section 10511 of the Revenue Act of 1987 is repealed.**

**(3) Section 620 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is repealed.**

**(c) LIMITATIONS.**—Notwithstanding any other provision of law, any fees collected pursuant to section 7527 of the Internal Revenue Code of 1986, as added by subsection (a), shall not be expended by the Internal Revenue Service unless provided by an appropriations Act.

**(d) EFFECTIVE DATE.**—The amendments made by this section shall apply to requests made after the date of the enactment of this Act.

**TITLE VI—LOW-INCOME TAXPAYER CLINICS**

**SEC. 601. LOW-INCOME TAXPAYER CLINICS.**

**(a) LIMITATION ON AMOUNT OF GRANTS.**—Paragraph (1) of section 7526(c) (relating to special rules and limitations) is amended by striking “\$6,000,000 per year” and inserting “\$9,000,000 for 2004, \$12,000,000 for 2005, and \$15,000,000 for each year thereafter”.

**(b) PROMOTION OF CLINICS.**—Section 7526(c) is amended by adding at the end the following new paragraph:

**“(6) PROMOTION OF CLINICS.**—The Secretary is authorized to promote the benefits of and encourage the use of low-income taxpayer clinics through the use of mass communications, referrals, and other means.”.

**(c) USE OF GRANTS FOR OVERHEAD EXPENSES PROHIBITED.**—Section 7526(c), as amended by subsection (b), is further amended by adding at the end the following new paragraph:

**“(7) USE OF GRANTS FOR OVERHEAD EXPENSES PROHIBITED.**—No grant made under this section may be used for the general overhead expenses of any institution sponsoring a qualified low-income taxpayer clinic.”.

**(d) ELIGIBLE CLINICS.**—

**(1) IN GENERAL.**—Paragraph (2) of section 7526(b) is amended to read as follows:

**“(2) ELIGIBLE CLINIC.**—The term ‘eligible clinic’ means—

**“(A) any clinical program at an accredited law, business, or accounting school in which students represent low-income taxpayers in controversies arising under this title; and**

**“(B) any organization described in section 501(c) and exempt from tax under section 501(a) which satisfies the requirements of paragraph (1) through representation of taxpayers or referral of taxpayers to qualified representatives.”.**

**(2) CONFORMING AMENDMENT.**—Subparagraph (A) of section 7526(b)(1) is amended by striking

“means a clinic” and inserting “means an eligible clinic”.

**TITLE VII—FEDERAL-STATE UNEMPLOYMENT ASSISTANCE AGREEMENTS**

**SEC. 701. APPLICABILITY OF CERTAIN FEDERAL-STATE AGREEMENTS RELATING TO UNEMPLOYMENT ASSISTANCE.**

Effective as of May 25, 2003, section 208 of Public Law 107-147 is amended—

**(1) in subsection (a)(2), by inserting “on or” after “ending”; and**

**(2) in subsection (b), by striking “May 31” each place it appears and inserting “June 1”.**

The SPEAKER pro tempore. After 1 hour of debate on the bill, it shall be in order to consider the further amendment printed in part B of the report, if offered by the gentleman from New York (Mr. RANGEL) or his designee, which shall be considered read, and shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent.

The gentleman from Louisiana (Mr. MCCRERY) and the gentleman from North Dakota (Mr. POMEROY) each will control 30 minutes.

The Chair recognizes the gentleman from Louisiana (Mr. MCCRERY).

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

Mr. Speaker, I rise in support of the Taxpayer Protection and IRS Accountability Act. The title of this bill is a good summary for the fundamental principles contained in it. We are increasing protections for taxpayers from unfair actions by the IRS while at the same time we are making reforms in the IRS that will make the administration of our tax laws more accountable.

Let me mention just a few of the ways we increase protections for taxpayers. The bill increases the confidentiality of taxpayer communications when they seek the assistance of the Taxpayer Advocate. The bill restricts the IRS from auditing the tax returns of taxpayer representatives simply based on their having prepared the returns of other taxpayers.

And let me mention some of the ways we improve tax administration of the IRS.

The bill allows the IRS to enter into installment agreements; to let a taxpayer pay an unpaid amount over 2 or 3 years without imposing the requirement that they pay the full amount. The IRS already has the authority to settle tax debts for less than the full amount. But when it comes to installment payments, the law requires the agreement to cover 100 percent of the debt. So in some cases, instead of the taxpayer paying \$9,000 of a \$10,000 debt, let us say, giving the IRS \$500 every month, the IRS gets nothing.

The bill improves the so-called ten deadly sins actions for which IRS employees can be fired, by removing some of the employee versus employee cases that have bogged down the system, but adding another standard, that of unauthorized browsing of taxpayer records to the list of offenses.

Let me conclude by stressing that the health care tax credit provisions in this bill are sound, prudent and necessary. They do not overturn or weaken the State plans already in effect in

eight States, nor do they have any impact on State consumer protections. The waiver only applies to the pre-existing condition and guarantee issues. And the waiver will only be in place until the end of 2004.

We want workers who have suffered a loss of their job and their health insurance to be able to receive the tax credit for health insurance. If we pass this bill, an estimated 12,000 workers will be able to obtain health insurance. Those workers, without this bill, would not be able to get health insurance.

I support the bill, and I urge the House to support this bill.

Mr. Speaker, I would like to say that the gentleman from Maryland (Mr. CARDIN) has been instrumental in putting together the provisions of this bill, along with my colleague on the Committee on Ways and Means, the gentleman from Ohio (Mr. PORTMAN). So I want to thank both of those gentlemen for the good work they have done on this legislation.

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

Mr. POMEROY. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, let me thank the gentleman for yielding me this time, and I want to acknowledge the work that both the gentleman from New York (Mr. HOUGHTON) and the gentleman from North Dakota (Mr. POMEROY) have done to develop a process in which we could look at the Taxpayer Bill of Rights with our staffs in order to make reasonable changes to protect taxpayers and their relationship with the Internal Revenue Service.

The gentleman from Ohio (Mr. PORTMAN) has been one of the leaders in the Congress of the United States on this issue, and I have worked with him on some of these matters, but the gentleman from North Dakota and the gentleman from New York, in their subcommittee of oversight, have really taken on, I think, the right process to review each of these provisions and to bring forward a group of noncontroversial changes in the Taxpayer Bill of Rights that are important to protect our constituents in their dealing with the Internal Revenue Service.

So, Mr. Speaker, I start by saying there is a lot of good provisions. Most of the provisions in the underlying bill are important provisions that we need to act on and that have gone through the vetting process, which I think is appropriate for these types of changes. My concern is the amendment that was added that was not part of the Taxpayer Bill of Rights. I think we will have a chance later in this debate to correct that through an amendment or substitute that will be offered by the gentleman from New York (Mr. RANGEL) that will incorporate all the good provisions of the underlying bill, but eliminate the provision that affects TAA.

Let me talk for moment, if I might, about that one provision that I hope we

will find a way to get out of the underlying legislation so that we can move forward with the Taxpayer Bill of Rights. That provision is a very controversial provision and a provision that I think does irreparable harm to a large number of our constituents who currently or may be without health insurance.

We provided in the trade adjustment assistance provision where we could deal with workers who have lost their health benefits and their jobs as a result of foreign trade. That could be a clear example of what has happened to the steel industry in my community, where so many Bethlehem Steel workers lost their health benefits as a result of the financial woes caused by illegally dumped steel here in the United States.

My concern with the TAA amendment that has been incorporated in the Taxpayer Bill of Rights is that it removes an important protection for these workers or retirees in getting health insurance that will cover them. In my own State of Maryland, we have taken advantage of the TAA law and the use of the Federal credit by establishing a State pool for these workers and retirees so they can get health benefits. By removing the protection that is in the law, we will be encouraging States to take away protections on preexisting conditions in underwriting.

Mr. Speaker, I think it should be the policy of this body to cover all these workers and retirees. We should not be distinguishing between those who, in their most desperate need, have preexisting conditions. The bill is working as passed by the Congress. It is working in Maryland, it is working around the Nation. There is no need now to remove the protections that were included in the TAA legislation.

So, Mr. Speaker, I will be urging my colleagues to support the substitute that will preserve the important provisions on the Taxpayer Bill of Rights but will remove this poison pill that could hurt many workers and retirees in communities' around the Nation.

Mr. MCCRERY. Mr. Speaker, I yield such time as he may consume to the gentleman from New York (Mr. HOUGHTON), the chairman of the Subcommittee on Oversight of the Committee on Ways and Means.

Mr. HOUGHTON. Mr. Speaker, I thank the gentleman for yielding me this time, and I thank also the gentleman from North Dakota.

The theme of this bill, and I, of course, support it, is to improve the IRS. Before I give a few quick examples, I do want to say that I have stood up here at least three times, and my script is getting musty because I have used the same words year after year. I hope that somehow we are going to be able to pass this legislation this year.

But, basically, some of the examples are this. We allow the IRS to waive unfair penalties for honest taxpayers who make mistakes. We allow that. For example, a taxpayer who mails his return

on April 15 with a check for \$5,000, with a balance due, and he mistakenly puts the wrong stamp on it, he is in trouble. And the IRS cannot waive any penalties to people who make an honest mistake. I know of this personally because of a friend in my area who did this; owed lots and lots of money. There was no maneuverability on it.

Another example is when the IRS erroneously assesses or levies a taxpayer's assets. There is a limited time during which the service can provide relief to the taxpayer. And this is, of course, especially unfair if the IRS ends up levying the taxpayer's retirement account.

So let us say the IRS, just to take this a little more, misapplies a tax payment and consequently levies on a taxpayer's IRA account taking away \$25,000. The IRS then later realizes its mistake, but it is unable to restore the IRA balance. That is problem we have here. Very, very inflexible rules. So the result under current laws does not make any sense at all.

Now, this bill requires the IRS to extend the time limit for taxpayers to contest levies and requires the IRS to provide relief to taxpayers whose retirement accounts are affected.

Lastly, and the gentleman from Louisiana, my good friend, also referred to the ten deadly sins that try to strike a balance between making sure that IRS employees are not engaging in improper behavior on the one hand and not placing a straitjacket on IRS employees and the commission on the other hand. These changes are strongly supported by former Commissioner Rossotti, who did an extraordinary job in reorganizing and putting more life into the IRS, and have the support of the National Treasury Employees Union.

So I guess the only thing I can say to sum up, Mr. Speaker, is that this is a good bill. I am honored to be able to join these gentlemen in urging my colleagues to support this legislation.

□ 1545

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

Mr. Speaker, I would say in response to the gentleman from New York, what a privilege I feel it is to serve as a ranking member on the subcommittee chaired by the gentleman from New York (Mr. HOUGHTON). He is an example of the leading effort in the Congress to forge bipartisan consensus and address in commonsense ways problems affecting the American people. That is precisely what the bill before us did, the bill that the gentleman from New York (Mr. HOUGHTON) and I agreed to cosponsor until the week before it was to come to the Committee on Ways and Means, at which time we learned of an extraordinarily offensive provision added into the bill. This provision significantly changes and undermines essential consumer protections that exist for displaced workers as a result of trade agreements that are looking for health insurance.

Mr. Speaker, I yield 5 minutes to the gentleman from Washington (Mr. MCDERMOTT) to elaborate on this feature of the bill and other points relative to the issue before us.

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

Mr. MCDERMOTT. Mr. Speaker, the underlying bill here today is not in dispute. We had the same bill last year, and they could not get it through because they used it like they are using it this year. They used it sort of like a bun for a hotdog. Everybody wanted the bun, but they keeping sticking a poison pill into the hot dog. They did it last year with section 527, long forgotten. This year with great fanfare they passed the fast track bill. A lot of Members on this side of the aisle voted for the fast track bill. They said if we put in some protections for the workers, and Members said, oh, yes, that is right, we should give protections for the workers so that if because of trade they lose their job and they lose their health care benefits, we should provide some health care benefits for them.

The bill was barely dry from the President signing it, and they started trying to take that out. The workers have got to think there is nobody in this place who is honest with them. The first time it happened, the gentleman on the other side went to the Committee on Armed Services and stuck it into one of their bills; and he got caught, and it got dropped out in the conference committee. So it has been brought back and put in here.

Members know this bill will pass. The taxpayers deserve some relief and protection. So a bill like that is going to pass 435-0, so Members can stick in just about anything and figure it will slide by and nobody will notice it. What they have done to these workers, and I have 11,000 in my State, and there are a few thousand in every State, they are going to go out thinking I have a 65 percent tax credit on my health care benefits and all I have to do is find a place to do this.

Our State does not have a program yet, but they are working on it in the State legislature because they never put in the bill that the States have to establish programs. What is underlying here is a basic philosophic disagreement. The gentleman from Louisiana (Mr. MCCRERY) and I have been around on this a lot of times. It is the question of do people have an individual responsibility to take care of themselves, or should we take care of them collectively by developing a State program in this particular instance.

Many States have put together plans, in spite of the fact that Congress gave them no direction. We put it in the bill, and it silently went out into the ether. Some States woke up and found it. New York and New Jersey and a few other States were paying attention, but about 30 States have not found it yet. They have not put together a program, or their legislatures are not capable. I

do not know why they have not done it. But here we come with an amendment which says you States which have not done it, you cannot have the consumer protections. If your State legislature says all individual programs have to have a guaranteed issue and they have to have no preexisting condition exclusions, then you can buy a policy.

Mr. Speaker, a guy is 55 years old, he gets laid off in this trade adjustment and, he has got a little problem with his heart or kidneys or lungs. Now he has a preexisting condition, and he has a voucher in his hand and he goes to the insurance company, and they take his history. Oh, you have a kidney problem. Sorry, you have a preexisting condition. We cannot. Now many States have passed a law and said you cannot deny him. At that point he is out of luck. He has this promise of health care, and he cannot get at it.

Somehow the Republicans think that we ought to take away those protections from workers. Now wait until they try to put a trade bill through here again and tell people that we are going to protect the workers. This is where we find out what they really mean about protecting the workers. They better know they are going to have to go out in the individual market and get their health care. If it is too expensive, tough. The other side says we gave them a 65 percent tax credit. But of course in order to get it, you have to be able to pay for the insurance. No provision is made for that.

Mr. Speaker, this is a sham that was put in that fast track bill, and they have been trying to get rid of it ever since because they do not want the principle to be established that States can put together a program to take care of individuals in a group and buy group insurance. That is what is at issue here. This is not fair, and it is wrong and Members ought to vote the bill down.

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

Mr. POMEROY. Mr. Speaker, I yield 3 minutes to the gentleman from Maine (Mr. MICHAUD).

Mr. MICHAUD. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise today in opposition to the TAA health care tax credit rollback provision included in the Taxpayer Protection and IRS Accountability Act. Make no mistake, I support taxpayer protection and IRS accountability. But something is wrong, rotten in Congress today. Why would the House leadership try to slip in such a harmful provision in a noncontroversial bill?

It is clearly a sneaky attempt to destroy workers' protections and help leverage big insurance companies' profits. There is no doubt this unpopular provision would never survive unless it was tucked into a popular bill such as this. This measure would strip away the protections for dislocated workers and allow insurers to cherry pick

healthy workers and exclude those who are older or in poor health, those who need the coverage the most.

Many dislocated workers in Maine are currently enrolled in this program. Our State has been among the first approved program in the Nation. These hard-working men and women have lost their jobs; they deserve some type of health care protection. I would ask the gentleman from New York (Mr. HOUGHTON) to reconsider this provision. There are some areas in the State of Maine where unemployment is over 32 percent. There are other areas abutting that high-labor market area with double digit employment numbers because we are getting killed by imports because of our trade agreements. Granted, this is a 65 percent tax credit. However, when you are on unemployment, you have mortgage payments to make, automobile payments and health care payments. To come up with the employees' share, it is difficult. I hope Members oppose this bill until the TAA health care tax credit rollback provision is excluded.

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

(Mr. POMEROY asked and was given permission to revise and extend his remarks, and include extraneous material.)

Mr. POMEROY. Mr. Speaker, I appreciate the gentleman's outstanding work on behalf of the displaced workers in the State of Maine and throughout the country.

Let me try to put in perspective what this is all about. Let me note back in my days as the State insurance commissioner of North Dakota, I spent a lot of time working on issues, fundamental consumer protections for people buying health insurance. We believe it is critical when we have workers displaced because of trade agreements, they ought to have some assistance with the expenses they incur while looking for other careers and other ways to earn their livelihood.

As a result, we got trade adjustment assistance in that last bill, and it provided for very meaningful assistance, support in purchasing the premium as well as very strong consumer protections in the purchase of that coverage. These protections include guaranteed issues; if you are sick or have some medical condition, it does not matter. You have the right to get that coverage, no preexisting condition exclusion. What that means is, say you want to get coverage but I have some disability maybe that occurred at work. They cannot exclude all medical conditions arising from that disability; they have to cover that, too. And then premiums have to be equitable with other premiums; benefits have to be comparable with other benefits.

What the majority bill would do is allow a period where some of the most important consumer protections do not have to be offered, those providing for guaranteed issue, absolute right to get the coverage, those protecting against

having something excluded; those are also eliminated in this provision.

We have been upset by this provision; and when I say "we," I speak about a swath in the caucus that voted for the fast track trade authority and did so in part because of the protections of trade adjustment assistance.

Mr. Speaker, I include for the RECORD a Dear Colleague written by the gentlewoman from California (Mrs. TAUSCHER) and signed by 15 Democrats who voted for the trade bill, all referencing the fact that this trade adjustment protection for displaced workers was an important part of them coming to agree that we ought to pass this trade bill.

PRO-TRADE HOUSE DEMOCRATS FIGHT TO KEEP WORKER ASSISTANCE IN TRADE BILL

Today, 15 House Democrats who voted for the Trade Promotion Authority bill last year sent a strong letter to Ways and Means Chairman Bill Thomas expressing their concern about his efforts to rewrite guarantees for healthcare benefits for displaced workers that were agreed to as part of the comprehensive trade bill passed last year.

The effort to keep Trade Adjustment Assistance as part of future trade agreements is being led by Reps. Ellen Tauscher (D-Calif.), Adam Smith (D-Wash.) and Cal Dooley (D-Calif.).

JUNE 11, 2003.

Hon. WILLIAM M. THOMAS,  
Chairman, Committee on Ways  
and Means.

DEAR CHAIRMAN THOMAS: As pro-trade Democrats who supported passage of Trade Promotional Authority and the Trade Act of 2002, we write to voice our concerns with your efforts to rewrite the Trade Adjustment Assistance provision of this new law.

Inclusion of a strong and robust TAA provision was paramount to our support of TPA and the Trade Act of 2002. The commitments made during last year's debate are important to us and those we represent.

Specifically, we are very concerned that your efforts to rewrite the healthcare provisions in TAA by adding language to a non-trade related bill (Section 309; HR 1528, the Taxpayer Protection and IRS Responsibility Act) vitiates your commitments made during debate on TPA. More importantly, this undermines Congress' commitment of providing healthcare tax credits to displaced workers, regardless of their age or health status.

Under the guise of "consumer choice," your provision would eliminate key consumer protections designed to give states the flexibility to develop pools and negotiate with private insurance companies while still meeting the law's consumer protection requirements. States are in the process of developing these plans and have not indicated to Congress problems with meeting the TAA requirements. And since Congress has yet to consider a single FTA since its passage, it seems counterproductive to change TAA at this time.

The rules of TPA define Congress' role and responsibilities during negotiations on individual bilateral trade agreements. As proponents of trade, we take our oversight roles seriously. We are equally serious in our commitment to the TAA provisions of the law we worked hard to pass that provide a safety net to those Americans displaced by new trade agreements.

We are hopeful you will reconsider rewriting the healthcare provisions of TAA and remove this provision from HR 1528. We are

concerned that altering such a provision in unrelated legislation may undermine the bipartisan consensus necessary for the passage of future FTAs.

Sincerely,

Ellen O. Tauscher, Adam Smith, Cal Dooley, Susan Davis, Jim Davis, William Jefferson, Rick Larsen, Dennis Moore, Bob Etheridge, Harold Ford, Jr., Jane Harman, Norman Dicks, Ken Lucus, Jim Matheson, Jim Moran.

Mr. POMEROY. Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from North Dakota (Mr. POMEROY) for his excellent work on this question and for bringing us together around this particular legislation which deals with fixing technical problems dealing with taxpayers' needs that all of us can join in. I thank the gentleman from Ohio (Mr. PORTMAN) and the chairman of the subcommittee on this particular legislation, and I would like to say, if I could, that this is a bill that I would run to the floor to support.

And the reason is because when I first came to Congress, the issue of advocacy for taxpayers was an enormous issue. In fact, we had a very serious problem in Houston, Texas, of insensitivity to taxpayers who were trying to do the right thing. So the very fact that this legislation, H.R. 1528, has 50 bipartisan and relatively noncontroversial taxpayer-rights provisions is one that I would want to support. In fact, title I of the proposed act increases the threshold in which a taxpayer would not incur penalties for underpayment. Because, in fact, my colleagues, those taxpayers are trying to pay their taxes. This is a good provision. This says if you underpay, it gives you a break to try to get in there and fix the problem.

I would like to be supportive of those kinds of very effective tax provisions. There is something else in here that I very much appreciate. The bill eliminates the \$50,000 threshold for adjustment of interest on erroneous refunds.

□ 1600

Some of us know of situations where those who tried to pay their taxes got an erroneous refund, and I believe the gentlewoman from California (Ms. LORETTA SANCHEZ) had an issue on this and worked very hard on this issue. We now protect those innocent individuals who get a refund through no fault of their own and they get penalized.

But lo and behold, I have voted for several bills dealing with enhancing trade, the African Growth and Opportunity Act, the Caribbean Basin Initiative, here we come with what we call a trade adjustment assistance health credit, and we do not know where this came from to my colleagues on the other side of the aisle, why they would put a poison pill that clearly takes away the protection. The elimination of the TAA health care program that would be imminent upon the enactment of this bill as drafted will negate consumer protections for eligible laid-

off workers and certain pensioners who seek health care coverage. States that have not made health care coverage available to laid-off workers and pensioners by August 2003 would be able to ignore the TAA consumer protections, which ensure that all applicants could get coverage.

Mr. Speaker, let me just say this. We have got a crisis in our States. We have got people being laid off, we have got 177,000 children being taken off of the CHIPs program in the State of Texas. We have got the child tax credit languishing in this body. Someone says that we cannot move that forward. People are hurting. How can we put this bill forward that has all these good provisions, clearing up the taxpayer rights, if you will, providing further help in advocating for taxpayer rights? Remember when I said taxpayer rights, that means we are helping those who pay taxes as well as those who helped build this country, and here we are penalizing them for those who may be laid off through no fault of their own.

I would ask that we correct that poison pill, take it out, and let us support a bipartisan H.R. 1528. Mr. Speaker, I oppose the bill as it presently stands.

Mr. Speaker, I rise in opposition to H.R. 1528, the House Resolution amending the Internal Revenue Code of 1986 to protect taxpayers and ensure accountability of the Internal Revenue Service (IRS). The bill's proposed changes purport to give taxpayers many improved rights and options in a bipartisan fashion. However, in operation, the bill will change the previously enacted "Trade Adjustment Assistance (TAA) health care credit" law much to the surprise of my fellow colleagues who understood it to be safely in place. I rather support the Substitute Amendment offered by Mr. RANGEL that will allow us to revamp our effort to include the relevant provisions of the Senate-passed child tax credit expansion bill.

The Resolution offers fifty bipartisan and relatively non-controversial taxpayer rights provisions that deal with rules on interest payments, penalties, installment payments, levies, first-time errors, offers in compromise, and other areas that welcome reform. Title I of the proposed Act, among other things, increases the threshold in which a taxpayer would not incur penalties for underpayment, that is, create a "safe harbor" for taxpayers. It also expands the period in which underpayment interest is applied to cover the entire underpayment period. Interest paid on overpayments of income tax would be excluded from gross income in this program. Furthermore, the bill eliminates the \$50,000 threshold for abatement of interest on erroneous refunds. Title II appears to offer taxpayers latitude by allowing the Commissioner of the IRS to enter into installment agreements with taxpayers who cannot remit payment on their obligations when due. The proposed extension from nine months to two years of the time for repayment of erroneous tax payments also appears very beneficial to taxpayers. Moreover, Title III amends the Code to give the Commissioner's rulings more finality, expands the legal purview of the Tax Court, consolidates the decision as to the proper forum for collection due process hearings, which would appear to

make the hearing process more efficient. This Title also proposes to extend the filing deadline for electronic taxpayers, protect the Office of the National Taxpayer Advocate; facilitate the payment process for motor fuel excise tax refunds; improve the tax status of husband and wife joint ventures filing joint returns; and penalize designated terrorist organizations, among other things. Titles IV, V, VI, and VII deal with Confidentiality and Disclosure, Miscellaneous provisions, Low-Income Taxpayer Clinics, and Federal-State Unemployment Assistance Agreements.

While the above proposed provisions promise, at the surface, to help all taxpayers in a forthright fashion, it contains a very troubling "poison pill" provision that would eliminate workers' ability to obtain health coverage under the current Trade Adjustment Assistance (TAA) health care program. Furthermore, despite the myriad list of benefits to taxpayers that this bill will offer, it fails to give any relief to those working-class income taxpayers who have been marginalized by the extensive tax cuts of this Administration.

The elimination of the TAA health care program that would be imminent upon the enactment of this bill as drafted will negate consumer protections for eligible laid-off workers and certain pensioners who seek health care coverage. States that have not made health coverage available to laid-off workers and pensioners by August 2003 would be able to ignore the TAA consumer protections which assure that (1) all applicants would get coverage under State plans and (2) preclude plans from excluding coverage for pre-existing health conditions. It is a tremendous concern to me that we are proposing to abrogate existing worker protections when no dysfunction has not been identified that would warrant such a change.

Unlike the thousands of Houstonians laid off or terminated by American General, Compaq Computer Corp., Continental Airlines, Texaco and others this year, Enron's workers must contend with the company's bankruptcy filing and the threat it has posed to their remaining benefits. Although federal laws and limited insurance protect pension plans, a similar safety net does not exist for health care benefits. If an employer drops any coverage or consolidates plans for current employees, then the former workers have no rights to the old benefits and can only get what the employer offers. Furthermore, if an employer decides to stop offering health insurance altogether, the current employees and the COBRA participants will all lose their coverage. There is simply no legal obligation for employers to provide or continue health insurance. In addition, our employees are amenable to the threat of health care insurance cuts by employers who file under the bankruptcy code as this represents an attractive expense to cut. Corporations that attempt to reorganize under Chapter 11 tend to do so as a last resort because such actions undermine their abilities to retain key workers. Those with no hope of recovering from their financial troubles liquidate their assets under Chapter 7, terminate their health plans and other liabilities and cease to exist, leaving the employee with no options. For example, Bethlehem Steel Corp. and Wheeling-Pittsburgh Steel Corp., both of which are in Chapter 11 proceedings, have asked Congress and the Bush administration to pay their health-care contractual obligations to approximately

600,000 retirees of the two companies—estimated as high as \$13 billion—so they can merge with U.S. Steel. They proposed the payment of the debt through a general appropriation or a tax on steel sold in the United States.

Mr. RANGEL's Substitute Amendment does not include anti-consumer changes to the TAA health credit law as does the drafted language of this bill. We have a duty to protect those who are most vulnerable to harmful tax treatment, and this Amendment would allow us to provide a safety net. Critical to my initiatives and the initiatives of many of my colleagues, the Amendment includes the provisions of the Senate-passed child tax credit expansion bill and Senate-passed military tax relief bill. H.R. 1528 has more than adequate breadth to include these items. The Amendment also adds provisions that will serve to prevent abusive tax shelters and assist low and middle-income taxpayers in complying with the tax laws such as an Earned Income Tax Credit (EITC) simplification, a balanced IRS audit program, enhanced low-income taxpayer clinics, a prohibition on EITC pre-certifications, and limits on excessive tax refund anticipation loan interest rates. Along with the many above-mentioned bipartisan and non-controversial taxpayer provisions, this Substitute Amendment will make H.R. 1528 work for more taxpayers and for our children as well as to allow us to, at minimum, show some appreciation for the men and women who serve our Country.

I oppose H.R. 1528 for the foregoing reasons and support the Substitute Amendment offered by Mr. RANGEL. I would ask that my colleagues also vote in this fashion.

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

I am going to close debate on my side of the aisle, and I would do so with the following comments. My friend and Ways and Means colleague, the gentleman from Louisiana, raises on the question of health coverage for displaced workers the important issue of whether or not coverage is actually available for these workers or might there be because of these preexisting conditions circumstances where no coverage is available and by insisting on these protections we are actually depriving these workers of the availability to get health coverage.

I am pleased to respond to that concern by saying that negotiations at the State level are coming along very successfully, and so far 13 States have been successful at getting insurance companies to enter into an agreement to provide the coverage to these displaced workers under the consumer protections in the bill. Thirteen States. What concerns us about raising this issue at this time is that we think it sends a very bad signal from Congress to the States and the insurance companies in negotiations with them, that they might not have to comply with these consumer protections.

As an old insurance commissioner, I know darn well you give an insurance company the chance of not offering coverage to everybody, but, rather, cherry-picking, picking only the ones they want to cover as opposed to the mandate that they cover everybody,

well, they are going to want to cherry-pick. Of course they are going to want to do that. If you give insurance companies the opportunity to say, well, we'll cover you except for the disability that you have or the pre-existing health condition that you have, of course insurance companies are going to want to restrict their coverage from those medical features that are so troublesome to the displaced workers. We think that passing this bill with this provision in it is going to bring negotiations at the State level potentially to a standstill because the insurance companies are going to hold out for a sweeter deal, and what a sweet deal it would be.

We are going to have a situation where the insurance companies, under the majority proposal, would be able to exclude who they want to. Of the individuals they underwrite, they will be able to exclude the medical conditions that they want to and they are still going to get the Federal Government paying 65 percent of the premium. Let us face it, it is not often you put forward Federal tax dollars to pay private insurance premiums. We have chosen to do so at this time because these are workers that lost their jobs because of trade agreements entered by this country. That is certified by the Department of Labor.

We think under those circumstances, having lost their job through no fault of their own, because of trade agreements entered and ratified here in Congress, that those workers need some help while they get their lives back on track, get a new livelihood in place, and that help certainly includes health insurance coverage to protect them and their families. We are even going to help pay for it. Under these circumstances, let us not let the insurance companies run roughshod by excluding who they want, by excluding the medical conditions that they want. We have got to hold for the whole package, give these workers the absolute right to get the coverage they need and the absolute right to get coverage for all of their medical conditions, not just those the insurance company is going to want to pick.

Work is coming along well at the State level. Again, 13 States concluding these agreements, others still in negotiation now. Now is not the time to take the pressure off. Now is not the time to give the insurance companies a pass. Now is not the time to walk away from the health care needs of our displaced workers. Hold the consumer protections, reject the majority bill, we will take this taxpayer protection right, remove the poison pill, bring it back here, as it should have been in the first place, and get on with reforming the Tax Code in the responsible ways but not in the ways that, because of the poison pill, hurt our displaced workers.

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

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

Mr. Speaker, the last point that the gentleman from North Dakota made about if this provision were to pass, then it could reduce the pressure on the States to enter into agreements which would create qualified plans under the trade bill we passed last year is a legitimate point. It is the only legitimate point he or his colleagues on the Democratic side have made today, but that is a legitimate point. We concede that. That is why we listened to the gentleman from North Dakota and his complaints earlier while the committee was considering this and we reduced the window within which unemployed workers could take advantage of this waiver.

Under the provision, as it now stands in this bill, they would only have until the end of calendar year 2004 to waive their rights under the trade bill and take advantage of the tax credit to purchase insurance for themselves and their family. So I concede that that is a legitimate point. We do not want the States to stop their efforts to create plans that would qualify for the credit under the Trade Act. We do not think the States will. In fact, of the speakers that were offered by the other side of the aisle today, Maryland, the first speaker, the State of Maryland, already has a qualified plan in place, so this provision in the bill today will not affect unemployed workers in Maryland at all; North Dakota has a provision in place, so it will not affect unemployed workers in North Dakota. Texas is very close to having a provision ready, we are told. The only State that is behind in this process is the State of Washington.

So we know that basically two-thirds of the States already either have a plan in place or are negotiating to get plans in place. The Treasury Department thinks, after researching this, that only about 20 States or so would not have plans in place by this August. So this provision in this bill would not affect all of those States that have plans in place by this August, probably not until September or October because this bill will not make it through the process before this fall.

But let us think about those States which for whatever reason, their legislatures do not meet this year, their insurance commissioner is not as adept as the gentleman from North Dakota was in getting these things done, for whatever reason, what about the unemployed workers in those States who want to use their credit to get insurance for their families and they do not have access to COBRA? They are left out in the cold.

I would say to my good friends on the other side, do you not care about these people and their families? Do you not want them to use the generous tax credit that we provided to get health insurance for their families? If you do not pass the provision that is in this bill, they cannot get insurance and utilize the credit to get it. Period. You will leave them with nothing. You will

leave them bare. They will not have insurance. That is the fact. That is what we are trying to correct. We are trying to make sure that all those unemployed workers who want to use the credit to cover their families can do so. And so we have said to the States that have not yet complied with the requirements of the Trade Act, we are going to give you one more year to do that.

And in the meantime, any of your unemployed workers who want to use the tax credit can avail themselves of that by waiving the requirements of the Trade Act. It is not compulsory, it is voluntary, we are not going to twist anybody's arm to make them waive the requirements of the Trade Act. We are going to tell them if you want to waive that, you may. And if that enables you to use the tax credit to cover yourselves and your families, by golly, that is a good thing. And CBO estimates that 12,000 workers and their families will take advantage of this provision and will get coverage and who, if this bill does not pass, would not be able to get coverage.

I think, Mr. Speaker, what we have heard today from the other side is a lot of obfuscation. The truth is they never wanted the health tax credit to be used for anything other than COBRA. That is the truth. It was we Republicans who insisted that we think about unemployed workers who did not happen to come from a big company or from a company with employment coverage that would qualify under COBRA. We said, what about the people who work for small businesses? What about the people who did not have any coverage, they had to get individual coverage? Should we not have some compassion for those unemployed workers as well, not just unionized workers? We battled and fought and scraped and finally won, got a compromise so that those workers could get some advantage from the tax credit.

But the Democrats said, okay, we'll agree to the compromise, but we're going to have to have a provision that goes even further than the Republican-passed legislation, the Health Insurance Portability and Accountability Act, HIPAA.

That was a Republican bill. Up until that time, there were no guarantees for workers changing jobs. Health insurance was not portable at all. Everybody was going to be subject to those conditions that the gentleman from North Dakota talked about, pre-existing conditions, no guaranteed issue, until Republicans passed the bill in 1996, I believe, called HIPAA, which said that if you had 18 months prior coverage in the health insurance system, then you do not have to worry about getting covered again. Insurance companies offering health insurance must guarantee you issue of that plan. And you are not subject to any pre-existing conditions clauses in those insurance plans.

We did that. We passed that. We are the ones who put those guarantees in

law. And so last year, we agreed for this small set of workers who lost their jobs because of trade actions or were covered under the Pension Benefit Guaranty Corporation that in that small set of workers, we would reduce that 18-month requirement to 3 months, so that if they only had 3 months prior coverage, they would not have to go through all the underwriting and so forth that workers used to have to go through before HIPAA. And we agreed to that. But now we find that we have large numbers of workers who are not able to avail themselves of the credit because States have not yet put into place plans that comply with that 3-month prior coverage requirement.

So in the meantime, while those States are getting those plans up and running, we say, let those individuals who want to waive that requirement, they may have had 18 months prior coverage and, therefore, they would still have those guarantees that the gentleman from North Dakota spoke about, why not let them voluntarily waive their requirements under the Trade Act, get the insurance for themselves and their families and then when all the States have these policies in place, the 3-month requirement will be there in those plans. I simply do not understand why the other side would object so strenuously to letting 12,000 families get health insurance who otherwise would not be able to get it if this provision does not pass.

I urge the House to have compassion for these workers as well as workers with COBRA coverage and pass this bill today.

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

The SPEAKER pro tempore (Mr. LATOURETTE). All time for debate on the bill has expired.

Pursuant to the order of the House of today, further proceedings on this bill will be postponed until tomorrow.

□ 1615

#### GENERAL LEAVE

Mr. MCCRERY. 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. 8.

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

There was no objection.

#### SPECIAL ORDERS

The SPEAKER pro tempore (Mr. LATOURETTE). Under the Speaker's announced policy of January 7, 2003, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

THE SHAMBLES OF THE  
LEGISLATIVE AGENDA

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from Texas (Ms. JACKSON-LEE) is recognized for 5 minutes.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I think it is important to recap what we have done today and what we are doing in this House. There are certain protocols that prohibit us from saying things like wake up, America, listen to the debates of this House, and to the concerns of this Nation. This is the holiday time, the time that schools are getting out, families are coming together for vacations. So this is a good time for the smoke and mirrors legislation of this body, dominated by those who have no simple or at least appreciation for the enormous task that we have in putting this Nation back together again.

Let me simply recount, Mr. Speaker, the journey that we are taking. We realize that 21 days this Nation was at war, and that we were able to come under budget for a war that many disagreed with but not with the valiant work of our young people. Unfortunately, as we projected about the needs of this Nation and a war with Iraq, we failed to take into consideration the aftermath, the tragedy of 51 young men and valiant heroes that have lost their lives since the ending of this war, the cost of maintaining 160,000-plus soldiers on the front lines, the \$1 billion a month that we are spending in Afghanistan in the war against terrorism, the large number of dollars that are necessary and not yet expended with respect to homeland security.

As a member of the Select Committee on Homeland Security, I realize that many of our local governments are asking and pleading for dollars for their first responders.

In the backdrop of that, we have a growing deficit and an increasing unemployment. College graduates are coming out with wonderful diplomas and great smiles of admiration by their family, and yet they can find no work.

This body of course is now trying to grapple with the issue of a guaranteed Medicare prescription drug benefit for the seniors that we promised them for now 8 years, and what are we giving to them? A mere \$400 billion. It sounds like a big number, but we are going to leave the seniors holding the bag by, in actuality, having a gap. That means rather than getting a guaranteed prescription drug benefit in Medicare, we are going to tell seniors to go out and be fishers of men, fishers of HMOs, fishers of low-cost drugs. This is what we are going to give them. They have to go out and shop for HMOs that will give them a drug benefit, and then if they spend up to \$2,000, forget about it.

They have got to pay for it the rest of it until they hit \$5,000. Some seniors will fall through the cracks, and maybe some will lose their lives because of their inability to get the prescription drugs. We can spend a whole bunch of

money on doing things that are really not necessary, \$1 trillion tax cut to the likes of Warren Buffett, who said that he is paying less taxes than his receptionist, one of the richest men in the world. We gave a big tax cut with a big deficit, and now we cannot give our seniors a protection that we have been pleading for for 8 years.

We now have come to the floor of the House and the eloquent statesmen who were making these points about the taxpayer bill that we just passed, or that we will vote on, and I wish all of us could have voted on it in a bipartisan way, the eloquence of saying we are giving a tax credit, but what they are doing is they are eliminating the opportunity for some laid-off workers to get health care by the State by passing this bill. So they are undermining the very needs of those who are in most need, working men and women.

Right now we have been trying to pass a child tax credit for those making between \$11,000 and \$26,000. Those are our young men and women in the United States military. They make \$1,000 a month. Their families are back home. We are trying to give them a tax credit. What is happening? Republican friends want to give an \$82 billion tax giveaway, stalling the bill so we cannot get the bill to the President's desk. The President said he would sign the Senate bill, the same bill we want to pass. Within hours, that bill could be signed right now at the picnic that they are getting ready to have. That bill could be signed, and we would be providing a tax cut to the young men and women, families that are overseas, military men and women making \$1,000 a month.

Mr. Speaker, I have got to say that we have got to fix the shambles of the legislative agenda, begin to stand up and speak for the American people who are in need, and it is time for the American people to wake up and understand what is occurring on the floor of the House.

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. GUTKNECHT) is recognized for 5 minutes.

(Mr. GUTKNECHT addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. BROWN) is recognized for 5 minutes.

(Mr. BROWN of Ohio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

PRESIDENTIAL INQUIRY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. MCDERMOTT) is recognized for 5 minutes.

Mr. MCDERMOTT. Mr. Speaker, the House has adjourned its regular busi-

ness for today, and they have gone off to the White House for a picnic; so I do not suppose very many of them will be in their office listening to this, but I think they should at least consider the fact that today's newspapers and the BBC news, the ABC news, the Economist, all come together in saying the war is not over, boys. Three more dead in Baghdad in violence. There was a drive-by shooting at a petrol station. It sounds a little like some of our cities. And we are there bringing them democracy. I guess that is what democracy means to our President. I do not know. It is hard to know. But when I was reading these articles, I thought of one that I read recently. This is dated March 21, not so long ago. "A United Nations survey of civilian damage caused by the allied bombardment of Iraq calls the results near apocalyptic. The survey, which was made public today, recommends an immediate end to the embargo on imports of food and other essential supplies to prevent imminent catastrophe."

This article went on further to say that the U.S. position is that by "making life uncomfortable for the Iraqi people, it," meaning sanctions, "will eventually encourage them to remove President Saddam Hussein from power." This is what the situation was. This is from 1991. We intended to get rid of Saddam Hussein from 1991 on, at least. And for the President and his advisers to come around here saying it just happened since 9/11 and all that kind of stuff is absolutely nonsense.

At the time that one of the Air Force planners said big picture, we want people to know, get rid of this guy and we will be more than happy to assist in the rebuilding. We are not going to tolerate Saddam Hussein and his regime. Fix that and we will fix their electricity. That is what the United States was saying in 1991. This is the country that wants to bring democracy to Iraq. And it goes on.

I mean, it is really wonderful. One planner said, people say you did not recognize that it was going to have an effect on water or sewage? Well, what were we trying to do? Help out the Iraqi people? No. What we were doing with the attacks on infrastructure was to accelerate the effect of sanctions. We bombed the sewer pumping stations. We bombed the water pumping stations. We bombed the television. We bombed the telephone. We bombed the electrical. We bombed everything because we were going to inflict pain on the Iraqi people.

Now if we roll fast forward to today, people in the White House, and I do not know how they could have been thinking about it, Mr. Speaker, that these people were going to be just waiting, so excited to have the Americans come in and bring them democracy.

What kind of fools could plan and state publicly what they were doing and then expect people to be grateful that they were bombed, that their hospitals had no electricity for the refrigeration to save the children and the

blood and all the things that go on in a hospital that require electricity? We did it deliberately. And the President says, well, we had to wage this war because they had these weapons of mass destruction that were an imminent threat to us. We had destroyed their electrical system. We destroyed all kinds of things. We had reduced the value of their money.

I mean, I carry a 250 Dinar note in my wallet just to remind me of what this country can do. This is a 250 Dinar note. These are printed in Iraq. This was worth \$875 in 1991; today, 12 cents. Do the Members think we did not crush their economy? Of course we did. And it was all because we wanted to bring them democracy, because we were going to free the world from weapons of mass destruction.

Mr. Speaker, I think we ought to have an inquiry in this House, conducted in public, as to what the President knew, when he knew it. How could he come to the well of the House and give us information that was known to be forgery about nuclear material?

It is time, Mr. President, when the picnic is over, you had better come up here and tell us the truth.

#### ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. The Chair would remind all Members to address their remarks to the Chair.

#### FILNER-McHUGH LAW ENFORCEMENT OFFICERS EQUITY ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. FILNER) is recognized for 5 minutes.

Mr. FILNER. Mr. Speaker, I rise today to introduce legislation with the gentleman from the State of New York (Mr. McHUGH). The purpose of our bill, called The Law Enforcement Officers Equity Act, H.R. 2442, is simply stated: Give law enforcement status to law enforcement officers.

Many Federal officials, for example, the Border Patrol, are classified as law enforcement officers because that is a classification that comes with certain salary and retirement benefits. But many other officers, officer who are trained to carry weapons, who wear body armor, who face the same daily risk as law enforcement officers are not so classified. These officers, for example, inspectors who work for the Bureau of Customs and Border Protection and the Bureau of Immigration and Customs Enforcement under the Department of Homeland Security, Veterans Affairs police officers, U.S. Mint police officers, Internal Revenue Service officers, and police officers in about two dozen other agencies, are not eligible for early retirement and other benefits designed to maintain a young and vigorous law enforcement workforce that we need to combat those who pose life-threatening risks to our society.

The tragic irony, Mr. Speaker, is that the only time these officers are classified as law enforcement officers is when they are killed in the line of duty. Then their names are inscribed on the wall of the National Law Enforcement Officers Memorial right here in Washington.

□ 1630

Let me say that again. It is only when they are killed that they are called law enforcement officers, and that is a tragic irony.

My district encompasses the entire California-Mexico border and is home to two of the busiest world border crossings in the entire world, so I am very familiar with the work of border inspectors. They wear bulletproof vests, they carry firearms, and, unfortunately, have to use them. Most importantly, these inspectors are subject to the same risks as other officers with whom they serve side by side and who do have the benefits of law enforcement status.

Our Law Enforcement Officers Equity Act will make important strides toward ensuring the safety of our country as these officers protect our borders, our ports of entry, our military and veterans installations and other sensitive government buildings. The bill ensures the strong and vigorous workforce necessary for our country to have the finest level of protection. Our country deserves no less, and these valiant officers who protect us deserve no less.

Any cost created by this act is offset by savings in training costs and increased revenue collection. A 20-year retirements bill for these employees will reduce turnover, increase yield, decrease recruitment, and development costs and enhance the retention of a well-trained and experienced workforce.

Mr. Speaker, the simple fact is that these officers have dangerous jobs and deserve to be recognized as law enforcement officers, just like others with whom they serve, side by side, and who share the same level of risk. I encourage my colleagues to join the gentleman from New York (Mr. McHUGH) and me in cosponsoring H.R. 2442, the Law Enforcement Officers Equity Act.

The SPEAKER pro tempore (Mr. LATOURETTE). Under a previous order of the House, the gentleman from North Carolina (Mr. JONES) is recognized for 5 minutes.

(Mr. JONES of North Carolina addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon (Mr. DEFazio) is recognized for 5 minutes.

(Mr. DEFazio addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. KING) is recognized for 5 minutes.

(Mr. KING of Iowa addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RUSH) is recognized for 5 minutes.

(Mr. RUSH addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mrs. BIGGERT) is recognized for 5 minutes.

(Mrs. BIGGERT addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Ms. LOFGREN) is recognized for 5 minutes.

(Ms. LOFGREN addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Ms. KAPTUR) is recognized for 5 minutes.

(Ms. KAPTUR addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Mississippi (Mr. TAYLOR) is recognized for 5 minutes.

(Mr. TAYLOR of Mississippi addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

#### ILLEGAL ALIENS TAKING AMERICAN JOBS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Colorado (Mr. TANCREDO) is recognized for 60 minutes as the designee of the majority leader.

Mr. TANCREDO. Mr. Speaker, a great deal of discussion has been undertaken on this floor for the purpose of addressing the issue of unemployment and for talking about the needs of workers in the United States.

We continually look at pieces of legislation that are designed to improve the economic conditions within the

country, to establish an environment in which people will be able and businesses would be able to create more jobs, to provide more jobs for Americans; and I certainly support the effort.

I certainly believe with all my heart that that is what we should be doing, and I believe in the stimulus package that we passed here. I wish it had been bigger. I think that that is the right direction for the country.

But it is also interesting to me to listen to the various interpretations of the problems that we have that are in fact causing people to be laid off or people who are and have been laid off to be unable to find jobs. Some of that is undoubtedly as a result of a sluggish economy, and I say I hope it will be helped by the passage of the legislation that we put through here and went over to the Senate and was signed by the President. I hope for that.

But there is another aspect of this jobs issue that I think needs our attention, no matter how unpleasant it is to talk about it. No matter how much we want to shy away from it, no matter what the political implications of discussing it might be, I think it is important to talk about the fact that in this country today we have somewhere around 13 million, some people say as high as 20 million, people who are living here illegally, employed here illegally.

We all probably know of folks that we think may be working here illegally. We see them on the street corner, we see them working in various positions and jobs, and there is this feeling that I wonder if those folks are here legally. They probably cannot speak the language, and you just wonder whether or not they are.

We all have seen that kind of thing, and we think it is anecdotal, we think it is unique to a particular area, a particular place, just to this restaurant or that particular construction site. But, of course, it is not unique to any locale in this country. It is a phenomenon that we have to address and have to understand, that these people are here.

For the most part I am sure they are well intentioned. They came, as we always say, for the same reason that my grandparents came, and for the same reason people came to this country from its inception, and that is to better their lives. No one is suggesting that all of those people who are here are here for nefarious purposes. That is, of course, untrue. But it is also true that they are taking jobs that Americans could take.

Now I hear the opposite often. I have been in various places where the mantra chanted is something like this: "We have to have illegal immigration into the country because it helps us, it helps the economy, and we have people doing jobs that no one else would do, no American would do."

Well, there is another part of that statement that could be said, but is seldom said, and that is they are doing jobs that maybe no American would do

for the price that someone is willing to pay. That may be true. But I suggest to you that it is not an economic benefit to the United States.

In the long run, it does not even help the people who are in the lowest economic category, who are low-income earners, who are low-skilled people. It does not help them to have millions of people coming into the country, themselves with very few skills, taking those jobs that may be available, and, of course, therefore depressing the wage rate for everybody who works in that particular area.

Now, there is also the issue, of course, as to whether or not it is productive for the country because it adds to the economy and they pay taxes and we, therefore, are benefited by having so many illegal aliens in the country.

I would suggest that if you think that is true, if anybody believes that to be true, they should look at the research that has been done recently.

Certainly Virginia Abernathy comes to mind. She is a professor at Vanderbilt University and has done a lot of work on this issue, trying to determine whether or not in fact the country does benefit from having millions of people coming across this border illegally, taking jobs that other Americans could take. And she sums it up in a statement that I would paraphrase in this way. She says that it is indeed true that there are profits to be made by the importation of millions of low-skilled, low-wage workers into the country, but the profits are for a few. They are for the employer. But the costs that we incur for providing the infrastructure necessary to support those folks in terms of schooling, health care, housing, all of those costs are far greater, far greater, than we gain from the taxes paid by the people working in those particular jobs.

For the most part, again, it is low-skilled, low-wage jobs. Therefore, of course, they do not pay very much in income tax, if anything. They do not pay very much even in sales tax. They buy relatively little in comparison again to the costs of the infrastructure; and, therefore, it becomes essentially a burden to the taxpayers of this country to support.

The infrastructure is very costly. We are watching hospitals go out of business. We are watching costs increase dramatically for those people who are able to pay in order to take care of all those who cannot pay that come to the hospital for service, come into the health care system at any point for service.

There is a Federal law that says to hospitals they must treat anyone in emergency care, regardless of their status in the country; and that is a humane action on our part. It would be acceptable, it would be understandable, it would be defensible to have policies like that if in fact the Federal Government cared one bit about trying to defend its own borders, if in fact the Federal Government actually attempted to

restrict entry into this country to those people who have permission to come, to those people who apply through a consular office or embassy, get a visa, come into the country, obtain a green card eventually.

There is a legal process to come into the country; and if we would simply restrict entrance into the country to those people, then you could understand why we could say to hospitals, you must in fact treat them. Then you could understand why the Federal Government tells all schools in the United States, every State, that they must educate the children of people who are here illegally. It is a humane thing to do.

But under the circumstances, when we choose not to defend our own borders, when we choose to essentially ignore any sort of immigration policy enforcement, then it is the height of arrogance to tell States they must take on this task.

Billions of dollars are being spent by States all over the Nation trying to pay for health care, education, housing and all of the other infrastructure costs that they incur as a result of our open borders policy. And that is what we have; and that is exactly what we should call it. It is an open borders policy.

Again, I know we do not like to think it, do not want to say it, do not want to suggest it, because there are a lot of people out there, that maybe John Q. Citizen cringes at that and says what do you mean, open borders policy, man? I am trying to keep my job, and I do not want to necessarily have to compete against someone coming across the border willing to work for a lot less than I am making.

Maybe that is heartless and cruel for them to think. We may want to tell these people that they should just simply accept the fact that they have to give up their job, or work for a lot less, be what we call underemployed, because, after all, there are millions of people seeking to come into this country who are also poor and looking for a better life. So there is this dilemma then, how do we treat it?

Well, Mr. Speaker, the whole world, the Third World, is waiting to come in. There are literally billions of people who would like to improve their status in life, and I would like their lives to be improved. No one wants to see people living in poverty. No one wants to see small children dying from diseases that could be cured. No one wants to see that.

I also know that we cannot, there are not enough resources in this country, to simply open the boarders and say everyone can come. What we have to do is try our best to create economic conditions in countries that are today laboring under such problems so that people will not be forced to leave and seek a life in another country. That is an acceptable and understandable way to do it. It is not understandable or acceptable to ignore the problem, to say

that John Q. Citizen, who is losing his job, that he is just simply being hard and xenophobic.

I do not think he is being xenophobic when his job is taken away, or her job. I think he is doing exactly, or she is doing exactly, what any of us would do under the circumstances. We would ask our government, why is this happening? Why are you allowing so many people to come into the country at a time when we have so few jobs available, when the unemployment rate has now reached historic highs?

I cannot answer the question, Mr. Speaker. There is no way that I can tell someone in a rational sense what our policy is and why we are in fact still accepting the concept of open borders. I do not know. If someone can explain it, please let me know, because I have a lot of letters to write to people who constantly write me and tell me of their plight and how they lost their job, and they have lost it to people who have just come across the border illegally; and they are asking what I am going to do about that. I have to explain to them, you know, there really does not seem to be any support in this body or in this government for implementing the kind of measures necessary to protect them.

We are actually taking in a million-and-a-half people approximately a year legally, and probably about that many illegally. This is historic. The United States of America, if we just settled on the legal side of that, is still the most open-hearted country in the world.

□ 1645

It accepts more illegal immigration than any other country in the world; more legal immigration, and certainly more illegal immigration, than any other country in the world, and this is to our detriment.

This is not a beneficial thing. It is not helping our economy. That is an old saw. It is not true. It is helping a few people. It is helping a few corporations. That is true. But it is not helping the man and the woman who have been here all of their lives, or who have become citizens of this country through a legal process and who are unemployed today because of our policy of open borders.

There are several programs that the Federal Government runs, visa programs, that are designed to bring more people in, to do jobs that again we are told cannot be done by Americans, by American citizens. Would my colleagues believe that we are told that there are millions of jobs going begging in the high-tech industry?

Who would believe that, Mr. Speaker? I ask my colleagues, who knows of a job available in the high-tech industry that is going begging? Because again, if my colleagues know about jobs that are available, let me know. I have a lot of people in my district who are unemployed and have been unemployed for over a year, and they ended up being a victim of that bubble that

burst in the high-tech industry, and they are looking for jobs, and they would love to get reemployed into that industry. But most of them are doing something else now entirely, if they are working at all.

My friend and neighbor, it has been almost 2 years for him. He is doing some data entry for us and he is driving a limousine at night. And that is what is happening all over, of course, because people are trying to keep a roof over their heads and food on the table. And they would love to get a job back in that industry. But, Mr. Speaker, we are encouraging people to come from other countries to the United States for the purpose of taking jobs in the high-tech industry. These are called H-1b visa recipients.

Now, these are folks who are not coming over here to take a job that "no one else would take," although we are told that, and that is supposed to be the scheme; that is supposed to be the idea behind H-1b and something else called L-1 visa programs, but it is not true. It is not true. These people are taking jobs, they are displacing American workers, by the hundreds of thousands. There are literally millions of folks in this country today holding these kinds of visas.

Now, we asked the INS, how many are here? No one knows how many people in this country have even come here through the H-1b visa program. The new Bureau of Citizenship and Immigration Service does not know. The Department of Labor does not know. No one in government anywhere can give me an accurate number, and the reason they cannot is because they do not keep those numbers. All they know is how many they hand out, about 195,000 a year we have handed out for several years now, and that is just the H-1b, and these folks do not go home when they lose their job, although they are supposed to. They stay.

So I am saying that it is now approaching a million people, if not more, that are here under an H-1b program that are taking jobs in "that high-tech industry that no other American would take." Does anybody really buy that?

What we know is that they are being given these visas because they will work for less. It is a cheap labor program.

Now, let us just say it. If that is the program we want to run, let us tell Americans that is the program. Let us not even hide it under visa titles like H-1b and things nobody has the slightest idea what H-1b means or L-1 visas. I will tell my colleagues what it means, anybody who is listening: it is a cheap labor program. People want to pay less for labor. They know there are people outside the country who are willing to work for less, so let us get them in here.

The Organization for the Rights of American Workers, the acronym TORAW, states that in the year 2000, there were 355,000 H-1b visas issued,

just in the year 2000. The cap for H-1b visas in that year was 115,000. That means that 240,000 received H-1b visas through loopholes and extensions. In 2001, 384,191 H-1b visas were issued. The cap was 107,500. That means that 276,691 people received H-1b visas through loopholes and extensions. Thus, the total amount of people who came here using H-1b visas in 2000 and 2001 totaled 739,796.

This is a program they told us would be short-lived, that it only was going to be there in order to take up the slack because we had this booming economy, we had so many jobs going begging. Has anybody heard that lately, something about a booming economy, something about jobs going begging? But 739,000 people were brought in here on H-1b visas in 2000 and 2001.

There is plenty of evidence that major American companies like Bank of America, Texas Instruments, Intel, General Electric, and Microsoft are actively recruiting today H-1b visa holders instead of American high-tech workers. Does anybody believe there are people who are not capable of these jobs; that Americans, the highest skilled, the greatest educational system in the world, touted constantly for our ability to produce the best engineers; the best people in this high-tech environment, that we are not capable, Americans cannot do the job, we have to go to India or someplace else to get the folks over here to take those jobs from us.

The San Francisco Business Times reported in November of 2002 that the Bank of America was eliminating 900 jobs by year end in its information technology operation. To add insult to injury, some of the laid-off workers were reportedly required to train their Indian counterparts in order to receive their severance packages. This is a common practice throughout the country.

According to a survey by the Denver Business Journal, 66.5 percent of American high-tech workers who responded said they took salary reductions in 2002, and more than 71.5 percent of them expect pay cuts in 2003. According to the Institute of Electrical and Electronics Engineers, or IEEE, a company can replace an American engineer who gets paid \$70,000 annually with a Hungarian who would earn \$25,690 in Hungary or a Russian who gets paid \$14,000 for that job in Russia. This puts companies in the position to orchestrate and control salaries. The overall effect is to decrease the salaries of all high-tech positions.

Now, we say, well, is that not appropriate? Should they not do that? Well, again, that is a policy decision that this government needs to make and needs to tell the American citizens what we are doing. Again, all I am asking is for truth in advertising. These are not special visa programs; these are not designed just to bring people in here who are in great need because the jobs are jobs our people will not do.

These are cheap labor, cheap labor policies. That is what they are, and that is what we should call them.

Now, these people are succeeding, these companies, according to the Alumni Consulting Group, because in the last 3 years, the average high-tech professional salary has dropped radically, in some cases, up to 50 percent. An online search today of the three most popular high-tech job search sites, hotjobs.com, monster.com, and dice.com, showed that they were full of jobs being offered to H-1b holders.

Now there is a new problem that is emerging, the L-1 visa. The L-1 visa program allows intracompany transfers of foreign nationals who are company executives or managers or employees with specialized knowledge of the company's products or services. It was never intended to allow companies to replace American professional employees with lower-wage foreign nationals, but guess what? That is, of course, exactly what is happening, and on a massive scale.

NBC news reported on May 8 of this year that white collar computer consultants are losing out to cheaper foreign competition. These companies are outsourcing much of their technology and customer service work to foreign companies with the goal of reducing costs and increasing profits. I would suspect that these foreign companies are using L-1 visas to bring their manpower here to the United States.

As I said before, the L-1 visa program was intended to permit multinational companies to transfer foreign nationals who were company executives and managers or employees with specialized knowledge in the company's products and operations. Instead, it is being used to allow U.S. companies with offshore subsidiaries to bring in lower-wage IT workers. These companies are circumventing the congressionally-mandated safeguards and rules imposed under the H-1b program. And our government knows it. This is not news to anybody inside the Department of Labor or inside the administration. They just do not care.

In 2001, 328,480 L-1 visas were issued, which is an increase of 11 percent. Thus, the total amount of people who came here under L-1 visas in 2000 and 2001 was 623,138.

Business Week reported on March 10 of this year that L-1 visas were being used instead of H-1b visas by India's top two IT consulting firms. Half of Tata Consultancy Services' American-based workforce are here on L-1 visas, some 5,000 foreign IT professionals. Infosys has 3,000 IT professionals here on L-1 visas, 3,000.

Now, remember, these are supposed to be people with specialized skills, so specialized, and they are overseas, they are in the company headquarters in Bombay, but there is something so special about their ability that they have to bring them over here to work in their subsidiary. That is an L-1 visa. But of course, it is not that. It is any-

body and everybody who they can get into the country, get over here to replace Americans who are now driving limousines at night.

Siemens in Florida contracted to have 20 of its American IT professionals replaced by foreign nationals brought in by Tata Consultancy Services. Tata used L-1 visas to import Indians at one-third of the salary of Americans laid off.

A member of my staff is a trained IT professional. Before he started working for me, he was a victim of the very problem I was talking about. When he asked his former company why he and the rest of his IT team had been laid off, they stated they were moving their project to India. They are doing this because the average Indian software engineer makes 88 percent less than the U.S. software engineer.

Companies are not the only ones guilty of this transgression. The State of New Mexico paid a firm in India \$6 million to develop an online unemployment claim system. The State of New Jersey called a call center in India to handle calls from their welfare recipients. In New Jersey, calls go to India. The State of Pennsylvania Department of Corrections utilized an offshore company to develop its mission critical systems.

All of this shifting of jobs offshore has significantly slowed the recovery of our own economy, and it is something that we should tell our people about. This is something we should be truthful about. And these are all high-tech jobs I have been talking about recently. But remember, go back to the original discussion here about the people coming in here with low-skill, low-wage backgrounds and how much we need them.

Mr. Speaker, I remember distinctly, this may be now 6 or 8 months ago, but I remember an article that I read in the Rocky Mountain Newspaper in Denver, and there was an article, it was not an ad, it was an article about a job that had been posted by a restaurant by the name of, it was called Luna Restaurant. I know it, I have been there many times; a great Mexican restaurant in north Denver.

□ 1700

The reason why the posting of a job became a story rather than just an ad in the paper is because it was a job for a \$3-an-hour waiter; and that one job posting, that one ad produced 600 applicants the first day. That is why it turned into a story, a news story, 600 applicants for a \$3-an-hour job.

Mr. Speaker, it is possible, I suppose, that every one of the 600 applicants that day were illegal aliens, but I do not think so. Maybe a large number were, but I think a lot of the people who applied for that job were American citizens who needed the work.

So this old canard about they only come into the jobs no American will take is just that, it is a falsehood. We employ these falsehoods in order to

maintain open borders. Both parties support the concept. The Democrats support it because it adds to their potential pool of voters for the Democratic Party. The Republicans support it because it supports cheap labor.

I will tell my colleagues, Mr. Speaker, if that is the policy that our government is undertaking, then it is simply the policy we should tell our constituents about. We should explain it to them. When my colleagues get a letter like this, handwritten, three pages long, talking about what happened to them, how they were displaced by foreign workers, we should write back and say it is the policy of this government to displace you, to move you into a lower economic income category because we believe in cheap labor and we believe that the politics of open borders helps our party, in this case the Democrats, as I say. The Republicans, it is the cheap labor side of things.

That is what we tell people. That is what we should do. That is how we should respond because that is the truth of the matter; and I hope that when we have people bring bills to the floor designed to do something about jobs, which we hear over and over again, do something about jobs, I just hope that they will think about one thing they could do. There is something that we could do tomorrow to improve the quality of life for millions and millions of American citizens. There is something that we could do tomorrow that could actually add maybe 10 million jobs for American citizens, and that is to enforce our immigration laws. Stop people from coming in here illegally, deport the people who are here illegally today, and we would automatically create 10 million jobs for American citizens.

So I want that discussed every single time there is a "jobs" bill brought in front of this Congress, because there is an easy way to do it. There is a moral way to do it. It is immoral for us to, in fact, displace American workers with cheap labor from outside our country. It is immoral for us to tell Americans that we do not have an open borders policy because we do, and there are ramifications to it, deep, serious ramifications to open borders.

If that is what the country wants, if 50 percent plus one of this body and the other body and the President of the United States signs it, that is what we will get; but that is what we are going to get. Even that does not happen that way. We are going to get it in a de facto way. We are going to get it without ever bringing it to the attention of the American public. We are all just going to look around one day and say, gosh, what happened to our economy? What happened to the country with the highest standard of living in the world? What happened to my job? At that point, it is, of course, too late.

Mr. Speaker, I hope that we will be more truthful in the discussion of this issue, and I hope that for all of our constituents' sake that we will begin to

uphold our law, begin to defend our borders and begin to, in fact, enforce immigration law.

#### A TRIBUTE TO THE ASSOCIATED UNDERGROUND CONTRACTORS OF MICHIGAN

The SPEAKER pro tempore (Mr. FRANKS of Arizona). Under a previous order of the House, the gentleman from Michigan (Mr. SMITH) is recognized for 5 minutes.

Mr. SMITH of Michigan. Mr. Speaker, I rise today to praise a community working together to accomplish an important goal. In an unprecedented effort, the members of the AUC, Michigan's heavy construction association, came together to renovate a unique historic site that we have in the State of Michigan, the Henry Ford. The Henry Ford museum and historical site includes Greenfield Village, the Henry Ford Museum and IMAX theater and the Benson Ford Research Center.

In 1929, Henry Ford started a living museum about American life. He wanted to collect and preserve objects that were used in everyday life. From the cider mill to the newly acquired electric car, over 83 historic structures on 90 acres celebrate the innovation and imagination of inventors whose ideas have changed our everyday life.

Mr. Speaker, last fall, in anticipation of the 100th anniversary of the Ford Motor Company, Henry Ford began a much-needed renovation. It faced all the problems of a modern town such as power outages, sewer failures, storm water flooding, decaying roads and treacherous sidewalks, as well as the equally challenging task of preserving a historic landmark.

Members of the AUC, Michigan's heavy construction association, donated their time, effort, equipment, materials, and innovative methods to solve these problems. More than 20 normally competitive contractors united to preserve 25,000 trees, replace nearly 35 miles of underground systems, and rebuild almost 11 miles of roads and sidewalks. They replaced sanitary sewers, water mains, storm sewers, irrigation piping, natural gas piping, and rewired electric and communication lines. Their expertise is estimated to have reduced the cost of renovation by nearly \$10 million and completed it in less than a year. This was done by working together, management and labor, volunteers and professionals; and I just want today, Mr. Speaker, to commend the efforts of this community in their effort to save and revitalize Henry Ford.

Henry Ford himself once said, "Coming together is a beginning, staying together is progress, and working together is success." We had a success. The members of the AUC and many others came together, stayed together, and worked together to successfully honor the legacy of a great man and preserve part of history for our children. For that, the members of AUC

and all those who helped in this fine effort are to be commended.

#### HONORING MAUDELLA SHIREK

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. LEE) is recognized for 5 minutes.

Ms. LEE. Mr. Speaker, I am very pleased to introduce this resolution to honor the vice mayor of the city of Berkeley, a great leader for human and civil rights, for peace and disarmament, council member Vice Mayor Maudelle Shirek.

Today, is Vice Mayor Maudelle Shirek's 92nd birthday, 92nd; and in honor of her tremendous legacy, I am extremely proud to introduce the Maudelle Shirek Post Office resolution. While fighting for social justice is no rarity in Berkeley, Maudelle's name always stands above the rest because of her uncompromising fidelity to her ideals and compassion for people.

As one of my political heroes, Maudelle continues to fight for equality and social justice for all. She is truly a role model for women, especially for young African American women.

She not only inspired me to get involved in politics but also my predecessor, the honorable Ronald V. Delums. Her commitments to investing in people have won the solid support for many years of voters in her district. She is recognized throughout the world as a distinguished leader.

One of my most memorable Maudelle stories was when she was arrested with about 109 others in an anti-apartheid protest at the University of California at Berkeley. Many of the protestors were many years younger, including myself. She knew very well the awesome power of standing for what is right, regardless of the consequences.

A granddaughter of slaves, Maudelle left rural Arkansas which, of course, was her home; and she came to California in the middle of World War II. Before long, she was campaigning for fair housing and for many, many civil rights issues for African Americans and others who had been left out and disenfranchised. She became a union organizer and an office manager of the Co-Op Credit Union. She has helped many, many families in terms of their financial stability in the 9th Congressional District, especially in the city of Berkeley. She has demonstrated throughout her life the need for coalition politics for the betterment of humankind.

Vice Mayor Shirek's community commitment really knows no limits. She helped found two Berkeley senior centers, one of which she really still actively oversees; and at 92 years of age, she still delivers meals to shut-in seniors or, if it is a Tuesday, she does all of the shopping for lunches at the New Light Senior Center, which she founded 28 years ago. She taught many, including myself, the value of eating

nutritious foods in order to live a healthy life.

Vice Mayor Maudelle Shirek continues to speak for the voiceless and to defend our basic civil rights and civil liberties. Please join me in honoring Ms. Maudelle Shirek, our Vice Mayor of the city of Berkeley, who is a fierce and inspirational woman who tirelessly continues to fight to make this world fair and just, a world of peace for our children's future.

The Maudelle Shirek Post Office will be a testament to the enormous contributions of this great woman.

#### IN MEMORY OF FORMER NEVADA CONGRESSMAN DAVID GILMER TOWELL

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

Mr. GIBBONS. Mr. Speaker, I rise today to honor the life of, and announce the death of, former Nevada Congressman David Gilmer Towell, who lost his fight with cancer this past week.

Congressman Towell dedicated his life to both national and local politics from a very early age. In 1966, he founded the Douglas County Young Republicans; and within 4 years, he became the chairman of the Douglas County Republican Central Committee; and in 1972, he defeated a 10-year incumbent and was elected as Nevada's only Member of the House of Representatives.

In Congress, he would serve the people of Nevada with great distinction. He believed that government should be held accountable for a balanced budget and responsible to spending, those ideals which all of us in this House continue to echo and support 25 years later.

I extend my sympathies to his family and friends as we join together in mourning the loss of this valuable member of our community. His leadership of Nevada and of our country will serve as his legacy, and he will be remembered for years to come.

#### HEAD START AND PRESCRIPTION DRUGS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Maryland (Mr. CUMMINGS) is recognized for 60 minutes as the designee of the minority leader.

Mr. CUMMINGS. Mr. Speaker, it is certainly my pleasure this evening to come here to the floor of the House to address on behalf of the Congressional Black Caucus two issues that are of paramount concern. Both of them go to the very essence of life and both of them address two populations within these United States who are so often quite vulnerable.

Those issues go to addressing our Head Start program, which is one of

the most effective programs in the world with regard to lifting up our children so that they can be all that God meant for them to be; and the other one goes to our seniors, with regard to their need for prescription drugs.

□ 1715

Mr. Speaker, it seems to me that these generations, the generations that count on us the most, are being neglected, overlooked and underprotected by this Nation's policymakers. My Republican colleagues seemed to be running trains in opposite directions on the same track this week; and, as a result, the programs that benefit children and the services needed by seniors are inevitably headed on a collision course that benefits no one.

First, the House Committee on Education and the Workforce is considering the School Readiness Act of 2003. The supposed intention of this bill is to better prepare Head Start graduates to begin kindergarten, as well as to set high standards for preschool readiness, teacher qualifications and comprehensive services. I say the supposed intention, Mr. Speaker, because this bill is, in truth, a thinly veiled attempt to dismantle one of the best tools used by the Federal Government to combat the negative effects of poverty on child learning.

It seems evident to me that my Republican colleagues do not believe that the government's role is to provide social services or provide a safety net for the American people. So my colleagues on the other side of the aisle have begun to attack these social programs that lend a hand up to many in hopes of greatly enriching the few with tax cuts we simply cannot afford.

My Republican colleagues are masking the true intentions of this bill, Mr. Speaker, and their deceit must be exposed. But this is no surprise, because it has been done before, again and again. The tax cut that passed this House not too long ago, with its sunset provisions, is a good example of Republican attempts to mask the true purpose of legislation.

The administration, Mr. Speaker, is claiming that Head Start children do not perform as well as other children once they get to kindergarten. Just the other day, I was at the Union Baptist Church Head Start Center in Baltimore, which is approximately 3 minutes from my home. I went there, Mr. Speaker, to watch little children graduate from Head Start, to hear many of them read on a second and third grade level, yet still we have those on the other side of the aisle who say that Head Start simply does not work. I would say to them that they need to go to the Union Baptist Church in Baltimore, only a 50-minute drive from D.C., and they will see young, beautiful children born into poverty but enriched by caring parents, caring teachers, and administrators at their Head Start center, and they are going to be all that God meant for them to be.

But, Mr. Speaker, the comparison of Head Start students with students who are not from poverty situations is a false comparison. Studies have shown that those students who participate in Head Start versus those that are similarly situated but do not participate in Head Start are far better off having been exposed to the Head Start program. But I should be clear: Head Start is not intended to be a solution. It is intended to be a head start.

We cannot solve all the problems of society that these kids are exposed to in the Head Start program. I have often seen where children will come to school and because they have not had the advantage of having been in Head Start, a lot of times those students from poor areas are already behind. Then what happens is they will go into a school and the kindergarten teachers tell us that they have to spend a phenomenal amount of time making sure that the other children, the children who are behind, are able to catch up to the other children. So, therefore, all the children are held up.

Mr. Speaker, instead of skewing survey results that benefit certain political ideologies, what we should be focusing on is improving what we know works. What we should focus on is strengthening and expanding this vital program for our youth and not seek to undermine and eventually eliminate it as we know it.

Mr. Speaker, I now want to discuss Medicare and the proposed prescription drug plan. Mr. Speaker, one's retirement years are often referred to as the golden years. But, today, the high cost of living and our slowing economy are making these golden years very difficult ones to enjoy. For that reason, I urge the House to pass a Medicare prescription drug plan that will alleviate the burdens retired seniors face when they are on a fixed budget.

The median household income of 65 and over is a mere \$23,118. In my home State of Maryland, 70,000 seniors currently live on incomes that fall below the Federal poverty line of \$12,120, yet most of us know that one of the biggest obstacles to enjoying their golden years is the cost of prescription drugs. Eighty percent of American seniors take a prescription drug every day. Of this, approximately 5 million seniors must pay for prescription drugs that cost more than \$4,500 a year, while almost 3 million must pay more than \$5,800 for their medicines. If we do the math, this comes out to paying anywhere from \$375 to \$483 per month, on top of the challenges I just mentioned.

Mr. Speaker, beyond the numbers are the real stories of real people. When I visit senior citizens throughout my district, the one thing they ask is for us to be honest with them and to pass a meaningful and workable prescription drug plan; and they say, "Please do it now, Congressman. We can't wait 5 years, because in 5 years we will be dead without our prescriptions." One lady told me she must go from phar-

macy to pharmacy just to find free samples of the medicine she needs to survive. Another lady told me that she must cut her pills in half in order to save on the cost. And it is not unusual for me to hear stories about how seniors have gone without groceries, electricity, or other necessities just so they can pay for their prescription drugs. These are people that I hope my colleagues will think of as they vote on a Medicare prescription drug plan in the next few weeks.

I believe these stories I just shared are not unique to Baltimore. Every Member of this House probably has individuals such as the ones I described in his or her district. Yesterday, the Committee on Ways and Means passed H.R. 2473, the Prescription Drug and Medicare Modernization Act of 2003. That sounds awfully good in name, but it actually undermines the very nature of the health care program that serves more than 40 million elderly and disabled Americans. Although there is a prescription drug coverage provision in this bill, seniors still have to struggle to pay for their medicines.

Although the plan would cover 80 percent of drugs that cost between \$251 and \$2,000, this leaves out millions of people I mentioned earlier whose average cost of drugs is \$4,500. This is because the bill passed by the Committee on Ways and Means would provide zero coverage for drugs that cost between \$2,000 and \$4,900. This is a huge gap where no assistance or coverage is available. I therefore urge my colleagues to, instead, adopt a Medicare prescription drug program that is affordable, available to all seniors and disabled Medicare beneficiaries, offers meaningful benefits, and is available within the traditional Medicare program.

We have introduced such a plan, H.R. 1199, the Medicare Prescription Drug Benefit Discount Act of 2003. I applaud my good friend and distinguished colleague from New York Congressman (Mr. RANGEL) for sponsoring this bill. I am also a cosponsor, along with most of the members of the Congressional Black Caucus.

Another concern I have about the Republican sponsored H.R. 2473 is that it relies heavily on privatization in order to manage cost. The problem with the GOP plan, Mr. Speaker, is that it would force seniors to use private insurance companies for drug coverage rather than relying on Medicare, which by the way seniors have paid for all their lives. They have worked day after day, year after year, given their blood, sweat and tears to support a program which now seems, if the Republicans' efforts are successful, to abandon them.

Although supporters of the GOP plan claim that competition would help control cost, the truth is that privatization would open a Pandora's box, because private insurance companies and managed care plans would design the new prescription drug plans. The private companies would also decide what

to charge and then decide which drugs seniors would get. And private insurance plans would only have to promise to stay in the program for 1 year. This would result in seniors being compelled to change plans, change doctors, and even change the drugs they take every 12 months.

Skeptics who are listening to me right now, Mr. Speaker, may be thinking that this is only speculation. But in April, I spoke with a group of seniors at the Vantage House Continuing Care Retirement Community in Columbia, Maryland, who testified that privatization would be detrimental to the health care needs of our seniors. For example, under a similar program called Medicare-Plus Choice, that was mandated by the Balanced Budget Act of 1997, many seniors have experienced obstacles in receiving quality health care. Medicare-Plus Choice is a Medicare program administered by an HMO.

The program was introduced to provide Medicare beneficiaries with access to greater benefits than the traditional Medicare program and, at the same time, to reduce Medicare spending. However, the Alliance of Retired Americans has reported that this goal has failed. For example, over 2.2 million beneficiaries have been involuntarily kicked out of the program since 1999, 327,000 of whom had no other Medicare-Plus Choice program available to them. Nearly 200,000 more beneficiaries are expected to be dropped by their Medicare-Plus Choice plan in 2003.

One of the main reasons for the policy cancellation is because providers, such as doctors and hospitals, are increasingly unwilling to accept HMO payments they consider inadequate to cover the cost of care. This is exactly what will happen if the Republican plan is adopted. If we really and truly want to make sure that seniors enjoy their golden years, then this particular bill take us in the wrong direction.

Finally, Mr. Speaker, I urge my colleagues to not overlook our concerns. This is not about politics, it is about people, my constituents, who have worked hard all their lives, who have built this country and made it one of the best countries in the world, and now they simply ask that they be treated fairly.

I also want to take a moment to thank our leader on the Democratic side, the gentlewoman from California (Ms. PELOSI). She has been at the forefront of both of these issues, addressing the issue of prescription drugs and addressing the issue of Head Start. Her sensitivity, her constant efforts to bring these issues before the American people is greatly appreciated by our caucus and I am sure greatly appreciated by all Americans.

Mr. Speaker, it gives me great honor and great privilege to yield to my colleague, the gentlewoman from California (Ms. WATSON).

□ 1730

Ms. WATSON. Mr. Speaker, I rise today to address my concerns about

H.R. 2210, the School Readiness Act. The major changes and new requirements under title II and title I will damage the integrity and efficacy of the program. This overhaul reverses the precedence in achievement that was created by the No Child Left Behind Act. NCLB seeks to close the achievement gap through stronger standards and stronger Federal oversight. H.R. 2210 attempts to reach the same solution by eliminating standards and oversight.

Title I serves to weaken the performance standards of the current Head Start program. States will be able to lower teacher standards. H.R. 2210 decreases the percentage of funds reserved for training and technical assistance from no less than 2 percent to 1 to 2 percent. The bill requires minimal parental involvement. Head Start will become disassociated with the Department of Health and Human Services.

A process of contracting out monitoring programs strikes the requirement that HHS oversee Head Start. The block grant encourages States to refer families to outside services for assistance that was once under the jurisdiction of HHS. This nullifies the 13 areas of Head Start performance standards that maintain the program's high level of quality. Under this legislation, the Secretary approves applications from States that meet the loose eligibility criteria by default. In essence there is no oversight or evaluation of the quality of the State plan.

Mr. Speaker, since its inception under the guise of HHS, Head Start was designed to help the whole child. Current service offered through HHS cannot be carried out as effectively with minimum input by the Department.

Above all, States will be forced to reduce the overall number of Head Start children served. States have already been forced to cut early childhood education programs outside of Head Start due to the budget crunch. The block grant allows States to use Head Start funds to supplement other Federal programs. Governors may be able to use this money to cover budget deficits in their States. In California, that receives over \$800 million for Head Start, at the same time there is a \$38 billion budget deficit. With the block grant proposal, my State has the option to use \$800 million to close this budgetary gap.

Changing the funding formula to block grants, under title II, creates a daunting scenario for the Head Start program. The four eligibility requirements under title II do not address quality or expertise. The legislation requires the bare minimum of States: an existing prekindergarten system, standards for school readiness, allocating no less than 50 percent of funds to grantees and their interagency coordination. All 50 States meet these requirements, but too few provide the quality level of services.

At present only three States provide all the services needed to get at-risk

children ready to learn. These States provide the same set of eight comprehensive services required of Head Start through state-run prekindergarten programs.

Mr. Speaker, 30 States have such programs; yet only three are able to meet the standards that they created in order to prepare our children for success in school.

Now we want to give all 50 States this responsibility, knowing full well that these States have not proven that they are able to do so. This will be a great disservice to our Nation's youth. We must make better investments in our children and our future instead of stuffing the pockets of millionaires. An investment in our children equals an investment in our Nation's strength, in our Nation's security, and in the future.

The economic plans and the focus of the administration must be balanced between future consequences and immediate gain. We must also continue to keep the facts at the front of the debate so that the administration and Congress can make policy decisions based on the facts rather than on misguided interpretations and subjective judgments.

Since 1965, Head Start has been one of the most successful anti-poverty programs. According to a recent report of the President's Management Council, Head Start received the highest consumer satisfaction rating of any government agency or private business.

The program has helped millions of children prepare for school, become productive students and improve the quality of their lives. The current program narrows the readiness gap between Head Start children and their more affluent peers. Almost 70 percent of children enrolled in Head Start programs are from minority groups. One-third of these students are African Americans. Over 34,000 migrant and seasonal workers' children are served annually.

Improving Head Start can be done without this major overhaul. As in the past, improvement can be done under the existing structure.

Mr. Speaker, in 1998 Head Start supporters sought to ensure that at least 50 percent of all Head Start teachers acquire an associate of arts degree or better by the year 2003. The program has met this goal. The HeadsUp! Reading Network was established to train Head Start and other early childhood teachers across the Nation. These are improvements that we hope to establish through the No Child Left Behind Act. We have not yet met these goals, but Head Start has met its goals internally.

Mr. Speaker, I encourage my colleagues to maintain Head Start as it is. It is the duty of Congress to protect the current and the future security of our Nation. We must continue to help the children of migrant workers, at-risk youth, and their parents. By supporting Head Start in its current form, we will be doing just that.

Mr. CUMMINGS. Mr. Speaker, the gentlewoman from California (Ms. WATSON) talked about block granting and how so many States have deficits, and I understand that California has a large deficit; is that correct?

Ms. WATSON. We have a \$38.5 billion deficit.

Mr. CUMMINGS. I think just about every State has a deficit, and I think one of the things that we have been most concerned about is if this money then goes to the States, this Head Start money goes to the States, we are afraid what might happen to that money on its way to our children.

Ms. WATSON. Certainly one would be tempted to fill in the gap. Because of our shortfall in funds and because of the oncoming tax cut, we will have fewer revenues and we will find programs like health competing against educational programs, and I do not know how they can be separated, and other social programs that are the safety net. You have to be compelled in some way when you have some money coming in to close the gap here and close the gap there. They are not going to be closed because they are too deep, but to address the needs with these funds intended for the Head Start program.

Mr. CUMMINGS. One of the things that came out during the Congressional Black Caucus hearing yesterday was a parent from Baltimore, a woman name Portia Deshields, and she said the Head Start program had opened her eyes to so much. First of all, she was a Head Start child, and she placed her child in Head Start. The child just developed by leaps and bounds, had some problems, but Head Start was able to refer them to an appropriate therapist, was able to bring about this type of psychological counseling that the child needed, and then the child was able to graduate from Head Start.

But the thing that was so interesting about what she said was by seeing what Head Start had done for her child and by being involved in Head Start, and as I understand it Head Start, the way the legislation is now, that is the present law, parents must be involved. It is a very, very important thing. She sat on the council for her Head Start organization; and the next thing she said she was so moved by what was going on with her child in Head Start and was so moved by the way she could affect her own Head Start program, she decided to go back to school, and in a few years she will be graduating from college. So her child was lifted up. And she and her family were lifted up.

Ms. WATSON. Head Start is needed now more so than ever. With the new TANF requirements, you as a welfare recipient have to go back to work when the child is 6 months old. That means you are not in the home from zero to 5 to help nurture that child and teach them because you are working, and you are working a full day. So we need Head Start now so children can be ready to learn when they go to kinder-

garten, simple things like tying one's shoe, buttoning one's jacket, being able to share and work with others, those things that were done in the home that will no longer be able to be done in the home because one parent has to go to work, and these are single-parent families so they do not have the time to train their child.

Head Start was created during the War on Poverty during the 1960s. It was the best thing we did to close the safety net. Why would we take a program which has had such successful outcomes, and these can be measured, and start whittling it away? I do not understand the thinking. It will cost us less in the long run to have a Head Start program and not a block grant in every State.

Mr. CUMMINGS. Research has shown that for every dollar we spend for Head Start, we save 4 to \$7 later on. Of course we are talking about we help children avoid teenage pregnancy, juvenile delinquency, dropping out of school, which later on cost society quite a bit; but just as significant or more, the child has then missed out on his or her dream to be all that God meant for them to be. That is such a sad thing when they are denied the opportunity of getting to where they could be.

Ms. WATSON. The research clearly shows if you invest in the early years, there will be more of a guarantee of success in the later years.

Mr. CUMMINGS. Mr. Speaker, I appreciate the gentlewoman's clarification on those issues.

Mr. Speaker, I yield to the gentlewoman from California (Ms. LEE), someone who has been at the forefront of people issues. When children come on the Earth, we already know that they have gifts; and the question is what will we do as adults to help them develop those gifts. She has certainly been at the forefront of the Head Start program to make sure we maintain Head Start and make it better, as well as a Member who has worked very hard on this issue of prescription drugs.

Ms. LEE. Mr. Speaker, I thank the gentleman from Maryland (Mr. CUMMINGS), chairman of the Congressional Black Caucus, for the gentleman's leadership and for once again holding this Special Order to attempt to wake up America.

□ 1745

Tonight, of course, under the gentleman's leadership, we are once again talking about children and our senior citizens. Once again we are talking about the Bush administration's dismantling, total dismantling, of social programs. The Bush administration has really waged war on children and our senior citizens. They continue to dismantle, privatize, and create unfunded mandates that truly compound our State budget crisis and leave our children and our senior citizens behind. I have yet to see the compassionate conservatism which was promised over

2 years ago. Actually on my report card, the Bush administration gets first an F for attempting to block grant the section 8 program, which helps kids live in mixed income areas and have the chance to go to mixed and integrated schools, and for eliminating the drug elimination program which provides violence prevention efforts in public housing to increase their safety at home.

The Bush administration gets another F for attempting to block grant Medicare and Medicaid to the States and removing the responsibility of the Federal Government to provide health insurance to millions of children and to families by trying to give this to the States which are really suffering from fiscal shortfalls and extreme budget crises.

They also get an F for failing to include the 12 million children, 12 million, mind you, in their tax cut proposal. They also, based on my report card, get an F for attempting to privatize not only Social Security but the current Republican prescription drug benefit which will leave millions of seniors without coverage. They want to give really the insurance companies and the pharmaceutical companies another way to make more profits. In fact, according to Consumers Union, more seniors would pay more for medicines than they now do under their proposal. That is why they get an F for their prescription drug benefit plan.

They also get an F on the economy, because the Bush administration and this Congress has not provided a secure economy where families can provide for their children because they have jobs and a sense of stability and economic security, not because they have an alleged tax cut. They also get another F for their current Head Start attempts and for continuing to dismantle Head Start really, and that is what they are doing by block granting it and by reducing the effectiveness of Congress, State governments, and our communities.

Tonight, many of us are talking specifically about Head Start and why we cannot stand by and allow our Republican colleagues and the administration to move forward with their plan to test kids, mind you, at age 4, I believe, literacy testing. How cynical. Age 4. Their plan would require care givers as well as teachers to have college degrees instead of concern and sincere interest in their students and would reduce, instead of expand, the success of the current Head Start program. That is why they get an F on my report card for block granting Head Start.

Over the last 4 decades, Head Start nationwide has reached an unbelievable number of students. Since 1965, over 20 million children across the country have participated in Head Start. Last year alone, Head Start and Early Head Start programs worked with more than 900,000 children; that is 900,000 in over 2,500 local programs. In my own hometown of Oakland, California, 1,600 children are part of our area Head Start

program. But we are still not reaching enough kids. On any particular day, 300 to 400 young people are on a waiting list for the Oakland Head Start centers. In fact, all 30 centers have children on a waiting list, meaning that all areas are being affected; 300 to 400 children are far too many to have to begin school already behind. In fact, one child on a waiting list is one too many who do not have access to early participation. Just a couple of months ago, over 300 to 400 families, children, men and women, came to a rally and participated. In no uncertain terms they said very clearly to me, do not tamper with Head Start. If it ain't broke, do not fix it. Leave it alone. Let us put more money in Head Start. Do not subject us to the whims of the State budget crisis.

We cannot stand by and allow this administration and this Republican Congress to dismantle good programs like Head Start. We cannot allow them to succeed in the ongoing elimination, and that is what is going on. It is the systematic elimination of proven programs that benefit and lift up all people in our country. We cannot allow the President and the Republican Congress to dilute what has been one of our most successful programs over the last 4 decades. We must stop this assault on Head Start, we must stop this assault on our children, we must stop this assault on our senior citizens, we must stop this assault in terms of the bogus prescription drug benefit program that the Republicans are pushing, we must stop the assault on section 8, we must stop the assault on Social Security and in terms of our overall domestic economic agenda.

Mr. Speaker, I encourage my colleagues, all of us, to join with our Chair of the Congressional Black Caucus to once again this evening try in another instance to wake up America in terms of what type of dismal, very backwards policies that this Republican Congress and this administration are shoving down the American people's throats.

Mr. CUMMINGS. Mr. Speaker, the Congressional Black Caucus and the Congressional Hispanic Caucus work very closely on a number of issues. It so happens that we work on the two that we are addressing tonight. There is no greater leader that I have come to know than the head of the Hispanic Caucus, the gentleman from Texas (Mr. RODRIGUEZ). Our caucuses have worked hard on many issues. We may not have been able to stop everything, but we certainly were able to throw up a few roadblocks. The fact is that he comes tonight, and I am so glad that our caucuses could join together tonight to address this House.

I yield to my friend, the gentleman from Texas, the Chair of the Hispanic Caucus.

Mr. RODRIGUEZ. I want to thank the gentleman from Maryland for yielding. His leadership has also been noticed throughout the country. I want

to personally thank him. I want to also specifically thank him for reaching out to the Hispanic community across this country and reaching out to the Hispanic Caucus. To me it has been a pleasure working with him. I know we have a great 2 more years to go, and I look forward to continuing to work with him.

I want to also congratulate him on the efforts that he just conducted and we had the pleasure of this week of attending a hearing on Head Start. I want to thank him for inviting me there. We had some beautiful panels that went before the Congressional Black Caucus to talk about the needs of Head Start and to talk about the research regarding Head Start and how to best reach our young people. I want to personally thank the gentleman for the leadership. I want to thank him for that energy that he shows in reaching out. I know that we probably have had for the first time in a long time both Hispanic and African Americans, more press conferences together than anyone else, and we are going to continue to do that. I know that there are a lot of issues that confront the African American community, as well as the Hispanic community, and everyone, the entire community in the country, that we are going to continue to work on. I want to thank the gentleman for his leadership.

Tonight we are here, and I am glad that I have an opportunity to be here to talk about the importance of Head Start. The adequate care in the development of our children is perhaps the greatest hope of America. For those who lack the resources, for those who face the social barriers, the educational barriers, the linguistic barriers, the cultural barriers in the pursuit of this necessary goal, we offer them a program that has worked and that is Head Start, a program that has been there for approximately 35 years, since 1965, a program that has shown that it can reach out to our youngsters and meet the needs.

As chairman of the Congressional Hispanic Caucus and also as a parent, and I speak as a father, recognizing the importance of Head Start, recognizing the importance of starting early with some of these youngsters. I just compare myself to my daughter also, where my daughter has had some opportunities to get access to a lot of books. When I was growing up, I did not have those opportunities, and I know that Head Start provides that initial effort that allows those youngsters to be able to compete.

Head Start is a highly successful program. Since its founding in 1965, the Head Start program has provided comprehensive child development and family support services to more than 18 million low-income preschool children and their families. I stress "their families." Given the broad objectives of the programs, it is difficult to compare its success against other programs with more narrow objectives. For over 3 dec-

ades, Head Start has been there for our kids. Head Start is the first and foremost federally funded comprehensive child and family development program designed to meet the needs of low-income families with preschool children. This is why it must stay in the Department of Health and Human Services. It reaches out and works with young people.

Head Start currently is only serving 40 percent of the children that are eligible due to the lack of funding, and only 3 percent of the eligible infants and toddlers. So there is still a lot that we can do. Children born into families of poverty start at a marked disadvantage to their peers in the middle-income and wealthy families. Studies suggest that they do not have that richness of books in their home, proper nutrition or access to continued health care. And so Head Start was created to address this facet of issues, improving the richness of early learning experiences for not only young children but also for their parents as well.

In fact, Head Start focuses on families in fighting poverty in a comprehensive manner that has led the program to its success at getting children ready for school, improving their literacy and improving their skills and giving their parents the skills needed to become the child's first teacher, their best teacher, their parents. Administering the program through the Department of Health and Human Services ensures greater collaboration and the integrity of all the components essential to a child's and family's development. Providing comprehensive education, health and family community resources contribute to children's readiness, especially for low-income children and families. Transferring the program to the Department of Education would undermine the comprehensive program with no guarantees that these essential programmatic components would be preserved. So it is important that this program continues to remain in the Department of Health and Human Services. I know the administration has made every effort to try to change that.

In addition, the President in his 2004 budget proposal introduced initiatives that wage a war on the poorest children of our country, Head Start. The administration purports that moving Head Start to the Department of Education would be the best thing to do. In reality, this program has been working well under the Department of Health and Human Services. We cannot see how this can be improved when it has already been doing a good job. I can only conclude that the President fails to recognize the true value of Head Start. We must ensure that Head Start continues to provide our children with comprehensive services. If the administration continues to want to move Head Start to the Department of Education, if they want to continue to push to put it into a block grant, one can only conclude that this administration and that this President does

not support Head Start and is not willing to allow it and fund it at the level where it should be and allow it to continue to make progress.

Besides trying to dismantle the Head Start program, the President also announced in his 2004 budget an increase of only \$148 million for Head Start. This small increase would not cover the inflation cost that is needed in order to make things happen and in order to continue to meet the needs of more than 60 percent of youngsters that qualify under this program that are not receiving services. And so this increase is not sufficient.

Further, the President's budget proposal of 2004 includes a legislative proposal to introduce an option available to the States to participate in an alternative financing system. Under his proposal, States would receive their Head Start funds under a flexible grant. States are grappling with their own budgets at the present time. In fact, we started this program through the Federal Government because States were unwilling to be responsive.

□ 1800

States such as Texas, for example, fund only kindergarten at half day. The local community has to fund the rest of it. So we can imagine what they would do with the resources. They would not go to Head Start. They would go somewhere else.

At the same time, the State funding for Early Childhood is at a dismal situation. After this last session, it even got worse, so that we are really concerned that the President's effort at trying to dismantle and attack Head Start is a way of trying to get the resources away from these kids that drastically need them to provide to the States. We are concerned that those resources will be used for other purposes.

I also want to take this opportunity to talk about an important aspect of Head Start that we very seldom talk about, and that is, I would like to take a moment on the seasonal and migrant Head Start programs. Many young migrants and seasonal children in the United States are taken into the fields because the parents have no other place to leave them while they are at work.

Now we are seeing these young people in the Carolinas and other States where we did not see them before, where some of these programs are still not in effect, and I have seen recent pictures taken where young people are right there, young kids of 2 and 3 and 4 years old, next to their parents while they work in the fields. Sometimes young children take care of their younger siblings in camps and fields while their parents work hard in the fields. Migrant and seasonal farm workers in various sectors of our Nation in the agricultural industry, from harvesting, to sorting, to processing, to everything in between; it is hard work, and it takes special skills.

But these families earn about \$10,000 a year. These are the ones that pick

the products and pick the food that we eat. These are the ones that we take for granted when we sit down to eat each night and not recognize that there are people out there doing this kind of work.

Migrant and seasonal Head Start programs serve nearly 32,000 migrant children and nearly 2,500 seasonal children annually. Seasonal and migrant Head Start programs operate in 39 States in every region of the country. These programs offer positive nutritional child care for children ages birth to school entry age. Thirty-five percent of the migrant and seasonal Head Start enrollment is comprised of infants and toddlers. Getting migrant and seasonal children out of unsafe environments is a starting point for migrant and seasonal Head Start programs.

But they do more than that. Migrant and seasonal Head Start programs answer basic needs of migrant and seasonal children, and it is important that these programs remain within the Department of Health and Human Services. Migrant and seasonal Head Start is very different from the other programs because it is the nature of farm labor. Children need full-day services often from 6:00 a.m. to 6:00 p.m. These programs have been there. We need additional resources for this area.

One of the things that I would question is that if they are transferred over to States, the fact that they exist in 39 States, the fact that they also have to have the flexibility to be able to work with these young people that come in on a seasonal basis that might be there temporarily, our schools are not geared to be able to address that need. The programs that are out there have been meeting that need for over 35 years, and they need more resources, but they have been there for those kids.

They know how to reach out to those kids, and this is one of the main reasons why this program has to remain with the Department of Health and Human Services, and it has to remain with those local communities instead of being put into a State grant.

So tonight I want to take this opportunity to thank the gentleman from Maryland (Mr. CUMMINGS) and thank the Congressional Black Caucus, in their efforts and just to continue to reaffirm that this President and this administration, when he ran for President, he promised to work in the area of education. He promised to deliver a program that would respond to the needs, and he indicated that education was one of his first priorities. But in return, his Leave No Child Behind has \$9 billion of his own bill that he has not funded, and he has left us behind. When it comes to Head Start, the promise that he has is to put it into a block grant and basically destroy the program that hits us at the most vulnerable of this country.

So his promises have been empty words that have not been met. So I want to once again thank the gentleman for allowing me to be here to-

night, and I want to also express my sincerest appreciation for the hard work that he does and the entire Congressional Black Caucus, and I look forward to working with him.

Mr. CUMMINGS. Mr. Speaker, we look forward to it too, and we really do thank the gentleman from Texas.

Mr. Speaker, I want to talk just for a moment about this whole issue of Head Start, and I would like to engage the gentlewoman from California (Ms. LEE) in a colloquy just very briefly.

One of the things we have in my district is a high school called Veneble High School, and this is for special education children, and one of the things that I have noticed is when I go to their graduations, so many of these children have speech defects. So many of them have problems walking. And the interesting thing that I noticed is that when I talked to the principal at one of the graduations, I said how did this happen? And she said if they had had the proper services when they were little, it would have made a world of difference. In other words, if they had had a speech therapist, maybe if a child were given braces to wear on his leg, by the time he got to be 4 or 5, he would have been able to walk properly. So these children then grow up with problems that could have been corrected earlier, and I think one of the advantages of the Head Start program is that it is comprehensive and they look at all aspects of the child's life and try to address them at that early age.

Has that been the gentlewoman's experience?

Ms. LEE. Mr. Speaker, the gentleman from Maryland hit it. That is exactly why moving Head Start from the Department of Health and Human Services into the Department of Education is not the right move because currently, our young people who are in Head Start, our children, receive comprehensive services. Their families receive the support. They receive not only a quality early childhood education, but they also receive those basic kinds of support services that they need to move on to lead a quality healthy life. Children from low socioeconomic backgrounds do not have the resources for healthcare. We know how much healthcare is costing now. Their parents do not have insurance coverage. They do not have access to dental clinics.

So Head Start provides for immunizations and all of those kinds of healthcare needs in a total package for young people who, by no fault of their own, just do not have any money to receive those types of basic services, and that is why moving it to the Department of Education is wrong and we have got to defeat this proposal.

Mr. CUMMINGS. I thank the gentlewoman.

Mr. Speaker, I am very pleased to yield to the distinguished gentleman from the great State of Illinois (Mr. DAVIS) who has also been at the forefront of the fight for Head Start and for prescription drugs for our seniors.

Mr. DAVIS of Illinois. Mr. Speaker, I want to commend the gentleman from Maryland (Mr. CUMMINGS) and the gentlewoman from California (Ms. LEE) and the gentleman from Texas (Mr. RODRIGUEZ) for the leadership that they have shown and displayed.

I just left the markup in the Committee on Education and the Workforce where we have been babbling, I guess one could say, all day long. We have been debating Head Start. And there are certain principles that we have tried to maintain, and one is that the program must be kept comprehensive. It must remain comprehensive and not be streamlined and categorized so that young people will get the full benefit of the most effective program that we have had coming out of the civil rights movement, coming out of the war on poverty. No other program has been as successful as this one.

We also have to make sure that the block granting does not creep in, and we have obviously crept up, and they are down to talking about eight States now that would be demonstration projects, but we have got to watch that because those eight States will still represent one-third of all the children in Head Start.

So if we are talking about eight States with large populations, with large populations of Head Start children, then that becomes a significant number. We are still opposed to the block granting all the way.

We know that we need additional funding, especially as we now have a mandate that 50 percent of the teachers ought to have a college degree by 2008. But how does one get a college degree if one is a Head Start teacher making \$12,000, \$15,000, \$10,000, \$11,000, \$14,000 a year without some help. So we are proposing stipends and scholarships, things that are going to help those individuals.

And I was pleased to note that I did get an amendment accepted a few minutes ago that will call for the creation of a fatherhood initiative, and I noticed that the gentleman from Texas (Mr. RODRIGUEZ) mentioned that, as a father, we find that many fathers are absent from the lives of their children and that one of the things that we can do in Head Start is stimulate the growth and development of that.

So I just, again, want to commend all of my colleagues here, the gentleman from Maryland (Mr. CUMMINGS) as he leads the Congressional Black Caucus, the gentlewoman from California (Ms. LEE), and it was good to see the gentleman from Texas (Mr. RODRIGUEZ), chairman of the Congressional Hispanic Caucus, and I know that the gentleman from Alabama (Mr. DAVIS) is here, and the gentleman from New Jersey (Mr. PAYNE) who has been doing an outstanding job in the Committee on Education and the Workforce, we have been there together all day. So I think the chairman so much.

Mr. CUMMINGS. Mr. Speaker, I thank the gentleman.

Let me just say this, Mr. Speaker. The Congressional Black Caucus is very concerned about this issue along with the Congressional Hispanic Caucus, and sometimes I think what happens is so often people will hear the words Congressional Black Caucus or hear the towards Congressional Hispanic Caucus and think that we are only addressing issues that affect African American and Hispanic people. That is simply not true. The issues that we address go to the very center of people's lives, and I can think of nothing greater that allows a person to be all that they can be than health issues, making sure they have prescriptions that they need and making sure that our children have the education that they need so that they can get to their destiny.

I have often said that our children are the living messages we send to a future we will never see, and the question is what kind of message do we send if we deny a child who was born into poverty? That child did not ask to be born into poverty, but he is born into poverty or she, and so that child has a struggle from the very, very beginning. And I think that if we can help a child at 3 years old and give that child a proper foundation so that they could then go forward in life and have what I call consistent appointments with success, then that child grows up, and that child possibly could be the person who finds a cure to pancreatic cancer or could become the President of the United States.

But when they are denied that opportunity at an early age, then so often they go off the road as a straight and narrow path, and the next thing we know, we see them as I see them in my district, so many of them dropping out of school, so many of young ladies having babies as teenagers, and we see the problems that they are confronted with. And Head Start is a program, Mr. Speaker, that has effectively addressed those problems, and again with regard to the prescription drugs, we have to stand up for our seniors.

#### GENERAL LEAVE

Mr. CUMMINGS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on my special order.

The SPEAKER pro tempore (Mr. FRANKS of Arizona). Is there objection to the request of the gentleman from Maryland?

There was no objection.

□ 1815

#### PRESERVING HEAD START

The SPEAKER pro tempore (Mr. FRANKS of Arizona). Under a previous order of the House, the gentleman from Alabama (Mr. DAVIS) is recognized for 5 minutes.

Mr. DAVIS of Alabama. Mr. Speaker, to a number of people around the coun-

try it is approximately 15 minutes after 6 in the East, about a quarter after 5 in my neck of the woods in central Alabama; and a lot of people are coming home right now from working on the assembly lines, a lot of people are coming from working in the nursing homes and the places where hard work is done in this country, and a lot of them picked up their children from Head Start.

A lot of them are coming home now, and they are watching this debate, and they are asking a very basic question: Why is this House even assessing the question of Head Start? Why is this House even talking about dismantling Head Start, when in their own lives they see this program has been so enormously successful?

There is an old maxim that if something is not broke, you do not fix it; and the perspective of a large number of people I represent in Birmingham, Alabama, and Selma and Tuscaloosa and in all of the rural counties in my State is that this has been a part of the War on Poverty that has endured. This program, which was launched in the 1960s, has endured, it has survived, and it has notably commanded bipartisan support.

As I talk to friends of mine on the other side of the aisle, particularly friends of mine who have served in State legislatures, a good many of them away from this floor will express that this is a program that has been successful.

So many people wonder why, as we talk about reform, as we talk about changing the educational system in this country, why we are targeting this particular program; and I will make three basic points to follow up on what my very able colleagues from Maryland and California said earlier.

The first one is that this program has been an enormously effective holistic program. It has been a program that has helped not simply make children more literate, but has frankly helped to make children better young men and women, better equipped to participate in school, better equipped to live in their communities.

It is not simply a reading program, it is not simply a literacy program, and to try to limit it or to cabinet it to just those areas deprives the program of some of its potential.

Another very basic point, as we talk about block granting this program even for just eight states, we know the reality of block grants has been that as the programs devolved to the States, the States are often unconstrained in how they spend the money. They are often unconstrained in their vision of how the money should be spent.

I know in my State of Alabama we are facing enormous budget consequences now, and in the States most of us represent our States are fiscally struggling. They are not asking for more programs to be put on their plate from an administrative or financing standpoint. If anything, they want

more help from Washington, D.C., not more requirement that they administer particular programs that are being transferred from Washington.

A third point: we often talk about representing the interests of people whose voices are not heard in our society. It is crystal clear to me that among the most unrepresented people that we have are the children who are living in poverty and the children who are living in families that are standing at the edge of economic security.

Just one week ago, this House failed to pass a child tax credit, a manageable child tax credit bill that would have helped a lot of those families. It would be a shame if next week or in the weeks to come that we decided that we were going to attack those families in just one more little way, by changing this program that has benefited so many of them.

In conclusion, Mr. Speaker, when this issue comes on the floor, when we begin to talk as a body about Head Start, I hope that we understand it has been a success, and I hope we understand that so many families in districts like mine around this country look to this program; and we ought to be finding a way to preserve it, we ought to be finding a way to help connect with these children, because if we lose them, as the gentleman from Maryland (Mr. CUMMINGS) said so well a few minutes ago, we are losing a potential talent base that we have not discovered. We are losing people that have the chance to do an enormous amount in their lives.

We need to be nurturing them, helping them; and this program has been an example of what government can do at its best. There are some of us in this body, Mr. Speaker, who still believe that government has a high and noble purpose. Not that it is the only answer, but that it can do something to touch and connect with the lives of people who have been left behind.

#### THE IMPORTANCE OF HEAD START

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PAYNE) is recognized for 5 minutes.

Mr. PAYNE. Mr. Speaker, as we continue to discuss the importance of Head Start, the Head Start program to our communities, I want to draw attention to a resolution that I offered, H. Res. 238, expressing support for the Head Start program, which has had such a positive impact on the lives of millions of children nationwide.

This resolution not only recognizes the contributions of Head Start; it also supports maintaining its current designation at the Department of Health and Human Services.

Earlier this week, I participated in a hearing convened by our chairman, the gentleman from Maryland (Mr. CUMMINGS) of the Congressional Black Caucus, where we had an opportunity to hear from those who are directly in-

involved in administering the program, including Maxim Thorne, executive director of the New Jersey Head Start Association. He expressed his concern about the effort to block grant the program, which he said would have a devastating impact on New Jersey's Head Start children.

The majority backed off of the block grant to all of the programs, but selected eight States, one of which is New Jersey. The eight States carry about one-third of the children, as was indicated by the gentleman from Illinois (Mr. DAVIS).

Most of the States selected are States that have financial problems, as we have in New Jersey. In New Jersey, we are already grappling with the Abbott decision, which was a decision where our Supreme Court of New Jersey said that every child in New Jersey is entitled to a thorough and efficient education.

The State administration is before the courts asking for relief from that decision, saying that the budget is tight, they have constraints, they cannot fully fund this court order; and they are asking to be allowed to delay and defer programs under the Abbott decision.

What will happen when the Head Start money comes? It will be very tempting to see if perhaps this money can go further and be used in trying to comply with the Abbott decision. I think it is wrong, and I definitely oppose it, as do all of the members of the Democratic Party on the Committee on Education and the Workforce.

Also echoed by our executive director of the Head Start program was the provision which would allow for open discrimination of Head Start workers based on religion. This goes against everything our Nation stands for.

Mr. Speaker, Head Start has a proud and successful history. In 1964, President Lyndon Johnson gave his State of the Union Address before Congress and our Nation with an announcement to declare war on poverty. In his declaration, he believed, for the first time in history, poverty could be eradicated, and offered his proposal, the Economic Opportunity Act of 1964.

Despite opposition that believed poverty was on the decline from the heights of the Great Depression, President Johnson was undaunted. He declared the act does not merely expand old programs or improve what is already being done, it takes a new course. It strikes at the causes, not just the consequences of poverty. It can be a milestone in our 180-year search for a better life for our people.

After the bill was signed into law, an Office of Economic Opportunity was created to fulfill its mission. At the same time, a pediatrician by the name of Dr. Robert Cooke was asked by the head of this new office to lead a steering committee to come up with specialists to find out what should be done.

The Cooke memorandum outlined what we know as the Head Start pro-

gram. Launched as an 8-week summer program, Head Start was designed to help break the cycle of poverty by providing preschool children of low-income families with a comprehensive program to help meet their emotional, social, health, nutritional, and psychological needs.

Since its inception, Head Start has served over 20 million children. Today it is a full-day, full-year program providing pre-school children of low-income, working families with a comprehensive program to meet their emotional, social, health, nutrition, and parental support needs.

Head Start's focus on the whole child extends to recognizing the importance of the family, not the institution. Throughout its history, Head Start has included parents in both their child's education and membership in the Head Start Policy Council, which serves as a vital link between the community and the public and private agencies. Parental involvement is a critical and integral part of the program. Economically deprived families are no longer seen as passive recipients of service, but rather as active, respected participants and decision-makers.

So, as I conclude, with the average child care cost in my State of New Jersey over \$5,000 a child, thousands of children across the State and others would not have had access to an exceptional program that has them ready to learn by the time they enter kindergarten if Head Start was not there to serve them. Terms such as "State options" and "coordination" will mean shortchanging and ending a 38-year program which has proven to be successful to millions of children.

We need to move towards full funding of Head Start. We need to support and preserve the Head Start program. I look forward to working with my colleagues to accomplish this goal.

#### EXPANDING MEDICARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. RUSH) is recognized for 5 minutes.

Mr. RUSH. Mr. Speaker, today in the Committee on Energy and Commerce we are marking up the most critical expansion of Medicare since its inception 37 years ago.

As you might have expected, Mr. Speaker, in my opinion, the bill is not perfect. It needs work. There are two amendments that I will introduce to strengthen the Medicare Prescription Drug and Modernization Act of 2003.

My first amendment will ensure that diseases that disproportionately affect the African American community will be highlighted in the disease management component of the bill. The diseases that need to be highlighted include prostate and colon cancer, hypertension, and obesity.

The current language in the chairman's mark does not include enough diseases that should be highlighted in

the preventive care management portion of the bill. There is disease management capacity in the bill, and it requires preventive care in Medicare. So, in my opinion, Medicare must address the diseases that proportionately affect minority populations.

We have to address a population who has been told that their life expectancy is 15 years lower than that of their white counterparts. African American men have a 34 percent greater chance of being diagnosed with prostate cancer and a 123 percent greater chance of dying from prostate cancer than white men.

African Americans' overall cancer rate is 33 percent higher than for whites overall. The incidence of this disease among African American men is among the highest in the world. From 1973 to 1992, the rates of death from prostate cancer among African American men increased by 41 percent. Blacks are more likely to get cancer and to die from this dreaded disease than other racial or ethnic groups.

It should not be difficult to understand my insistence at this opportune time in the Committee on Energy and Commerce that we address this particular matter. It is my hope that seniors will become educated about what they can do to lower their risk for cancer.

Medicare should serve as an educational vehicle. Seniors will learn how to eliminate stress, how to eat properly, and how to incorporate exercise in their lives. They must learn how they can lower their own risk and improve health care through their own behavior.

My amendment also addresses preventive care for hypertension. Hypertension, Mr. Speaker, is a leading cause of stroke. I am sure that we all know people, loved ones, who live dramatically different lives following a massive stroke. I am sure that we know people who have lost their lives prematurely following a massive stroke.

Whether the stroke impedes speech, or it requires that an amputation must take place, or just general paralysis is the prognosis, we must do what we can to curb the indicators for stroke.

□ 1830

Preventative care and hypertension is so critical to minorities in the Medicare population. In 2001, 2,500 African Americans died from stroke, the third leading cause of death for all racial and ethnic groups. African Americans were 40 percent more likely to die of strokes than whites in 2001, when differences in age distribution were taken into account.

Mr. Speaker, the prevalence of high blood pressure in African Americans is among the highest in the world. That is why my amendment is so critical to ensure the longevity of African American lives.

The final component of my amendment addresses the overarching impediment to good health, and that is

obesity. Obesity is a trigger for both hypertension and cancer. We would be remiss not to address cancer and hypertension and neglect to draw the connection to a healthy diet and exercise. Therefore, we must examine the how and the why obesity is a trend in minority communities and among many minority populations.

I can answer the how and the why partially from my own experience. As I drive around my own communities in my own district, I see a scarcity, Mr. Speaker, of places that have grocery stores that have fresh fruits and vegetables. In my community, in my district, there is an abundance of fast food restaurants, and the proliferation of these establishments and the lack of healthy food choices spell disaster for a healthy population and for healthy relationships with food and exercise.

The bottom line, Mr. Speaker, is a serious Medicare program must provide a comprehensive preventative care program. This care must be multi-layered. It must address all diseases and, in the case of my amendment, must address diseases that are disproportionately killing people of color.

My amendment would ensure that diseases that disproportionately affect the African American community will be highlighted in the disease management component of the Medicare modernization bill.

APPOINTMENT OF MEMBERS TO THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE

The SPEAKER pro tempore (Mr. FRANKS of Arizona). Pursuant to 22 U.S.C. 3003, the Chair announces the Speaker's appointment of the following Members of the House to the Commission on Security and Cooperation in Europe:

- Mr. SMITH of New Jersey, acting chairman;
- Mr. WOLF of Virginia;
- Mr. PITTS of Pennsylvania;
- Mr. ADERHOLT of Alabama;
- Mrs. NORTHUP of Kentucky;
- Mr. CARDIN of Maryland;
- Ms. SLAUGHTER of New York;
- And Mr. HASTINGS of Florida.

CORRECTION TO THE CONGRESSIONAL RECORD OF MONDAY, JUNE 16, 2003, AT PAGE H5407

By Mr. THOMAS (for himself and Mr. TAUZIN). H.R. 2473. A bill to amend title XVIII of the Social Security Act to provide for a voluntary program for prescription drug coverage under the Medicare Program, to modernize the Medicare Program, and for other purposes; which was referred jointly to the Committee on Energy and Commerce and Ways and Means, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legis-

lative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Ms. JACKSON-LEE of Texas) to revise and extend their remarks and include extraneous material:)

- Ms. JACKSON-LEE of Texas, for 5 minutes, today.
- Mr. BROWN of Ohio, for 5 minutes, today.
- Mr. DEFAZIO, for 5 minutes, today.
- Mr. FILNER, for 5 minutes, today.
- Mr. RUSH, for 5 minutes, today.
- Ms. LOFGREN, for 5 minutes, today.
- Ms. LEE, for 5 minutes, today.
- Ms. KAPTUR, for 5 minutes, today.
- Ms. WOOLSEY, for 5 minutes, today.
- Mr. TAYLOR of Mississippi, for 5 minutes, today.
- Mr. MCDERMOTT, for 5 minutes, today.

(The following Members (at the request of Mr. MCCREY) to revise and extend their remarks and include extraneous material:)

- Mrs. BIGGERT, for 5 minutes, today.
  - Mr. BURTON of Indiana, for 5 minutes, June 25.
  - Mr. BURGESS, for 5 minutes, today.
- (The following Members (at their own request) to revise and extend their remarks and include extraneous material:)
- Mr. DAVIS of Alabama, for 5 minutes, today.
  - Mr. PAYNE, for 5 minutes, today.

BILL PRESENTED TO THE PRESIDENT

Jeff Trandahl, Clerk of the House reports that on June 17, 2003 he presented to the President of the United States, for his approval, the following bill.

H.R. 1625. To designate the facility of the United States Postal Service located at 1114 Main Avenue in Clifton, New Jersey, as the "Robert P. Hammer Post Office Building".

ADJOURNMENT

Mr. RUSH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 33 minutes p.m.), the House adjourned until tomorrow, Thursday, June 19, 2003, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

2723. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Department's final rule — Methoprene, Watermelon Mosaic Virus-2 Coat Protein, and Zucchini Yellow Mosaic Virus Coat Protein; Final Tolerance Actions [OPP-2003-0159; FRL-7309-5] received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2724. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Glyphosate; Pesticide Tolerance [OPP-2003-0155; FRL-7308-8] received

June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2725. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Imidacloprid; Pesticide Tolerances [OPP-2003-0103; FRL-7310-8] received June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

2726. A letter from the Deputy Secretary, Department of Defense, transmitting the semiannual report of the Inspector General and classified annex for the period October 1, 2002 — March 31, 2003, pursuant to 5 U.S.C. app. (Insp. Gen. Act) section 5(b); to the Committee on Armed Services.

2727. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Clarifications to Existing National Emissions Standards for Hazardous Air Pollutants Delegations' Provisions [FRL-7508-8] (RIN: 2060-AJ26) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2728. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of Air Quality Implementation Plans; Connecticut, Massachusetts and Rhode Island; Nitrogen oxide Budget and Allowance Trading Program [R1-7218d; A-1-FRL-7513-2] received June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2729. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Approval and Promulgation of State Plans for Designated Facilities and Pollutants: Louisiana, New Mexico, Oklahoma and Bernalillo County, New Mexico; Negative Declarations [FRL-7511-4] received June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2730. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Bacillus Pumilus Strain QST2808; Temporary Exemption From the Requirement of a Tolerance [OPP-2003-0113; FRL-7301-1] received June 11, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2731. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Burkholderia Cepacia Complex; Significant New Use Rule [OPPT-2002-0041; FRL-7200-3] (RIN: 2070-AD43) received June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2732. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Preliminary Assessment Information Reporting; Addition of Certain Chemicals [OPPT-2002-0061; FRL-7306-7] received June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2733. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Utah: Final Authorization of State Hazardous Waste Management Program Revision [FRL-7511-1] received June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

2734. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Security Zone;

Peach Bottom Atomic Power Station, Susquehanna River, York County, Pennsylvania [COTP PHILADELPHIA 03-006] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2735. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Security Zone; Three Mile Island Generating Station, Susquehanna River, Dauphin County, Pennsylvania [COTP PHILADELPHIA 03-007] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2736. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Security Zone; Suisun Bay, Concord, California [COTP San Francisco Bay 03-010] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2737. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; The Grand Opening Miami One, Miami, FL [COTP Miami 03-073] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2738. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; Fireworks Display on the Willamette River, Milwaukie, OR [CGD 13-03-016] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2739. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; City of Stuart 4th of July Fireworks Display [COTP Miami 03-083] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2740. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; Coral Reef Club 4th of July Fireworks Display, Miami, FL [COTP Miami 03-075] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2741. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; Rivera Beach 4th of July Fireworks Display [COTP Miami 03-082] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2742. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; Town of Lantana July 4th Fireworks Display [COTP Miami 03-081] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2743. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Safety Zone; Fireworks Display on Siuslaw River, Florence, OR and on Willamette River, Portland, OR [CGD 13-03-017] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2744. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Security Zone; Salem and Hope Creek Generation Stations, Delaware River, Salem County, New Jersey [COTP PHILADELPHIA 03-003] (RIN: 1625-AA00) received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2745. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule — Security Zone; Limerick Generating Station, Schuylkill River, Montgomery County, Pennsylvania [COTP PHILADELPHIA 03-004] (RIN: 1625-AA00), pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2746. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Availability of "Allocation of Fiscal Year 2003 Youth and the Environment Training and Employment Program Funds" [FRL-7508-9] received June 3, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

2747. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule — Partial Withdrawal of Direct Final Rule; Effluent Limitations Guidelines, Pretreatment Standards, and New Source Performance Standards for the Pharmaceutical Manufacturing Point Source Category [FRL-7510-6] (RIN: 2040-AD85) received June 12, 2003, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

Under clause 2 of rule XIII, reports of committees were delivered to the clerk for printing and reference to the proper calendar, as follows:

Mr. LINCOLN DIAZ-BALART of Florida: Committee on Rules. House Resolution 283. Resolution providing for consideration of the bill (H.R. 660) to amend title I of the Employee Retirement Income Security Act of 1974 to improve access and choice for entrepreneurs with small businesses with respect to medical care for their employees (Rept. 108-160). Referred to the House Calendar.

Mr. POMBO: Committee on Resources. House Concurrent Resolution 21. Resolution commemorating the Bicentennial of the Louisiana Purchase (Rept. 108-161). Referred to the House Calendar.

Mr. MANZULLO: Committee on Small Business. H.R. 1772. A bill to improve small business advocacy, and for other purposes; with amendments (Rept. 108-162). Referred to the Committee of the Whole House on the State of the Union.

Mr. GOSS: Permanent Select Committee on Intelligence. H.R. 2417. A bill to authorize appropriations for fiscal year 2004 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; with an amendment (Rept. 108-163). Referred to the Committee of the Whole House on the State of the Union.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. MCINTYRE:

H.R. 2501. A bill to clarify the boundaries of Coastal Barrier Resources System Cape

Fear Unit NC-07P; to the Committee on Resources.

By Mr. BEREUTER:

H.R. 2502. A bill to amend the Internal Revenue Code of 1986 to reduce estate and gift tax rates, and for other purposes; to the Committee on Ways and Means.

By Mr. COLLINS (for himself, Mr. LEWIS of Georgia, Ms. JACKSON-LEE of Texas, Mr. ROGERS of Kentucky, Ms. LEE, Mr. CONYERS, Mr. ENGLISH, and Mr. FOLEY):

H.R. 2503. A bill to amend the Internal Revenue Code of 1986 to provide that tax attributes shall not be reduced in connection with a discharge of indebtedness in a title 11 case of a company having asbestos-related claims against it; to the Committee on Ways and Means.

By Mr. DAVIS of Illinois:

H.R. 2504. A bill to amend the Higher Education Act of 1965 to improve the opportunity for Federal student loan borrowers to consolidate their loans at reasonable interest rates; to the Committee on Education and the Workforce.

By Ms. DELAURO:

H.R. 2505. A bill to amend the Higher Education Act of 1965 to permit refinancing of student consolidation loans, increase Pell Grant maximum awards, and for other purposes; to the Committee on Education and the Workforce.

By Mr. ENGEL (for himself, Mrs. KELLY, Mr. OLVER, Mr. KIRK, Mr. MCGOVERN, and Mr. TOWNS):

H.R. 2506. A bill to provide for the establishment of the Kosovo-American Enterprise Fund to promote small business and microcredit lending and housing construction and reconstruction for Kosovo; to the Committee on International Relations.

By Ms. HOOLEY of Oregon:

H.R. 2507. A bill to amend the Public Health Service Act to provide for a public response to the public health crisis of pain, and for other purposes; to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. INSLEE (for himself, Mr. SMITH of Washington, Mr. DICKS, Mr. MCDERMOTT, and Mr. LARSEN of Washington):

H.R. 2508. A bill to prohibit the Department of Energy from disposing low-level radioactive waste in certain landfills; to the Committee on Energy and Commerce.

By Mr. SAM JOHNSON of Texas:

H.R. 2509. A bill to amend the Internal Revenue Code of 1986 to provide for capital gains treatment for certain termination payments received by former insurance salesmen; to the Committee on Ways and Means.

By Ms. LEE:

H.R. 2510. A bill to designate the facility of the United States Postal Service located at 2000 Allston Way in Berkeley, California, as the "Maudelle Shirek Post Office Building"; to the Committee on Government Reform.

By Mr. MICHAUD:

H.R. 2511. A bill to amend title 10, United States Code, to direct the Secretary of Defense to provide veterans who have a 100 percent service-connected disability with space-available travel on military aircraft in the same manner and to the same extent as retired members of the Armed Forces; to the Committee on Armed Services.

By Mr. SWEENEY:

H.R. 2512. A bill to establish a realistic, threat-based allocation of grant funds for first responders; to the Committee on the Judiciary.

By Mr. THOMPSON of California (for himself, Mrs. TAUSCHER, Mr.

SANDLIN, Ms. WOOLSEY, Mr. ISRAEL, Mr. BOSWELL, Mr. BERRY, Mr. CASE, Mr. MATSUI, Mr. BISHOP of Georgia, Mr. FARR, and Mrs. CAPPS):

H.R. 2513. A bill to amend the Internal Revenue Code of 1986 to provide for the immediate and permanent repeal of the estate tax on family-owned businesses and farms, and for other purposes; to the Committee on Ways and Means.

By Mr. WEXLER (for himself, Mr. STARK, Mr. WAXMAN, Mr. BROWN of Ohio, Mr. FRANK of Massachusetts, Mr. NADLER, Mr. CONYERS, and Mr. GRIJALVA):

H.R. 2514. A bill to freeze and repeal portions of the tax cut enacted in the Economic Growth and Tax Relief Reconciliation Act of 2001 and to apply savings therefrom to a comprehensive Medicare outpatient prescription drug benefit; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mrs. WILSON of New Mexico (for herself, Mr. GREEN of Texas, Mr. PICKERING, Mr. DINGELL, Mrs. CUBIN, Mr. CONYERS, Mr. SHADEGG, Mr. MARKEY, Mr. PITTS, Mr. BOUCHER, Mr. WALDEN of Oregon, Ms. ESHOO, Mr. TERRY, Mr. STUPAK, Mr. PENCE, Ms. MCCARTHY of Missouri, Mr. FRELINGHUYSEN, Mr. STRICKLAND, Mr. MCINNIS, Mrs. CAPPS, Ms. SCHAKOWSKY, Mr. RODRIGUEZ, Mr. BACA, Mr. FRANK of Massachusetts, Mr. CRAMER, Mr. SKELTON, and Mr. LANGEVIN):

H.R. 2515. A bill to prevent unsolicited commercial electronic mail; to the Committee on Energy and Commerce, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ROHRBACHER (for himself and Mr. LOBIONDO):

H. Con. Res. 222. Concurrent resolution expressing the sense of the Congress that a commemorative postage stamp should be issued in honor of the United States merchant marine; to the Committee on Government Reform.

## MEMORIALS

Under clause 3 of rule XII, memorials were presented and referred as follows:

110. The SPEAKER presented a memorial of the Legislature of the State of Hawaii, relative to Senate Concurrent Resolution No. 176 memorializing the United States Congress to discontinue closures of U.S. military bases in the State of Hawaii; to the Committee on Armed Services.

111. Also, a memorial of the Senate of the State of Hawaii, relative to Senate Resolution No. 124 memorializing the United States Congress to discontinue closures of U.S. military bases in the State of Hawaii; to the Committee on Armed Services.

112. Also, a memorial of the General Assembly of the Commonwealth of Pennsylvania, relative to House Resolution No. 115 memorializing the Congress of the United States to commend President Bush's leadership in his effort to protect the United States against Saddam Hussein; and to express support and appreciation for the armed forces engaged in the operation; to the Committee on Armed Services.

113. Also, a memorial of the House of Representatives of the State of Kansas, relative

to House Resolution No. 6027 memorializing the United States Congress to fund the F/A-22 Raptor Program; to the Committee on Armed Services.

114. Also, a memorial of the General Assembly of the State of Rhode Island, relative to House Resolution 2003-H 5201 memorializing the Congress of the United States to block the implementation of rules signed by the United States Environmental Protection Agency on December 31, 2002, which would weaken the New Source Review provision of the Clean Air Act; to the Committee on Energy and Commerce.

115. Also, a memorial of the House of Representatives of the State of Hawaii, relative to House Resolution No. 30 memorializing the United States Congress that the Speaker educate and sensitize members of Congress on the circumstances of the internment of civilians during World War II; to the Committee on the Judiciary.

116. Also, a memorial of the Senate of the State of Hawaii, relative to Senate Resolution No. 69 memorializing the United States Congress to support the passage of S. 68 to improve benefits for certain Filipino veterans of World War II; to the Committee on Veterans' Affairs.

117. Also, a memorial of the Senate of the State of Hawaii, relative to Senate Resolution No. 70 memorializing the United States Congress to support the passage of H.R. 664, to improve benefits for Filipino veterans of World War II and the surviving spouses of those veterans; to the Committee on Veterans' Affairs.

118. Also, a memorial of the General Assembly of the Commonwealth of Pennsylvania, relative to House Resolution No. 106 memorializing the Congress of the United States to impose a tariff on the importation of milk protein concentrates; to the Committee on Ways and Means.

119. Also, a memorial of the General Assembly of the Commonwealth of Pennsylvania, relative to House Resolution No. 38 memorializing the Congress of the United States to continue to grant pension moneys and Individual Retirement Accounts favorable tax treatment and to repeal the provisions of the 2001 tax relief legislation which impede such favorable treatment; to the Committee on Ways and Means.

120. Also, a memorial of the Legislature of the State of Texas, relative to Senate Concurrent Resolution No. 6 memorializing the United States Congress to amend the Internal Revenue Code of 1986 to provide that the volume cap for private activity bonds not apply to bonds for water and wastewater facilities; to the Committee on Ways and Means.

121. Also, a memorial of the Legislature of the State of Alaska, relative to Legislative Resolve No. 8 memorializing the United States Congress to support for President George W. Bush as this nation is engaged in combat; jointly to the Committees on Armed Services and International Relations.

122. Also, a memorial of the House of Representatives of the Commonwealth of Massachusetts, relative to a Resolution memorializing the United States Congress that the Massachusetts House of Representatives supports the efforts of the President, as Commander in Chief, in the conflict against Iraq; jointly to the Committees on International Relations and Armed Services.

## ADDITIONAL SPONSORS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 7: Mr. LEACH, Mr. HOSTETTLER, Mr. TURNER of Ohio, Mr. CRENSHAW, Mr. REGULA, Ms. HOOLEY of Oregon, and Mr. CULBERSON.

- H.R. 33: Mr. EVANS.  
H.R. 49: Mr. GILLMOR and Mrs. BLACKBURN.  
H.R. 58: Mr. GEORGE MILLER of California, Mrs. DAVIS of California, and Mr. GREEN of Texas.  
H.R. 236: Mr. MARKEY, Mr. BISHOP of New York, Mr. LAMPSON, Mr. CRAMER, and Mr. DEFAZIO.  
H.R. 245: Mr. BALLANCE.  
H.R. 260: Ms. LINDA T. SANCHEZ of California, and Mr. VAN HOLLEN.  
H.R. 290: Mr. KING of New York, Mr. FILLNER, Mr. WALSH, and Mr. REYES.  
H.R. 296: Mr. WOLF and Mr. TERRY.  
H.R. 303: Mrs. BONO and Mr. SHUSTER.  
H.R. 339: Mr. CALVERT and Mr. DOOLITTLE.  
H.R. 371: Ms. ESHOO.  
H.R. 434: Mr. HALL.  
H.R. 490: Mr. LEVIN.  
H.R. 721: Ms. ESHOO.  
H.R. 761: Mr. RYAN of Ohio.  
H.R. 785: Mr. GUTIERREZ, Ms. ESHOO, and Mr. SANDERS.  
H.R. 814: Mr. WELDON of Pennsylvania, Mr. DOYLE, Mr. PRICE of North Carolina, Mr. WATT, and Mrs. WILSON of New Mexico.  
H.R. 833: Mrs. MYRICK.  
H.R. 850: Mr. BOOZMAN.  
H.R. 854: Ms. KAPTUR.  
H.R. 872: Mr. GRAVES.  
H.R. 879: Mr. WAMP and Mr. LUCAS of Kentucky.  
H.R. 906: Mr. KENNEDY of Minnesota, Mr. CALVERT, Mr. EHLERS, Mr. REHBERG, Mr. LOBIONDO, Mr. SIMMONS, Mr. BOEHLERT, and Mr. JOHNSON of Illinois.  
H.R. 919: Mr. LAHOOD and Mr. GILCHREST.  
H.R. 941: Mr. PETERSON of Minnesota.  
H.R. 953: Mr. LAHOOD.  
H.R. 992: Mr. AKIN and Mrs. MYRICK.  
H.R. 993: Mr. AKIN and Mrs. MYRICK.  
H.R. 994: Mr. AKIN and Mrs. MYRICK.  
H.R. 1002: Mr. SANDERS.  
H.R. 1005: Mr. JANKLOW.  
H.R. 1063: Mr. BRADY of Texas, Ms. CARSON of Indiana, and Mr. WILSON of South Carolina.  
H.R. 1078: Mr. SOUDER and Mr. RUSH.  
H.R. 1093: Mr. RANGEL.  
H.R. 1097: Ms. LORETTA SANCHEZ of California, Mr. FROST, and Ms. NORTON.  
H.R. 1157: Mr. MICHAUD.  
H.R. 1196: Mr. EMANUEL and Mr. MICHAUD.  
H.R. 1268: Mr. PAYNE and Mr. SANDERS.  
H.R. 1315: Mr. WU, Mr. DUNCAN, and Mr. SULLIVAN.  
H.R. 1354: Mr. PLATTS.  
H.R. 1385: Ms. MCCARTHY of Missouri, Mr. PITTS, Mr. BACHUS, and Mr. ROTHMAN.  
H.R. 1409: Mr. RENZI.  
H.R. 1477: Mr. EVANS and Mr. BARTLETT of Maryland.  
H.R. 1499: Mr. FRANK of Massachusetts.  
H.R. 1508: Mrs. MALONEY, Mr. BELL, Mr. FRANK of Massachusetts, Mr. RUSH, Ms. SOLIS, Mr. RYAN of Ohio, Mr. STARK, and Mr. LYNCH.  
H.R. 1517: Mr. MANZULLO.  
H.R. 1530: Mr. LATHAM and Mr. LEACH.  
H.R. 1567: Mr. BRADY of Texas.  
H.R. 1639: Mr. HINCHEY and Mr. GEORGE MILLER of California.  
H.R. 1653: Mr. WHITFIELD, Mr. MORAN of Kansas, Mr. GIBBONS, and Mr. BROWN of South Carolina.  
H.R. 1676: Ms. LINDA T. SANCHEZ of California.  
H.R. 1708: Mr. BURNS.  
H.R. 1747: Mr. GUTIERREZ.  
H.R. 1749: Mr. MORAN of Virginia.  
H.R. 1754: Mr. FOLEY.  
H.R. 1769: Mr. MILLER of Florida, Mr. COSTELLO, Mr. HOLDEN, and Ms. KILPATRICK.  
H.R. 1784: Mr. COOPER and Mr. PICKERING.  
H.R. 1813: Ms. ROYBAL-ALLARD, Mr. CUNNINGHAM, and Mr. FILNER.  
H.R. 1819: Mr. CASE, Ms. CORRINE BROWN of Florida, and Mr. TERRY.  
H.R. 1914: Mr. KING of Iowa, Mrs. MYRICK, Mr. SIMMONS, and Mr. BARTLETT of Maryland.  
H.R. 1951: Mr. EMANUEL and Mr. PETERSON of Minnesota.  
H.R. 2011: Ms. ROYBAL-ALLARD, Mr. SHIMKUS, Mr. WAXMAN, Mr. VISCLOSKY, Mr. MCNULTY, and Mr. PETERSON of Minnesota.  
H.R. 2022: Mr. LEACH, Mr. GRIJALVA, and Mr. PLATTS.  
H.R. 2096: Mr. HOFFEL, Mr. RAMSTAD, Mr. SOUDER, Mr. SENSENBRENNER, Mr. PAUL, Mr. FILNER, Mr. WEXLER, Mr. FRANK of Massachusetts, Mr. JONES of North Carolina, and Mr. WALSH.  
H.R. 2134: Ms. KAPTUR.  
H.R. 2154: Mr. DEAL of Georgia.  
H.R. 2193: Mr. FRANK of Massachusetts and Mrs. TAUSCHER.  
H.R. 2224: Mr. WOLF and Mr. CALVERT.  
H.R. 2242: Mr. BLUMENAUER.  
H.R. 2260: Mr. LANTOS, Mrs. BIGGERT, Mr. CROWLEY, Mr. BLUMENAUER, Mr. SIMMONS, Mr. PASTOR, Mr. CANNON, and Mr. NADLER.  
H.R. 2318: Mr. GEORGE MILLER of California.  
H.R. 2351: Mr. NETHERCUTT and Mr. CANNON.  
H.R. 2418: Ms. NORTON.  
H.R. 2440: Mr. CALVERT and Mr. VAN HOLLEN.  
H.R. 2462: Mr. STARK, Mr. RANGEL, Mrs. JONES of Ohio, and Mr. TIERNEY.  
H.R. 2464: Mr. FERGUSON, Mr. MCNULTY, Mr. FROST, and Mr. SHERMAN.  
H.R. 2475: Ms. LEE.  
H.R. 2478: Mr. OLVER.  
H.R. 2494: Mr. RAMSTAD.  
H.J. Res. 59: Mr. DELAHUNT and Mr. SHAYS.  
H. Con. Res. 99: Mr. SANDERS.  
H. Con. Res. 202: Mr. GILCHRIST, Mrs. CAPPAS, Mr. GREEN of Texas, Mrs. TAUSCHER, Mr. BLUMENAUER, Mr. NADLER, Mr. PALLONE, Mr. LANTOS, Mr. VAN HOLLEN, Mr. MICHAUD, Mr. THOMPSON of California, Ms. ESHOO, Mr. DELAHUNT, Mr. KIND, Mr. MARKEY, Mr. CARDOZA, and Mr. CASE.  
H. Con. Res. 211: Mr. GILLMOR, Mr. AKIN, Mr. BALLENGER, Mr. BELL, Mr. MCCOTTER, Mr. RAHALL, Mr. ENGEL, Mr. LANTOS, Mr. WOLF, Mr. WEXLER, Mr. FLAKE, Mr. SOUDER, and Mr. KIRK.  
H. Res. 141: Mr. GRIJALVA.  
H. Res. 198: Mr. MCCOTTER, Mr. MCHUGH, Mr. CHOCOLA, and Mr. CANTOR.  
H. Res. 254: Mr. TERRY.  
H. Res. 259: Mr. FRANK of Massachusetts.  
H. Res. 267: Mr. REHBERG and Mr. BOOZMAN.  
H. Res. 278: Mr. RODRIQUEZ.