

Wolf Wu Young (AK)
Woolsey Wynn Young (FL)

Leach Pence
Lewis (CA) Peterson (PA)
Lewis (KY) Petri

Shays Thompson (MS)
Sherwood Tierney
Shimkus Towns

Visclosky
Wasserman
Schultz
Woolsey

Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—8

Baird Deal (GA) Keller
Calvert Doolittle Reyes
Chocola Gillmor

Linder
LoBiondo
Lucas
Lungren, Daniel E.

Poe
Pombo
Porter
Portman
Price (GA)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Rush
Ryan (WI)
Ryun (KS)
Saxton
Schwarz (MI)
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw

Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—2
Baird Gillmor

□ 1418

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1411

PERSONAL EXPLANATION

Mr. DOOLITTLE. Mr. Speaker, on rollcall Nos. 98–99 I was unavoidably detained. Had I been present, I would have voted "yea" on both.

PROVIDING FOR CONSIDERATION OF H.R. 8, DEATH TAX REPEAL PERMANENCY ACT OF 2005

The SPEAKER pro tempore. The pending business is the vote on ordering the previous question on House Resolution 202, on which the yeas and nays were ordered.

The Clerk read the title of the resolution.

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

This will be a 5-minute vote. The vote was taken by electronic device, and there were yeas 237, nays 195, not voting 2, as follows:

[Roll No. 100]

YEAS—237

Aderholt Cox Granger
Akin Cramer Graves
Alexander Crenshaw Green (WI)
Bachus Cubin Gutknecht
Baker Culberson Hall
Barrett (SC) Cunningham Harman
Bartlett (MD) Davis (KY) Harris
Barton (TX) Davis, Jo Ann
Bass Davis, Tom Hastings (WA)
Beauprez Deal (GA) Hayes
Biggart DeLay Hayworth
Bilirakis Dent Heyley
Bishop (GA) Diaz-Balart, L. Hensarling
Bishop (UT) Diaz-Balart, M. Herger
Blackburn Doolittle Hobson
Blunt Drake Hoekstra
Boehlert Dreier Hostettler
Boehner Duncan Hulshof
Bonilla Ehlers Hunter
Bonner Emerson Hyde
Bono English (PA) Inglis (SC)
Boozman Everett Issa
Boustany Feeney Istook
Bradley (NH) Ferguson Jenkins
Brady (TX) Fitzpatrick (PA) Jindal
Brown (SC) Flake Johnson (CT)
Brown-Waite, Ginny Johnson (IL)
Burgess Jones (NC) Johnson, Sam
Burton (IN) Fossella Keller
Buyer Foxx Kelly
Calvert Franks (AZ) Kennedy (MN)
Camp Frelinghuysen King (IA)
Cannon Gallegly King (NY)
Cantor Garrett (NJ) Kingston
Capito Gerlach Kirk
Carter Gibbons Kline
Castle Gilchrest Knollenberg
Chabot Gingrey Kolbe
Chocola Gohmert Kuhl (NY)
Coble Goode LaHood
Cole (OK) Goodlatte Latham
Conaway Gordon LaTourette

Mack
Manzullo
Marchant
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Otter
Oxley
Paul
Pearce

Abercrombie
Ackerman
Allen
Andrews
Baca
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Cason
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Evans
Farr

Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

Fattah
Filner
Ford
Frank (MA)
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Hastings (FL)
Hersteth
Higgins
Hinchev
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lewis (GA)
Lipinski
Lofgren, Zoe
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Melancon
Menendez
Michaud
Millender-
McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Sabo
Salazar
Sanchez, Linda
T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stark
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)

NAYS—195

So the previous question was ordered. The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the resolution.

The resolution was agreed to. A motion to reconsider was laid on the table.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 525

Mr. SAM JOHNSON of Texas. Mr. Speaker, I ask unanimous consent to have the name of the gentleman from New York (Mr. TOWNS) removed as a cosponsor of H.R. 525.

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

There was no objection.

DEATH TAX REPEAL PERMANENCY ACT OF 2005

Mr. HULSHOF. Mr. Speaker, pursuant to House Resolution 202, 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. Pursuant to House Resolution 202, the bill is considered read.

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 2005".

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 in the nature of a substitute printed in House Report 109-35, if offered by the gentleman from North Dakota (Mr. POMEROY) or his designee, which shall be considered read, shall be debatable for 1 hour, equally divided and controlled by the proponent and an opponent.

The gentleman from Missouri (Mr. HULSHOF) and the gentleman from California (Mr. STARK) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentleman from Missouri (Mr. HULSHOF).

GENERAL LEAVE

Mr. HULSHOF. 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. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HULSHOF. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I appreciate the fact that we are here today poised to pass H.R. 8, the Death Tax Repeal Permanency Act of 2005.

On behalf of the lead Democratic sponsor, my colleague, the gentleman from Alabama (Mr. CRAMER), as well as the over 200 bipartisan Members who have co-sponsored this bill, I am pleased that we are poised to pass in this body this commonsense legislation.

I would like to talk about a couple of constituents, particularly a constituent named Howard Effert who is a resident of Columbia, Missouri, who in 1965 began a lumber yard business there in Columbia. He contributed \$100, which was a very modest contribution, as he had three young children to provide for with a modest wage.

He had the idea and a desire for a new venture even though many within the community felt this venture would be unsuccessful, but yet his partners helped him provide the financial assistance and of course some valuable mentoring to help him open the doors to this lumber business.

Fast forward now 40 years. His two sons, Brad and Greg, are running the day-to-day operations of the business. Of course, they want this family business that has been in their family since its modest beginnings in 1965 to be able to be passed on pursuant to the American Dream, that is, to create a legacy, to help your children be better off than you were.

Yet the Effert family today, Mr. Speaker, has to write a check for \$1,000 a week, \$52,036 to be precise, to purchase a term life insurance policy, the proceeds of which will be to pay the Federal Government on that inevitable day that Howard Effert passes from this world to the next.

In 2001 we passed historic legislation that let all income tax payers keep a little bit more of what they earned, and this historic legislation included a repeal of the Federal death tax which was a top tax priority for a lot of small business and family farm groups. Thus under current law, the death tax is gradually phased out between now and 2010. This is accomplished by increasing the exemption from the tax. Currently it is \$1.5 million shielded from this very confiscatory tax, and at the same time we chip away at that top rate, which was as high as 55 percent, and in fact, in a few isolated instances as high as 60 percent tax. We now chip that away, and it is currently 47 percent.

Unfortunately, as we know, the death tax does not stay dead and buried. As things now stand, it will rise from the

grave in 2011, and it will revert to its form prior to 2001. Now, this quirk in the law can be directly attributed to the Senate's Byrd Rule, which applies to the consideration of reconciliation bills.

As a matter of basic fairness, we must permanently repeal the death tax. The death of a family member quite simply should not be a taxable event. And if it was good policy when we enacted it in 2001, it remains a good idea today.

Let me touch briefly on some policy rationales for finishing this unfinished work. The death tax is fundamentally unfair. By its very structure, the tax punishes thrift, savings, and hard work. Conversely, the tax forces taxpayers to engage in a host of economically inefficient activities to avoid the very punitive nature of the tax. Not only does this have a very real effect on taxpayers and their behavior but a negative impact on the economy.

With a tax like the death tax, a family business or farm has no choice but to divert these precious resources, as in the case of the Effert family, to plan financially for the financial impact for the tax: money that could be used to expand the business, to purchase a forklift, to bring another person on the payroll, whatever is in the best interest of that business. Instead, this money is diverted in anticipation of this very punitive tax.

Now, supporters of retaining the death tax will claim that perhaps redistribution of income promotes economic fairness and social responsibility. We will get to have that debate. I respectfully disagree. Instead of rewarding savings and investment, this tax actually rewards those who spend lavishly and leave no ongoing business interest or assets to the next generation.

I am mindful of the bumper sticker that I saw recently traveling Missouri's highways on a big recreational vehicle that says "I am spending my children's inheritance."

If you wanted to give some good estate tax advice to someone that has put together some assets to pass along, it would be simply to consume it. Yet as we talk about some sort of tax reform and perhaps a consumption tax, this tax actually focuses on non-consumption and on thrift and savings.

For that and for a variety of reasons, we will have the opportunity, I hope, in a good debate, in a civil discourse. I think we should permanently repeal the death tax. We should enact H.R. 8.

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

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

Mr. Speaker, I guess it becomes my job to point out that the Republicans are at it again. Another huge tax cut or break for the less than 1 percent of the richest Americans while they turn their back and cut Medicaid, refuse to recognize that Social Security is not in crisis but needs some adjustment, cut Head Start, cut programs for housing,

cut programs for the environment, fail to provide the promised benefits to our 140,000 servicemen in Iraq, turn their back on all that is American to give a few dollars to the very richest of Americans.

Now, not all Republicans are that way. I find that many of the Republicans who have actually worked for a living at some point in their lives, and not just either inherited money or been at the trough of the government, actually oppose this bill. Warren Buffett, the Gates family, people who have done quite well think that as I do it is a stupid bill and will do nothing for our free enterprise system. It will stifle creativity and leave us with a system where merit and ability mean nothing and heredity means everything.

\$300 billion over the next 10 years and perhaps another \$700 billion over the decade following that are going to be frittered away to a very small number of Americans. With that we could end this talk about privatizing Social Security that President Bush is leading, and we could start shoring up the trust fund. We could get rid of the doughnut hole in the poorly constructed Medicare drug benefit. We could fulfill the promise that the President and the Republicans have ignored for funding No Child Left Behind. We could eliminate the proposed cuts to Medicaid which will hurt the poorest children in this country. And while we may help a few very rich children with an inheritance, we will cut hundreds of thousands of children's Medicaid benefits. That could be prevented.

We could cover a large portion of the 45 million people who are without health insurance, I might add 8 million more than when President Bush took office. But Republicans obviously do not care about Social Security or Medicare or the uninsured or education or the children. They only care about tax cuts for the very richest among us.

Now, if you eliminate this, you are only going to help probably less than a couple thousand people a year, and they will arguably have by 2009 estates of over \$7 million. Until now there has not been a family farmer or a small business who has been unable to pass the business on to the next generation.

I might add to my friend from Missouri of his people in the lumber business, if their children cannot get the first \$7 million handed to them and then get a 50 percent down payment on the balance of the business and be given 10 years at less than 6 percent to pay off the balance of that, they are probably too dumb and would lose the business in no time at all anyway.

□ 1430

So what the current law allows is so generous, and there have been absolutely no instances, not one, of a family farmer or family business being lost, decimated or put on the auction block because of the estate tax.

In fact, 99.7 percent of all estates would be exempt from the estate tax if

we just extend the tax as it applies in 2009. They cannot show that it harms people. They can only show that gives billions, \$300 to almost \$1 trillion over 20 years, to the very smallest, most select group of rich people in this country.

It is indeed a follow on of the Republican mantra, give money to the rich, give it to them in huge amounts and cut back on education, cut back on health care, do not help the environment, cut back on support for our troops and cut back on improving America's infrastructure, all in the name of helping the few rich who may be contributors to the Republican party.

I urge that my colleagues vote "no" on the final bill. I urge that my colleagues vote for the gentleman from North Dakota's (Mr. POMEROY) who will offer a responsible substitute, which will at least keep the \$300 billion from being squandered, and it will prevent this bill, which does nothing to help hardworking Americans or small businesses, and I hope we can bring some sanity back to the financial code and to the economic future of this country by not passing this bill.

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

Mr. HULSHOF. Mr. Speaker, a lot of individuals have worked on H.R. 8, and I yield 2 minutes to the gentleman from California (Mr. HERGER), one of those individuals.

Mr. HERGER. Mr. Speaker, I thank the gentleman very much for the time.

Mr. Speaker, I rise in strong support of legislation to bury the destructive death tax once and for all; and I might mention that my personal experiences, even with my own family and others, has been just the opposite of the gentleman who just spoke before.

Nearly everywhere I go throughout my largely rural, agricultural district in northern California, I hear from businessmen and businesswomen and many farmers and ranchers who have had to liquidate and sell a family business or farm just to pay the Federal estate tax. This is simply wrong.

Four years ago, I joined with President Bush and a majority of Representatives and Senators in an effort to enact into law historic tax relief legislation, including repeal of the death tax. Unfortunately, due to outdated Senate budget rules, the 2001 tax law will sunset on December 31, 2010. This has created an incredibly unfair and arbitrary situation.

Consider that the heirs of those who pass away in 2010 will face no death tax whatsoever, while those whose families are unfortunate enough to pass away in 2011 or thereafter will face tax rates of up to 55 percent on their assets, forcing many of them to have to sell. Certainly no one can reasonably argue that this is rational tax policy.

Furthermore, the death tax extracts a high cost from American taxpayers. Studies have found that family businesses spend up to \$125,000 on attor-

neys, accountants and financial experts to assist in estate planning. These dollars could otherwise be used to modernize equipment, expand their business or farms and create new jobs.

Mr. Speaker, the death tax is, without question, one of the most destructive, counterproductive and unfair provisions of our Tax Code. Let us bury the death tax once and for all. Vote "aye" on this legislation.

Mr. STARK. Mr. Speaker, I yield 3 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, in a few words, this is fiscal madness. It is a death wish on the part of some of my colleagues about fiscal responsibility. What my colleagues are burying is fiscal responsibility.

The national debt is now \$4.6 trillion, \$6.3 if we add in Social Security funds. As mentioned, this bill would add \$290 billion in debt, and who would benefit? The very, very wealthy.

One-third of the estate tax is paid by the wealthiest one of one thousand Americans. I think that is one-tenth of 1 percent. Not farmers or small business people. That is the lamest argument brought to this floor in recent memory.

The Pomeroy amendment would totally take care of this, and what my majority colleagues' bill does, and it is interesting, they do not come here and say so, they would increase the taxes for thousands and thousands of Americans. These citizens would have to pay capital gains tax when they do not now do so. Why do my colleagues not come here and say this is a tax increase for thousands of Americans? They do not say that.

What this is also, everybody should understand, is a further raid on Social Security funds. My colleagues have come here, some of them on the majority side, talking about Social Security and how we need to address the shortfall. For some of these same colleagues, private accounts do not even touch that, and then they come here and increase the shortfall.

This is true fiscal madness. My colleagues will indulge in it again I guess, and I hope, once again, the Senate will come to our rescue.

Mr. HULSHOF. Mr. Speaker, I yield myself 30 seconds.

I am sure the gentleman from Michigan misspoke, and I am certain it was inadvertent. The bill, H.R. 8, actually does allow for a step up in basis of \$3 million for a surviving spouse and another \$1.3 million for surviving heirs.

If the intent of the legislation, which it is, is to help family businesses be passed from one generation to the next and the surviving heirs choose not to farm or continue the family business, then they are the ones making the taxable decision to dispose of assets that would be subject to a 15 percent capital gains rate but certainly not the 45 percent estate tax.

Mr. Speaker, I yield 1 minute to the gentleman from Florida (Mr. SHAW).

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time.

Listening to the debate that we have listened to from the other side, the sole argument seems to be that it only applies to a small amount of our population, the wealthiest among us. We know that, but I have yet to hear anybody to justify, to give us a good reason to say this is a good and fair tax and here is why.

It seems to be that the argument is being centered around the punitive basis. Let us go after the rich guys. Let us go after them and do something.

I am in favor of the Hulshof bill to repeal the death tax simply because it is the right thing to do. The death tax is wrong. To go in and tax almost half of someone's estate because they have accumulated a lot and to make death an incident of taxation is wrong. It is a wrong tax, and I cannot imagine anybody getting up and justifying it, other than the fact it is a revenue stream to the Federal Government, but it is the wrong one.

Mr. STARK. Mr. Speaker, I yield myself enough time to remind the historians here that it was the Republicans in the 1800s who established the original inheritance tax to prevent a nobility class from forming, an idle nobility class, in this country.

Mr. Speaker, I am happy to yield 4 minutes to the gentleman from Washington (Mr. MCDERMOTT).

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

Mr. MCDERMOTT. Mr. Speaker, my colleague from Florida, I wish he would stay, because we are here today because the Republican majority would like to repeal the estate tax, but they have forgotten history.

I am sure my colleague was not here, but I would like to remind him that it was a Republican, President Roosevelt, Teddy Roosevelt, who strongly supported an estate tax in the first place. Here is what he said. There is no argument for this.

"The man of great wealth," Teddy said, "owes a particular obligation to the State because he derives special advantages from the mere existence of government." Wow, nicely said, and a Republican, too.

That proves two things, that Republicans can sometimes speak eloquently, and sometimes they can even do something that is right.

Though Republicans want to undo all the good for the sake of greed, please, America, do not be phoned up by this rhetoric that we hear on this bill. They will pitch some gibberish about how they are helping Americans. That is nonsense.

We just came from the Committee on Ways and Means. The reason this place was in recess is because we were over there giving out \$8 billion to oil companies. Those poor people, whose profits have quadrupled in the last 2 years,

that is what we did a little while ago. Now we come over here, and we are going to give more money away. Does that seem like it benefits real people? This is not about real people. This is about very, very, very rich people, and that is about as plainspoken as Teddy Roosevelt would have said it.

Only 2 percent, at the most, pay any estate tax whatsoever. Three-quarters of the money that comes in comes from people with estates over \$2.5 million.

If we repeal this, the rich get richer and America's deficit gets deeper and redder. We create an oligarchic class in this country from whom the money can never be taxed. If they can manipulate it around while they are alive, they can never have to pay a penny.

The real losers in this are not only the American people. It is the American universities, the American churches, all those people who get money contributed by rich people because they do not want to pay the inheritance tax.

Now my colleagues have taken away the encouragement. Why should they give anything away? Oh, well, because they have big hearts. They have big hearts we are told. Really? Then why are we out here with a bill like this which gives them the ability to keep every single dime?

Now if you can give your kid \$2 million and say, now, Johnny, here is two million bucks, I think that ought to kind of get you a start in the world. Does that not seem like enough? Well, to the Republicans, there is never enough; take as much as you can from everybody and keep it.

Ronald Reagan put the sign of the cross on it. He said, are you better off today than you were 4 years ago? Never does anyone say on my colleagues' side, are we better off.

We are in debt to the world. We borrowed from the Japanese last year our entire deficit, more than \$400 billion, and the President wanders around the country saying, well, that is just paper. Those things in the Social Security trust fund, that is just paper. Do not pay any attention to that.

If the Japanese stop buying dollars and they start buying Euros, and the Chinese start buying Euros and the Middle East buys Euros, where do my colleagues think we are going to borrow money and what kind of interest rate are we going to pay? This is a bad bill, it is bad policy, and it is bad ethics.

Mr. HULSHOF. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from the great State of Missouri (Mr. BLUNT) a colleague of mine, the majority whip.

Mr. BLUNT. Mr. Speaker, I thank my good friend, the gentleman from Missouri (Mr. HULSHOF), for yielding to me and for the great work he has done on this issue from the day we came to Congress 8 years ago. I rise in support of the bill that would repeal this tax.

The House and Senate are already both on record for repealing the tax. We just did not repeal it permanently.

□ 1445

By not repealing the tax permanently, we created an incredible situation for those people who would have an estate that was not taxable at all in 2010, but is highly taxable in 2011. The alternatives that the other side of the aisle have discovered during the hard work to achieve the goal of this bill are certainly a long way from where they were a few years ago. In fact, we have all heard about the impact on small businesses and family farms, but it bears repeating as we consider this legislation today.

More than 70 percent of family businesses do not survive the second generation, and 87 percent do not make it to the third generation because of the estate tax. The idea that you give your son \$2 million overlooks the vast numbers of family members in this country who actually are working side by side with their son or daughter. It is hard to tell who made the money and who did not, but on the day that the original member of the family passes away, suddenly the side-by-side partner has a big problem.

Family farms and businesses are among the hardest hit. In fact, \$2 million is quite a bit below the alternative that the gentleman will vote for and suggests that amount somehow would be okay to give in his vote, but not okay to give in his speech. Add in the value of farm equipment and business inventory, suddenly there is a lot more money than you thought you could accumulate.

When we started this debate a few years ago, I saw some statistics that the highest percentage of estates paying at that time were estates that were only slightly above the estate tax amount, but I am sure none of the principals involved had any idea that they had accumulated over their lifetime an estate that would be taxed as a taxable estate.

On Friday of this week, I am going to visit with Mark and Kim Larson who own a family farm right outside of Joplin in my district. Mark tells me he and his family spend a lot of money, money which would otherwise go into continuing to grow their family business, simply trying to comply with a Tax Code that says if somebody dies in 2010, your family deals with one set of circumstances; but if they die the next year, you are impacted by the return of the death tax.

Medium-to-large farms like the Larsons' produce more than 80 percent of agricultural products in America. Let us put some certainty in the future for those kinds of families. Let us do the right thing and abolish this tax that penalizes savings and hard work.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I hope we will reject this bill. Let me give two reasons why:

first, the cost. We talk about being fiscally responsible, we talk about trying to balance the Federal budget and say we have a problem with Social Security as far as long-term solvency of 75 years; but let me point out that the revenue loss of this bill equals the 75-year amount to provide long-term solvency for Social Security.

What we do here is make choices. If we have a choice to provide for the long-term strength of Social Security or the passage of this bill, my vote is for the long-term solvency of Social Security.

The second issue I would like to point out is the predictability of the current estate tax situation. It is not very predictable, and the passage of this bill will do nothing to assure people when they do their estate plans that they can rely upon the schedule Congress has passed.

We have a chance with the Pomeroy substitute to bring certainty to estate taxes with a reasonable exemption of \$3.5 million, \$7 million per couple, and reducing permanently the tax by 10 percent. That is what people want when they do their estate planning. They want predictability.

So if Members are fiscal conservatives and are concerned about the cost of this bill on our children and seniors and if Members want predictability in the estate tax, this legislation does not give it to us. This legislation should be rejected, and we should pass a bill that provides certainty with the estate tax. We will have that opportunity with the fiscally responsible substitute so we can deal with the budget problems of this country.

We are borrowing way too much money for our children and grandchildren. They deserve better than that. They deserve a Congress that will be fiscally responsible, and the passage of this bill just does not do it. I urge my colleagues to reject this legislation.

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

Mr. Speaker, among the many groups that support H.R. 8, including the National Federation of Independent Business, which is the voice of small business, there are many minority owners of small businesses that also support complete repeal.

Mr. Speaker, I yield 2 minutes to the gentleman from Georgia (Mr. BISHOP).

Mr. BISHOP of Georgia. Mr. Speaker, I rise today to recognize the hard-working people of America who play by the rules and have paid their fair share. Decent, law-abiding, tax-paying Americans are the backbone of this country, and they are the salt of the Earth. They are the farmers of southwest Georgia and the family business owners who provide the jobs that keep small rural communities alive and flourishing.

All across this land are Americans who have paid their taxes all their lives, only to face a final taxing event at death. They paid their taxes during

their lifetimes and should not be charged again when they die.

The death tax represents all that is unfair and unjust about the tax structure in America because it undermines the life work and the life savings of Americans who want only to pass on to their children and grandchildren the fruits of their labor and the realization of their American Dream.

In my State of Georgia, farmers, many of whom are widow women, are faced with losing their family farms because of this death tax. Employees of family businesses, many of whom are minorities, are at risk of losing their jobs because their employers are forced to pay the unfair and exorbitant death taxes levied on them. Funeral homes, weekly newspaper publishers, radio station owners, local dry cleaners, all are affected all across the demographic spectrum.

Mr. Speaker, although reasonable minds may differ on this issue, I believe that the death tax is politically misguided, morally unjustifiable, and downright un-American. Let us vote today to finally eliminate the death tax and return to the American people and their progeny the hard-earned fruits of their labor.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. NEAL).

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman from California (Mr. STARK) for yielding me this time.

Mr. Speaker, the gentleman from Florida said I want Members to give me a good reason why we should not repeal the estate tax. Let me give Members two good reasons: Afghanistan and Iraq.

The idea that we would be borrowing the money to pay for Afghanistan and Iraq when by just leaving this tax in place we could pay for those incursions and maybe get the Humvees to those men and women who are defending us every single day, or maybe get bullet-proof vests to them on time, borrowing the money.

The slogan of the moderate Republican Party is this: we are rich, and we are not going to take it any more. It is day after day in this institution, borrow money, run up the debt, run up the deficits and then with a straight face say, we are going to repeal a tax that affects 1 percent of the American people, just 1 percent of the American people.

They talk about industriousness and thrift and the work ethic. We see what happens to this money when it gets to the fourth and fifth generation of the same family: thrift is gone, the work ethic is gone. They quarrel about who is going to have enough money so they can enjoy the lavish ways of American life.

When I hear people say, as they have said recently in this debate, well it is

going to take care of the family farmer, they cannot find a farmer that is not taken care of in the legislation that is about to be proposed here. This legislation that they are proposing today cuts against the grain of what Thomas Payne reminded us in "Common Sense." He was concerned about hereditary power, the idea that the same people would control the wealth of America with the same families that would get to go to the same schools so the same families would have the same doctors and lawyers and accountants so the rest of America might not have a chance to participate. Whatever happened to the Republican Party in America.

Teddy Roosevelt said this was about thrift and hard work and honesty; they were blessed to be born in this country. That is what patriotism is. When we look at who enjoys the fruits of this money, the smallest number of American people, again the top 1 percent in America. Inherited wealth, that is not what America is based upon. We do not live in an aristocracy. Look what happened to Europe and the way they lag behind as they do. There is no sense in the House of Lords that you can advance yourself. Here in this House, the people's House, every walk of life is represented. Why do we just not establish a House of Lords after we get rid of the estate tax so then when we get rid of hereditary power, we will simply have the permanent state of aristocracy and privilege for the few.

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

Mr. Speaker, I would remind the gentleman from Massachusetts (Mr. NEAL) as he mentions Iraq and Afghanistan that the budgetary impact of H.R. 8 is really not felt until the year 2011 and beyond.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. HARRIS).

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

Ms. HARRIS. Mr. Speaker, I rise in support of H.R. 8, which will finally free America's hard-working farmers and small business owners from the specter of the death tax.

Benjamin Franklin said: "In this world nothing is certain but death and taxes," but I doubt even the inventive Mr. FRANKLIN imagined the taxation of death itself.

Americans get taxed when they earn money. They get taxed again when they spend what is left, and government pursues them beyond the grave, devastating their relatives who must sell the family farm or liquidate the family business just to pay the taxes.

The impact of the death tax extends far beyond the pain it inflicts upon grieving families. The death tax distorts economic decisions on a massive scale. It punishes thrift. It reduces savings and investment, and it diverts capital away from job creation to tax avoidance.

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. The Center For the Study of Taxation found that 70 percent of all family businesses cannot survive the second generation and 87 percent do not make the third.

All of this wasted money, energy and over 100,000 jobs lost per year and for what, a tax that the Joint Economic Committee says costs just as much to collect as it generates in revenue.

Mr. Speaker, the opponents of H.R. 8 cannot provide any justification for the continued existence of this useless relic. It hurts the people it is intended to help, and it reduces stock in our economy by \$497 billion a year.

I urge my colleagues to drive the final nail in this coffin so 6 years from now Americans will not wake up to find that, like a vampire, this unfair tax has arisen from the dead to once again suck the blood from a lifetime of hard work and sacrifice.

Mr. STARK. Mr. Speaker, I yield 4 minutes to the gentleman from Tennessee (Mr. TANNER).

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

Mr. TANNER. Mr. Speaker, in 1997, Jennifer Dunn, a Republican from Washington, and I started this debate on the estate tax. At that time the country was in much different shape financially than it is today.

At that time, we raised the issue for estate tax relief because I thought then it was punitive. It had nothing to do with the theory that the gentleman from Massachusetts (Mr. NEAL) spoke so eloquently about, and that is to keep 3 percent or 1 percent of the people from owning 99 percent of our country.

□ 1500

We did not want to be like England where whoever got control of the land and money, and 1,450 still had it 26 generations later and people who were hardworking could not break through that ceiling because of the nobility that was enshrined in their tax code. That is why we have an estate tax.

But we raised that issue, and I voted for the bill that is being proposed today, but I can no longer vote for it. Let me tell you why. It is because, as I look in the faces of these young people, you are looking at a House, a Senate and an administration that has embarked since 2001 on the most radical, irresponsible financial riverboat gamble that this country has ever seen. There has been no political American leadership that has ever done what this group of people who currently hold the power of government here in Washington have done to this country.

Since April of 2001, in your name and mine, this government has borrowed \$1.2 trillion in hard money. What that means to us is that we have transferred, at only 4 percent interest, \$50

billion a year from programs like Social Security, like health care, like armor for our troops, from veterans, to health care, to education, all the things that will give the citizens of this country a chance, an opportunity to be whatever it is their God-given talents give them, we have transferred \$50 billion a year from that to interest. And you know what is worse? Eighty-four percent of this \$1.2 trillion has been borrowed from overseas. We are now sending more money overseas. Eighty-four percent of this interest check is going overseas.

Let me tell you something scary. A former official of the People's Bank of China, the country's central bank and now an economist in Hong Kong, was recently quoted as saying that the U.S. dollar is now at the mercy of Asian governments. Do you know what we are doing? We are mortgaging our country to foreign interests who do not see the world as we see it. It has got to stop, and it has got to stop sometime, and I for one am saying I want to stop it now.

In your name, we are borrowing at the rate of \$13,300 a second. This is staggering, mind numbing. \$48 million an hour. Since this debate started, in our names we have borrowed \$48 million and given the bill to those little children sitting up there. \$1 billion a day.

Do you know how much \$1 billion is? If you take thousand-dollar bills and stack them up like that, to get to a million dollars it is a foot high; to get to a billion dollars, it is as high as the Empire State Building; and to get to a trillion dollars, which is what has been borrowed in the last 46 months in your name, it is a thousand times as high as the Empire State Building, one thousand dollar bills like this.

We are facing a financial Armageddon. What we have done has created a financial vulnerability vis-a-vis the rest of world that is every bit as big a security interest as anything else we are going to face in the future. I just hope that someday soon that some sense will come to this place about how we are handling or mishandling your money.

Mr. HULSHOF. Mr. Speaker, I certainly respect my friend from Tennessee and I trust he will bring that passion to the floor when we have our discussion on our spending bills.

Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Texas (Mr. MCCAUL), a newly elected Member.

Mr. MCCAUL of Texas. Mr. Speaker, today I rise in support of permanently repealing the death tax. I would like to thank the gentleman from Missouri for his leadership on this issue and his good timing, for in 2 days the tax man cometh. As I look at these young people in the gallery today, I say to them, this bill is about you. It is about the youth in this country. For too long, the Federal Government has been taxing working Americans, not once, not twice, but three times, on their hard-

earned money. When they earn it, the government takes an income tax. When they spend it, the government takes a sales tax. And finally, even when they die, the government takes a tax from the grave.

In addition to being bad policy, the death tax is morally wrong. It confiscates private property and is an unbearable cost to small businesses, ranchers and farmers, which is precisely why the Farm Bureau supports this bill.

I could tell you many stories about families that were forced to borrow large sums of money or sell off or parcel out their farms or businesses, dividing their families. I could tell you about the Berdolls from Austin, Texas, in my district who, after paying off a 30-year mortgage, spent 20 more years paying this unfair tax burden. They literally paid for their farm twice.

The names may change, but the story is the same. It is time we removed this financial burden from the backs of those pursuing the American dream. We must guarantee that people do not have to suffer the same hardships as the Berdolls.

I urge my colleagues to support this important measure.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LAHOOD). Members should not address persons in the gallery, and the Chair would 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.

Mr. STARK. Mr. Speaker, I yield 4 minutes to the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, I rise in opposition to this latest Republican assault on Social Security and on fiscal sanity. At a time of apparently unending war and the largest budget deficits in American history, our Republican colleagues are intent on solving a crisis that does not exist.

As the President wastes millions of our taxpayer dollars crisscrossing this country to declare that there is no Social Security trust fund and questioning the full faith and credit of the Federal Government, his Republican allies here seem intent on actually making his dire and inaccurate statements a self-fulfilling prophecy. Today, what they propose is to borrow from the Social Security trust fund and to borrow from the Medicare trust fund in order to give more tax breaks to the richest one-tenth of 1 percent of the people in this country.

That is borrowing from Social Security for purposes that have nothing to do with the Social Security system because they think some rich folks in this country do not have wallets that are fat enough. It is taking from the hard-working employees and employers who are paying their Social Security money and transferring that wealth over to the richest one-tenth of 1 percent.

They call it the death tax? I think that is a good name. If they keep pursuing bills like this, it will be the death of Social Security and Medicare, as sure as I am standing here. Like most Democrats, I have voted not once but a number of times to repeal the estate tax for most Americans and to see that it is done right away, now, not postponing it for years as the Republicans propose to do.

There is another Democratic substitute coming out today that is going to exempt 99.7 percent of all estates from this tax, and only cover the richest .3 percent of the wealthiest estates in this country. That means you are not going to have a small business in East Austin or West McAllen or a family farm in Karnes County that is covered if they are even covered now, which the vast majority of them are not.

Why do they keep talking about family farms since it is irrelevant to this debate? They keep talking about the guy in the pickup who is working extra hours to try to make ends meet. They keep talking about the little family business that with good reason wants to be able to pass that enterprise on to the next generation of that hard-working family.

The reason they talk about those folks is that Steve Forbes's family is not quite as sympathetic. The family of Enrons Ken Lay, not quite as sympathetic. They cannot defend transferring money from the Social Security and Medicare trust fund to Ken Lay's family, to Steve Forbes's family, to Ross Perot's family, because it is totally indefensible. Their goal is to ensure that the richest of the rich are rewarded, as if they have not rewarded them enough for the last few years that they have controlled this Congress.

Social Security is not in crisis today, nor is Medicare, but if you keep passing bills that drain \$750 billion from the Treasury at the very time more people are retiring, you will have a crisis. It was back almost a century ago when a Republican, a fellow named Teddy Roosevelt, said that "inherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our government." It is still inconsistent. Would that we had even one Teddy Roosevelt Republican today to put a stop to this nonsense.

Mr. HULSHOF. Mr. Speaker, I yield myself such time as he may consume to the gentleman from Alabama (Mr. CRAMER), my cosponsor of H.R. 8.

Mr. CRAMER. I thank my friend from Missouri for yielding me this time.

Mr. Speaker, I think a number of important points have been made today, but I rise today in strong support of this bill and in opposition to the estate tax. Some of the previous speakers on this side of the aisle have made reference to the fact that a number of us on the Democratic side have worked

over this issue since actually the early nineties. I know the gentleman's predecessor Jennifer Dunn and I and a number of people from this side of the aisle had worked hard together to look for a commonsense way that we could end this burden which, in my opinion, is an extreme burden on the small business community and on the farm community.

I do not know about the other speakers, but when I go back to my district and I am mixing and mingling with the folks where they eat breakfast or where they have dinner or where they gather, it is my farm families that bring this issue up. In north Alabama where I come from, we have some of the most productive farm families of any district in the country. For generations, they have struggled and used tax lawyers and tax strategies to try to find a way to effectively pass that farm on to the next generation that we want to continue engaging in that farm business. But they are overwhelmed by this issue.

In 2001, we did a good step, not a great step but a good step. We passed some temporary relief. But the reality is that if we do not permanently repeal the death tax, you have almost got to time your death for the benefit of your family. That is outrageous. So let us make sure that we bury this issue once and for all.

According to the Congressional Research Service, estates that included farm or business assets represented 42.5 percent of the 30,000 plus taxable estate tax returns filed in 2003. It is not fair to say that this is just a rich person's issue, that the estate tax only affects the wealthy, because, according to that same Congressional Research Service, estates over \$5 million accounted for only 6.8 percent of taxable estates.

In this day and time, assets are accumulated in a different way than they were 20 years ago, 25 years ago, 30 years ago or even more than that. For the benefit of those farmers, for those small manufacturers, for the local car dealers, the independent car dealers, the realtors, the funeral directors, the grocers, the family restaurant owners, the florists, the convenience store owners and many others, let us end this unfair tax burden.

I urge the Members to support this.

Mr. STARK. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. TIERNEY).

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

Mr. TIERNEY. Mr. Speaker, I rise to register my opposition to the total repeal of the estate tax. If we want to talk about values, as so many people did in the last couple of months leading up to this, let us talk about the value of supporting one's family and supporting one's community. Let us talk about the values of responsibility and fairness. They dictate that everybody pay his or her or its corporate fair share.

Millionaires and multinational corporations benefit the most from our taxes. We talk about what our taxes go for. There are dues that belong to society. Eighty percent of court cases are commercial in nature. Businesses, mostly large ones. Air traffic controllers, paid for by our taxes, they mostly support business travel back and forth. Our Coast Guard, our Navy protecting our shipping lanes, bridges and highways, making products safe to go back and forth as well as people. The Securities and Exchange Commission is our tax money trying to make large corporations behave and treat each other well instead of cheating each other. Sometimes it actually works.

□ 1515

The fact of the matter is that this bill absolves the top three-tenths of 1 percent from their responsibility to pay their fair share. And I say the top three-tenths of 1 percent because the Democratic alternative would exclude the first \$3.5 million, or \$7 million for a couple. So much for the argument of small farms and small businesses. They would not pay a dime on the first \$7 million and only pay a portion of anything above that.

The fact of the matter is that most of the money that is going to be taxed on that top three-tenths of 1 percent was not earned money. That is money they got from tax-free investments. It is money they got by appreciation, just the value of that property increasing over time. They did not earn it. To compensate for what these members of our society will not be paying as their fair share, small businesses, the people that go out and create payrolls, will have to pay more. The families that go out and work every day for a living, they will have to pay more than their fair share.

And all the while this is going on, we are not even paying America's bills. This tax is going to be \$290 billion off the top at a time when our debt is larger than it has ever been. We are running annual deficits that are at historic proportions. No family and no small business would ever operate this way.

Mr. Speaker, let me just close by saying they are robbing us of opportunity and prosperity and community by attacking our education and our health, our clean water, and our clean air. All of this because they want to give America's princes and princesses a little break at the top three-tenths of 1 percent. Let us let everybody pay their fair share.

Mr. HULSHOF. Mr. Speaker, I yield 2 minutes to the gentleman from Missouri (Mr. AKIN).

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

Mr. AKIN. Mr. Speaker, about 50 percent of Americans or so are employed in small businesses, and obviously if something is employing almost half of Americans that are working, that

should be a priority. And one can imagine my surprise the other day to find out about a guy who drove up to a bank in an old Ford, about a 15-year-old Ford pickup truck, with rust holes in the floor. He went into that bank and he took out a loan for \$2 million. And the head of the bank was inquiring of the guy that is the accountant that handles our books that I have to do as a Congressman. He said, Why in the world did this guy have to take a \$2 million loan out? And it particularly seemed out of place with this guy with his old rusty holes in his pickup truck.

He said, His father just died and they have to pay the estate tax on the farm.

I had heard stories like that before, but there it was right in front of me.

So what this bill is seeking to do is to try to make it possible that we do not destroy farms and small businesses that employ close to half the people that have jobs in our country; and that seems to be only reasonable. And yet I am hearing the Democrats saying over here that they are all upset because we have already taxed a dollar the first time the guy earns it; then we are going to tax him again on sales tax and other things he buys, and now it is not fair to tax a dollar the third time it comes around.

It just seems to me we do not want to destroy the businesses and farms. What we want to do is make those jobs available, and we want to get rid of this death tax. Just dying should not be a reason for taxes.

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

Mr. HULSHOF. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. TURNER).

Mr. TURNER. Mr. Speaker, I am cosponsor of the Death Tax Repeal Permanency Act of 2005 because this tax is an unfair burden on American families. The death tax puts many small businesses, those run predominantly by families, at a great financial disadvantage.

According to the Small Business Administration, in 2001 in the Dayton, Ohio, metro area, which is in my district, nearly 62,000 people worked for businesses that employ less than 20 people.

Three of my constituents, Jenell Ross; her mother, Norma; and her brother Rob, run a small business, Ross Motor Cars in Centerville, Ohio. When Jenell's father unexpectedly passed away in 1997, the Ross family received a tax bill for nearly half the value of their family business. I would like to tell their story in Jenell Ross's words. She says, "30 years ago my father took the chance of a lifetime. Determined to achieve the American Dream, he invested everything he had into Ross Motor Cars. Like a lot of people, my father thought he would live forever.

"He didn't.

"When he died unexpectedly in 1997, the overwhelming responsibility of keeping the family business afloat fell squarely" to us. We could never have

prepared ourselves for the shock of receiving a tax bill nearly half the value of the dealership, where nearly 90 percent" of the assets were "tied up in nonliquid assets such as inventory, equipment, buildings, and land.

"Does the death tax impact family-run small businesses? Yes. My family is still experiencing its devastating effects firsthand," nearly 8 years later.

It is time to repeal the death tax once and for all, and I urge my fellow constituents and Members to support the bill.

Mr. HULSHOF. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. GOODE).

Mr. GOODE. Mr. Speaker, I want to commend the gentleman from Missouri (Mr. HULSHOF), the gentleman from Alabama (Mr. CRAMER), the gentleman from California (Mr. COX), and all those who have worked so hard to get rid of this onerous burden on a number of American citizens. The Federal death tax is a job killer.

I represent the Fifth District of Virginia. We have a number of counties and jurisdictions that focus on manufacturing. Many of our smaller manufacturers have had to sell out to larger manufacturers; and as a result, we have double-digit unemployment in a number of jurisdictions that used to be the home to small manufacturers. A factor in their selling out was the Federal death tax because they would not have the cash to pay when death knocked on the door. If we pass this bill, we will help the job situation in those types of jurisdictions in the United States.

I hear the other side say that this is a bonanza and a budget breaker because we will not be getting the revenue from the Federal death tax. Let me tell the Members under the current law the really rich in this country trust and foundation themselves out of the Federal estate tax. I believe that Mr. Gates, the owner of Microsoft, is a proponent of keeping the Federal death tax. He has got a father that is in charge of his foundation. But many small farmers and average business persons are not able to have the cash to set up the trusts and the foundations that will get themselves out of the Federal estate tax. And I predict that if we pass this bill, the incentive to set up those trusts and foundations that avoid taxes will not be there and in the long run the Treasury of the United States will benefit because we will still get the capital gains tax when the assets are sold.

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

Mr. STARK. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, this bill shows the courage to boldly go where none have gone before, to levels of public debt and levels of trade deficits that no nation has ever tried, higher than any have dared.

We have a dollar that is dependent upon our fiscal markets, a trade deficit

that grows every year; and the result of this bill and its twin cousins and related Siamese twins, the other parts of the Republican tax and spend or borrow and spend policy, will be a declining dollar and a declining economy or a dollar that crashes and an economy that crashes. And this courage is all summoned up on behalf of the one quarter of 1 percent of American families it is designed to help.

We require the men and women in uniform to risk the ultimate sacrifice; and from our richest families, we say zero sacrifice under the estate tax. Shame.

Mr. STARK. Mr. Speaker, I yield the balance of my time to the gentleman from California (Ms. PELOSI).

Ms. PELOSI. Mr. Speaker, I thank the gentleman for his leadership and his recognition on this very important legislation that is before us today. I am very proud of the work of the gentleman from North Dakota (Mr. POMEROY), our Member of Congress, a very distinguished member of the Committee on Ways and Means, for his initiative and leadership in presenting to the Congress today an alternative that makes sense to the American people, that is fair to America's families.

The gentleman from North Dakota (Mr. POMEROY) speaks with authority on the issues that impact rural America, small business, and America's families and certainly America's family farms. He has their interests at heart. He knows firsthand what their challenges are. That is what makes his proposal so wise, and we all appreciate his leadership.

Mr. Speaker, in the 20th century, in the early part of the 20th century, our country made a decision to honor our American value of fairness by moving forward toward a progressive system of taxation. But under 10 years of Republican rule, this Congress has consistently passed legislation that has moved away from a progressive Tax Code. Republican tax policies have rewarded wealth over work. In its analysis of the President's budget, the nonpartisan Congressional Budget Office found that the tax rate on wage income is nearly twice the rate of capital income, unearned income. And now today Republicans have come to the floor with an estate tax bill continuing their harmful approach.

The Republican estate tax bill again rewards extreme wealth. The Republican approach would hurt more people than it helps by increasing taxes and administrative burdens on more than 71,000 estates. And it comes at a staggering cost of nearly \$1 trillion over 10 years once it takes full effect.

Democrats want to be fair to all Americans, and we support being able to pass a better life on to our children and our grandchildren. But we cannot support putting the luxuries of the super-rich before the needs of America's families. The difference between the Democratic and Republican bills is that Democrats take a more respon-

sible, indeed, a responsible approach that gives immediate tax relief to small businesses and farmers across the country.

The Pomeroy substitute would provide relief to 99.7 percent of estates in America, 99.7 percent; and .3 percent of estates would not be covered under the bill. That is a small percentage, but a huge amount of money being deprived from the National Treasury. The savings achieved by pursuing the more fair and targeted approach put forth by the gentleman from North Dakota (Mr. POMEROY) would cover about one half of the long-term shortfall facing Social Security.

Think of it: if we pass the gentleman from North Dakota's (Mr. POMEROY) bill, the savings would cover one half of the shortfall in Social Security down the road. It would strengthen Social Security for generations to come. That is the choice we are facing today. Do we want to put the wealthiest .3 percent of estate holders ahead of millions of American workers who have earned their Social Security benefits with a lifetime of work? Do we want to continue reckless Republican tax policies or return to a fair system of taxation?

This is a remarkable choice before us, and I hope that the American people can avail themselves of the information to understand what is at stake here. Basically, it all comes back to our deficit, to our budget, and whether we have fiscal soundness in our budget or not. What the Republicans are proposing is saying to average working families in America every day they go to work, and every paycheck money is taken from their paycheck for Social Security. What the Republicans are doing today is putting their hand into that pot and saying we are taking that money and we are going to subsidize the super-rich in our country, the largest, wealthiest estates in our country, .3 percent.

□ 1530

Mind you, the gentleman from North Dakota (Mr. POMEROY) has covered 99.7 percent, which is most, of course, 99.7 percent of the people in America. So anyone listening to this is not, odds are, affected in any positive way by what the Republicans are proposing. In fact, they will be hurt because of what it does to Social Security and what it does in terms of capital gains for over 71,000 families in America.

So I think the choice should be clear, to choose to reward work. We respect wealth. The creation of wealth is important to our economy. But that does not mean we take money from working families to give more money to the wealthiest families in America. And this at the same time as the tax cuts that the administration has proposed to make permanent, that would give people making over \$1 million a year over \$125,000 in tax cuts.

Who are we here to represent? This is the reverse Robin Hood. We are taking money from the middle class and we

are giving it to the super rich, and not only the super rich but the super, super, super rich.

So let us come down and vote for America's workers, let us come down in favor of America's families, and let us recognize that everybody, the wealthiest as well as those not so wealthy, everyone in America benefits when we have fairness in our Tax Code, where we have balance in our budget in terms of our values and in terms of our fiscal responsibility.

I urge our colleagues to support the very responsible Pomeroy resolution and vote no on the irresponsible and reckless Republican proposal.

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

Mr. Speaker, I appreciate in large measure the tone of the debate. What I would say to the gentlewoman who just spoke and to others who raised the red herring of Social Security is to remind folks, first of all, the Federal receipts from the Federal death tax represent less than 1.5 percent of all revenues, first of all; and, secondly, that none of the income tax money generated from the estate tax goes to Social Security for the trust funds, and eliminating the tax in no way will affect or impact current Social Security benefits. Not one bit.

Now, I do want to respond. I heard, I think, the gentleman from Massachusetts earlier say that really there has been no policy justification for keeping this tax, other than we need the money. In fact, I think one gentleman said something, from Massachusetts, about we need to pay our fair share.

Well, let me just ask you to consider your day. When you woke up this morning, if you hit the snooze button on your electric alarm clock, you are paying an electric tax. When you jumped into the shower this morning, you paid a water tax. If you saw the gentleman from North Dakota (Mr. POMEROY) and I on C-SPAN debating this issue this morning, you are paying a cable TV tax. When you drove to work this morning, you are paying a gasoline tax. If you stopped for a cup of coffee, you paid a sales tax. If you used the telephone at all today, you are paying a telephone tax. And, of course, when you are at work, your wages are subject to a payroll tax that does go into Social Security, payroll taxes that do pay for Medicare, not to mention your income taxes. If you drive home to your home and you are lucky enough and fortunate enough to own a home, you are probably paying a local property tax.

When you kiss your spouse good night, you think that is free. No, leave it to the Federal Government to continue to have this thing called the marriage tax.

And, yes, if you scrape and invest and save and you build a family business, have the audacity to pursue the American dream, the Federal Government is there with its hand out saying give us 45 percent of the value of your family business.

Now I have heard from my colleagues on the other side who say that family farms are not affected. Well, then let me tell you a very quick personal story, a story of a farm family in Missouri, a young married couple who in 1956 left Portageville, Missouri, in the district of the gentlewoman from Missouri (Mrs. EMERSON), with \$1,000 in their pocket, and that was going to be the stake that they had. It happened that the woman was an expectant mother with her first child and, as it turned out, her only child.

That married couple happened to be my parents, and over the last 2½ years I have had the unfortunate reality that obviously death is inevitable, and I have had the unfortunate experience in our family of having both my father pass away in late 2002 and my mother one year ago.

I do not mind sharing with you, a 514 acre farm, a modest life insurance policy, the house that I grew up in, a combine, three tractors and some irrigation equipment, and that is it. And I am sitting across the mahogany desk from our long-time family accountant with the adding machine with a tape on it, and he is plugging in an arbitrary value for these assets that my parents invested their soul into. And I am breaking out into a cold sweat wondering whether or not this business that they built and wanted to pass on is going to fall above an arbitrary line or below an arbitrary line that we in Congress have set.

Now we did not have to pay the tax, but 14 days ago I had the requirement of filling out the form and paying the \$2,000 accountant fee; and, again, I do not quarrel with that. But, Mr. Speaker, the death of a family member should not be a taxable event, period.

Mr. Speaker, I urge my colleagues to vote for H.R. 8.

Mr. HASTERT. Mr. Speaker, we come to the floor today to address an issue of tax fairness. You see, no matter what kind of spin our friends on the other side of the aisle try to use—the death tax simply isn't fair. It's an unfair burden that the government has placed on families and small business owners. I've called it a cancer—because it's slowly destroying family farms and businesses across the nation.

Many of our small family businesses are wrapped up in a loved one's estate. And when family members are left with a huge tax bill, it hits them hard. I've heard countless stories from families who have had to sell off a chunk of the family farm just to handle their tax burden. Our friends on the other side of the aisle say that this is too costly and it's bad for the budget. I say it's too costly not to act.

This tax is destroying small businesses. And we all know they're the real job creators in our economy. What kind of nation have we become when a small family farmer can't afford to pass the business on to his children?

Look at the facts.

70 percent of family businesses do not survive the second generation,

87 percent do not make it to the third generation.

Many of these businesses are going belly-up because of the Death Tax.

We all realize that the government must have revenues, and that taxes are a necessary evil. But this tax isn't necessary; it's just evil—because it takes away the American Dream from too many American families.

It's time we give families a real chance at the American Dream.

We need to tell the IRS to stop lurking around a grieving family's pockets. Death is not a taxable event.

It's time we let the Death Tax die.

Mr. REYNOLDS. Mr. Speaker, the issue before us today is certainly not a new on new one. During the past three Congresses, the House has voted repeatedly in a bipartisan fashion to eliminate the death tax. And today, once again, we have the opportunity to bury the death tax once and for all.

The death tax punishes savings, thrift, and hard work among American families. Small businesses and farmers, in particular, are 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. All too often, those families are literally forced to sell the family farm or business just to payoff their death taxes.

Equally disturbing is the fact that the death tax actually raises relatively little revenue for the federal government. In fact, some studies have found that it may actually cost the government and taxpayers more in administrative and compliance costs than it raises in revenue.

Mr. Speaker, my rural and suburban district in western New York is home to countless small businesses and family farms. They're owned by hard-working families who pay their taxes, create jobs and contribute not only to the quality of life in their communities, but to this nation's rich heritage.

Is it so much to ask that they be able to pass on the fruits of their labor—their small business or their family farm—to their children? Must Uncle Sam continue to play the Grim Reaper? The fact is that they paid their taxes in life—on every acre sown, on every product sold, and on every dollar earned. They shouldn't be taxed in death, too.

Mr. Speaker, it's time to bury the death tax once and for all. I commend Congressman HULSHOF for introducing this crucial legislation and Chairman THOMAS for his continued leadership on this issue.

Mr. MACK. Mr. Speaker, I rise today to express my strong support of the Death Tax Repeal Permanency Act of 2005. As a cosponsor of this important legislation, I think it is absurd for the federal government to continue punishing the families through double-taxation. Rather than taxing people when they die, we should be encouraging families to save for the future through hard-work and sound financial planning.

The Death Tax is one of the most burdensome and counterproductive of all taxes. Small businesses create two-thirds of all jobs in the United States, and 40 percent of GDP in the United States is generated by small businesses. When the owner of a small family business passes away, this tax causes families and small business owners severe financial hardship, often to the point that the business must be liquidated.

It is offensive that the government taxes someone all their life then taxes them one last time when they die. Families should never have to visit the IRS and the funeral home on the same day. A permanent repeal is good for small businesses, family farmers, and the next generation of entrepreneurs.

Mr. Speaker, I urge my colleagues to vote for the repeal of the Death Tax.

Mr. BOUSTANY. Mr. Speaker, I strongly support H.R. 8, the Death Tax Repeal Permanency Act of 2005, and encourage my colleagues to pass this important legislation. This vital legislation will permanently repeal the estate tax, a tax that is unjust, inefficient, and harmful to small businesses, the backbone of our economy. Repeal of the Death Tax will create a system that is more equitable and more productive for our economy.

The Death Tax is a burden on our economy that costs the country between 170,000 and 250,000 jobs every year. In Louisiana, our family-owned farms have been faced with decreasing profitability and in many instances the Death Tax is an additional burden that they cannot carry; this tax is a leading cause of the dissolution for thousands of family-run businesses across the country. It also diverts resources from investment in capital, slowing research and development at a time when our country is facing growing competition around the world. We cannot afford to continue discouraging productivity and innovation.

Furthermore, the death tax is inefficient. Since the 1930's, revenue from the tax has fallen steadily as a percentage of total federal revenue. Compliance costs each year can be almost as high as the tax itself, around \$22 billion in 2003; thus every dollar raised by the death tax is \$2 that could have been invested in capital and new jobs.

The economic damage of the Death Tax is reason enough for its repeal, but it is also fundamentally unjust. The rate of taxation is as high as 47%, and this is in addition to the taxes that were already paid on the assets subject to this tax. The Death Tax also discourages hard work and savings and instead encourages large-scale consumption. At a time when we should and need to be encouraging individuals to save for their future, we cannot continue to send this mixed message.

By repealing the Death Tax we will create a tax policy that is more efficient, more equitable and more productive for our economy. I urge Congress to act today to permanently repeal the Death Tax and ensure that our future generations will be able to carry on the heritage of our forefathers.

Mr. CANTOR. Mr. Speaker, I rise today in support of the permanent repeal of the death tax. To put it simply, the death tax is just wrong. It is wrong to encourage people to work hard all their life, only to have the government reap the benefits when they die. It is wrong to levy hefty taxes against families of thriving small business owners just because their parents were successful. It is wrong to stifle economic growth by forcing small businesses to close because of an overbearing tax bill delivered by a greedy Uncle Sam.

Mr. Speaker, our Republican majority stands firmly against double taxation on working families. Taxes have already been paid on the assets subject to additional taxation under the death tax. I am confident that Americans are far better equipped than politicians to decide how to best spend their hard earned money.

It is time for Congress to let important fiscal decisions to be made where they should be, at the kitchen table, not at the tax table.

Let's repeal this unjust tax and empower American working families who know best how to make the right decisions for themselves.

Mr. SHAYS. Mr. Speaker, I rise in support of H.R. 8, the Death Tax Repeal Permanency Act, although the base bill does not address the estate tax in the manner I believe to be most prudent.

In 2003, Congressman Doug Bereuter and I introduced the Estate Tax Relief Act, which would increase the estate tax exclusion to \$10 million and lower the top rate to the level as the top income tax rate (currently 35 percent). I think this is a much better solution than total repeal.

Because estate and gift taxes have had devastating effects on small businesses—many of which are forced to liquidate assets simply to pay taxes ranging from 35 to 55 percent of the value of the business—I think we need to provide significant relief in this area. My preference, however, is to reduce estate taxes without entirely eliminating them.

In the last Congress, I voted for today's base bill because if it is not enacted the estate tax, which is being phased-out over a period between 2001 and 2010, will return in 2011 with an exemption of just \$675,000 and a top rate of 55 percent.

While my first choice would be to significantly increase the exclusion and lower the top rate, I believe full repeal is preferable to the return of this onerous tax.

Mr. BOEHLERT. Mr. Speaker, I rise in strong support of H.R. 8, legislation that would permanently repeal the Death Tax, a tax that haunts millions of small business owners and farmers nationwide. The last thing the federal government should be doing is taking more money from small business owners and farmers, and curtailing further economic growth. They are the backbone that drives our economy forward. I commend Mr. HULSHOF for his leadership on this issue and praise his vision to continue lowering the federal tax burden.

Throughout my twenty-two years in Congress, I have proudly voted for every major tax cut initiative considered by the House. Cutting taxes is one of my highest priorities. I remain convinced that letting Americans keep more of what they earn will help stimulate the economy and create more jobs. People will not hide this much-needed relief under their mattress or store it in their closet; instead they will purchase necessary goods and services. An increased demand for these goods and services will require more employees; therefore, providing incentives for businesses to hire more workers—putting unemployed Americans back on the job and providing a framework for long-term economic growth.

The key to growing our economy is simple—allow Americans to keep more of their own money to spend, save, and invest. My favorite four-letter word—don't worry, it's a four letter word that can be used in polite company—is JOBS. Permanently repealing the death tax will create new jobs across the nation.

Cutting taxes is not unprecedented. Since 2001, Congress has repeatedly passed legislation, which I'm proud to say I voted for, to lower the federal tax burden. For example, we voted to extend relief from the marriage penalty tax, a burdensome tax on married couples

for doing nothing more than saying "I do." We also voted to extend the Alternative Minimum Tax reforms (AMT), which is the right step toward making sure the AMT applies only to those people it was designed to cover, not working families just trying to make ends meet. We also supported a measure to extend the 10% bracket to lower taxes for hard working, low-income families. Finally, we voted to extend the \$1,000 child tax credit.

It only makes sense to take the next step and permanently repeal the Death Tax. I urge my colleagues to join me in supporting H.R. 8, and put an end to this unfair, unjust, and inefficient burden on our economy.

Mr. HONDA. Mr. Speaker, I rise in opposition to H.R. 8, legislation that unwisely imperils our Nation's financial security in order to advance the interests of an elite few.

Since my election to Congress, I have consistently advocated for reasonable estate tax reform. Estate tax reform is extremely important for all the people in the 15th District of California. High real estate values and generous stock option packages have pushed many estates over exemption limits. As a result, too many of my Santa Clara County constituents have been burdened by an estate tax that was originally written to affect only the very wealthiest Americans. The estate tax needs to be modified to protect hardworking Americans and their heirs.

In keeping with this spirit, I intend to support a Democratic alternative to H.R. 8 that will benefit almost all Americans. Offered by Representative EARL POMEROY, the Democratic substitute will increase the estate tax exemption to \$3 million for individuals and \$6 million for married couples effective January 1, 2006 with a scheduled increase in 2009. Under this plan, 99.7 percent of all estates would have no estate tax liability.

The Republican majority has put forward a more expensive plan to benefit the three-tenths of one percent not covered by the Democratic substitute. Their plan comes at a significant cost. Once fully in effect, H.R. 8 will cost \$1 trillion over 10 years. This astronomical price tag will exacerbate record Federal deficits and undermine our Nation's ability to strengthen key Federal priorities, including Social Security, Medicare, education programs and veterans health care.

H.R. 8 may also harm more taxpayers than it would help. Current income tax law provides for a "step-up" in the basis of an inherited asset to its fair market value at the time of decedent's death. When the heir sells the asset, the capital gain for income tax purposes is measured by the difference between the heir's selling price and the stepped-up basis of the asset. H.R. 8 repeals the step-up basis and substitutes carryover basis rules in which the capital gain would be measured by the difference between heir's selling price and the asset's cost at the time when the decedent acquired it. As a result, all estates with gross assets over \$1.3 million would face reporting requirements and tax liabilities potentially more burdensome than under current law.

While I am deeply concerned with the problems surrounding the estate tax, and believe that substantial, long-term reform is needed, permanent repeal for all estates is not necessary to resolve these issues. Given our nation's challenges, I cannot support the Republican's fiscally irresponsible approach to this issue. I urge my colleagues to oppose H.R. 8.

Mr. NEUGEBAUER. Mr. Speaker, I rise today as a cosponsor of H.R. 8 to express my strong support for this important legislation to permanently repeal the estate or "Death" tax.

The estate tax is one of the most unpopular, destructive taxes collected by the Federal Government. It forces many small businesses and farms to dissolve, undermines incentives for work, savings, and investment, and leads to unnecessary development of environmentally sensitive land. By permanently repealing the estate tax, we would be eliminating a cruel tax that devalues the hard work and confiscates the savings of some of our most productive citizens.

As we all know, the estate tax is scheduled to be totally repealed on January 1, 2010; unfortunately, this repeal will sunset on December 31, 2010. At that point, unless the Congress acts, the estate tax will revert to the 2001 level. As no one I know can accurately guess which year they might pass on to the hereafter, only one year of complete relief of the estate tax is not only cynical—it's bad policy. The uncertainty of not knowing whether or not the death tax will really be repealed, makes it difficult for American taxpayers to make plans for their futures, their spouses' futures, and the futures of their children. Additionally, the tax increase that would result if Congress fails to act would be entirely unfair to many of our constituents.

On the one hand, I am pleased that the House is once again taking action today to rid our Tax Code of this punitive measure. But we've done this several times in the past and each time it has gotten bogged down in the other body. Let's hope we don't have to meet again to do what should have been done years ago. Let's do the right thing today. Let's finally and irrevocably repeal the death tax.

Ms. FOXX. Mr. Speaker, today I voice my strong support for the Death Tax Repeal Permanency Act of 2005.

It is imperative we pass this very important legislation. The Death Tax is an unreasonable and unfair burden on thousands of American families, small businesses, and family farms.

The Death Tax is the largest threat to the vitality of family-owned businesses and farms because most of their owners have the entire value of their business or farm in their estate. The Federal Government currently receives nearly half of an estate when the owner passes. As a result, more than two-thirds of family businesses do not survive the second generation and nearly 90 percent do not make it to the third generation. So much for the American dream. Rather than encouraging people to build their own livelihoods, the Death Tax discourages hard work and savings.

According to the Heritage Foundation, the Death Tax costs our country up to 250,000 jobs each year. By permanently abolishing this tax, we could add more than 100,000 jobs per year.

As my colleague, Representative SAM JOHNSON of Texas, said: Americans receive a birth certificate when they are born, a marriage license when they are wed, and a tax bill when they die. This is a disgrace. I encourage my colleagues to vote "yes" for the Death Tax Repeal Permanency Act of 2005.

Mr. JEFFERSON. Mr. Speaker, Benjamin Franklin noted over 200 years ago that "in this world nothing can be said to be certain, except death and taxes." Unfortunately, the con-

vergence of these two inescapable events, in the form of the Federal estate tax, results in a number of destructive outcomes in terms of slower economic growth, reduced social mobility, and wasted productive activity. Moreover, the costs imposed by the estate tax far outweigh any benefits that the tax might produce. For these reasons, among others, I urge my colleagues to join with me in support of permanent repeal of the Federal estate tax.

The estate tax has been enacted four times in our Nation's history—each time in response to the exigent financial straits deriving from war. In three of those instances (1797–1802, 1862–70, and 1898–1902), the estate tax was repealed shortly thereafter. Most recently, the estate tax was reintroduced during World War I (1916) and has existed ever since. What was meant to bring short-term budgetary relief has become a permanent burden on America's farmers, small business owners and families.

Some observers might believe that the estate tax is free from serious controversy. For example, it is often claimed that the tax only falls on the "rich" and thus serves to reduce income inequality. Other supporters of the estate tax point to the \$22 billion in tax revenues for 2003, or to the incentive for charitable bequests. Nonetheless, there are many reasons to question the value of taxing the accumulated savings of productive, entrepreneurial citizens. Not the least of these reasons is the widely-held belief that families who work hard and accumulate savings should not be punished for sound budgeting. Additionally, it is unclear whether the estate tax raises any revenue at all, since most if not all of its receipts are offset by losses under the income tax.

The freedom to attain prosperity and accumulate wealth is the basis of the "American dream." We are taught that through hard work we can achieve that dream and, God willing, pass it on to our children. Unfortunately, for many the estate tax turns that dream into a nightmare. The current tax treatment of a person's life accumulations is so onerous that when one dies, the children are often forced to turn over half of their inheritance to the Federal Government. The estate tax, which is imposed at an alarming 45 to 47 percent rate, is higher than in any other industrialized nation in the world except Japan. Thus, many families must watch their loved one's legacy being snatched away by the Federal Government at an agonizing time. This is tragically wrong and nullifies the hard work of those who have passed on.

In the minority community there are numerous examples of the injurious effects of the estate tax. The Chicago Daily Defender—the oldest African American-owned daily newspaper in the United States—is a good example of the unique problem presented for minority families. It was forced into bankruptcy due to financial burdens imposed by the estate tax. But, beyond that, the questions were—was the Chicago Defender family forced to sell, could a minority owner be found to purchase it, or would it become a white-owned asset, reducing the overall wealth of the African American community?

On a smaller scale, another potential victim, a storeowner named Leonard L. Harris who is a first generation owner of Chatham Food Center on the South Side of Chicago is frightened that all the work and value he has put into his business will be for naught because it

will be stripped from his two sons. According to Mr. Harris, "My focus has been putting my earnings back into growing the business. For this reason, cash resources to pay federal estate taxes, based on the way valuation is made, would force my family to sell the store in order to pay the IRS within 9 months of my death. Our yearly earnings would not cover the payment of such a high tax. I should know. I started my career as a CPA." These two stories are not isolated.

According to the Life Insurance Marketing Research Association, less than half of all family-owned businesses survive the death of a founder and only about 5 percent survive to the third generation.

Another recent study found the following:

Eight out of ten minority business owners questioned believe the Federal estate tax is unfair.

Only one minority business owner in three has been able to take any steps whatsoever to prepare for the ramifications of the estate tax.

One in four believes that his or her heirs will be forced to sell off at least part of their businesses to pay the estate tax liability.

Fully half the respondents already know a minority-owned business that has had trouble paying the tax, including some that have been forced to liquidate.

Those few minority-owned businesses that have been able to take steps to reduce their estate tax liability complain that it has detracted from their ability to meet business objectives by channeling time, energy and resources away from productive endeavors.

Many of my colleagues who are proponents of the estate tax contend that the tax adds progressivity to the Tax Code and provides needed tax revenue. They argue that the estate tax falls on wealthier and higher income individuals and increases the total tax paid by this segment of the population relative to their income. This helps offset the regressivity of payroll taxes and excise taxes, which fall more heavily on low-income groups relative to their income. They also argue that increasing the unified credit to \$4, \$5, \$6 or \$7 million would remove small family-owned businesses and farms from the harsh impact of the estate tax.

I share my colleagues concerns about protecting the tax base and ensuring that our Tax Code remains progressive. However, I find these arguments in support of the estate tax unconvincing in the face of substantial evidence otherwise.

First, there is no clear evidence that the estate tax is progressive or that larger estates are paying a greater portion of the tax. Wealthier members of our society are able to reduce and or eliminate the impact of the estate tax by stuffing money away here and there at the suggestion of high-priced attorneys and accountants. Similarly, tax planning techniques such as gift tax exclusions or valuation discounts reduce the size of the gross estate but do not appear in the IRS data causing effective tax rates to be overstated for many larger estates. The Institute for Policy Innovation recently revealed evidence of this fact in a study showing that the effective tax rate on the most valuable estates was actually lower than that on medium-sized estates.

Second, the insignificant amount of money the estate tax raises for the Federal Government cannot justify the harmful effects it has on business owners who spend more to avoid

the tax than the federal tax revenue raised. According to the President's fiscal year 2005 Budget, the estate and gift tax brought in \$22.8 billion in revenues to the Federal Government in 2003. This represents less than 1.1 percent of the total revenues out of a more than \$2 trillion Federal budget and less than the amount of money spent complying with, or trying to circumvent, the death tax.

In 2003, Congress' Joint Economic Committee reported that the death tax brought in \$22 billion in annual revenue, but cost the private sector another \$22 billion in compliance costs. Therefore, the total impact on the economy was a staggering \$44 billion. And, when one calculates the amount of money spent on complying with the tax, the number of lost jobs resulting from businesses being sold, or the resources directed away from business expansion and into estate planning, it is clear why this punitive tax must be eliminated.

It is also important to note that many economists believe that overall tax revenues would increase if the estate tax were repealed. According to a study of estate tax repeal proposals, which was prepared by Dr. Allen Sinai for American Council for Capital Formation and Center for Policy Research, Federal tax receipts would rise in response to a stronger economy, feeding back 20 cents of every dollar of estate tax reduction. In fact, over the years 2001 to 2008, estate tax repeal would increase real Gross Domestic Product by \$90 billion to \$150 billion, and U.S. employment by 80,000 to 165,000.

Finally, it is not clear that increasing the unified credit to \$6 or \$7 million would remove small family-owned businesses and farms from the threat of the estate tax. The Small Business Administration's definition of a small business is based on industry size standards. For example, a construction company or grocery store with less than \$27.5 million in annual receipts is considered a small business. Thus, families who build their businesses past the exemption amount will continue to face estate taxes that range from the aforementioned, alarming rate of 45 to 47 percent. The exemption threshold would not help these small businesses. More significantly, without significant reform or, more appropriately, repeal, these same small businesses face the prospect of estate tax rates as high as 60 percent beginning in 2011.

Permanent repeal of the estate tax will provide American families with fairness in our tax system and remove the perverse incentive that makes it is cheaper for an individual to sell the business prior to death and pay the individual capital gains rate than pass it on to heirs. But for minorities, it provides much more. It will allow wealth created in one generation to be passed on to the next thereby establishing sustainable minority communities through better jobs and education, better healthcare, and safer communities.

Mr. Speaker, I urge my colleagues to support H.R. 8 to permanently repeal the Federal estate tax and to restore fairness to our Nation's Tax Code.

Mr. ETHERIDGE. Mr. Speaker, I rise today to voice my opposition to H.R. 8. As a part-time farmer and former small business owner, I have long supported responsible legislation to provide estate tax relief for family-owned businesses. Unfortunately, this bill will not accomplish that goal.

Throughout my service in the U.S. House, I have been a strong supporter of estate tax re-

lief for family farmers and small business owners. The first bill I introduced as a Member of Congress was a bill to raise the inheritance tax exemption from \$600,000 to \$1.5 million and for the first time indexed it to inflation. But H.R. 8 is an extremely irresponsible bill that will add billions to our national debt for our children and grandchildren to pay and will harm more taxpayers than it helps.

The unfortunate reality of our situation is that we have witnessed the most dramatic fiscal reversal in our Nation's history. Our budget surpluses have been frittered away, and our Nation is now drowning in red ink with ever-growing budget deficits and increasing Federal debt. The primary culprits for our increasing debt are the risky, irresponsible tax schemes the Republican Congress has enacted the last 4 years.

Instead of adopting a bill that would increase the burden on our children and grandchildren, we need a common-sense solution that would exempt the vast majority of Americans from an estate tax while maintaining a degree of fiscal integrity.

That is why I am supporting the Democratic substitute authored by Representative EARL POMEROY. This substitute provides an estate tax exemption of \$3 million for individuals and \$6 million for couples beginning in 2006, and the exemption would increase to \$3.5 million and \$7 million respectively in 2009. Furthermore, this plan would instantly repeal the estate tax on a vast majority of farms and small businesses, as well as shield heirs from dramatic capital gains tax liabilities that are part of the Republican plan. The U.S. Department of Agriculture has estimated that more farm estates would have an increased tax liability from the Republican plan's carry-over basis rules than would ever benefit from the repeal of the estate tax.

I support estate tax relief, but not at the expense of our senior citizens who benefit from Social Security and Medicare. The only way to pay for the Republican bill is by taking more money out of the Social Security and Medicare Trust Funds and replacing it with IOUs. H.R. 8 will compound the fiscal mistakes Congress has made the last 2 years with its policy of tax cuts at any cost, including our children's education and our Nation's future.

The people of North Carolina's Second District elected me to help chart a common-sense, fiscally prudent course for the country. I pledged to represent my constituents by paying down the national debt; saving Social Security and Medicare funds for older Americans, and investing our country's resources into education, health care and other initiatives that enable people to improve their lives. H.R. 8 is inconsistent with these goals; therefore, I oppose the bill.

Mr. WELDON of Florida. Mr. Speaker, I want to express my strong support for H.R. 8, the Death Tax Repeal Permanency Act of 2005. I have supported this measure in the past and have introduced similar legislation to make the death tax repeal permanent. I believe it is important that we accomplish the goal of passing this in the House and the Senate and seeing this bill enacted 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 immediately. 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. This is unfair, unjust and an inefficient burden on our economy.

I have spoken in the past about a constituent of mine, Danny Sexton of Kissimmee, FL and owner of Kissimmee Florist. He, like millions of other Americans, has experienced the sad realities of the Death Tax. He joined me several years ago in Washington to highlight the adverse impact the Death Tax had on his family business.

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, layoff workers 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 reason we need to appeal the death tax. The death tax isn't a tax on just the rich, it is a tax that hurts family owned businesses—family owned businesses that are the backbone of this great Nation. It also caused several average workers to lose their jobs.

Family owned businesses provide and create millions of jobs for American workers. The people who worked in Mr. Sexton's florist were not rich, but they lost their jobs because of the Death Tax.

In a recent survey conducted by the National Federation of Independent Businesses, 89 percent of small business owners favored permanent repeal of the death tax. Why? Because these small business owners know this tax may mean the death of their business for future generations. According to the Center for the Study of Taxation, more than 70 percent of family businesses do not survive the second generation and 87 percent do not make it to the third generation. Family owned and operated businesses deserve the right to be inherited by the next generation without the blow of the death tax.

In current law, the death tax is phased-out, completely repealed in 2010. But that is not good enough because in 2011, the tax re-emerges in full force. That means taxpayers must plan for three different scenarios when passing along their family business—pre-2010 when the exemption levels are gradually increasing and the top rate gradually decreasing; 2010 when the tax is completely repealed; or 2011 when the tax reemerges. This is complicated, confusing and hard to plan for—unless a small business owner knows for certain when his or her death will occur. When we make this tax repeal permanent, taxpayers will have the ability to make long-term financial plans with certainty and will have the opportunity to pass on their hard earned family businesses and farms to future generations. It will also ensure that those who work for these small businesses are able to keep their jobs.

I urge my colleagues to vote for H.R. 8, the Death Tax Repeal Permanency Act of 2005.

Mr. HOLT. Mr. Speaker, I favor cutting unnecessary, ineffective or unfair taxes, but in balanced and fiscally responsible ways. I have been one of the few Democrats in Congress who has been willing to cross party lines to vote for tax cuts. I have voted to eliminate the estate tax in the past. I have been willing to vote for eliminating the marriage penalty, to vote for cutting taxes for small businesses, to

vote for cutting taxes to help people pay for education and retirement, and to vote for cutting taxes for senior citizens and to give business tax credit for research work.

With a war in Iraq and looming postwar costs, increased expenses for domestic security and a ballooning budget deficit, Congress must exercise restraint on both revenues and spending to prevent fiscal policy from spiraling out of control. The consensus in favor of balancing the budget over the long term must be re-established.

There are a wide range of pressing national challenges that need action, from rapidly increasing health care costs, to our increasing dependence on ever-more-expensive foreign oil, to a broken and increasingly corrupt political system, and yet today we are passing a bill that will only help a few of the already wealthy.

Today we are debating total elimination of the federal inheritance tax. Permanently repealing the estate tax would further balloon the Federal budget deficit by an estimated \$290 billion through 2015; and by \$745 billion through 2021. Add in the interest costs of borrowing the funds to pay for this measure, and the true 10-year cost is nearly \$1.3 trillion.

I support the substitute offered by Representative EARL POMEROY which will protect families and small business from the estate tax. The substitute increases the estate tax credit to \$3 million, \$6 million for married couples, beginning in 2006. Under the substitute, the credit would be increased to \$3.5 million, \$7 million for couples, in 2009. The Pomeroy substitute would eliminate tax reporting compliance burdens and carryover taxes for over 71,000 estates each year which effects small business and families. According to Representative POMEROY'S calculation, his package would exempt 99.68 percent of all estates from the estate tax, yet it would save the Treasury \$217 billion compared to total repeal. It is worth noting that the saving of \$217 billion is equal to 40 percent of the shortfall of Social Security of the next 75 years.

Mr. Speaker, today the national debt is the largest in history. Americans now collectively owe about \$7.8 trillion. Here we have another tax cut that is not being paid for, even as the Bush administration and the leadership of this Congress spend more than the American government has ever spent on homeland security and on all the other expenses of running the Government—especially the huge costs of the war in, and occupation of, Iraq. Government borrowing of this scale places the burden of repaying our debts on our children.

Governing is about making choices. Our constituents all across America sent us to Congress to make the tough decisions. They did not send us here so we can pass those decisions on to our children, and they certainly did not send us here to pass the cost of our decisions on to our children.

I want the people of this country to realize that, right now, we owe collectively, about \$4.5 trillion to foreign countries. Japan holds \$702 billion of our debt; China, including Hong Kong, \$246 billion; the U.K. \$163 billion; Taiwan, \$59 billion; Germany, \$57 billion; OPEC countries, \$65 billion; Switzerland, \$50 billion; Korea, \$68 billion; Mexico, \$41 billion; Luxembourg, \$29 billion; Canada, \$43 billion—the list goes on and on.

More tax cuts of this size will not only jeopardize critical public services now, but they will

also hurt Americans well into the future. Massive deficits now create large debt and will create high interest payments that will crowd out spending on public investments for future generations. Moreover, these deep deficits threaten to increase interest rates in the future—making it harder for Americans to buy homes and afford higher education and making it harder for businesses to raise capital.

I urge my colleagues to join me in supporting permanent reform of the estate tax, but not irresponsibly repealing it. Government should follow the principle of helping the present generation and helping future generation as well—not leaving future generations to pay our bill.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. POMEROY

Mr. POMEROY. Mr. Speaker, pursuant to H. Res. 202, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore (Mr. LAHOOD). 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. SHORT TITLE.

This Act may be cited as the "Certain and Immediate Estate Tax Relief Act of 2005".

SEC. 2. RETENTION 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.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

(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. 3. MODIFICATIONS TO ESTATE TAX.

(a) IMMEDIATE INCREASE IN EXCLUSION EQUIVALENT OF UNIFIED CREDIT.—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 \$3,500,000 (\$3,000,000 in the case of estates of decedents dying before 2009).".

(b) FREEZE MAXIMUM ESTATE TAX RATE AT 47 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 47 percent of the excess of such amount over \$2,000,000."
-------------------------	--

(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 \$159,200."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2005.

SEC. 4. 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 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.

Amend the title so as to read: “A bill to amend the Internal Revenue Code of 1986 to retain the estate tax with an immediate increase in the exemption, to repeal the new carryover basis rules in order to prevent tax increases and the imposition of compliance burdens on many more estates than would benefit from repeal, and for other purposes.”.

The SPEAKER pro tempore. Pursuant to H. Res. 202, the gentleman from North Dakota (Mr. POMEROY) and a Member opposed each will control 30 minutes.

Mr. HULSHOF. Mr. Speaker, I claim the time in opposition.

The SPEAKER pro tempore. The gentleman from Missouri (Mr. HULSHOF) will be recognized for 30 minutes in opposition to the amendment in the nature of a substitute.

The Chair recognizes the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I am pleased to begin the presentation of the amendment in the nature of a substitute by yielding such time as he may consume to the distinguished gentleman from Maryland (Mr. HOYER), the minority whip.

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

Mr. Speaker, I was very interested in the last presentation. The bottom line was, he did not pay a tax. All that story, all those facts, and he did not pay a tax. He did pay his accountant some money to go through and make sure that he was doing what was right. He did that because the Tax Code is ex-

traordinarily complicated and has been made 25 percent more complicated by the Republican majority over just the last 48 months.

Mr. Speaker, let us be absolutely crystal clear: This Republican proposal is nothing but a tax increase. Hear me, this is a tax increase disguised as a tax cut.

“Who are you, Mr. HOYER? Lewis Carroll? What is this gibberish that you are talking about?”

It would raise taxes for thousands of families and thousands of family farmers and small businesses. There are no two ways about it.

For years, House Republicans have proclaimed that the elimination of the inheritance tax, a tax, now hear me on this side of the aisle, I know you want to hear this, a tax first proposed by Theodore Roosevelt in 1906. Now for those of you who may not be quite fully cognizant of our history, Theodore Roosevelt, of course, was a Republican President of the United States of America. It was intended to save family farms and small businesses.

But, today, not according to the gentleman from Maryland (Mr. HOYER), not according to the gentleman from North Dakota (Mr. POMEROY), not according to all the Democrats in this House or in the Senate, according to the Republican Department of Agriculture, I tell my friend from Missouri, the Republican Department of Agriculture says more farm estates would have increased tax liability from the carryover basis rules in this bill than would benefit from repeal of the inheritance tax. In other words, if we pass this bill, family farmers and small businesses are going to pay more taxes.

Now, I am for the Pomeroy alternative. First of all, we do not have that complicated look-back to find out what the basis was 10, 20, 30, 40, 50 years ago. We do as we do now, what is the basis now when you get it?

But we exempt under the substitute offered by the gentleman from North Dakota (Mr. POMEROY) \$7 million. That means that 99.7 percent of the people in America would never pay an estate tax. I am for that. So this argument, I tell my friend from Missouri, is about the three-tenths of 1 percent of the very largest estates in America. Because if you vote for Pomeroy, 99.7 percent are exempt. So, as we have been doing for the last 4 years, we have been talking about the upper 1 percent. That is who we are talking about.

Now we are pretty well off in Congress. The American people do pretty well by us, very frankly. I am doing well enough. I paid a little bit of Alternative Minimum Tax this year. It shocked me, but my accountant pointed out that I did. So we are doing pretty well.

But there are a whole lot of people that are not doing nearly as well as we are doing, and we are not helping them at all by simply giving away revenue that we could spend on the education of their kids and the defense of their

country, which we are borrowing for, of course, so that their kids will pay the debts.

Mr. Speaker, under current law, the Joint Economic Committee estimates that only 7,500 estates, in a Nation of 290 million people where some 3 million people die every year, 7,500 estates out of the 3 million people that die would have any estate tax liability in 2009. However, the permanent switch to carryover basis rules, rules that are used to calculate cap gains, would impact an estimated 71,000 additional estates, and many of those estates would face capital gains tax increases.

Now even as this bill increases the capital gains tax on many farm estates and small businesses, I tell my friend, it still adheres to what seems to be the Republican Party's core economic principle: fiscal irresponsibility.

The gentleman says this tax, that tax, and he is right. There are a lot of taxes on all of us, and we have a lot of services in this country. And, frankly, for the most part, as the gentleman knows, particularly if you take the industrialized nations, our tax structure at the Federal level is lower. But, still, they are high, and we would like to see them reduced.

But the fact of the matter is, I have three children, three daughters, they are wonderful people, and they provided me with three grandchildren. And I am buying stuff. I am buying defense against terrorists, I am buying stabilizing Iraq, I am buying education, I am buying health care, I am buying roads. All of us are buying that.

I do not want to have to say to my grandchildren, look, I am going to use it, but you pay for it. That is an immoral policy as well as a fiscally irresponsible one, an unwillingness to pay our bills.

Now, this is \$290 billion. Just \$29 billion a year over 10 years. No sweat. Shoot, we are borrowing all the Social Security money right now that the Republicans said they were not going to spend a nickel of. They are going to spend \$170 billion of Social Security money this year alone. How do we do that? We borrowed \$118 billion last February, from foreigners mostly, which we are putting our kids deeply in hock to China, to Japan, to Germany.

At a time of record budget deficits of nearly half a trillion dollars, this Republican bill would cost nearly \$1 trillion over the first 10 years of full repeal. It would irresponsibly drive our Nation even further into debt and immorally force our children to continue to be liable for our bills.

In sharp contrast, I tell my friend from Missouri, and I wish there were more people on this floor, but it is only giving away, you know, \$250 billion to \$1 trillion. What do we care? We have given away trillions of dollars over the last 4 years as we go trillions of dollars into debt. As a matter of fact, \$9 trillion into debt.

The substitute offered by the gentleman from North Dakota (Mr. POMEROY) is excellent. It costs less than

one-third of this Republican bill. It would permanently increase the current exclusion amounts to \$3.5 million per individual and \$7 million for couples. Three-tenths of the estates would be left in 2009 and, as a result, exempt 99.7 percent of all estates from estate tax liability.

Mr. Speaker, I congratulate the gentleman from North Dakota (Mr. POMEROY) for this alternative. It solves the problems of small farmers, it solves the problems of small businesses, it solves the problems of pretty significant but nevertheless smaller estates, to make sure that the hard work of mom and dad can be passed along to their daughter and their son and their son's and daughter's families.

□ 1545

We agree with the gentleman from Missouri (Mr. HULSHOF) that that is a good objective, but we also agree that we ought to have fiscally responsible policies.

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

Mr. HULSHOF. Mr. Speaker, just a quick comment for whatever time I may consume before yielding to the gentleman from South Carolina (Mr. BARRETT).

Did I hear the last speaker correctly, that we have given away, whose money is that? It would be the American taxpayers' money, who are probably, even as we speak, trying to grapple with those forms as they have tax day coming, as the income tax payers of America that provide for the comfortable living that he and I enjoy.

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

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

Mr. HOYER. Mr. Speaker, I ask my friend, whose debt is it?

Mr. HULSHOF. Mr. Speaker, I would say to my friend, and of course, as we have had a lot of unforeseen circumstances that have occurred, as was mentioned earlier, Iraq and Afghanistan. And let us hope and pray that as permanent repeal occurs, if it occurs, in the outyears that we will not be in that war on terrorism. But I would say to my friend, and I appreciate the question, but he also mentioned the Department of Agriculture, and lest, Mr. Speaker, anyone wonder who those agricultural groups are that represent farm families across America, I would place into the RECORD a letter from said groups.

In essence, the letter reads as follows: The groups listed below support permanent estate tax repeal, ask for this body to vote for H.R. 8, and the letter goes on to say, individuals and families own virtually all of the farms and ranches that dot America's rural landscape. Death taxes threaten the transfer of these operations to the next generation of food and fiber producers. Sincerely, Alabama Farmers Federation, American Farm Bureau Federation, American Sheep Industry Association,

the American Soybean Association, Farm Credit Council, National Association of Wheat Growers; to my friend from North Dakota, National Cattlemen's Beef Association, National Corn Growers Association, National Cotton Council, National Grain Sorghum Producers, National Milk Producers Federation, National Potato Council, USA Rice Producers Federation, U.S. Rice Producers Association, and the Western Peanut Growers Association.

APRIL 13, 2005.

HOUSE OF REPRESENTATIVES,
Washington, DC.

DEAR REPRESENTATIVE: The groups listed below support permanent estate tax repeal and ask you to vote for H.R. 8, the Death Tax Repeal Permanency Act of 2005.

Individuals and families own virtually all of the farms and ranches that dot America's rural landscape. Death taxes threaten the transfer of these operations to the next generation of food and fiber producers.

In 2001, Congress recognized the harm that death taxes cause family businesses and voted to repeal this onerous tax. Unfortunately, repeal scheduled for 2010 is temporary and sunsets after only one year.

Congress should act now to make death tax repeal permanent. Please show your support for permanent death tax repeal by voting for H.R. 8 when the bill reaches the House floor this week.

Sincerely,

Alabama Farmers Federation, American Farm Bureau Federation, American Sheep Industry Association, American Soybean Association, Farm Credit Council, National Association of Wheat Growers, National Cattlemen's Beef Association, National Corn Growers Association, National Cotton Council, National Grain Sorghum Producers, National Milk Producers Federation, National Potato Council, USA Rice Federation, US Rice Producers Association, Western Peanut Growers Association.

Mr. Speaker, to my friend from South Carolina, I am not sure if any of those groups happen to represent farm families in his district, but I yield 2 minutes to the gentleman from South Carolina (Mr. BARRETT).

Mr. BARRETT of South Carolina. Mr. Speaker, I thank the gentleman for yielding me this time. And, yes, I say to the gentleman, they are from South Carolina, and I see them every day.

Mr. Speaker, I rise today against the Pomeroy substitute and in full support of H.R. 8, the Death Tax Repeal Permanency Act of 2005.

The death tax defies common sense and is fundamentally unfair, Mr. Speaker. Prior to 2001, the top death tax rate was 55 percent. Today, the top rate is 47 percent, and these are unbelievably high tax rates, especially when the tax is imposed after a lifetime of hard work.

The death tax is also a job killer, Mr. Speaker. Resources that could be used to expand businesses and hire new employees are instead used inefficiently to plan for the impact of the death tax. The Joint Economic Committee noted that the death tax reduces the stock in the economy, listen to this now, approximately one-half of \$1 trillion.

Mr. Speaker, the permanent repeal of the death tax will not only ensure that small businesses and family farms are not subject to these unfair rates of taxation, but also simplify the tax law and facilitate long-term financial planning. The 2010 sunset date for the death tax repeal makes it nearly impossible for taxpayers to make long-term financial decisions as they relate to the tax. Enactment of the Death Tax Repeal Permanency Act promotes fairness and simplification by giving taxpayers the certainty they deserve.

Mr. Speaker, I strongly support H.R. 8, the Death Tax Repeal Permanency Act of 2005, and I urge my colleagues to vote "no" on the Pomeroy substitute amendment.

Mr. POMEROY. Mr. Speaker, I yield 4 minutes to the gentleman from Oregon (Mr. BLUMENAUER), the other member of the Earl Caucus of this House.

Mr. BLUMENAUER. Mr. Speaker, I appreciate my namesake's courtesy in permitting me to speak on his substitute. I appreciate his hard work and clarity in dealing with this issue and a step forward to stop a cynical game that I have watched be played here in this Congress since I was first elected 9 years ago.

There is today, and there has been throughout these 9 years, a consensus to make adjustments to the inheritance tax, to make it less steeply graduated, to raise the exemptions, to be able to do fine-tuning, to deal with the legitimate problems of small, closely held businesses and farms. And if the Republican majority would have permitted a fair and honest debate on this floor of the inheritance tax, we would have enacted significant permanent adjustments that would have solved the vast majority of the problems for 99.9 percent, I dare say. But that is not to be.

Instead, we have been involved with a cynical process that we are seeing played out here today. Nobody expects over the long haul that we are, in fact, going to eliminate in its entirety the inheritance tax. Our Republican friends have been involved with a roller coaster of a 10-year phase-out, and then insanely reinstating it in its entirety. As a result nobody has been able to plan thoughtfully for the last 5 years.

My friend from Missouri says, well, on the one hand, it is only 1.5 percent of Federal revenues; but that is half of the problem of Social Security that has driven some people into a frenzy. It is not an insignificant number, in the neighborhood of \$1.5 to \$2 trillion over the period of time we are talking about.

But my Republican friends do not want to allow the legislative process to work, and have a permanent solution that will stop the ambiguity and that will solve the problem for closely held businesses and yet, not allow vast amounts of wealth, wealth that is so significant that Bill Gates's own father does not think that it should eliminate

the inheritance tax and has even written a book about it.

The gentleman from North Dakota has proposed not that we game the system. The gentleman from Missouri (Mr. HULSHOF) found out that his parents, like 99 percent of the people, are not subjected to the inheritance tax.

The Pomeroy amendment would immediately raise that threshold to \$6 million, with further adjustments to \$7 million in 4 or 5 years from now, I forget the exact period of time; he will correct me, I am sure. This brings it up so that 99.7 percent of the American public are exempt, and it does it today. Not with games, not with promises but by solving the problem. I think this is so important as I think of the millions of Americans today that are struggling with the 1040 form, the 2.9 million Americans subjected to the alternative minimum tax, soon to be 16 million families next year. Not enough money, not enough time to solve that yet we are going to be involved with this cynical game of the inheritance tax.

I strongly urge the adoption of the Pomeroy substitute, which will solve the problem once and for all for the vast majority of the family farms, the small businesses, and, in fact, a number of people of significant wealth; and it will provide resources so that we can solve problems like Social Security and the alternative minimum tax and be about our business.

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

Mr. Speaker, the gentleman just indicated that the Pomeroy substitute solves the problem once and for all, and I have listened to a number of individuals on the other side during the course of this discussion that this is only going to affect the superwealthy and that really there are no family businesses that are affected by the estate tax. It has been interesting, because some of those comments have come from colleagues of mine on the Committee on Ways and Means.

Mr. Speaker, we have had a number of hearings going back to at least, from my memory, 1997. So I will mention some of these folks who have come and testified in front of the Committee on Ways and Means.

Martin Whalen testified about his family-owned and -operated company, Etline Foods Corporation, a distributor of food service products in York, Pennsylvania. When they purchased the business, 48 employees; in 1997, 105 employees. Rhetorically, I would say to my friend from North Dakota, will this solve their problem?

Wayne Nelson, a farmer from Winner, South Dakota. His father farmed until his father's death in 1993. Their estate planning was inadequate. Several parcels of land in South Dakota were liquidated in order to pay the Federal tax. Will the substitute rectify that situation?

What about Roger Hannay of Hannay Reels, Incorporated, a small manufacturer in the foothills of the Catskill

Mountains about 25 miles from Albany, New York, a small manufacturer employing 150 employees?

What about Richard Forrestal, Jr., a principal in Cold Spring Construction, a firm specializing in highway and bridge construction?

What about Douglas Stinson, a tree farmer from Toledo, Washington, that runs the Cowlitz Ridge Tree Farm? Each of these testified, Mr. Speaker, that they were impacted negatively by the existence of the death tax.

What about Carol Loop, Jr., president of Luke's Nursery and Greenhouses, a wholesale plant nursery operation in Jacksonville, Florida? He started his business with a \$1,500 loan and a borrowed truck. Would the problem be solved with the Pomeroy substitute?

Or Christopher and Kimberly Clements of Golden Eagle Distributors in Tucson, Arizona. They lost their father unexpectedly after a valiant bout with cancer. He lost his life at the age of 58.

Or Jeannine Mizell, a third-generation owner of Mizell Lumber and Hardware Company of Kensington, Maryland.

What about Robert Sakata, a vegetable farmer from Brighton, Colorado, or Jean Stinson, a railroad track manufacturing company in Barto, Florida, running the R. W. Summers Railroad Contractors? Their family had to shut down a facility in North Carolina, laying off two-thirds of the 110 employees to pay the estate tax.

Or Jack Cakebread, founder of Cakebread Cellars in Napa Valley, California. Would each of these individuals be solved or their estate problems solved by the substitute?

It is a rhetorical question, and the gentleman from North Dakota (Mr. POMEROY) knows it, and I do not mean to put him on the spot, but he cannot answer the question because when we draw a line, an arbitrary line, wherever we draw that line, we still are going to have those entrepreneurs that have been willing to invest in their businesses, hire employees, build local communities; and as long as the death tax remains in existence, they are going to have to do some sort of estate planning.

I think it is much the better course to completely and finally permanently repeal the tax.

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

Mr. POMEROY. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, it is a privilege to carry this debate today on behalf of the minority, and a privilege to participate with the gentleman from Missouri, who is one of my favorite Members of the House. He has presented his side very well.

He asked relative to a number of estates, would they be covered under the Pomeroy substitute? Well, I believe that a number of them would have their estate tax problems completely

eliminated, because we take the exemption and we double it. We go from today, a joint estate at \$3 million, and we say, if you have a joint estate of \$6 million, no estate tax. We, like 2009, take that up to \$7 million in a joint estate circumstance.

So as to the question he asked, I do not know the particulars of those cases, but I expect that a number, if not all of them are covered, because 99.7 percent of the estates in this country are under that amount.

But there is a feature of the majority proposal that is not represented in our substitute, and I want to talk about it right now, and this involves the imposition of capital gains liability at the handling of an estate under the majority bill.

I can just imagine Members in the majority, some of them that might have signed that "no new tax" pledge that was going around last Congress, just wringing their hands because they are about to vote for a tax increase, a tax increase in the form of capital gains taxation on estates. Section 541 of the bill that the majority proposal would make permanent reads this way: termination of step-up in basis at death. Tax legalese, but what does it mean? It means new capital gains and capital gains if you have an estate that exceeds that 1.3 gross value. You have a reporting commitment that attaches at 1.3 gross value for estate.

□ 1600

You know, it is the darndest tax bill I ever saw. Because, while they talk about tax relief, they are hurting more than they are helping.

I direct you to this chart. Number of estates today with capital gains issue, zero; and that is because the taxable basis in the property is established at time of transfer in an estate. No capital gains.

What happens under their proposal? Well, we know that there are 71,000 estates in the year 2011 that are likely to have reportable amounts, in other words, gross valuation over \$1.3 million. Some will have a capital gains issue they have to pay. Some will not. But they are all going to have to report with the IRS.

And this report is something else. It means going back in and trying to establish what the value of the property was at the time mom and dad acquired it. It is a nightmare. And that is well-established in the CONGRESSIONAL RECORD. Because I have here the hearing, I have here the Ways and Means record at the time the committee considered testimony to repeal the carryover basis, the very provision they want to re-establish in tax law.

You see, it passed once before, in 1976. It was delayed from implementation and then repealed retroactively because of its consequences.

Here is what some very interesting participants had to bring to the committee. Carryover basis fosters an insidious bias against farmers and ranchers. Carryover basis calculations for

land, buildings, machinery, livestock and timber have been described as, at best, potential nightmares. Trying to establish what the taxable basis on this is, which their law would require, is a nightmare. So says the American Farm Bureau in their 1979 testimony.

The Cattlemen's Association, one touted as one of these that want to re-establish capital gains on estates, they say, because of its complexity, carry-over base is impossible to comply with. It will increase the tax burden and compound the illiquidity of estates of farmers, ranchers and other family business operators who sell inherited property in the normal course of business, and I quote, and find it in the record from the National Cattlemen's Association.

NFIB also states, I strongly urge you, as an individual and as a taxpayer and as one who professionally and through an association represents small business people, repeal the carryover basis. So says the National Federation of Independent Business, the very group that they have cited as trying to re-establish carryover basis in the Tax Code and put capital gains back on estates.

We have been here before. We do not want to do it again. Do you not understand, voting for the repeal bill brings a new bill, a capital gains bill, and a capital gains bill to thousands that have no estate tax consequence?

So if you want to cast a vote this afternoon for a tax relief proposal, vote the Pomeroy substitute. No capital gains in the Pomeroy substitute.

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

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

As the gentleman from North Dakota recognizes; and, again, I do not think he meant to misspeak, but the underlying bill, H.R. 8, does provide a step up in basis of \$3 million for the surviving spouse and a \$1.3 million step up in basis for surviving heirs.

Mr. Speaker, many have worked on the death tax repeal and going back even to the, I think, Family Heritage Preservation Act of 1993. The gentleman from California introduced that bill and I think had 29 cosponsors. Now, of course, we are over 200 on permanent repeal.

Mr. Speaker, I yield 4½ minutes to the gentleman from California (Mr. Cox).

Mr. COX. Mr. Speaker, the preceding speaker just told us that he does not like the carryover basis. And I will tell you what. If his amendment got rid of any aspect of carryover basis in death tax I would vote for it. But this is a give-with-the-right-hand, take-away-with-the-left-hand operation that he is proposing, because what he is also doing is he is bringing back the 47 percent death tax.

We are trying to repeal the death tax, not bring it back; and you cannot tell us that capital gains at 15 percent is worse than the death tax at 47 percent.

And as the gentleman from North Dakota just mentioned, we do not have a carryover basis in its entirety. We have simply a step up in basis for both the spouse and for the children.

I wish we could get rid of the carry-over basis. I would be thrilled with that. But the Pomeroy substitute gives us the death tax back full strength at 47 percent tax rate, and it arbitrarily says that a small business that is worth \$3 million is going to have to deal with this.

Now you have to ask yourself, in advance of your death, do you know what the assets and inventory of your business is going to be 10 years, 20 years, 30 years down the road? The answer is no. Of course not. You are going to have to do that tax compliance year in and year out.

Tax compliance, the cost of actual accountants and lawyers and life insurance and all the other things that you have to do to deal with the death tax year in and year out is \$20 billion a year.

This tax, the death tax, kills between 170,000 and a quarter million jobs each year, according to the Nonprofit Center For Data Analysis. The death tax is a job killer. It is destroying family farms and businesses. It is a drag on economic growth, and it is the greatest disincentive to invest additional capital in family businesses in America.

But the authors of this amendment still want to pry lots of cash out of the cold dead fingers of America's deceased entrepreneurs. So they rewrite the language of the Tax Code so we can keep all 88 pages of complexity of the death tax and all the thousands of pages of regulation and the hundreds of thousands of pages of case law that go with it. This is the most complex part of one of the most complex tax systems in the world, and it is time to drive a stake through its heart. It is time for the death tax to die.

This is not the time to redefine the death tax or add legislative language so that tax lawyers and accountants can have more to play with. It is time to kill it. And that is why we must vote against this amendment and in favor of the total repeal of the death tax.

Here is the message that this amendment, were it to be adopted, sends to American workers: Do not work for a small- or medium-sized American family business. Do not work for a large family owned business. To be safe, do not work for any small businesses that are growing quickly or picking up new customers or introducing new products. Because the Federal Government has decided that the family businesses can grow without the destructive burden of the death tax but only until some IRS bureaucrat decides that these businesses are worth \$3.5 million dollars. Then the businesses will be subject to huge new tax burdens. And guess what? You will not know until it is too late whether you are on one side or the other side of that threshold.

I have to tell you, it sounds like \$3 million is a lot of money. And it is if you or I had it in our pocket. But for a business, counting its real estate, its assets, its inventory, its trucks, that is a tiny business indeed. And if you are trying to employ some people, you have 10, 11, 12 people that work for that business, what are you going to say to them when they lose their jobs because the family business has to be liquidated on the death of the entrepreneur in order to come up with the actual cash to pay for it?

The IRS is not going to accept shares of stock in the family business in payment of the death tax. They are going to say, go sell those shares, go liquidate the business, go sell the assets in order to pay off the tax plan.

To the supporters of this amendment I say we agree with you that the death tax destroys family farms and businesses. Obviously, that is your presumption if you are trying to have a threshold below which people will not pay it. We agree with you that the death tax destroys family farms and businesses, that it kills jobs and reduces economic growth. So why do you want to keep this monster alive?

Please join with us and kill the death tax once and for all.

Mr. POMEROY. Mr. Speaker, I yield myself 90 seconds.

You know, anyone in the accountant or tax-planning profession worrying about losing business because of the estate tax is going to be smiling broadly at the end of tonight when we pass this re-creation of capital gains tax and estates.

In fact, the ABA Task Force report devotes almost 70 pages to discussing the problems that exist with the new carryover basis rules in their legislation. The problems identified in the report include unequal treatment of capital losses, difficulty in applying basis adjustments to property sold during the administration of the estate, treatment of property with debt and excessive basis, treatment of installment loans, unequal treatment of pension assets, administrative problems with allocation to spousal property, discrimination in favor of spouses in community property states. Even a cursory examination of that report leads to a conclusion that serious problems exist with the new rules and that their surface simplicity is quite misleading.

Let us just walk through some of the titles, some of the titles of the new capital gains law that they are going to have: Basis increase for certain property; limit increased by unused built-in losses and carryovers; spousal property basis increases; qualified terminable interest property; definitions and special rules for application of subsections (b) and (c); fair market value limitation; coordination with Section 691; information returns, et cetera.

And to think that for every one taxpayer getting relief under their proposal, an additional ten are now going to face this nightmare. It is a funny way to give tax relief.

Mr. Speaker, I yield 4 minutes to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. Mr. Speaker, I thank the gentleman from North Dakota for yielding me this time and perhaps for mentioning what I see as the only good part of this bill. You see, I am a CPA and tax lawyer by training, and this bill is the full employment act for both my CPA friends and my tax lawyer friends.

Republican after Republican has come to that microphone and talked about the electrical tax, the sales tax, the telephone tax, the payroll tax, the income tax, the marriage tax, the cable tax and the fuel tax.

And what is their solution? To eliminate a tax that applies to only ¼ of 1 percent of America's families. Yes, that is right. They want to keep the electrical tax, the sales tax, telephone tax, payroll tax, the income tax, marriage tax, cable tax and the fuel tax.

They want to vote for a bill that takes \$290 billion out of the Treasury in its first 4 plus years and about \$70 billion a year thereafter and make it impossible for the Federal Government to ever give any relief for those other taxes. It is a bill to shaft 99 and ¾ percent of all American families.

But that does not stop there. Republican after Republican has come up here and boasted how the passage of this bill will slash charitable giving. So it is not just a loss to the Federal Treasury, it is a loss to our hospitals and a loss to our universities, who are strangely silent on this bill because they are afraid of angering ¼ of 1 percent of the families in the United States who happen to be a huge chunk of their donors.

Let us look at the substitute. It is more fiscally responsible, costs about ¼ as much, but it provides more tax relief for middle-class families.

Let us look at this from the standpoint of a widow, a surviving spouse. Under current law and under the Pomeroy substitute, no estate tax, no capital gains tax and little or no compliance work. Under their bill, more compliance work and sharp restrictions on the step up in basis.

So this bill is an attack on working families, an attack on the middle class, and an attack on widows. They have lost their spouse, and now you want them to lose their step up in basis as well. These are people who pay zero estate tax and get zero benefit from this bill. They have lost a spouse, and that is the folks you go after. \$290 billion in the first 4 plus years. It is part of an overall Republican tax package.

I am on the International Relations Committee. We are waging a war on terrorism. We turn to our men and women in uniform and say, stand ready to make the ultimate sacrifice; and we turn to the richest families in America and say, you should make a zero sacrifice.

Now these Republican tax policies have caused the President of the

United States to call into question our intent and ability to pay U.S. government bonds.

□ 1615

It calls into question our ability to pay our bonds.

Now, the President will not warn the Chinese investors. He wants them to buy the bonds, but he has warned every Social Security recipient that we may dishonor the U.S. Government bonds held by the Social Security trustees.

This bill is part of an overall plan that keeps in effect the electrical tax, the sales tax, the telephone tax, the income tax, the payroll tax, the marriage tax, the cable tax, and the fuel tax. And it is part of an overall plan that, well, I ought to write a commercial because there is a lot of public policy commercials out there, and I ought to write them for them.

Allowing corporations to avoid American taxes just by renting a hotel room in the Bahamas, \$8 billion. Allowing millionaires to pay virtually nothing on dividend income, \$80 billion. Eliminating the estate tax even on the richest estates, \$290 billion. Telling our soldiers in the field that it is the billionaire families who are the ones who have sacrificed too much for America, priceless.

And the Republi-card, accepted everywhere. The very wealthy want their taxes released.

And do not forget the Deficit Express Card, now with a new \$12 trillion credit limit.

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

Mr. Speaker, notwithstanding the gentleman's props, I would commend to him for his reading leisurely "The Economics of the Estate Tax: An Update," a Joint Economic Committee study dated June 2003 which in essence states the estate tax raises very little, if any, net revenue because of distortionary effects of the estate resulting in income tax losses roughly the same size as the revenue collected. Secondly, estate taxes force the development of environmentally sensitive land. Through 2001, 2.6 million acres of forest land were harvested and 1.3 million acres were sold every year to raise funds to pay the estate tax.

Regarding his criticism on philanthropy, the estate tax according to the Joint Economic Committee study, the estate tax may actually be one of the greatest obstacles to charitable giving as estate taxes crowd out charitable bequests.

Mr. Speaker, I yield two minutes to the gentleman from Iowa (Mr. LATHAM).

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

Mr. Speaker, it is fascinating if you would think if there was a proposal in the substitute to eliminate the whole list of taxes that the gentleman referred to, but I have never heard one case where they have talked about eliminating any tax, only increasing

taxes. So it is quite an interesting debate.

Let me just say, I come to this as someone who grew up in a family farm operation, a family small business. I can tell you firsthand from real life, honest experience the effect that the death tax has on families and creating jobs and opportunities and being able to continue what I believe is the American Dream, and that is to have an opportunity for your children and your grandchildren to continue a life that you love and cherish. Nothing stands in the way more for families and small businesses to be successful, to continue, than the death tax.

We spend thousands and thousands of dollars every year as a way to try and avoid what the death tax will do to us. It is morally wrong that the day you die, your heirs should not only see the undertaker but have to go see the tax man to see how much the Federal Government is going to take away from a lifetime of work.

The idea, while the gentleman from North Dakota (Mr. POMEROY), I have the greatest respect for him, but the idea of continuing an immoral tax that destroys family, destroys family businesses, I have seen neighbors who have lost everything they have, lost generations of work on a family farm because of the death tax. It is a fact that nothing is more harmful, nothing is more hurtful than a tax that takes away the hope of the American Dream.

This country is based on farms, on small businesses. That is the lifeblood of this Nation, and nothing destroys it more than the death tax; and that is why we have to kill this death tax to make sure that we can experience the American Dream in this country.

Mr. POMEROY. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee (Mr. DAVIS).

(Mr. DAVIS of Tennessee asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Tennessee. Mr. Speaker, I thank the gentleman for yielding me time.

Mr. Speaker, I rise today in strong support of the Pomeroy substitute to House Resolution 8. And I argue that anyone in this body who is currently concerned about our ballooning national debt should vote in favor of the substitute.

The Pomeroy substitute is fair, and it covers those who need tax exemption now, America's small businessmen and America's farmers.

It is clear from the debate today that the majority of Members in this body believe that our farmers and small businessmen and -women need relief from the estate tax, and I will do all I can to ensure that these hardworking Americans get their due tax relief. In my opinion, the Pomeroy substitute does this by increasing the estate tax exemption level in 2006 by \$3 million for individuals and \$6 million for couples. Additionally, from 2009 forward, the tax exemption level would be \$3.5

million for individuals and \$7 million for couples. This will fully cover 99.8 percent, 99.8 percent of all the estates in this country. Only two out of every 1,000 would not be totally covered.

I know my friends on the other side of the aisle desperately want to make sure that the Paris Hiltons of America are fully covered, but they have done pretty good the last 100 years; and I am sure under the Pomeroy bill in the future they will continue to do pretty good.

Additionally, the substitute bill eliminates the liability for tax on gains accrued before death. This is incredibly important to those children who may decide to sell the small farms and businesses they have just inherited. By using the stepped-up basis to calculate the value on an estate at a time of death, the substitute bill is actually making the Tax Code simpler and less cumbersome. It seems to me that this is important to us. It is important to the President, and it is important to many of us in Congress.

I will do all that I need to do in order to support estate tax relief for farmers and small business owners in my district. But would it not be a great message to send to the Senate and to the American people by providing them with the estate tax relief they want and need without breaking the bank? It seems to me that it is the fiscally conservative thing to do. I truly believe we have got to stop this liberal policy of borrowing and spending.

To my friends on the right who believe that any estate tax is so vile that you took your polling advice and decided to start calling it the death tax, you should read Leviticus 25 containing God's message to Moses that every 50 years, called the Jubilee, all possessions must be returned to the original owners. I invite you to read that scripture.

You had a chance in 2002 to increase the benefits by giving the tax relief to the estates of all Americans. Why did you not? It clearly was not to keep the budget balanced. Was it political? Every year around tax time and every 2 years around election time, you come back with permanent tax repeal. I think now is the time to do it. Let us get it done.

The Pomeroy substitute bill is a bill we need to send to the Senate. It is a fair bill. It is fiscally responsible. It should be the House's bill.

Mr. POMEROY. Mr. Speaker, how much time remains on each side?

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from North Dakota (Mr. POMEROY) has 4½ minutes remaining. The gentleman from Missouri (Mr. HULSHOF) has 14½ minutes remaining.

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

Mr. HULSHOF. Mr. Speaker, I yield 1½ minutes to the gentleman from Georgia (Mr. PRICE).

Mr. PRICE of Georgia. Mr. Speaker, I thank the gentleman for yielding me

time. I thank the gentleman for his leadership on this issue.

I think it is important that we spend a moment or two and talk about how we got here, why do we have a death tax and what is its consequence; what is the fundamental we are talking about.

The death tax began in 1916 in order to fund World War I, a noble cause but a cause that has long since passed. It remained through the 1920s and 1930s under the rationale that we should prevent the accumulation of wealth, an issue more than addressed with our current anti-trust laws.

The death tax has become a harmful relic of previous times. It survives through the inertia of government and now has the consequence of punishing hard work and success. It harms families, and it kills small businesses.

Families should not have to visit the undertaker and the tax collector on the very same day.

The death tax is fundamentally unfair and violates what should be our principle of freedom and liberty and the imperative of personal property rights.

Freedom and liberty demand that hard-working Americans be able to leave their children and their grandchildren the results of their diligence and their success and not have Washington get a windfall.

I urge all of my colleagues to act positively today on behalf of all Americans and let the death tax die for good.

Mr. POMEROY. Mr. Speaker, in light of the imbalance of time, I would be happy to have my friend from Missouri burn up a little more of his time, unless he has no further speakers.

Mr. HULSHOF. Mr. Speaker, I have no further requests for time, and I can assure my friend I will not use the entire 14 minutes to close.

Mr. Speaker, who has the right to close?

The SPEAKER pro tempore. The gentleman from Missouri (Mr. HULSHOF) has the right to close.

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

Mr. POMEROY. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. EMANUEL).

Mr. EMANUEL. Mr. Speaker, I rise in opposition to H.R. 8, which continues, in my view, the policies by the majority of three tax cuts, in 4 years, with four straight record-breaking deficits that have added \$2 trillion in 4 years to the Nation's debt. And here again the majority offers \$850 billion of tax cuts to the wealthiest families in this country.

When you get in a hole that is \$2 trillion deep, rule one, stop digging. If you cannot figure that out, you cannot produce any more when it comes to economic growth for this country or jobs or resolving the health care crisis or the educational crisis we have in the country. My view is repeating the same mistake and expecting a different result is a sign that you have lost your bearings.

This bill will do nothing to stimulate the economic growth or savings, which is what we should be focused on, rather than further shifting the tax burden from wealth to work.

We could be debating and using this time on simplifying the code. Just 2 weeks ago there was a report out by the IRS and others showing that \$350 billion a year goes unreported in taxes where people are not complying and cheating.

We have a Tax Code that rewards and initiates a culture of cheating and penalizes those who abide by the rules. That is where we should be focusing, on simplifying the code and taking away the incentive to cheat, which is what we have today in our code.

With all the economic challenges we are facing today in the area of health care, energy, education, eliminating the estate tax, fully eliminating, should be the last of our priorities. But the Republicans will soldier on and continue to fight until taxes are eliminated for the very last multimillionaire. Instead of helping the wealthy avoid taxes, we should be helping middle-class families save for their retirement.

That is a true deficit we have in this country, a retirement and savings deficit. The savings rate is at its lowest level since the 1930s, lower than any other industrialized nation. Millions of families are financially unprepared for retirement.

Given this reality, why are we debating the elimination of the estate tax instead of real tax reform and a savings agenda for the middle class.

Are holding the interests of the wealthy and special interests above the hopes and dreams of the middle-class families the kind of values we want our Tax Code to reflect?

As late former Supreme Court Justice Louis Brandeis once said, "We can have democracy in this country or we can have great wealth concentrated in the hands of a few, but we cannot have both."

Mr. Speaker, there is no doubt which one this bill will achieve.

Mr. HULSHOF. Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington (Miss MCMORRIS), a newly elected Member from the State of Washington.

Miss MCMORRIS. Mr. Speaker, I appreciate the opportunity to address the House today on this very important piece of legislation, the repeal of the death tax and making it permanent.

The repeal of the death tax is one of the first bills that I was honored to place my name on as a cosponsor.

Growing up on a family farm in eastern Washington, I have seen firsthand the negative impacts the death tax has on our families and our businesses.

One of my top priorities in Congress is to grow jobs and expand the economy in the Pacific Northwest.

□ 1630

I believe that the repeal of the death tax will help accomplish this goal, especially for the farmers and small businesses in my district.

The death tax costs thousands of jobs each year; and by repealing this unnecessary tax, jobs will be created and many small business owners will be able to add workers to their payrolls.

As a Member who represents a significant farming sector, I have seen the death tax destroy some family farms. Without a doubt, death taxes hurt our farmers and our ranchers by forcing family farms to sell land, buildings or equipment needed to operate their business in order to pay for this excessive tax. Some family farmers have had to take out a second mortgage on their home to pay for the tax.

When farms and ranches shut down, so do the businesses they support, leaving many out of work and leading to a depressed rural economy.

The time is now to end the death tax. I support the passage of H.R. 8 in order to end this unjust, unfair, and inefficient tax burden on our families, businesses and especially our farming communities.

Mr. POMEROY. Mr. Speaker, I believe we are at the end of our time, and I yield myself the balance of the time to close our side.

Mr. Speaker, I am feeling a bit like the man in the middle as we approach this debate. There has been some on our side that suggests the Pomeroy substitute provides too much estate tax relief. Indeed, the amounts are higher than acceptable. Obviously, we have heard from the other side they believe this is too low, but I would say to my friends in the majority, and listen to this carefully, those who approach this issue with an all-or-nothing mentality are likely to get nothing.

We cannot tell what is going to happen in the year 2010. None of us know. Except there is one thing we know, and look at this chart, the national debt is going to exceed \$10 trillion, \$10 trillion, 36 percent above where we are at today, and this is based upon established budget projections.

Do we really believe that that future Congress is going to sit blithely by and let this become implemented? There is not a nickel's worth of certainty in that. And we all know, because as damaging as this is to the budget in the first 10 years, with \$290 billion of revenue loss, debt service added, this is a \$326 billion hit to the budget in the first 10 years, look what happens in the second 10 years: \$1.3 trillion impact in the second 10 years when we count the value of the debt service.

Do any of us think that we are really going to allow this to happen in the future years?

That is why I have advanced a very different alternative, entitled certain and immediate estate tax relief, because it is certain and it is immediate, and it deals by taking the estate tax to \$6 million per couple, \$7 million per

couple by the time we get to 2009. It deals with the estate tax issues of 99.7 percent of the population.

Those of my colleagues looking at this chart may not be able to see this tiny red line, because that is what three-tenths of 1 percent represent with looking at the total population, three out of 1,000, and we know that on average those estates are going to average \$15 million.

So for three-tenths of 1 percent we offer an alternative that has no capital gains, that is one-quarter of the cost, that immediately phases in estate tax relief and is far and away the superior way to go. All or nothing gets us nothing. Vote Pomeroy, immediate and certain estate tax relief.

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

Mr. HULSHOF. Mr. Speaker, I yield myself the balance of the time.

Let me first say, Mr. Speaker, how much I appreciate my friend from North Dakota as we have done this in a number of sessions of Congress, and I appreciate the tone, and he is a friend of mine, and I have a lot of respect for him and the intent with which he comes to this debate.

Let me answer a couple of points that have been raised in particular, first of all, about the tax simplification. Tax day is 2 days away, and I am sure taxpayers, in particular small businesses and family farmers, would appreciate anything that we can do to simplify our tax laws, and I would submit that permanent repeal of the death tax does just that.

In fact, H.R. 8 is one simple paragraph, and it reads as follows: "Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act." Basically, we repeal the sunset.

Now, again, the gentleman from North Dakota's (Mr. POMEROY) substitute, I counted, and I hope I am counting correctly, but 40 subparagraphs and directing accountants and the like to this subparagraph or that particular paragraph.

The reason that we are here is because of complicated and arcane Senate budget rules, called the Byrd rule, that we phase out the death tax for one single year. In 2010, it magically disappears, and then on January 1 of 2011 it springs back to life, and the uncertainty, how would one as an estate planner advise a client when the tax is gone today and comes back again in the very next year? By making death tax repeal permanent, we give taxpayers the certainty they need to make those long-term financial decisions.

The form itself, the blank form I am holding here, Form 706, is 40 pages in length for the estate tax return, 40 pages in length, and it comes with a handy dandy 30-page instruction booklet. So when one is talking about simplification, what better simplification would there be than ripping these pages dealing with the estate tax completely out of the Internal Revenue Code?

Lastly, when it comes down to the nuts and bolts of it, whether or not the Pomeroy substitute, and again, in the effort to pursue the American dream, whether those businesses are going to be shielded by the Pomeroy substitute or not shielded, the fact is that as long as the tax is on the books, as long as Congress draws some line in the sand, and that is all we are doing with the substitute, is just some arbitrary line, we are still going to have those family businesses that are going to be taking some of their resources and these convoluted schemes, legal, but efforts to avoid the tax.

Again, we hear a lot about these very high-profile individuals who have been successful. I mean, this is the land of opportunity, is it not? I would submit to my colleagues that the billionaires and the top of the Fortune 500 lists, those folks have a stable full of lawyers and accountants to create this intricate estate plan to thwart the estate tax.

Not so, and I go back to the original discussion, that small family in Columbia, Missouri, the Eiffert family who spends \$52,000 a year just to buy term life insurance because they might have to face the estate tax. Under the current law, or probably even under the gentleman from North Dakota's (Mr. POMEROY) substitute, there is no certainty for families like the Eiffert family.

So I salute my colleague.

The gentleman from Illinois (Mr. EMANUEL), again a colleague of mine on the Committee on Ways and Means, said, why are not we debating real reform? Interestingly, there is a lot of discussion. I am not here to advocate one particular tax reform proposal because we have got this blue ribbon panel that is happening and looking at various options. There is a lot of talk about the consumption tax, and yet it is notable that, while there may be support for the idea of a general consumption tax, the death tax, by contrast, is a tax on nonconsumption.

We talk a lot, too, about sin taxes. Why can we not put taxes on alcohol or on cigarettes and the like and whether or not that generates support among certain groups. This death tax is a tax on virtue. In other words, if you work hard, you play by the rules, if you scrape together your savings, and, again, we as an industrialized Nation, not only do we have even under the Pomeroy substitute a 47 percent death tax rate which would be the second highest in the world, but the fact is that we are not very good at savings and investments. In fact, if you are looking at your 1040 right now, look at line eight because it says if you have been thrifty and you are able to generate a little interest income, guess what, Uncle Sam says put this amount here because we are going to take our bite of the apple.

Permanent repeal of the death tax actually rewards virtue.

Let me just paraphrase a column recently, actually it was some years ago

but I think republished recently by Professor Edward J. McCaffery. He is a professor who says this: "As a committed liberal myself, I used to believe that the gift and estate tax was essential to a just society. But as a former estate planner and a scholar in both law and economics, I confess that I was mistaken. The gift and estate tax is quite simply a bad tax, even, and maybe especially, when viewed from a liberal perspective."

Professor McCaffrey goes on and says, "This is not a supply-side argument but a moral one. People who die with large amounts of wealth have done three good things for society. They have exercised their talents, rather than living a life of leisure. They have saved, contributing to a common pool of capital whose benefits manifest, for example, in lower interest rates, inure to all. And they have refrained from spending all of their wealth on themselves."

In fact, Professor McCaffrey across the Capitol some years ago I think before the Senate Finance Committee said, to paraphrase Scripture, the reason he changed his mind, I was blind but now I see.

If this comes from an unrequited liberal that the estate tax, the death tax, is a bad tax, then I would suggest to all of my colleagues here that it is time to permanently and completely repeal the tax.

Finally, I would say to my friend again, because there has been some discussion about creating a new tax, as the gentleman knows, the intent of H.R. 8, the underlying bill, is to help make it easier to pass a family business from one generation to the next. As we have heard from nonpartisan groups, 70 percent of family businesses do not make it to a second generation, 87 percent of family businesses do not make it to a third generation, and often the reason cited is because of this very confiscatory punitive tax called the death tax.

The fact is that under H.R. 8, if it were to pass and become the law of the land, the tax rate imposed at death on a lifetime of work and thrift is zero percent. Under my friend's substitute amendment, the rate imposed would be locked in at 47 percent.

Now I mentioned my personal experience, and I am running our family farm. If a surviving heir chooses not to farm and then makes the conscious decision to dispose of assets, then that is a taxable event, but that is a purposeful decision made by the heirs of that family business owner. It is not the Federal Government requiring the death of a family member to be a taxable event.

So I would simply say to all of my colleagues that death should not be a taxable event, period. Under the underlying bill of H.R. 8, it would no longer be a taxable event. Under the substitute from my friend, individuals above an arbitrary line drawn by this body, death would continue to be an

event that triggers the Federal death tax. That is why prominent organizations such as the Chamber of Commerce, National Federation of Independent Business, American Farm Bureau Federation and a host of other small business coalition members, representing the interest of small businesses and family farms across the country, support H.R. 8 and oppose my friend from North Dakota's substitute.

I urge a "no" on the substitute and a "yes" on the underlying bill.

Mr. KIND. Mr. Speaker, I rise today in strong support of 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 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 \$290 billion over 10 years.

This year alone, our budget deficit will exceed \$400 billion. This administration has turned a projected \$5.6 trillion surplus over ten years into deficits totalling \$2.6 trillion. However, even with these record deficits, we are debating yet another tax cut.

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.

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, common-sense bill will exempt 99.7 percent of all estates from the estate tax. Under current law, the tax basis for inherited property is "stepped up" to its value at transfer through 2009, which helps farmers and small business owners who inherit property by reducing the amount of capital gains taxes to which the property is subject. Under current law, in 2010, "carry-over" basis rules (with a \$1.3 million exemption) replace the "stepped-up" basis rules, creating burdensome new requirements and increasing the tax liability for many of these property-owners. H.R. 8 makes this switch permanent and creates more losers than winners. The Pomeroy substitute, however, will retain the "step-up" rules rather than the "carry-over" rules.

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.

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

The SPEAKER pro tempore (Mr. SIMPSON). Pursuant to House Resolution 202, 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 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.

RECORDED VOTE

Mr. POMEROY. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 194, noes 238, not voting 2, as follows:

[Roll No. 101]

AYES—194

Ackerman	Filner	Menendez
Allen	Ford	Michaud
Andrews	Frank (MA)	Millender-
Baca	Gonzalez	McDonald
Baird	Green, Al	Miller (NC)
Baldwin	Green, Gene	Miller, George
Barrow	Grijalva	Mollohan
Becerra	Gutierrez	Moore (KS)
Berkley	Harman	Moore (WI)
Berman	Hastings (FL)	Moran (VA)
Berry	Herseth	Nadler
Bishop (GA)	Higgins	Napolitano
Bishop (NY)	Hinchev	Neal (MA)
Blumenauer	Hinojosa	Oberstar
Boren	Holden	Obey
Boswell	Holt	Ortiz
Boucher	Honda	Owens
Boyd	Hoolley	Pallone
Brown (OH)	Hoyer	Pascrell
Brown, Corrine	Inslee	Payne
Butterfield	Israel	Pelosi
Capps	Jackson (IL)	Peterson (MN)
Capuano	Jackson-Lee	Pomeroy
Cardin	(TX)	Price (NC)
Cardoza	Jefferson	Rahall
Carnahan	Johnson, E. B.	Rangel
Carson	Jones (OH)	Reyes
Case	Kanjorski	Ross
Castle	Kaptur	Rothman
Chandler	Kennedy (RI)	Roybal-Allard
Clay	Kildee	Ruppersberger
Cleaver	Kilpatrick (MI)	Rush
Clyburn	Kind	Ryan (OH)
Conyers	Kucinich	Sabo
Cooper	Langevin	Salazar
Costa	Lantos	Sánchez, Linda
Costello	Larsen (WA)	T.
Crowley	Larson (CT)	Sanchez, Loretta
Cuellar	Lee	Schakowsky
Cummings	Levin	Schiff
Davis (AL)	Lewis (GA)	Schwartz (PA)
Davis (CA)	Lipinski	Scott (GA)
Davis (FL)	Lofgren, Zoe	Scott (VA)
Davis (IL)	Lowey	Serrano
Davis (TN)	Lynch	Sherman
DeFazio	Maloney	Skelton
DeGette	Markey	Slaughter
Delahunt	Marshall	Smith (WA)
DeLauro	Matheson	Snyder
Dicks	Matsui	Solis
Dingell	McCarthy	Spratt
Doggett	McCollum (MN)	Stark
Doyle	McDermott	Strickland
Edwards	McGovern	Stupak
Emanuel	McIntyre	Tauscher
Engel	McKinney	Taylor (MS)
Eshoo	McNulty	Thompson (CA)
Etheridge	Meehan	Thompson (MS)
Evans	Meek (FL)	Tierney
Farr	Meeks (NY)	Towns
Fattah	Melancon	Udall (CO)

Udall (NM) Waters
 Van Hollen Watson
 Velázquez Watt
 Visclosky Waxman
 Wasserman Weiner
 Schultz Wexler

NOES—238

Abercrombie Gibbons
 Aderholt Gilchrest
 Akin Gingrey
 Alexander Gohmert
 Bachus Goode
 Baker Goodlatte
 Barrett (SC) Gordon
 Bartlett (MD) Granger
 Barton (TX) Graves
 Bass Green (WI)
 Bean Gutknecht
 Beauprez Hall
 Biggart Harris
 Bilirakis Hart
 Bishop (UT) Hastings (WA)
 Blackburn Hayes
 Blunt Hayworth
 Boehlert Hefley
 Boehner Hensarling
 Bonilla Herger
 Bonner Hobson
 Bono Hoekstra
 Boozman Hostettler
 Boustany Hulshof
 Bradley (NH) Hunter
 Brady (PA) Hyde
 Brady (TX) Inglis (SC)
 Brown (SC) Issa
 Brown-Waite, Istook
 Ginny Jenkins
 Burgess Johnson (CT)
 Burton (IN) Johnson (IL)
 Buyer Johnson, Sam
 Calvert Jones (NC)
 Camp Keller
 Cannon Kelly
 Cantor Kennedy (MN)
 Capito King (IA)
 Carter King (NY)
 Chabot Kingston
 Chocola Kirk
 Coble Kline
 Cole (OK) Knollenberg
 Conaway Kolbe
 Cox Kuhl (NY)
 Cramer LaHood
 Crenshaw Latham
 Cubin LaTourette
 Culberson Leach
 Cunningham Lewis (CA)
 Davis (KY) Lewis (KY)
 Davis, Jo Ann Linder
 Davis, Tom LoBiondo
 Deal (GA) Lucas
 DeLay Lungren, Daniel
 Dent E.
 Diaz-Balart, L. Mack
 Diaz-Balart, M. Manzullo
 Doolittle Marchant
 Drake McCaul (TX)
 Dreier McCotter
 Duncan McCreery
 Ehlers McHenry
 Emerson McHugh
 English (PA) McKeon
 Everett McMorris
 Feeney Mica
 Ferguson Miller (FL)
 Fitzpatrick (PA) Miller (MI)
 Flake Miller, Gary
 Foley Moran (KS)
 Forbes Murphy
 Fortenberry Murtha
 Fossella Musgrave
 Foxx Myrick
 Franks (AZ) Neugebauer
 Frelinghuysen Ney
 Gallegly Northup
 Garrett (NJ) Norwood
 Gerlach Nunes

NOT VOTING—2

Gillmor Jindal
 □ 1711

Ms. GINNY BROWN-WAITE of Florida, Ms. HARRIS, Mrs. DRAKE, and Messrs. COX, FORTENBERRY, TERRY and GARY G. MILLER of California changed their vote from “aye” to “no.”

Woolsey
 Wu
 Wynn

Messrs. OBEY, MEEHAN and TOWNS changed their vote from “no” to “aye.” So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated against:
 Mr. JINDAHL. Mr. Speaker, on rollcall No. 101 I was inadvertently detained. Had I been present, I would have voted “no”.

The SPEAKER pro tempore (Mr. SIMPSON). 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

Mr. SABO. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered. The vote was taken by electronic device, and there were—ayes 272, noes 162, not voting 1, as follows:

[Roll No. 102]

AYES—272

Aderholt Cuellar
 Akin Culberson
 Alexander Cunningham
 Bachus Davis (KY)
 Baker Davis (TN)
 Barrett (SC) Davis, Jo Ann
 Barrow Davis, Tom
 Bartlett (MD) Deal (GA)
 Barton (TX) DeLay
 Bass Dent
 Bean Diaz-Balart, L.
 Beauprez Diaz-Balart, M.
 Berkley Doolittle
 Berry Drake
 Biggart Dreier
 Bilirakis Duncan
 Bishop (GA) Edwards
 Bishop (UT) Ehlers
 Blackburn Emerson
 Blunt English (PA)
 Boehlert Everett
 Boehner Farr
 Bonilla Feeney
 Bonner Ferguson
 Bono Filner
 Boozman Fitzpatrick (PA)
 Boren Flake
 Boswell Foley
 Boucher Forbes
 Boustany Fortenberry
 Bradley (NH) Fossella
 Brady (TX) Foxx
 Brown (SC) Franks (AZ)
 Brown-Waite, Frelinghuysen
 Ginny Gallegly
 Burgess Garrett (NJ)
 Burton (IN) Gerlach
 Butterfield Gibbons
 Buyer Gilchrest
 Calvert Gingrey
 Camp Gohmert
 Cannon Goode
 Cantor Goodlatte
 Gordon Goodlatte
 Granger Gordon
 Graves Granger
 Green (WI) Green (WI)
 Gutknecht Gutknecht
 Hall Hall
 Harris Harris
 Hart Hart
 Hastert Hastert
 Hastings (WA) Hastings (WA)
 Hayes Hayes
 Hayworth Hayworth
 Hefley Hefley
 Hensarling Hensarling
 Herger Herger
 Hinojosa Hinojosa
 Hobson Hobson

Murphy
 Musgrave
 Myrick
 Neugebauer
 Ney
 Northup
 Norwood
 Nunes
 Nussle
 Osborne
 Otter
 Oxley
 Paul
 Pearce
 Pence
 Peterson (MN)
 Peterson (PA)
 Petri
 Pickering
 Pitts
 Platts
 Porter
 Portman
 Price (GA)
 Pryce (OH)
 Putnam
 Radanovich
 Rahall
 Ramstad
 Regula

Rehberg
 Reichert
 Renzi
 Reynolds
 Rogers (AL)
 Rogers (KY)
 Rogers (MI)
 Rohrabacher
 Ros-Lehtinen
 Ross
 Royce
 Rumpersberger
 Ryan (OH)
 Ryan (WI)
 Ryun (KS)
 Salazar
 Sanchez, Loretta
 Saxton
 Schwarz (MI)
 Scott (GA)
 Sensenbrenner
 Sessions
 Shadegg
 Shaw
 Shays
 Sherwood
 Shimkus
 Shuster
 Simmons
 Simpson
 Skelton
 Smith (NJ)

Smith (TX)
 Sodrel
 Souder
 Stearns
 Sullivan
 Sweeney
 Tancredo
 Taylor (NC)
 Terry
 Thomas
 Thornberry
 Tiahrt
 Tiberi
 Towns
 Turner
 Upton
 Walden (OR)
 Walsh
 Wamp
 Weldon (FL)
 Weldon (PA)
 Weller
 Westmoreland
 Whitfield
 Wicker
 Wilson (NM)
 Wilson (SC)
 Wolf
 Wynn
 Young (AK)
 Young (FL)

NOES—162

Abercrombie Higgins
 Ackerman Hinchey
 Allen Holden
 Andrews Holt
 Baca Honda
 Baird Hoyer
 Baldwin Insole
 Becerra Jackson (IL)
 Berman Johnson, E. B.
 Bishop (NY) Jones (OH)
 Blumenauer Kanjorski
 Boyd Kaptur
 Brady (PA) Kennedy (RI)
 Brown (OH) Kildee
 Brown, Corrine Kilpatrick (MI)
 Capps Kind
 Capuano Kucinich
 Cardin Langevin
 Carnahan Lantos
 Carson Larson (CT)
 Case Leach
 Cleaver Lee
 Clyburn Levin
 Conyers Lewis (GA)
 Cooper Lipinski
 Crowley Lofgren, Zoe
 Cummings Lowey
 Davis (AL) Lynch
 Davis (CA) Maloney
 Davis (FL) Markey
 Davis (IL) Marshall
 DeFazio Matsui
 DeGette McCollum (MN)
 Delahunt McDermott
 DeLauro McGovern
 Dicks McKinney
 Dingell McNulty
 Doggett Meehan
 Doyle Meek (FL)
 Emanuel Meeks (NY)
 Engel Menendez
 Eshoo Michaud
 Etheridge Millender
 Evans McDonald
 Fattah Miller (NC)
 Ford Miller, George
 Frank (MA) Mollohan
 Gonzalez Moore (KS)
 Green, Al Moore (WI)
 Green, Gene Moran (VA)
 Grijalva Murtha
 Gutierrez Nadler
 Harman Napolitano
 Hastings (FL) Neal (MA)
 Herseth Oberstar

NOT VOTING—1

Gillmor

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

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

□ 1727

Mr. RUSH changed his vote from "aye" to "no."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 256, BANKRUPTCY ABUSE PREVENTION AND CONSUMER PROTECTION ACT OF 2005

Mr. GINGREY, from the Committee on Rules, submitted a privileged report (Rept. No. 109-43) on the resolution (H. Res. 211) providing for consideration of the Senate bill (S. 256) to amend title 11 of the United States Code, and for other purposes, which was referred to the House Calendar and ordered to be printed.

FLOODING OF THE DELAWARE RIVER

(Mr. DENT asked and was given permission to address the House for 1 minute.)

Mr. DENT. Mr. Speaker, I rise today to bring to this body's attention the terrible natural disaster that has recently occurred in my district in Pennsylvania. On April 2, heavy rains triggered substantial flooding of the Delaware River. The river overflowed in various local municipalities. Hardest hit were the small borough of Portland in Northampton county and the city of Easton, also in Northampton County.

I was back in my district at the time of the flooding. I toured the water-damaged areas extensively, visited with local residents, and was horrified by the destruction and heartbreak that this disaster has induced. Keep in mind all this occurred less than 1 year suffered from the devastating effects of Hurricane Ivan.

On April 9, in response to what I had seen, I wrote a letter to the President, asking him to declare the 15th district a Federal disaster area. The Governor of Pennsylvania also requested this relief, and I supported him in that request. I also keep in regular contact with our State and Federal Emergency Management officials in order to coordinate relief efforts.

I urge my colleagues to keep the citizens devastated by this natural disaster in their prayers.

SPECIAL ORDERS

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 2005, and under a previous order of the House, the following Members will be recognized for 5 minutes each.

ABORTION

The SPEAKER pro tempore. Under a previous order of the House, the gentle-

woman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

Ms. ROS-LEHTINEN. Mr. Speaker, in a country that espouses the importance of protecting the inherent rights of every person, abortion denies the rights of our most innocent and vulnerable members, our children.

As legislators, we have the great responsibility to strive to uphold the truths upon which our great country was founded, especially that every individual is entitled to life, liberty, and the pursuit of happiness.

Abortion is not a sign that women are "free to choose." It is a sign that women have been abandoned.

□ 1730

They have not had the support and care that they so desperately need. Rather, abortion is the only option offered.

Abortion is one of the greatest scourges of our time. It is a sign that we have not met the needs of women. Women deserve better than abortion. It is a crime against humanity which not only takes the innocent life of a child but also profoundly alters the life of the mother. Women possess dignity and intrinsic beauty, and abortion tears them apart at the very core of their being.

I am proud to have had the opportunity to join with such dynamic pro-life women as Patricia Heaton, the co-star of the TV show *Everybody Loves Raymond*. She is an outspoken advocate for women and for the protection of the rights of the unborn. This past week, I met with Patricia while she was in Washington meeting with Members of Congress and staff members discussing the crucial need that we have as a society to strive to address the real challenges facing pregnant women and promoting women-centered solutions to significantly reduce abortion and protect women's health.

I am pleased to be associated with organizations that work to increase public awareness of the devastation that abortion brings to women, men and their families. These organizations ensure that the emotional and physical pain of abortion will no longer be shrouded in secrecy and silence but rather exposed and healed.

This past year, the pro-life movement has enjoyed many major victories in Congress. We have seen the passage of legislation protecting the sanctity of life and addressing the critical needs of women. The Partial Birth Abortion Ban was signed into law by President Bush. The Unborn Victims of Violence Act also passed the House.

I have worked together with my colleagues here in Congress and with President Bush to defend the intrinsic rights of all citizens, especially the most defenseless. I am pleased to note that today the House Committee on the Judiciary held a markup of my bill, H.R. 748, the Child Interstate Abortion Notification Act, CIANA. It was referred favorably as amended out of

committee by a 20 to 13 margin and should be brought to the floor for a vote soon.

This critical legislation makes it a Federal offense to knowingly transport a minor across a State line with the intent that she obtain an abortion in circumvention of a State's parental consent or parental notification law. CIANA also requires that a parent or, if necessary, a legal guardian be notified pursuant to a default Federal parental notification rule when a minor crosses State lines to obtain an abortion, unless one of several carefully drawn exceptions is met.

A minor who is forbidden to drink alcohol, to stay past a certain hour or to get her ears pierced without parental consent is certainly not prepared to make a life-altering, hazardous and potentially fatal decision such as obtaining an abortion without the consultation or the consent of at least one parent.

My legislation will close a loophole that allows adults not only to help minors break State laws by obtaining an abortion without parental consent but is also, unfortunately, contributing to ending the life of an innocent child. We will close that loophole.

I am hopeful that in this 109th session of Congress we will be successful in securing the rights of parents once and for all, and I encourage my colleagues to vote in favor of this bill.

We have a great responsibility as a Nation to maintain a true reverence for vulnerable human life and to continue to build a culture of life. I will continue to work to ensure that the precious gift of life and the dignity of womanhood are promoted and protected at every level.

RECORD TRADE DEFICITS CONTINUE

The SPEAKER pro tempore (Mr. DENT). Under a previous order of the House, the gentleman from Oregon (Mr. DEFAZIO) is recognized for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, well, congratulations to the Bush-Cheney administration. They set another record yesterday, but it is one I am certain they will soon eclipse. The United States of America ran the largest 1-month trade deficit in our history, \$61 billion. Tens of thousands of jobs were lost in order to achieve that record. Whole industries were exported to China and other cheap wage countries in order to set that record.

Congratulations to the administration. Their trade policy is a tremendous success for those few multinational corporations who are profiting hand-over-fist with these policies, while tens of thousands of Americans lose their job and we lose our industrial base here at home.

In the first 2 months of the year, a \$29 billion trade deficit with Communist China. We are on a par, the Bush administration is on a path, to beat their record trade deficit with