

gas; we can make conversion into hydrogen and do those things in a fairly short term. Of course, gas is more flexible than coal, so if we can do something there, that would be good. We have an opportunity to go into shale oil which is a different source than we have used in the past. It takes research to get there. We need to be doing that.

Coupled with that, of course, to keep our economy going and make sure we deal with the energy issue is conservation and efficiency. There is a great challenge there, to use less energy in our economy and be more conservative in our use—whether it is automobiles or buildings. Clearly, we can do more in that area than we have done. That is a challenge we have before us. That will have a great impact on the economy.

Home sales are at a record level. More people than ever own their homes, and that is a great thing. We need to ensure that continues to happen and we have the tax incentives and other regulations in order to do that.

When we put in place some of the tax reductions that helped the economy, another impact of it has been an increase in revenues. Tax cuts not only leave more money in the pockets of Americans but have also resulted in fairly dramatic increases in receipts to the Treasury. Tax collections from nonsalaried income were up 32 percent as a result of tax reductions on capital gains and these sorts of things. They cause more investment and more activities, which are then taxed and bring money in. Capital gains collections brought in almost \$80 billion, up from almost \$50 billion from 2002.

The broad point is we are able to do some things that strengthen the economy, that allow people to create more jobs and invest more in the economy by reducing taxes and, at the same time, because of the economic growth, increase revenue.

All these results point to continuing to pursue that. Actually, in January we ran up one of the highest surpluses in the last 4 years—\$21 billion. That is a great thing. Now we have to take a little longer look at spending on the other side so we can balance these things out.

Health care is another concern. We need to take some long looks at that. We need to provide the opportunity for health care for everyone. Accessibility becomes difficult because of the costs. I am from a rural area. Rural health care is one of the issues we have. We have done some things there.

Overall, we have seen some real growth in the economy and some good things happening. We have an opportunity to continue to do that. I hope we will get moving with the things that are here and continue to do the things that help this economy and do good for the American people.

The PRESIDING OFFICER (Mr. COBURN). The Senator from the great State of Oregon.

Mr. WYDEN. I ask unanimous consent to speak for up to 20 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE ALTERNATIVE MINIMUM TAX

Mr. WYDEN. Mr. President, millions of Americans are now going through a paperwork nightmare, trying to complete their taxes. They are trying to find their 1099s and their W-2s and their schedule this and schedule that. They shout across the room: Honey, can you find the copy of the receipt for that copier we bought back in March?

What I am going to do between now and April 15 is highlight some of the ways this Tax Code gratuitously complicates the lives of all our citizens—middle-income folks, low-income folks, and the affluent. I am going to be pointing out specific provisions in the Tax Code and try to describe how it does not have to be this way. We do not have to have a “deadwood” tax bureaucracy, where we now have had more than 14,000 changes. That comes to something akin to three for every working day in the last 20 years.

Our citizens are going to spend more this year complying with the Tax Code than this country spends on higher education. We are going to spend \$140 billion complying with the needless kind of bureaucracy that I am going to describe this morning. It is my intent between now and April 15 to discuss this. I am going to start today with the alternative minimum tax, which is true water torture for middle-class folks who basically have to figure out two taxes, their taxes and the alternative minimum tax. There is a whole set of complicated procedures here. After I complete this week's presentation on the alternative minimum tax, it is my intention to go next to the earned income tax, which is also mindlessly complicated.

Then I intend to focus on a number of the provisions for those who are very affluent that strike me, again, as defying common sense in how they are written.

Today, I want to begin by focusing on the alternative minimum tax. It is, of course, a crushing tax for millions of middle-income people, folks who definitely do not consider themselves fat cats. Across this country, 3.6 million taxpayers were impacted by the alternative minimum tax this year. The number is expected to rise to over 19 million by 2006 unless the Congress acts this year.

The form that you use for the alternative minimum tax is form 6251. The first line sums up what all of this has come to. The first line says:

If filing Schedule A (form 1040), line 41 (minus any amount on form 8914, line 2) and go to line 2. Otherwise enter the amount from form 1040, line 38 (minus any amount on form 8914, line 2) and go to line 7. (If less than zero, enter as a negative amount.)

I think it is pretty obvious that what I have read is, for all practical pur-

poses, incomprehensible. You would have to have a Ph.D. in economics. What it means is that in order to fill out form 6251 for your minimum tax you have to fill out not just form 1040 but also form 8914. How much time is that going to add to tax preparation? What about trying to understand form 8914, for those who may have to fill it out?

Are people in this country going to have to become CPAs to fill out this tax requirement that affects millions of middle-class people? I bring this up because it does not have to be this way.

I would like to now post the alternative that I have developed in my Fair Flat Tax Act, S. 1927. On line 1, instead of all the mumbo jumbo I read—it is real simple—all you have to state is whether you are single, married, head of a household, qualifying widower.

I filled out my one-page 1040 form that my legislation mandates in about a half hour. That alone is a bit of a revolution in the Senate Finance Committee, or the tax-writing committee in the other body, because it has been a long time since anybody who wrote tax laws could fill out their own returns. I bring this up only by way of saying let's make sure people understand how much deadwood and legal mumbo jumbo and needless complication there is in the Tax Code. That is why I have started today with the burdensome requirements of the alternative minimum tax. But I am going to go on, in the weeks ahead, to a number of other kinds of provisions.

As a result of what I read on the alternative minimum tax, lots of folks simply turn to tax preparers. This year we will spend \$140 billion on tax preparation. That is more than the Government spends on higher education. It is pretty obvious why. There were 14,000 changes in the Tax Code since the last major overhaul, three significant changes for every working day in the last 20 years.

What I do in my fair flat tax legislation is simply say to the distinguished Presiding Officer of the Senate, the distinguished Senator from Oklahoma: You take your income from all your sources, you subtract your deductions, you add your credits, add it all up, send it to the IRS, and say: Have a nice day, I am done.

One page, 1040 form—somebody called me about it yesterday and we discussed how long it took me to do it. I mentioned I could do mine in half an hour. They said: Ron, it only took me 15 minutes.

That is what this is all about. I am not sure the Congress understands how this body has permitted this mindless bureaucracy, a bureaucracy that only can be described as deadwood, a bureaucracy that has lost all kind of connection with what the middle class in this country is all about. And I want to change it.

I believe we ought to start tax reform by simplifying the Code. Then let us

change the tax system so that all Americans have the opportunity to climb the ladder of success. One way you do that is to change a set of rates that now have the second richest person in America, Warren Buffett, paying a lower tax rate than his receptionist. The Tax Code discriminates against work.

I am not interested in soaking anybody. I believe in markets, and I believe in creating wealth, but as we saw today where we have very low rates in savings for the middle class, it is because they cannot keep up. Their wages aren't even keeping up with inflation. Their concerns are about those matters where the second word is "bill"—the tax bill, the medical bill, the gas bill, the heating bill, and the education bill.

We say with my legislation that we are going to end the discrimination against work. We will protect 90 percent of all interest income earned by our citizens—their house, the capital gains they may be able to enjoy if they sell it, their savings accounts, their life insurance. I want us to build a new savings ethic. I do that in this legislation as well. But for the life of me, I can't figure out why we can't get both political parties to get moving on this issue.

The President has an advisory commission. They asked me what I thought about it. I said: Look, I have a one-page 1040 form which will simplify this code for everybody. The President's commission report is a bit longer, but for purposes of Government work, they are pretty close together.

So why not start with simplification? Why not start with the rates I have proposed which I would like to bring to the attention of the Senate? The first bracket of rates in my legislation is 15 percent, the second bracket is 25 percent, and the third bracket is 35 percent. That is what Ronald Reagan proposed. Those are the exact brackets Ronald Reagan proposed in 1986.

Now, much has changed. I would be the first to acknowledge that. Certainly the AMT hits much harder than anything that was anticipated in the 1980s. But I am interested in being flexible with respect to the rates.

If the Senate, after bipartisan deliberation on a fair flat tax, wanted to have 13, 23, and 33, that would be fine with me. The principle is we ought to say marginal rates are important; they send a very significant message with respect to growth. But let us treat all income the same. Let us particularly get rid of some of this mindless kind of bureaucracy.

We are having a hearing today on the tax gap, the money that is not collected that ought to be paid. We all realize that is a good opportunity to generate revenue to help the middle class. If we pick up some of that money, we will drive the rates down for everybody in this country even more than I am proposing.

People ask me what I stand for. I stand for the proposition that every

American ought to have the opportunity to climb the ladder of success. And let us start by changing the Tax Code, where the second wealthiest person in the United States, Warren Buffett, pays a lower tax rate than his receptionist. How is the receptionist going to be in a position to be in the middle class if we don't treat them fairly?

I also think it is worth noting that when you graduate from a college in Oklahoma or in Illinois, when you go out into the marketplace and in the first job with your new college degree, after all that hard work, you are going to pay a higher tax rate than Warren Buffett, the second wealthiest person in this country.

We need incentives for investment.

I protect 90 percent of the interest income earned by people who are saving and showing the kind of financial discipline which is necessary to get ahead.

But we can have a Tax Code that is simpler, flatter, and fairer.

I wrap up by saying to both Democrats and Republicans, I believe this is really what you are all about.

For Democrats, what could be more important than a message about giving the middle class a fair shake, the opportunity to climb the ladder of success and get out from under some of this bureaucracy?

Our friend from Illinois is here, Senator DURBIN. His colleague from the House, Congressman EMANUEL, has tax clinics in Chicago for families who can't fill out the earned income tax credit because it is too complicated. I have outlined how absurd the requirements are for the alternative minimum tax and why it is difficult for folks to comply. But this is something which affects everybody—poor folks with the earned income tax credit and the middle-class folks with the alternative minimum tax.

As far as I can tell, many of the affluent in this country are saying to themselves: What really counts is finding a better accountant to get me more tax dodges because that is the way you get ahead in this country, not by innovating but by finding an accountant to get you more tax dodges.

It doesn't have to be this way. The Code doesn't have to be as complicated as it is. The Code doesn't have to discriminate against people who work for a living. The late President Reagan accepted that principle in the 1986 tax reform.

We can do this. Certainly the administration, after talking about how they were interested in tax reform and forming a commission, is going to ask me and, I believe, other Members of Congress: Where are the deadlines?

This is an opportunity for the administration to have a big second-term initiative. Ronald Reagan did this in the middle of his second term because he reached out to Senators such as Bill Bradley and the chairman of the Ways and Means Committee in the other body, Congressman Rostenkowski.

It is time to cleanse this Code. It has been 20 years since real reform, 14,000 changes, spending more on preparation than the Government spends on higher education. That is a disgrace. It is not right to working people. It is not right to all taxpayers, regardless of their income.

It is my intention to come back to this Chamber again and again—but particularly between now and April 15—as I have done today with the alternative minimum tax.

I would like to pose once more the language for folks who are middle income and trying to comply with the alternative minimum tax. If anybody who is not a CPA can figure out the first line of the AMT, I urge them to call me. My guess is they can't. They will have to call their accountant to sort it out.

I also wish to point out for people trying to get help this morning that the IRS has an 800-number. We will post it on our Web site: 1-800-829-1040.

As I wrap up this presentation, let me contrast this, which is the dead wood in the tax bureaucracy today, with the legislation I have filed, the Fair Flat Tax Act, which replaces the legal mumbo-jumbo I have shown you with our section 1—just a handful of lines—describing whether you are single, married, head of household, or a widower.

I know colleagues are waiting to speak.

Mr. DURBIN. Mr. President, will the Senator yield for a question?

Mr. WYDEN. Certainly.

Mr. DURBIN. I would like to ask the Senator from Oregon through the Chair—first, I would like to tell him that about 10 or 15 years ago, in my hometown, my accountant in Springfield, IL, passed away, a man who had done the tax returns for my wife and me. After years of being a lawyer, I thought to myself: I can do this. I will fill out my own income tax return.

I went back home Sunday afternoon and sat down to fill out what is a pretty simple income tax return for a Member of Congress. It took me 3 or 4 hours, and then I had to come back to it the next day, and I filed it. I then found out I had made several glaring errors. This was before TurboTax, H&R Block's Web site, and all the rest of these things. But I thought: Let me do it myself. I tell the Senator from Oregon that I have an abiding respect for what he just said after that humbling experience.

I would like to ask the Senator whether he thinks we would have more impetus for simplifying tax returns if Members of Congress had to file their own tax returns, prepare their own tax returns, and then submit to the American people the fruits of their labor as to whether they made mistakes?

Mr. WYDEN. Mr. President, I thank the distinguished Senator from Illinois, who as usual is being a bit too logical. The fact is, if Members of the Congress had to go through this—because we

will have a lot who are paying the AMT, many who have investments of a variety of sorts—I believe that alone could trigger a bit of a revolution around here. I think the challenge is for people to see just the kind of tax hole we have dug ourselves into over the last 20 years—14,000 changes, needless complications.

I really do not see how a middle-class person can get ahead with a Tax Code that discriminates against work. The Senator from Illinois has been a champ for the middle-class kind of family.

Here is the way it works. If a cop in Chicago gets a \$500 pay raise, that cop pays 25 percent of his or her pay raise to the Federal Government in income taxes, and then they pay Social Security payroll taxes on top of that. If somebody in downtown Chicago makes all their money from capital gains and investment, they pay 15 percent on their capital gains and no Social Security payroll tax.

Again, I have tried to emphasize that I am not for soaking anybody. I believe in markets, and I believe in creating wealth, as I believe Senators of both political parties do. But as the Senator from Illinois has pointed out, if Senators were really forced to deal with these kinds of situations themselves, starting with the Tax Code complications, when they fill it out on their own, that could start a revolution around here.

I believe this is a bipartisan opportunity that comes along rarely.

I will wrap up with one last point.

I believe the Social Security reform showed a lot about what our citizens think about a vital American program. A lot of Americans love Social Security dearly, and there are a lot of rallies outside the offices of Members of Congress, with folks carrying signs saying, "I love Social Security." I tell colleagues that there will be no rally outside your office with people carrying signs saying, "We Love the IRS Code." This is something which could be reformed, could be changed on a bipartisan basis.

Mr. DURBIN. Mr. President, if the Senator will yield for one question which I think gets to the concern people have about tax reform, it seems like a zero-sum game in this respect: If you end up lowering the taxes paid by someone in order to keep the same return to Government in revenue, you have to raise the taxes for others.

So I ask the Senator to step back from his proposal for a minute. Who are the winners and losers?

Mr. WYDEN. The Senator asks a good question. First, a quick word on my proposal, which is available from the Congressional Research Service and Jane Gravell, the top economist who is there to discuss it with Senators. It would actually reduce the deficit by about \$100 billion over 5 years, making downpayments in terms of deficit reduction.

But here is what the distribution profile looks like in terms of our legisla-

tion. We believe that upwards of 70 percent of the people in this country would get a solid tax cut. These are middle-class folks making \$60,000, \$70,000, \$80,000, and \$90,000. Essentially, what the Congressional Research Service has shown is that millions of middle-class people would get relief. It is upwards of 70 percent. We have calculated that about 15 percent of the people in this country would be treated about the same.

For example—and it is matter of public record, and I can discuss it—I have a Senate wage of about \$160,000, and I have a bit of investment income. I come out about the same under my proposal as under the status quo. We have to make 6 or 7 percent of the people in this country who make virtually all their income from capital gains and dividends—not from wages—pay a bit more.

So that is what the distributional effect of one actual proposal looked like. That was again very similar to what happened in 1986 when Ronald Reagan, after having started his Presidency with a set of tax changes—and my colleague will remember they were largely for investment—did an about-face and passed a reform proposal that gave real relief to middle-class people.

I want to close by thanking the Senator from Illinois, who I know has a great interest in this subject and has been a strong champion of the middle class.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DURBIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FEINGOLD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FEINGOLD. Mr. President, it is my understanding the Senator from New Hampshire is going to make some remarks and I ask unanimous consent that I be recognized after he has completed his remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

#### USA PATRIOT ACT ADDITIONAL REAUTHORIZING AMENDMENTS ACT OF 2006—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to proceed to S. 2271, which the clerk will report.

The assistant legislative clerk read as follows:

Motion to proceed to consider S. 2271, a bill to clarify that individuals who receive FISA orders can challenge nondisclosure requirements, that individuals who receive national security letters are not required to disclose the name of their attorney, that libraries are not wire or electronic communication service providers unless they provide specific services, and for other purposes.

The PRESIDING OFFICER. Who seeks time?

The Senator from New Hampshire.

Mr. SUNUNU. Mr. President, I rise today to speak in support of the motion to proceed and in support of the underlying legislation itself. This bill was introduced to make changes, changes to the PATRIOT Act conference report that was delayed at the end of last year, just as we were ready to adjourn for the holidays.

That conference report had some flaws and weaknesses. I began focusing on and working on reauthorization of the PATRIOT Act well over a year and a half ago, recognizing that we could do more to improve the original Act, we could make this bill more balanced by adding better protections for civil liberties even as we reauthorized the law enforcement tools in the PATRIOT Act to give law enforcement power to conduct terrorism investigations.

I don't think there is anyone in this Chamber who believes we should not provide law enforcement with tools necessary to deal with the threat of terrorism, both domestically and overseas. But whenever we give law enforcement new tools, new powers, we want to make sure they are balanced, balanced by the ability of individuals who think they have been singled out unfairly to raise objections in court, balanced by the ability of individuals to seek legal advice, balanced by restricting the use of these tools to ensure they are only used in appropriate circumstances. That is what protecting civil liberties is all about.

As the process of reauthorizing the PATRIOT Act began well over a year and a half ago, a bipartisan group of Senators, including myself, joined to highlight a number of areas where we felt the legislation could and should be improved and strengthened to provide the kinds of protections I mentioned.

We spoke with Justice Department officials, not a month or 2 months before this process began, but, as I've said, over a year and a half ago, raising our concerns in a clear, articulate fashion, trying to make certain that DOJ knew full well that there was a bipartisan group that would push to make changes to improve the PATRIOT Act and that we would be willing to stand up for those changes and stand up on principle.

Unfortunately, the people who should have been engaged in this discussion process early on simply were not and much of the work was left to the very end of the process, and continued after the law was originally set to expire at the end of last year. As a result, changes that should have been made early were not, and we found ourselves