

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. PALLONE) is recognized for 5 minutes.

(Mr. PALLONE addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

HONORING THE LIFE OF MRS.  
LUCY HALL

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

Mr. DAVIS of Illinois. Mr. Speaker, I guess if I had not had to be here today, I would have been back in my community, where I live, at the Friendship Baptist Church, and I would have been there because today was the funeral for Mrs. Lucy Hall, who was the wife of the pastor of that church for the last 50 years.

The Hall family have made tremendous impact on not only the community where we live, but also on the city of Chicago and its surrounding communities.

Mrs. Hall was a retired educator. She and her husband raised their three children in our neighborhood. Two of their children are judges. One is an appellate court judge in the State of Illinois. The other is a supreme court judge in New York, and of course, their son is a noted psychologist who works in the State of New York.

But Mrs. Hall exemplified the essence of excellence. She was indeed a grand lady, full of dignity, full of charm, full of commitment, full of dedication and full of hard work. She and her husband are legends in our neighborhood.

They developed programs which originated at the Friendship Baptist Church to deal with health issues such as cancer. They provided mammogram screening and education. They had after-school reading and boy scouts and tutoring.

So I simply take to the floor this evening to extend my condolences to the Hall family, to Reverend Shelvin Jerome Hall, to Judge Shelvin Louise Hall, to Judge Hall of the Supreme Court in New York, to their brother and the Halls' son and all of the members of a great family in the community where I live and work.

We shall miss her, but we rejoice in the life that she lived.

□ 1730

The SPEAKER pro tempore (Mr. POMEROY). Under a previous order of the House, the gentlewoman from Florida (Ms. ROS-LEHTINEN) is recognized for 5 minutes.

(Ms. ROS-LEHTINEN addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from New York (Mrs. MCCARTHY) is recognized for 5 minutes.

(Mrs. MCCARTHY of New York addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from California (Ms. WOOLSEY) is recognized for 5 minutes.

(Ms. WOOLSEY addressed the House. Her remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. MORAN of Kansas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. DEFAZIO addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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

(Mr. BURTON of Indiana addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. WALSH) is recognized for 5 minutes.

(Mr. WALSH of New York addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

ALTERNATIVE MINIMUM TAX

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Pennsylvania (Mr. ENGLISH) is recognized for 60 minutes as the designee of the minority leader.

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I rise tonight to talk about the tax increase that's coming. Now, we know that in the budget that the Democratic majority put together in the House, they posited the largest tax increase in American history. But that's not the tax increase that I have been referring to. The tax increase I am talking about is something that had its genesis in the 1960s, was renewed in the 1980s, was never insulated against inflation and has been allowed to run riot across the American Tax Code.

The tax increase I am talking about is the alternative minimum tax. In the late 1960s, the alternative minimum tax was created to deal with, at most, several hundred dread taxpayers. They were the people at the very pinnacle of

the American economy who somehow were able to position themselves using a hyper-complicated Tax Code, using it to free themselves almost completely or, in some cases, completely, of tax liability.

In the late 1960s, correctly, Congress, looking at the complexity of the Tax Code and looking at this outcome, thought that isn't fair. So they created an alternative calculation that would provide that everyone pay at least a certain tax liability. That policy was renewed and actually expanded in the late 1980s when Democrats controlled the House of Representatives.

In the process, this alternative minimum tax was applied to what was then very high-income thresholds. Lo and behold, it was never indexed to inflation. Accordingly, more and more people have fallen under this alternative unfavorable tax calculation, which I am going to talk about in this hour, and more and more people that we would consider to be middle class have found themselves under the alternative minimum tax.

More and more small business owners have seen the incentives that they expected to get for making investments in the economy stripped away. More and more families have seen pro-family tax policies taken away from them by the alternative minimum tax.

Far from applying to a few hundred taxpayers, today the alternative minimum tax is applied to nearly 3 million taxpayers. But in past Congresses, quietly, we have moved to at least protect the people who would have been hit in recent years with additional tax liabilities from being covered. We have put in place a series of patches, patches that would protect taxpayers that we wanted to give tax relief from being hit with the AMT.

Those patches have become more expensive. To apply the annual patch next year, we would have to, in effect, set aside \$47 billion to do it. But if we don't do it, not a few hundred taxpayers, not 3 million taxpayers, but 23 million taxpayers in America, including a significant part of the middle class, would have to pay the AMT.

That, frankly, is flat-out unfair and unsustainable. It's a tax increase that Congress had never intended and that the last few Congresses have acted to protect the middle class against.

Yet what has happened here, we find that the majority, the House Democrats, particularly, and their budget, haven't set aside a dime for a patch to deal with the AMT. They want to spend the money, even as they want to spend the money from the lapsing of some of the tax policies that we put in place at the beginning of the decade. They don't call it a tax increase, but they take the money and run.

By not fixing, by not patching the AMT, implicit in their budget is a major tax increase on top of that, on a major part of the middle class. Yet it's far worse than that, because we have been hearing recently in the committee that I serve on, the Ways and

Means committee, that some in the majority want to make changes in the AMT, supposedly to reform it. But they do it by raising taxes elsewhere, and that's what I am here tonight to argue against.

If we deal with the AMT, not by controlling spending and by putting in place a long-term fix, but by simply raising taxes, we run the risk of having a dramatic impact on the economy. I have some numbers here that I think put this into a fairly dramatic perspective. As we have looked at the bracket creep, we have seen many middle class families, particularly in communities with higher taxes and higher standards of living, paying, potentially, the AMT.

What we have looked at is that some of the proposals that have been laid out there would provide AMT tax relief to middle class taxpayers by increasing the tax burden. Specifically, we understand that some in our committee are considering an AMT exemption for families earning up to \$250,000.

That sounds great, but it also, potentially, will raise taxes at the high end. We have just had an election in France. In France, one of the issues was that their economy hasn't been very dynamic because of their top tax rate. The top tax rate in France is about 48 percent. Unfortunately, fixing the AMT would require so much revenue that if it's only done through raising the top rate, our top tax rate would be in the range of 48 percent. That would be a significant break on the economy.

Let me put this into a local perspective. I represent a district where not many people are in the highest income levels, but we have many local businesses and many local manufacturers that are subchapter S companies. They are closely held relationships, and they exist, basically, and pay personal income tax rates. This would, in effect, on some of our most dynamic job-creating local companies put the brake on their growth.

This is a direct tax on jobs in the emerging economy. As such, it is a real concern in a place like northwestern Pennsylvania where we have mainly people who are working class and middle class and very few high-income people. We think that this would have a big impact directly on our local economy.

Ladies and gentlemen, I am very concerned that we get this right, and I am also very concerned, not only that we fix the AMT but also that we do it in the right way. Now, we have a proposal, and I think it's very important to realize there is a proposal out there to repeal the individual AMT.

I am a cochairman of the zero AMT caucus, and I am prime sponsor of a bill, H.R. 1366, that would flat out repeal the AMT. In my view, the AMT is a Frankenstein's monster, which over the years has affected more and more taxpayers by subjecting them to a parallel tax system that arbitrarily and sometimes unpredictably deprives them of tax preferences and incentives that they have planned for.

In effect, the AMT runs the risk of punishing millions of middle class Americans every year with a tax that is, as I have said, was intended only for a handful of the highest level earners. My legislation once and for all would rid the Tax Code of this arcane and unfair tax policy and remove a significant barrier for economic growth in the American economy.

The AMT is not only a source of higher taxes; it's a source of complexity in the Tax Code. Getting rid of it is a priority for many of those who have advocated a simpler Tax Code.

The AMT, I believe, is unfair on the face of it, because it is now applied to a whole host of taxpayers that Congress had originally told them, this will never apply to you. While the structural features of the regular income tax are indexed to inflation, the AMT is not. As a result, as incomes have risen over the past 20 years, more and more taxpayers have fallen into the AMT. I think that Congress needs to act now. Act now to repeal the AMT or at very least to patch it.

As I said earlier, it would take \$47 billion, which is a lot of money, but in a \$3 trillion budget, it's something that we could find the room to do. Patching for 2 years would cost, they estimate, \$110 billion. That's also something that's expensive, but it's something that we should be prepared to do.

An alternative approach would be to make the AMT a temporary tax provision. I have argued potentially for doing that if Congress does not have the will to pursue flat out repeal. But the idea of getting rid of the AMT by simply raising taxes is very, very dangerous.

I was always struck by a quote from H.L. Mencken, "When a new source of taxation is found, it never means, in practice, that an old source is abandoned. It merely means that the politicians have two ways of milking the taxpayer where they previously only had one before."

I think that the unfortunate thing about the AMT is that it is generating now so much revenue that people in Washington are afraid to do away with it. I think we need to have an aggressive approach to getting rid of the AMT that does not simply shift the tax burden more to taxpayers.

We need to come up with a creative way of dealing with this problem. I believe that there is the will to do it. I have offered to work across party lines with my colleagues on the other side, and I want to extend that offer again today.

I do think that if we approach this as something that has to be fixed through a combination of savings and maybe other changes in tax policy, there is going to be a range of ways that we could deal with this problem and certainly to protect the middle class from the AMT falling on it.

□ 1745

But we are concerned when we hear the press reports that suggest that the

House Democrats simply want to use this to raise taxes.

Here is what in effect they are doing. They are taking that additional 20 million taxpayers and they are effectively holding them hostage for a higher tax level which is going to generate revenue for them to fulfill their campaign promises. We think that there has got to be a better way of doing that.

We are also concerned that the AMT can become a locomotive, recognizing that many taxpayers will otherwise be hit by liabilities that AMT relief will become a basis for running through a bill that generates much higher levels of revenue, in effect, manufactures a crisis. That way, the AMT bill becomes a locomotive for driving much higher taxes in the economy.

Today, I would argue very simply, Mr. Speaker, that Washington take a very high percentage of what people earn in America today. The problem and the source of our national deficit is not the fact that we don't generate enough revenue. In fact, revenue has been growing steadily on a year-to-year basis. The problem is not that we haven't entertained tax increases, because in effect we have been passing and adopting tax policies; curiously, through lower capital gains rates we have been generating more revenue from capital gains. The problem has not been a lack of revenue. It has been a lack of spending restraint. And, unfortunately, our friends on the other side of the aisle have approached the AMT problem exclusively as one that needs to be dealt with through revenue.

I think people need to understand what level of taxpayer we are talking about here. The AMT would be applied to people who are authentically middle class. I am struck here by the fact that if we look today, Washington is left to deal with this growing monster that is the AMT that is going to ensnare 23 million Americans come April 15, 2008. It operates as a parallel tax system, and in effect it takes away from taxpayers some preferences that Congress had firmly intended to them. This, I think, represents something that is fundamentally unfair.

We are talking here that, for the year 2006, under the AMT, the basic exemption from the AMT is only \$62,550 for joint returns. This is not, in my view, a wealthy couple. It is \$42,500 for a single and head-of-household returns, which in turn is subtracted to obtain AMT taxable income. It is the income above that that pushes people into the AMT.

These exemption levels, as I have pointed out, are the result of a patch that past Congresses have enacted. In other words, they are temporary and are scheduled to revert in 2007 to their prior levels of \$45,000 for joint returns and \$35,750 for unmarried taxpayers.

The basic AMT exemption is phased out for taxpayers with high levels of AMT income. A two-tiered rate structure of 26 percent and 28 percent is assessed against AMT taxable income.

The taxpayer then, and this is how it works, compares his AMT tax liability to his regular tax liability and pays the greater of the two. As a result, middle-class Americans, hardworking families, are falling victim to what was, and always was, intended to be a policy that was aimed at the wealthiest and which ultimately at the end of the day is simply bad tax policy.

We think that we need to do a better job of dealing with the AMT, but to do that, simply raising taxes, is the wrong way to go.

How high would taxes have to go to deal with the AMT problem? I am struck by an estimate by the Urban Institute in Brookings Tax Policy Center that took a look at this question and came back with some startling figures. They argue that, in order to repeal the AMT, the majority, if they were to do that simply through tax increases, would have to increase the top three brackets very substantially. This study estimates that the majority would have to increase the 28 percent, 33 percent, and 35 percent brackets to 32.2 percent, 38 percent, and 40.3 percent respectively.

On top of the already enormous tax increase in the Democrats' budget, this level is confiscatory tax policy and it is a recipe, in our view, for a quick and nasty economic slowdown.

Well, I sincerely believe that there is the potential for a bipartisan consensus here. I think what we are seeing is a setup for much higher taxes; and that is why I am here on the floor tonight, to blow the whistle on it.

In my own district, in Pennsylvania's Third Congressional District, in 2005, a little over 2,700 taxpayers were impacted by the AMT. By contrast, if Congress does not act, in 2007, roughly 18,500 taxpayers will be hit with the AMT. This is a serious tax bite, and it has to be dealt with in a serious way and not simply by raising taxes.

Mr. Speaker, the AMT is a classical example of the rule of unintended consequences. The fundamental reason for the spread of the AMT is that the exemption amount was never indexed to inflation. As a result, the AMT spread rapidly before the 2001 and 2003 tax laws were adopted, and it would have continued spreading without those laws. It is projected to spread further after 2010, even if those laws are sunset. Taxpayers who move on the AMT in 2007 through 2010, due to the 2001 and 2003 tax laws, will still enjoy a net tax cut from those laws.

The most recent attempts to deal with the AMT have been through the use of patches; yet, I would argue that a more comprehensive solution is more desirable.

You know, it is also important to realize, we had an opportunity to repeal the AMT in 1999. It passed the House and it passed the Senate. It was part of a broader tax bill, and it was recognized at that time to be a very important priority. Repealing it at that time was something that we knew we could

afford to do; yet, in 1999, the Clinton administration vetoed that legislation. Unfortunately, some of those who now want to deal with the AMT by raising taxes voted to sustain that veto, voted in effect to leave in place a tax that was never intended for the middle class.

The individual AMT doesn't just affect individuals. It also hurts small businesses. The many small businesses that pay the individual AMT lose the benefit of important tax incentives, such as the R&D tax credit, the work opportunity tax credit, accelerated depreciation, and many other general business tax credits. It is, anyone who has been in it and any accountant will tell you, ridiculously complicated and arbitrary. It is almost impossible for the average taxpayer and small business owner to calculate the AMT without help from a tax preparer or from tax software.

If we are serious about dealing with the problem of complexity in the Tax Code, one of the quickest things that we could do, one of the simplest things that we could do is flat-out repeal the AMT. We think this is something that ought to be of direct interest to us today, and we are very concerned that this real problem is being commandeered by those who simply want to raise taxes.

Our solution is that we want to see action today. We want to see both parties come together and talk about this problem honestly, not just discuss plans to raise taxes behind closed doors. We want to see an opportunity here today to discuss how we can use fiscal discipline and restrained spending to get rid of the AMT, or to potentially sunset it and phase it out over time. It is not too late to do that.

We believe that there are ways to deal with the AMT as an alternative that don't require us to bring our top tax rates up to the level of France. I believe that there are means of dealing with this problem without sucker punching our economy. I believe that we have the opportunity to deal with this problem fairly and honestly without presuming a tax increase.

We tend to forget this in Washington, but when somebody is paying out more in taxes, that is a tax increase. Whether that tax increase was the phaseout of a tax provision that was put into the law years ago and simply not renewed, whether that change in tax policy is something that was a policy from the 1960s that was never adjusted or modernized, the fact is we anticipate a tax increase unless we show fiscal restraint this year. And the Democratic budget, in addition to positing the largest tax increase in American history, has manufactured this AMT crisis and created a challenge for us that the Democrats are apparently proposing to respond to simply by raising taxes.

When people hear that the only folks experiencing the tax increase are going to be the highest income people, that doesn't tell the whole story, because so

many jobs are tied up in companies that are also taxed at those rates. This is a challenge that I think requires an authentic bipartisan solution, not just a tax increase.

Mr. Speaker, I yield to the gentleman from Kansas such time as he may consume.

Mr. MORAN of Kansas. I thank the gentleman from Pennsylvania for yielding time, and I thank the Speaker this evening for recognizing me.

Mr. Speaker, 20 minutes can go by in a flash; 2 minutes seems like an eternity. Last Friday night, Greensburg, Kansas, was struck by a devastating tornado. With 20 minutes' warning, I am sure the people of Greensburg did everything possible to protect their homes, their lives, to gather their loved ones, to find the basement, to seek the shelter. Twenty minutes is an awfully short period of time to try to save your life.

Two minutes, the time that it takes for the tornado 1½ miles wide, winds blowing 207 miles an hour, 2 minutes it takes to destroy a community.

The losses last Friday night in Greensburg, Kansas, are significant. The photograph I have with me demonstrates the look of a town, a county seat town of Kiowa County, Kansas, population about 1,500. In many ways, a typical Kansas community; in many ways, a typical small town in rural America.

Mr. Speaker, I have been in Greensburg, Kansas, for the last 3 days. And perhaps what I see is typical, but what I see is heroic. From the moment the tornado struck, the people of Greensburg arose to the occasion, and every moment since then, their lives have been devoted toward making certain that people are okay, seeking recovery of their loved ones and their property, and trying to make certain that everyone is found and that life is preserved.

Mr. Speaker, 2 minutes did a lot of damage to a community; and yet in every conversation I had with the citizens of Greensburg, ultimately at least a small smile would come upon their face because they were able to count the blessings that they had despite the tornado. They were able to talk about the next opportunity they have to rebuild their lives, the people's whose lives were saved, the people whose lives are here today.

Mr. Speaker, this community has lost its entire housing structure. I walked through Greensburg for about 45 minutes on Saturday, a town that I represented as a State senator and now as a Member of Congress, and I found one home in that 45 minutes that I thought would be habitable.

□ 1800

The downtown business district is gone. You know, especially, Mr. Speaker, how difficult it is to preserve and enhance a business district in rural communities.

This is a community that has a business district maybe of six or seven

blocks, both sides of the street. But every business destroyed. Gone is the city hall. Gone is the high school. Gone is the grade school. Gone is the hospital. Gone is the library.

This community faces many challenges, Mr. Speaker. But in each and every instance, not only have the citizens of that community arose to the occasion, not only have the citizens of that community done everything they could to save lives and protect property; but now already they talk of, how do we rebuild our hometown?

I spent a little time with the national media who are covering this story in Greensburg, Kansas, and my guess is Greensburg, Kansas, is probably a foreign country to many of them. And their question is, as they look across the rubble that's demonstrated in this photograph is, Congressman, can you really believe that this community has a future; that they will be around 2 years from now, 5 years from now, a decade from now? And the answer is yes.

I don't know a lot about lots of other communities in the country. But I know about the people of Greensburg, Kansas, and they will make every effort to see that their community survives and prospers, and that their children and grandchildren have a future there. You know, there's a special place we all call, it's called home. And everybody wants to live where it's home. And so, as the folks of Greensburg try to pick up their lives, rebuild their homes, re-establish the businesses, recreate a community, they just want Greensburg to be home again.

And so tonight I rise to commend them for their spirit, acknowledge their bravery, speak about their compassion and love for their friends and family and neighbors. And I especially want to talk about the city officials, the mayor, Lonnie McCollum, the city manager, Steve Hewett.

Perhaps people don't realize that the people who are there today trying to restore the electricity, the water, the sewer, the telephone service, the power, they, too, lost everything. So as the city officials have gone back to work trying to restore the basic needs of a community, they face the challenges of not having a home, vehicles destroyed, families living outside the community.

And Mr. Speaker, in addition to the city officials and the people of Greensburg, the American Red Cross, the Salvation Army, Heart to Heart, church groups, hundreds and thousands of people across the country on Sunday said their prayers for the people of Greensburg, Kansas. Offering plates were passed. The community of Haviland, a small town much smaller than the community of Greensburg, 15 miles down the road, the grocery store open on Sunday. I was there. I watched as the owner of the grocery store, no small task to keep a grocery store in Haviland, Kansas, alive and well, but I

watched as customers placed groceries on the counter. And the grocery store owner said, where are you from? And the answer was, Greensburg. No charge.

That's the community that people call home in Kansas and many places across the country. And it's that effort that we are seeing today in which people come to the aid and rescue of their friends and neighbors and people they don't even know to make certain that good happens in a very difficult and challenging time.

And we are pleased with the National Guard. We are pleased with the services we have with surrounding communities and their law enforcement, emergency preparedness. And FEMA has arrived on the spot almost from day one, almost from the first moment the tornado struck.

I just got off the phone with the National Weather Service in Dodge City, Kansas. 20 minutes is not very long. But that 20 minutes, because of the efforts of the folks forecasting the weather that night, saved lives.

And I would ask that Kansans and Americans tonight again say their prayers for the people of Greensburg, that they recognize that we in America, no matter where the challenge or difficulty lies, we are in it together. And I would ask that, throughout the course of time, that the contributions be collected, the efforts be made to restore the community and that all Americans share in that process.

The people of Greensburg ought to be reassured that we, in Congress, we, as the Federal Government, will do everything within our power to assist them in their efforts. We want to reassure them that the future is theirs, and we're here to help.

And the role that we play as a Federal Government, the role that all the agencies who have arrived to provide assistance is important. But the reality is that Greensburg, Kansas, has a future because the people who call Greensburg home want to ensure that future comes tomorrow, next year and for another generation.

Mr. Speaker, I thank you for the opportunity to pay tribute to a community back home.

Mr. ENGLISH of Pennsylvania. Will the gentleman yield?

Mr. MORAN of Kansas. I'd yield to the gentleman from Pennsylvania.

Mr. ENGLISH of Pennsylvania. First of all, I want to thank the gentleman for his stirring words. I can say in northwestern Pennsylvania, we have watched the developments in Kansas with horror, because it was just a couple of decades ago that we had a series of major tornado events that very much marked, seemingly immutably, many of our rural communities. And I think of Albion, Pennsylvania, and how it took years for its downtown to bounce back.

Can I reassure the gentleman that I think all of his colleagues appreciate his plea, appreciate the terrible dilemma facing so many of his constitu-

ents? And you can count on our solidarity in this effort.

And it seems a little trite to point this out, but I have to say, the gentleman has always been one of the most eloquent voices for rural America. He has done a great job here tonight of laying before us the plight of this community. But we are particularly grateful for his advocacy tonight, and I want to say, our prayers will be with you. Our resources will be with you, and Northwestern Pennsylvania will be there for Kansas in any way we can help out.

Mr. MORAN of Kansas. I thank the gentleman and appreciate the words of encouragement, the phone calls, the letters and the conversations I have had with my colleagues from across the country who, like you, express their care and concern for the people of Kansas.

Mr. POMEROY. Will the gentleman yield?

Mr. MORAN of Kansas. I'd be happy to yield to you.

Mr. POMEROY. I just also very briefly, representing the other side of the aisle, want to echo the statements so eloquently made by the gentleman from Pennsylvania.

JERRY, you spoke right from the heart. We can feel the pain that you're feeling on behalf of those who have had their lives just devastated. It's important for them to know that they're going to have your first class advocacy. And you certainly just put that on display tonight.

And it's also important for them to know that we offer them our prayers. And beyond that, we will be with them as they rebuild.

I represented a city that got flooded, and it took years, but we just had the 10-year commemoration of that event, and this city is back, bigger and better than ever.

Now, I've never seen anything like the picture that you put on display tonight. It's a different challenge. A different magnitude of effort's going to be required, but we will be with you. The Federal Government will be there, and we will follow your lead as we fashion a response that meets the need, the tremendous need in the wake of this tornado. I yield back.

Mr. MORAN of Kansas. I thank so much the gentleman from North Dakota who, I know, like the gentleman from Pennsylvania, understands that rural America is a special place, and the place called home, in this case a place called Greensburg, Kansas, matters a lot, not only in the future of that community, but in the future of a way that we try to preserve here, a way of life that matters, I think, to all of America.

Again, I express my appreciation to my colleagues for their support. I remind the folks of Greensburg, Kansas, that we'll be an ally. I thank those who have worked so hard to this point to see that there is an opportunity for a future.

And tonight I especially say my prayers for the family members of those whose families lost their lives. Ten people died in the tornado on Friday night.

Life is a very precious thing, and we offer our prayers. We seek the support of all as we try to rebuild Greensburg, Kansas. I thank the gentleman for yielding.

Mr. ENGLISH of Pennsylvania. I thank the gentleman for his contribution.

Mr. Speaker, I am going to keep my remaining remarks brief and, again, salute the gentleman for taking the time to come down and share the experience of his district and his community with this awful weather disaster, which we in northwestern Pennsylvania certainly understand and certainly we will reach into our pockets and be generous in helping our fellow Americans.

But, Mr. Speaker, I'd like to, for a moment, return to my prior topic, put my green eye shade back on and talk about the AMT and its potential effect on taxpayers.

You know, one point that I hadn't had the opportunity to make earlier, was that over the past few weeks, in the ramp up to what we fear will be an attempt to use the AMT as a basis for a broader tax increase, we've heard made the strange argument by our friends on the other side of the aisle that somehow, the AMT is falling on more families because of the tax cuts enacted in 2001 and 2003. This argument has been echoed within the Ways and Means Committee, and it's bizarre on the face of it. But there are actually arguments that are being made trying to connect these dots and square this circle.

The argument is that, as a result of reduced income tax rates relative to the AMT, more taxpayers are subject to the AMT. Conversely, this logic maintains that if income taxes are increased, less people would be subject to the AMT. It's an odd reform that raises taxes on Americans, and this smells an awful lot like robbing Peter to pay Paul. After all, if taxpayers are paying the AMT, or paying the basic income tax, one way or the other, what is relevant to them is how much they're paying.

The argument we are hearing from the other side simply runs roughshod over the facts. The AMT is growing significantly because the tax brackets involved were never indexed to inflation. Clearly, no American is worse off under recent tax relief. And fewer taxpayers are subject to the AMT than otherwise would be as a result of the patches that that tax relief contained.

I have, I believe, a number of charts, but I am not going to trouble you with them at this time of the evening, that demonstrate that this problem has been stated in an unusual way. It is misleading to claim that the 2001 and 2003 tax cuts led to more people paying the AMT.

The fact is, between the patches and the tax cuts, fewer people are paying

the AMT today than would have under pre-2001 tax laws. This is a very important revelation.

The fact is, past Congresses have moved, in budget after budget, to protect the middle class from the ravages of the AMT. Notwithstanding that, the AMT now hits nearly 3 million taxpayers, where it was originally designed only to hit a few hundred. Without a patch, the AMT would fall on 23 million taxpayers.

Because of that added tax liability on 20 million taxpayers, fixing the AMT is certainly a challenge. But to me, it's a much bigger challenge to argue that somehow we should let the AMT fall on these people when it was never conceived as a tax to be applied to them.

□ 1815

The fact is the AMT at the current rate runs the risk of crowding out the rest of the tax code and becoming the Tax Code, and that would be a disaster. The AMT does not treat families as favorably. It does not treat small business investment as favorably. It doesn't have the nuances of the current Tax Code, and it simply has higher rates.

We believe that in the end, the real solution is fundamental tax reform, to move to a reformed tax system that contains no AMT but through its simplicity also requires no AMT to guarantee that everyone pays what they are obliged to pay. Through simplicity we can reduce the tax gap. We can make the Tax Code more predictable, and we can provide through fewer loopholes fewer opportunities for people to take unfair advantage. That is the real solution at the end.

I believe, though, that we are going to see this year a concerted effort by the new majority to do what they did the last time they were in the majority, and that is to push through massive tax increases. The AMT, it looks like, is going to be their first excuse to do it. So it is going to be the first real test of this Congress, whether it is going to take a different route than that that we traditionally expect or whether it is going to go down the old path of tax and spend, raising taxes, expanding the size of government, and ultimately hitting the taxpayers in newer and more subtle ways.

Enacting French tax structures is not the solution to growing the economy. It is not the solution to the deficit, and it is not the solution to the AMT.

I think the time has come for Congress to deal with this issue honestly, to bring it out into the open. My hope is that our committee, the Ways and Means Committee, will have an opportunity to do hearings specifically on this point. As ranking member of the Select Revenue Measures Subcommittee, I also hope that we have the opportunity there to more closely examine the AMT and to build on recent hearings to look at actual solutions and come up with a solution that

reduces the tax burden and protects the middle class rather than simply raising taxes. That may be a challenge that requires statesmanship, but I believe the time has come to deal with this issue directly.

Anyone who, I believe, signs on to what the papers tell us might be the solution here can't claim that they are following certainly the dictum of Americans for Tax Reform, which years ago got many Members of Congress to sign a pledge not to raise taxes. I believe that any AMT solution that raises taxes will put Congress on record as being in favor of Big Government and higher taxes. I believe that we need to look at creative alternatives and the time has come for that.

Mr. Speaker, I am grateful for the opportunity to take my party's leadership hour.

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#### RECESS

The SPEAKER pro tempore (Mr. JOHNSON of Georgia). Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 6 o'clock and 20 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1850

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#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. JOHNSON of Georgia) at 6 o'clock and 50 minutes p.m.

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#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1684, DEPARTMENT OF HOMELAND SECURITY AUTHORIZATION ACT FOR FISCAL YEAR 2008

Mr. CARDOZA, from the Committee on Rules, submitted a privileged report (Rept. No. 110-136) on the resolution (H. Res. 382) providing for consideration of the bill (H.R. 1684) to authorize appropriations for the Department of Homeland Security for fiscal year 2008, and for other purposes, which was referred to the House Calendar and ordered to be printed.

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#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1873, SMALL BUSINESS FAIRNESS IN CONTRACTING ACT

Mr. CARDOZA, from the Committee on Rules, submitted a privileged report (Rept. No. 110-137) on the resolution (H. Res. 383) providing for consideration of the bill (H.R. 1873) to reauthorize the programs and activities of the Small Business Administration relating to procurement, and for other purposes, which was referred to the House Calendar and ordered to be printed.