

However, not a single colleague on the other side of the aisle voted in its favor. Repealing the AMT would put lawmakers on notice to either trim Federal spending by a like amount or be transparent about the revenue base.

On the House side, we hear that the Ways and Means Committee is doing a lot of talking about the AMT, but they have yet to move to action. We are forced to wonder what their plans may be. To do that, we need only read what they have been saying and think through the conclusions on such proposals.

It has been reported that some in the other body—the majority party, the Democrats—plan to exempt everybody who earns less than \$250,000 a year from the AMT. It sounds to me as if they might be on the right track to full repeal when I hear that. However, we need to follow through on what exactly they would do if they insist on providing pay-fors to cover the lost revenue under the new pay-go rules that are being adopted.

One option is reportedly being floated on the House side which is to pay for a \$250,000 AMT exclusion by raising the top marginal income tax rate. Well, we have found some shocking numbers when we examine that issue further. In order to exempt folks who earn less than \$250,000 from the AMT, if you insist on raising taxes to offset it, you would have to raise the top marginal tax rate to over 46 percent.

Now, we have a chart showing the top marginal tax rate. Back in the 1970s, it was 70 percent, and it gradually went down to a low of 28 percent. Now it is back at 35 percent, and the red mark would have the highest marginal tax rates that we have had since 1980. I will take a few minutes to put that regular income tax rate into a historical perspective.

In 1913, when less than 1 percent of the population was subject to the income tax, the rate ranged from 1 percent to 7 percent. Rates increased significantly during the 1920s, 1930s, and 1940s, up to a top marginal tax rate of over 90 percent. The concept of deduction for home mortgages, interest, charitable contributions, State and local taxes, to name a few, became ingrained in the code during that period of stifling high tax rates.

During the President Kennedy administration, tax rates were reduced from 91 percent to 70 percent on the highest income levels, and rates fell again during the Reagan administration, first from 70 percent to 50 percent, and then again the top marginal tax rate was 28 percent by the 1986 Tax Act. The top rate now stands at 35 percent.

It is important to remember that when we look at those historical rates, the tax base was narrower prior to 1986 than it is today. Many phaseout and phasein concepts took hold in 1986, such as PEP and Pease limits. Today, substantially all individual tax incentives are phased out and capped, and

the result of this base broadening is that if the Tax Code were to approach a tax rate similar to the highest marginal rate under the more narrow pre-1986 tax base, it would result in substantially higher effective tax rates than in the pre-1986 tax rates. A marginal regular income tax rate of over 46 percent may actually exceed the top effective rate that was in place before 1986 because of the increase in the tax base.

Another option that may be working its way through the mill on the House side is to pay for that exemption by raising the top alternative minimum tax rate. Again, with that option, the tax rate increase is staggering. The top AMT rate would go up to nearly 37 percent.

There is a popular misconception that Congress can sit on its hands on tax policy before the next election and that there will be no tax increase until 2011. While that view is comforting, it is uninformed. Just enacting the alternative minimum tax patch for 2007 will cost over \$50 billion. That also means that without doing the patch, Americans then will pay the \$50 billion higher alternative minimum tax, and it is coming from middle-income taxpayers who were never intended to be taxed when the alternative minimum tax was put in place back in 1969. So we must act to prevent such an unfair tax increase.

The folks who voted against my amendment to take the AMT revenue off the table for the tax and spenders have some real explaining to do soon. It is possible that they will do nothing on the tax side. The result is a \$50 billion tax increase on families, middle-income-tax families, who are going to be subject to the AMT for the first time and are subject to it right now, or they may propose some sort of exemption or relief that is paid for by other tax increases and face the music on proposing a massive tax increase on the neighbors of those who have been paying the AMT, or perhaps they may provide AMT relief but fiddle away the money in the budget anyway and increase the deficit.

I suggest that the tax and spenders consider learning to hum a different tune and spend within their means soon or folks may just figure out that they planned to raise their tax rates all along. So the sad reality is that while it is the new congressional majority that needs to face the music, it is likely to be the American taxpayers who will end up singing the blues.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mrs. BOXER. Mr. President, I ask unanimous consent the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. WEBB). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

WATER RESOURCES DEVELOPMENT ACT OF 2007

The PRESIDING OFFICER. Under the previous order, the hour of 3 p.m. having arrived, the Senate will proceed to the consideration of H.R. 1495, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 1495) to provide for the conservation and development of water and related resources, to authorize the Secretary of the Army to construct various projects for improvements to rivers and harbors of the United States, and for other purposes.

The PRESIDING OFFICER. Under the previous order, the Senator from California is recognized to offer an amendment.

AMENDMENT NO. 1065

Mrs. BOXER. Mr. President, I call up amendment No. 1065.

It is an amendment in the nature of a substitute. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from California [Mrs. BOXER], for herself and Mr. INHOFE, proposes an amendment numbered 1065.

Mrs. BOXER. I ask unanimous consent the reading of the amendment be dispensed with.

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

(The amendment is printed in the RECORD of Thursday, May 10, 2007, under "Text of Amendments.")

AMENDMENT NO. 1086 TO AMENDMENT NO. 1065

Mrs. BOXER. Mr. President, I see my leader is here, but before he starts, I wish to also call up the Feingold amendment No. 1086, and ask that be brought up and laid aside and considered as read.

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

The clerk will report the amendment by number.

The legislative clerk read as follows:

The Senator from California [Mrs. BOXER], for herself and Mr. FEINGOLD, proposes an amendment numbered 1086 to amendment No. 1065.

(The amendment is printed in the RECORD of Friday, May 11, 2007, under "Text of Amendments.")

Mrs. BOXER. I yield the floor.

The PRESIDING OFFICER. The majority leader is recognized.

AMENDMENT NO. 1097

Mr. REID. Mr. President, I appreciate the manager of the bill, the chairman of the Environment and Public Works Committee, the distinguished Senator from California, allowing me to obtain the floor.

We all know 2 weeks ago President Bush vetoed the supplemental appropriations bill, a bill to fully fund the troops in Iraq and change the course of