

and families making over \$75,000 would see their taxes go up under this bill. Even after taking into account the premium tax credit, the subsidy that the government will provide to help people offset the cost of health insurance, when this bill is fully in effect, more than 42 million individuals and families or 25 percent—one-quarter of all tax returns under \$200,000—will see on average their taxes go up as a result of this bill.

In addition, based on the same information, the Joint Committee on Taxation identified two groups of taxpayers. The first are those individuals and families who are not eligible to receive the premium tax credit to purchase health care, and second are those individuals and families whose taxes will increase first before they then see some type of tax reduction as a result of their premium tax credit. Taking these two groups together, the number is even more disturbing: 73 million individuals and families or 43 percent of all tax returns under \$200,000 will on average see their taxes increase under this bill, says the Joint Committee on Taxation.

To put it another way, under this bill, for every one individual or family that benefits from the tax credit to purchase insurance, this bill raises taxes on three middle-income individuals and families. These tax increases are on top of those I discussed earlier, such as the new taxes on FSAs, so the estimates I have already mentioned understate the tax impact, again, on middle-income taxpayers. The JCT the Joint Committee on Taxation—has confirmed that these additional taxes, such as the FSA tax, will likely further raise the taxes of middle-income Americans.

All Americans, and middle-class taxpayers especially, need to take notice of what these higher taxes will mean for them and their families. They need to know these taxes will be used in part to pay for a vast expansion of the role of government in health care and more government intrusion into families health care choices.

Paying for health care on the backs of the middle-class and working Americans is the wrong solution for health care, violates the President's pledge to these taxpayers, and is terribly counterproductive in regard to the No. 1 issue facing this country, and that is jobs and the economy.

I urge my colleagues—I plead with my colleagues—to support the Crapo motion to prevent the enormous tax hike this bill inflicts on middle-class Americans.

Mr. President, I appreciate your indulgence. I know you are ready to go to your conference.

I yield the floor.

The PRESIDING OFFICER (Mr. NELSON of Florida.) The majority leader is recognized.

RECESS

Mr. REID. Mr. President, I ask unanimous consent the Senate stand in recess until 6:15 p.m. today; that upon reconvening at 6:15, the Senate continue in debate-only posture for an additional hour under the same conditions and limitations specified under previous orders.

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

Mr. REID. Mr. President, I would also tell everyone here there will be no more votes tonight. I don't think we can arrange any.

Thereupon, the Senate, at 5:06 p.m., recessed until 6:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. BROWN.)

SERVICEMEMBERS HOME OWNERSHIP TAX ACT OF 2009—Continued

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. GRAHAM. Mr. President, I assume it is our turn to talk a bit.

Mr. BAUCUS. Mr. President, I remind all Senators that we have an hour, equally divided, with each Senator able to speak up to 10 minutes each.

Mr. GRAHAM. I appreciate that. I appreciate the effort to try to solve a hard problem. It is easy to criticize in this business, and it is hard to bring folks together. Maybe one day we can solve a hard problem where we get 70 or 80 votes. I don't think this is that day.

One thing I will point out about the process is that somehow between the time this started until now, something went wrong. This is what happened. This is what was said by Candidate Obama in January 2008:

That's what I will do in bringing all parties together. Not negotiating behind closed doors, but bringing all parties together and broadcasting these negotiations on C-SPAN so that the American people can see what the choices are.

In November 2007, he talked about, in his Presidency:

We are going to have a big table and everybody is going to be invited—labor, employers, doctors, nurses, hospital administrators, patients, and advocate groups. The drug and insurance companies, they will also get a seat at the table, and we will work on this process publicly. It will be on C-SPAN. It will be streaming over the Net.

March 2008:

But here's the difference: I'm going to do it all on C-SPAN so the American people will know what's going on.

August 2008:

When we come together around this health care system, I am going to do it all in the open. I am going to do it on C-SPAN.

August 2008:

I am going to have all the negotiations around the big table. We will have the negotiations televised on C-SPAN.

The truth is, Mr. President, I am not so sure negotiating on C-SPAN is the way to find a solution to hard problems. But being at the table with all parties represented is probably a very

good idea. And the process, as I understand it now, is that our Democratic colleagues are trying to negotiate among themselves to get to 60 votes. There was an announcement made last night by the majority leader that we have had a breakthrough. He said, "I can't tell you what it is, but it is good."

Mr. President, that is not the way we want to change one-sixth of the economy. I argue that is not the best process by which to make major decisions that affect the quality of Americans' lives.

The idea of Medicare being changed so dramatically by one party is probably not a good idea. What have we done on the Medicare front? The actual bill that has been proposed increases spending by \$800-something billion. To pay for that, there are cuts in Medicare of close to \$400 billion to \$500 billion. The money that would be taken out of the Medicare system is not plowed back into Medicare but used to fund other aspects of this bill. This is at a time when Medicare—the trust fund—is \$36 trillion underfunded and will begin to be exhausted in 2017.

I argue that both parties should be trying to find a way to save Medicare from the pending bankruptcy and do something about entitlements in general, Social Security and Medicare, to make them solvent so that, one, they don't run out of money and we don't have to raise taxes in the future or cut benefits for young people because those are the choices we will pass on to the next generation if we do nothing.

Instead of coming together to save Medicare from bankruptcy, we are actually reducing the amount of money going to an already-strapped system and using it for something else. There is another idea floating around that one of the solutions that may come out of this deal, which we don't know the details of yet, is we are going to allow more people to buy into Medicare under the age of 65, and we will be expanding the number of people going into a system that is already about to go bankrupt. If we add new people to the system, approaching insolvency, something has to give. Who will be coming into the system from 55 to 64? I argue those people are going to be in as a result of the process of adverse selection, people who have health care problems. It is going to put more pressure on a system that can't stand one more drop of pressure. That doesn't make a whole lot of sense to me.

We know this Medicare system is very much under siege, that the baby boomers are about to come into the system by the millions. There are three workers for every retiree today, and in 20 years there are going to be two. So what do we do? We take money out of the Medicare system and use it for other things, and we are adding more people into the system that are going to drive up the cost overall to those already on Medicare.