

They do not even get counted in the first instance. They go off to the Cayman Islands, to tax havens, they get hidden in Swiss bank accounts, who knows what, but they do not get subjected to American taxation.

By the way, that is pretty big business. Chairman Conrad, who was our predecessor chairman on the Budget Committee, used to have a slide he would show that showed a picture of a rather bland-looking four- or five-story building, the building in the Cayman Islands that did not look like much, not very big. You could drive by it, you would not particularly notice it. But he would point out in that little building over 18,000 companies claim to be doing business.

He would point out that the kind of business they were doing was monkey business with the Tax Code because nobody could put 18,000 businesses in that little building. None of that stuff gets counted in the \$14 trillion, the stuff that goes through the front and then out the backdoor.

So the spending—the earmarks—that gets done through the Tax Code is a very big treasure trove. While much of this tax spending helps low-income and middle-class families, too much of it goes to high-income taxpayers who do not need it but who are clever and connected enough to get special deals, to get their tax earmarks into the Tax Code.

But, of course, the Republicans do not want us to look into their treasure trove. Ali Baba's cave of tax tricks is where the juicy earmarks are for the special interests. If you remember back to the last Presidential campaign, it became public that Mitt Romney had to fiddle his taxes in order to get his tax rate up to a 14-percent tax rate.

Some people gimmick their taxes to try to get their rates down. The rates for people such as Mitt Romney are so low to begin with that he had to play tax games to get his rates up to 14 percent so he would not look too bad as a Presidential candidate. Fourteen percent is a lower tax rate than a solitary hospital orderly pays. The guy who is walking down the linoleum hallways of Rhode Island Hospital at 2 o'clock in the morning delivering supplies pays a higher tax rate than that.

We cannot do anything about that? That is a tax question we cannot discuss? How do Romney and the hedge fund billionaires get away with that? Look in Ali Baba's cave of tax treasures for the carried interest exception. If you want to know where ExxonMobil, which is one of the richest and most profitable corporations in the history of the world, gets its hands into the American taxpayer's pockets and pulls out oil and gas subsidies, look for those Big Oil subsidies in Ali Baba's treasure cave.

Do you want to know why Amazon, Boeing, Carnival Cruise Lines, Duke Energy, PG&E, all companies making billions of dollars in profits per year, pay effective tax rates well under 10

percent? Look at the \$150 billion in corporate tax giveaways there in Ali Baba's treasure cave.

Do you want to know how it is that corporate jets get special favored tax treatment compared to the commercial jets that ordinary mortals fly around in? Look at the accelerated corporate jet depreciation schedules in Ali Baba's tax treasure cave.

When the Speaker says that talk about raising revenue is over, look at what he is protecting? The Republican treasure trove of corporate and special interest earmarks heaped up like gold and jewels in the old illustrations in Ali Baba's cave of tax treasures.

We Democrats are knocking at that door. We are saying: Americans pay in deficit reduction \$1.5 trillion already. We are offering another \$975 billion on top of that.

We are saying that \$600 billion came out of tax increases. What about loopholes?

Now we want to go into the cave. The Republicans are getting very anxious. The alarms are ringing at the special interests, and our colleagues are rushing to the trenches to defend the special interests and to defend their cherished tax earmarks. That is why they want to keep revenue—loophole closing—out of the debt and deficit discussion. They know that once we start taking a real look into Ali Baba's cave, some of that stuff will be impossible to defend to the American people.

It wasn't fair when it first went in, it has never been fair through its sordid history in the Tax Code, and it is not fair sitting in the Tax Code now. These are things we should get rid of even if we didn't need it for the debt and deficit. This is special interest crony capitalism at its worst. We intend to have a look at it in these discussions.

If we listened in the Budget Committee, the Republicans said it plainly: Not a penny of tax loopholes can go for deficit reduction. They have said they are willing to move the treasure around a little bit in Ali Baba's cave as long as it all still gets used for corporations and the wealthy. That is not a guess; that is the way the Republican budget is structured. Those are their budget numbers, all of it to lower tax rates for corporations and the rich. They are willing to spread the wealth around as long as it stays in the same hands.

We are at the gates of Ali Baba's cave, this special treasure trove of Tax Code special deals and earmarks for the rich and well connected. We are at the place where the lobbyists wheel the sweet corporate tax deals. We are knocking on the door of the \$14 trillion in tax spending that has been left completely untouched in the deficit reduction so far. Our Republican colleagues are getting a little twitchy.

Come on, fellas. Out of nearly \$14 trillion in tax spending and earmarks, can't we put just 7 percent of it toward the debt and the deficit? Our proposal is to leave 93 percent of the treasure in

the cave. That is not unreasonable. What is unreasonable, what is unbalanced is the Republican desire that not a nickel in loophole closing can go toward our debt and deficit.

I could go through innumerable comments by our Republican colleagues warning us about the dire danger of our debt and deficit, warning about the terrible injustice to future generations, warning about the threat to our national security and to our national welfare; dire, serious warnings about the epic nature of the danger of our debt and deficit and the importance of curing it. When we actually stack it up, it is less important to them than every loophole in the Tax Code.

My point is that people can't have it both ways. They can't be telling the American people that the debt and the deficit is the No. 1 threat to the well-being of our beloved country but is also less important than every deduction every lobbyist ever squirreled away for every special interest in the Tax Code. Both of those cannot be true.

We must persevere to get into Ali Baba's cave of tax treasures in the loophole side of this equation. I hope very much that we will. I think that is nothing more than reasonable, nothing more than balanced. Indeed, one could argue it is actually a lot less than balanced because we only want 7 percent and we would be letting them keep 93 percent. We would be doing far more on spending than we would on revenue and loopholes combined. It is not balanced in the even-steven sense of the word, but at least it is generally fair. The Republican proposal that it should be all spending and zero loopholes is what is unbalanced and what I object to.

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

The PRESIDING OFFICER (Mr. MARKEY). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Ms. HIRONO. I ask unanimous consent that the order for the quorum call be rescinded.

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

EXTENSION OF MORNING BUSINESS

Ms. HIRONO. Mr. President, I ask unanimous consent that the period for morning business be extended until 6:30 p.m., with Senators permitted to speak therein for up to 10 minutes each.

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

MILITARY JUSTICE IMPROVEMENT ACT

Ms. HIRONO. Mr. President, since the infamous Tailhook scandal in 1991, every Secretary of Defense has proclaimed that our military has a "zero-tolerance" policy for sexual harassment and sexual assault. Zero tolerance is the policy our military should have, but in reality it doesn't. We