who works in the Chrysler or GM plant in Delaware and whose spouse is a school teacher would have too high an income to qualify for marriage penalty relief. That doesn't seem fair. I would have liked to see us give relief from the marriage penalty to many more Americans. Frankly, I would like to see us get rid of the marriage penalty altogether.

The second major component of tax relief in this amendment is in the area of health care. The amendment provides self-employed individuals next year with a 100 percent deduction for their health insurance. This is long over-due. It will help farmers, small business people, and others who buy their own health insurance. Because of this amendment, 3 million taxpayers and their families will have more affordable health care, and you cannot overstate how important this is.

This is a good first step. But I want to be clear that I do not consider it to be everything we must do. There are 18 million other Americans who lack health insurance, some are unemployed, others are elderly, and many have jobs. Simply put, I would like to see these individuals receive an above-the-line deduction for the cost of their health care. This is something I have worked on for some time.

When the Finance Committee marked up the tobacco legislation I placed before the committee a two-part proposal in the area of health care.

The first part was an immediate increase to 100 percent deductibility for health insurance for the self-employed. The second part provided the same benefit to the other 18 million Americans who need health insurance. This attempt was a natural follow-on to my successful efforts in 1995 to raise the deductible percentage from 25 to 30 percent and to make it permanent. Unfortunately, this time my tax cut proposal was not approved by the Finance Committee.

I intended to offer the same tax cut amendment on the floor, and I was pleased that several members—Republicans and Democrats—agreed to support it.

This proposal was also supported by farmers and small business, and I am pleased that it is reflected in the amendment before us now. Though, again, I want to go further. This is a good start, but I hope that in the future we revisit this with a mind to making health insurance more affordable for millions more of American workers.

It is the same with the marriage penalty. It is egregious that married couples are penalized by our tax code. I believe this sends the wrong message in more ways than one, and it must be addressed. We have attempted to do this in the past. For example, in 1995, in the Balanced Budget Act, Congress approved a proposal to phase out the marriage penalty in the standard deduction. Our legislation was vetoed by President Clinton.

I realize that at this point we are constrained by financial limitations and other priorities, and I compliment my colleagues for moving as far as they have with this bill. But I want all of my colleagues to agree with me that this should be seen as only the beginning. There is no justification for a married couple to be penalized just because they are married.

Mr. President, though it is not perfect, and while it does not go as far as I would like, I intend to support this amendment. It sends the right message.

It does provide partial relief. And it is a step in the right direction. I encourage my colleagues to support this effort.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER (Ms. COLLINS). The Senator from Alaska is recognized.

VISIT TO THE SENATE BY ANSON CHAN, CHIEF SECRETARY OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

Mr. MURKOWSKI. Madam President, it gives me a great deal of pleasure to introduce to this body, the U.S. Senate, Mrs. Anson Chan. Anson Chan is the Chief Secretary of the Hong Kong Special Administrative Region, known to many Senators in this body.

Anson Chan is the head of Hong Kong's 190,000-strong Civil Service. She was appointed to the position back in 1993 by then-Governor Chris Patten and has continued to serve in this capacity under C.H. Tung, the Chief Executive of the Hong Kong Special Administrative Region.

RECESS

Mr. MURKOWSKI. Madam President, I ask unanimous consent the Senate stand in recess for 5 minutes, so colleagues may greet Anson Chan, our dear friend.

There being no objection, the Senate, at 3:10 p.m., recessed until 3:14 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Ms. COLLINS).

Mr. MURKOWSKI. I thank the Chair for recognizing Anson Chan. I thank my colleagues who visited with her, as well as the pages.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

NATIONAL TOBACCO POLICY AND YOUTH SMOKING REDUCTION ACT

The Senate continued with the consideration of the bill.

Mr. GRAMM. Madam President, I think somewhere I heard the old saying, ''No good deed goes unpunished.'' In trying to see if we might find some consensus on this issue, I tried to write our marriage penalty repeal amendment in such a way as to limit the amount of resources that it took from the underlying bill.

I did it recognizing that the underlying bill is as full of fat as any bill could possibly be. It is a bill that provides funding for a Native American antismoking campaign that will spend $18,615.55 per Native American who will be served. It is a bill that pays trial lawyers $92,000 an hour. It is a bill that pays tobacco farmers $23,000 an acre, and they can keep the land and go on farming tobacco.

With all of these gross expenditures, our colleagues say that if we take more than a third of the money we are raising in taxes—which they say they are not increasing the tax to raise money—but if we take any more than a third of it and give it back, then somehow the bill is going to collapse.

Then I try to adjust the amendment to keep it within those constraints, and our dear colleague from Massachusetts accuses me of taking money from Social Security. And it goes on and on and on. ''No good deed goes unpunished.''

I have the ability to modify my amendment. I want my colleagues to understand that if we don't work out something on this amendment pretty soon, I am going to modify my amendment, and I am going to take every penny of this money out of this larded bill. So I can solve all of these problems. I tried to help somebody. I tried to work out a consensus, and now we are not able to do it. But I can fix that problem. I can fix the problem by taking the money out of this bill, and I am prepared to do that. I am not going to do it right now. I am going to wait and see if we can work something out. But I am prepared to do it. I have a modification. I have a right to modify my amendment, and I will modify my amendment at some point if we don't work something out.

Madam President, I want to address a number of issues that our colleague from Massachusetts raised.

Our colleague from Massachusetts says, ''Well, I have a marriage penalty correction device, but mine doesn't cost as much and gives more relief.''

So the question is, How is that possible? Well, the answer is that it gives no relief to one particular kind of family. That is a family where one of the parents decides to stay at home and work within the home—one of the hardest and most difficult jobs in America and one of the most important jobs in America.

We have not seen their amendment, but the way our Democrat colleagues could give a marriage penalty for so much less money is that it is a marriage penalty correction that you get only if both parents work outside the

home. That is not the way we have done it. We have not done it that way because I do not want the Government to be making the decision as to whether a parent works outside the home or works inside the home.

Let me say, it is a tough decision for people to make. Some people make it based on economics; some people make it based on their careers. And I think families need to make it, not the Government. My mama, as I have said earlier, worked all my life because she had to. My wife has worked all my children's lives because she chose to. She had a career. She wanted to do it. But the point is, the Tax Code should not discriminate against parents who choose to make an economic sacrifice to have one of the parents stay home and raise the children.

So the magic in this Democrat alternative, if such an alternative exists, is they can do it for less but the way they do it for less is, they say if you have a stay-at-home parent, you get no relief from the marriage penalty.

They are going to complicate this issue. But, fortunately, I understand this issue. So let me try to straighten it all out before they waste all the time trying to complicate it, because I can answer it and will save everybody time.

There is something called a marriage bonus. If there has ever been a totally fraudulent concept, it is the marriage bonus. This thing that we call in the Tax Code a marriage bonus is, if you marry—and let me just speak from the point of view of a male—if you marry a lady and she comes and lives with you in marriage, you get to take her personal exemption and you also get an adjustment to your standard deduction.

So I am sure that people will laugh at this, but since our colleagues are going to go to great lengths to talk about it, let me just destroy it, and we will not waste our time.

Something is called a marriage bonus when—let us say you have John and Josephine who fall in love. And Josephine is just getting out of college. Her father and mother have been taking a personal exemption for Josephine. She marries John. And John is already working. Josephine is getting ready to go into the labor market. They went to the graduation and she got her diploma. Then they walked down the aisle and said, ''I do.'' And sure enough, John gets to declare $2,700 on his tax return for her personal exemption. And John gets $2,850 added to his standard deduction. But does anybody believe that John can feed, clothe, and house Josephine for $5,550? Some bonus. That is no bonus.

Let me show you what has happened. In 1950, the Tax Code of America was such that for the average family of four—husband, wife, two children—75.3 percent of their income was totally shielded from any Federal income tax. This meant that by the time they took their personal exemptions—and they got four of them—that shield was 65.3 percent of their income. Then they got their standard deduction, and that shielded 10 percent of their income, for a total of 75.3 percent.

So in 1950, the cold war had heated up, we were going into Korea, defense spending was rising, but we still shielded 75.3 percent of the income of the average family of four in America from any income taxes because of the personal exemptions and the standard deduction.

The personal exemption was $500 in 1950. To be the same level today, the personal exemption would have to be $5,000. But it is $2,700. So today, the same family of four, making the average income in the country in 1996, has only 32.8 percent of their income shielded. Every bit of the additional income is being subject to income taxes.

So what happened between 1950 and 1998? What happened between 1950 and 1998 is that the real value of the standard deduction and the personal exemption declined dramatically because it did not keep pace with inflation. So whereas in 1950, 75.3 percent of the income of the average working family in America was totally shielded from income taxes, now the average family in America, family of four, making the average income, has only 32.8 percent of their income shielded from taxes.

So since 1950, what has happened? Rich people paid a lot of taxes in 1950, and rich people pay a lot of taxes today. Poor people paid no income taxes in 1950, and they do not pay any income taxes today. What happened to the tax burden between 1950 and today? It almost doubled. Who paid it? Middle-class families. Today, the number that just came out showed that 20.4 percent of all income earned by all Americans is taken by the Federal Government, and when you take State and local taxes, the tax burden today is at the highest level in the peacetime history of the United States of America. No American has ever lived with a peacetime tax burden higher than today. Even though we won the cold war, tore down the Berlin Wall, cut defense by 50 percent, we still have the highest tax burden in American peacetime history because of passing bills like the one that is before us today.

What is the amendment that I have offered with Senator DOMENICI and Senator ROTH trying to do? What it is trying to do is address the problem, shown on this chart, where working families end up paying more and more of their income. When you have a working spouse today, that working spouse is paying 60 percent of their income in taxes that did not exist in 1950.

What Senator DOMENICI, Senator ROTH, and I are trying to do is to correct that. We are trying to take a first step to correct this marriage penalty, which is basically a penalty that falls on 31 million Americans where they actually pay an average of $1,400 a year more because they are married than they would pay if they were single. We want to give them an additional $3,300 deduction. We want to put it above the line so it applies to the earned-income tax credit. And our Democrat colleagues say, ''No, we don't want to do it that way.''

Let me tell you what they want to do. No. 1, they want to say that if a family chooses to have one of the parents stay at home with their children, that that parent is worthless and therefore they should get no correction for the marriage penalty at all.

What Senator DOMENICI, Senator ROTH, and I are trying to do is to not tilt the Tax Code against stay-at-home parents.

I am not trying to make a judgment. In the two families I have had the privilege to live in my parents'; and now my own family—both parents have worked. I am not trying to stand in judgment on whether both parents should work or they should not work. Families should do what works for them. But we should not have a Tax Code that penalizes people who give up income in order to have one parent stay at home with the children. That is the proposal that the Democrats are making.

The second proposal they are making is, do not give any of this to moderate-income people. I did not hear anything in their proposal about making it a rebate to people who are getting the earned-income tax credit.

Let me tell you why that is so important. You have a lady who is washing dishes and you have a man who is a janitor in a school. They might be about as well off on welfare as they are working, but they are proud, they are ambitious, they want to be self-reliant. So every morning they set the alarm for 6 o'clock. When the alarm clock goes off, their feet hit the ground. They get up, they get dressed, they go to work. They often work more than one job. They meet and fall in love. It looks like their dream has come true because together they can have more.

But under the existing Tax Code each of them making very low income qualifies them for an earned-income tax credit. They lose the earned-income tax credit if they get married. So they face a huge penalty, often more than $1,400 a year if they get married.

In our amendment, we apply the correction to this perversion in the Tax Code called the marriage penalty so that even people that are getting the earned-income tax credit can deduct this $3,300 before they gauge their eligibility. Why? First of all, we are for love. Secondly, if a lady washing dishes and a man who is a janitor in a school fall in love, we want them to get married. What society would want to discourage that from happening? They may get married, have a child, their child may become President of the United States.

The alternative being offered is so much cheaper. One of the reasons it is cheaper is that it doesn't apply to these very low-income people. We thought it should apply to very low-income people. The reason is 34 percent

of the money they are taking out of the pockets of working Americans through this tobacco tax come from people that make $15,000 a year or less. They should not be excluded from this provision.

To sum up the points I wanted to make, I want the marriage penalty to be corrected. I want this tax deduction to apply to families, whether they both work outside the home or whether they decide they will sacrifice, take less income, and one of them will stay home and raise their children. I am not trying to make a judgment as to whether that is better or worse. I think it depends on the people and what they want. But I don't think the Tax Code should treat people differently based on that decision. Our colleagues who supposedly are offering an alternative think it should. Our colleagues say, look, if you don't work outside the home, you don't work. If you don't work outside the home, you are not due any correction for this penalty.

Then as the final absurdity they say, after all, John, by marrying Josephine, he already got $5,550 tax deduction by getting her personal exemption and part of her standard deduction. But who can live on $5,550? What kind of bonus is that? It just shows you the absurd language we have developed to defend a provision in the Tax Code which is absolutely indefensible.

I want, in this amendment, to give at least a third of the money we are taking from working Americans back to them. Our colleagues try to get us to focus on these terrible tobacco companies and forget about the fact that tobacco companies are paying no taxes at all under this bill. In fact, this bill makes it illegal for the tobacco companies not to pass through the tax to consumers. Who is paying this tax? A majority, 59.1 percent of this tax is being paid by families that make less than $30,000 a year. So I have made the modest proposal to give a third of the money back to moderate-income families so that those who were in favor of the bill can say, well, we raised tobacco prices. Hopefully, that will discourage children from smoking. Hopefully, it will discourage other people from smoking. Just don't impoverish blue-collar workers in America who smoke and who, paradoxically, are the victims of this whole process.

The incredible, unthinkable, virtually unspeakable truth about this bill is it doesn't penalize the tobacco companies. It penalizes the victims. We tell everybody you have been victimized by the tobacco companies. They knew you would get addicted to nicotine, and they conspired to get you to smoke. Then this bill says we are going to do something about it; we are going to tax you, not the tobacco companies.

Always seeking to do good, I had this modest amendment to take a third of the money and give it back to moderate-income families in repealing the marriage penalty and making health insurance tax deductible for the self-employed. I tried to do it in such a way as to protect some of their huge trust funds. Now they say, no; you can't do that. So at some point, if we don't work this out, I am going to modify my amendment and I am going to take all the money out of the bills trust fund.

The truth is we should be giving back about 80 percent of this money in tax cuts. We should be using the other 20 percent—10 percent of it on anti-smoking, 10 percent of it on antidrugs, and that ought to be it.

In any case, if we are going to debate this issue, I think our colleagues are going to be a long time explaining why, if mom or dad decides to stay at home, they are discriminated against under this Tax Code. I don't think people are going to be in favor of that and I hope something can be worked out.

Finally, at the end of the budget cycle in the year 2007, we have a choice: We can repeal these marriage penalty provisions and take all of it out of this trust fund, or we can set a portion of it out of this trust fund. I can do it either way.

I am beginning to be convinced, as my dear colleague from Arizona has been convinced throughout this debate, that no good deed goes unpunished, even when you try to do what you believe is a good work. If you try to do something good and you try to be reasonable and you try to make things work, something is going to happen to punish you for it. I think that is a shame for the process.

I wanted my colleagues to be aware, when we are talking about giving a $3,300 tax deduction for working families, that you have to wonder why is that reasonable? Well, in 1950, 75.3 percent of their income was totally shielded from income taxes because of the standard deduction and the dependent exemption. Because of inflation since that time and because the personal exemption has not been raised to equal inflation, now only 32.8 percent of their income is shielded from taxes.

I am not going to apologize for trying to let working families keep more of what they earn. Nor am I going to apologize for having a provision that says to parents you can get this tax deduction if both of you work or you can get it if one of you works and you have to make the decision about what works for you and your family. I don't think doing it any other way is going to be successful. I hope we can work this out. But it may be preordained somewhere at a higher level than we are and maybe for some good purpose that this can never work out and this might never be done.

I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

Mr. KERRY. Mr. President, I will speak for a moment and then spend a moment to visit with the Senator from Arizona.

Let me correct one thing the Senator from Texas said. The Senator knows just a little while ago I was talking to him and I offered him a compromise which includes the capacity to raise the level of benefit to the spouse—working mom or pop—who stays home with kids.

But what the Senator is ignoring also is that under the marriage penalty, so-called, the mother who stays home, or father who stays home today and isn't working and that he wants to reward, is, in fact, already rewarded because the structure of tax is such that with a single earner and one parent staying home, they get a marriage bonus.

So we have a tax structure that already rewards the very person the Senator from Texas is talking about. In addition to that, I suggested to him that we ought to be able to work out some way to augment that a little bit. I think that is reasonable. So let's not get into a notion that somehow people want to be more protective of mom and pop who want to stay home with the kids. This debate is about whether or not we are going to be able to have enough money to do the things this tobacco bill must do, which is to reduce the number of kids smoking.

You never hear the Senator from Texas talk about how we are going to save lives in America. We hear him talking about saving taxes, but not saving lives. We never hear him talk about the 400,000 people a year who die because they smoke. You also don't hear him refute the tobacco company's own memoranda, which talks about how they know that when the price goes up, the number of people who buy their cigarettes goes down. That is tobacco company fact; it is not made up on the floor of the Senate.

So let's begin to deal with the reality here. The reality is that if you don't have the ability to affect the behavior of our kids in this country, we are not doing the job on this legislation. And while it is all well and good to want to restore some money back to people to take care of the marriage penalty—and I am for that—we want to do that in a way that is reasonable within the other obligations of this legislation. That is what we are fighting for here—to maintain common sense in this.

I am happy to work out some kind of compromise with the Senator. I think it is important to understand that has to be fair. If we take 80 percent of this bill in order to rebate people who are already getting benefits, we will have departed from all common sense and fairness.

I yield the floor and 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. DORGAN. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DORGAN. Madam President, I am interested to see that at a time when the tobacco bill is on the floor of

the Senate, we are debating the marriage tax penalty. It is unique, I suppose, that in the U.S. Senate one does not have to talk about the subject that is on the Senate floor at that time. We experienced, earlier in this session, the majority leader bringing to the floor a piece of legislation which created a parliamentary situation where no one could offer any other amendments except those he would prefer to have offered because he was afraid someone on this side of the political aisle would offer an amendment not related to the subject. So we had a legislative logjam on a number of pieces of legislation. That was his right, and I complained about it at the time. And at the same time, the majority leader was complaining that somebody might offer an amendment that had nothing to do with the bill on the floor of the Senate.

Well, here we are. We have a tobacco bill on the floor of the Senate and what have we been talking about now for a number of days? The marriage tax penalty. We had a tax bill on the floor of the Senate some long while ago and we debated that. But now, on the tobacco bill, we are talking about the marriage tax penalty.

I don't think the Senator from Texas will get anybody to swallow the bait here that a marriage tax penalty is justifiable. The Congress has worked on the marriage tax penalty attempting to fix it, to reduce it, to abolish it, and to otherwise change it for a long, long time. Long after this debate is over, there will be discussion about this so-called marriage tax penalty. Should it be abolished, should it be fixed? Of course, it should. Easier said than done, but we ought to do it.

But we are now on a tobacco bill. I bring this discussion back to the reason that we have a bill on the floor of the Senate dealing with tobacco. I want to read again, for some of my colleagues and those who are interested, what persuades those of us in the Senate who support this tobacco legislation and think this legislation is necessary.

I was on the Senate Commerce Committee when we passed the legislation out of the committee. I voted for it, and I supported it. Senator MCCAIN was the principal author of the bill, and Senator CONRAD, my colleague from North Dakota, has also written a piece of legislation which found its way, or at least in large part, into the McCain legislation. I compliment both of them, and others, including the Senator from Massachusetts, and a number of others who have worked hard on this legislation.

But why tobacco legislation? Because many of us believe that it is inappropriate in this country to allow the tobacco industry to continue to try to addict America's children to nicotine. Some say, ''Well, gee, that is not what has been happening.'' Of course it has been happening. Several court cases have now unearthed the memoranda and the information from the bowels of the tobacco companies that they didn't want to disclose but were required to disclose. This information showed exactly what their strategies were in recent decades to try to addict America's children to tobacco.

Almost no one reaches adult age and discovers that what we really wanted to do and have failed to do is start smoking. Does anybody know a thoughtful adult who scratches their head and says, ''Gosh, what have I missed in life? I know what it is. I need to start smoking. That is what I am missing. That is what will enrich my life.'' Did you ever hear of anybody doing that? I don't think so. The only way you get new smokers is to get kids to smoke.

On Friday, I described for my colleagues some of the data and the memoranda that were in the files of the tobacco companies. I want to read some of them again, because I want us to be talking about the subject of tobacco on the floor of the Senate.

But why do we want to do something to tell the tobacco industry they can't addict America's children to nicotine when it is legal to smoke, and it will always be legal to smoke. It is an adult choice. But it is not legal, and ought not be legal nor morally defensible for anyone to say we are going to try to addict 15-year-old kids, or 13-year-old kids, to our cigarettes in the name of profit.

So let me proceed to describe some of the documents, that we have unearthed in various court cases and elsewhere, that describe what the tobacco industry has done. At the end of that, I will ask my colleagues if they think this behavior is defensible. If you don't, then we ought to pass this kind of legislation and stop talking about other subjects.

In 1972, Brown & Williamson, a tobacco company: ''It is a well known fact that teenagers like sweet products. Honey might be considered.''

In 1972, they are talking about adding honey to cigarettes. Why? Because kids like sweet products. Does that sound like a company that is trying to addict kids to cigarettes? It does to me.

In 1973, RJR, a tobacco company, says: ''Comic strip type of copy might get a much higher readership among younger people than another type of copy.''

They are talking about advertising. Does this sound like a cigarette company that is interested in trying to get kids to smoke? It does to me.

In 1973, Brown & Williamson: ''Kool''—

This is a quote. The cigarette brand Kool:

> Kool has shown little or no growth in the share of the users in the 26 and up age group. Growth is from 16- to 25-year-olds. At the present rate, a smoker in the 16- to 25-year-old age group will soon be three times as important to Kool as a prospect in any other broad age category.

This is a company that is talking about 16-year-olds and how attractive it is that 16-year-olds are using their cigarettes.

Philip Morris, 1974: ''We are not sure that anything can be done to halt a major exodus if one gets going among the young.''

''This group''—now speaking to the young, according to Philip Morris—''follows the crowd, and we don't pretend to know what gets them going from one thing or another. Certainly Philip Morris should continue efforts for Marlboro in the youth market.''

Is this a company looking at selling cigarettes to kids? I think so.

In 1974, R.J. Reynolds, they write, speaking of kids: ''They represent tomorrow's cigarette business. As this 14- to 24-age group matures, they will account for a key share of the total cigarette volume for at least the next 25 years.''

This is a company talking about the 14-year-old smoker.

In 1975, a researcher for Philip Morris writes: ''Marlboro's phenomenal growth rate in the past has been attributable in large part to our high market penetration among young smokers 15 to 19 years old. My own data, which includes younger teenagers, even shows higher Marlboro market penetration among 15- to 17-year-olds.''

Does anybody who reads believe after reading this that the tobacco companies weren't vitally interested in selling cigarettes to these kids? Of course they were.

In 1975, RJR-Nabisco talks about increasing penetration among the 14- to 24-year-olds: ''Evidence is now available to indicate the 14- to 18-year-old group is an increasing segment of the smoking population. RJR Tobacco must soon establish a successful new brand in this market if our position in the industry is to be maintained.''

In 1976, that is RJR saying about 14- to 18-year-olds that we have got to get a new cigarette out there to attract these people if we are going to retain our position.

In 1978, the Lorillard Cigarette Company said the following: ''The base of our business is the high school student.''

''The base of our business is the high school student!'' This from a tobacco company.

In 1979: ''Marlboro dominates in the 17 and younger category capturing over 50 percent of the market,'' Philip Morris writes proudly.

In the name of profit, they say: Our cigarettes dominated the 17-year and younger category. We capture over 50 percent of the market.

They make it sound like a county fair, don't they? A blue ribbon—a fat steer gets a blue ribbon. We were able to get 15-, 16-, and 17-year-old kids to smoke. We win.

Now tell me that this industry doesn't target young kids to smoke.

Marlboro Red, a derivative of Marlboro, I guess—I have not seen a Marlboro Red cigarette. But a Marlboro Red in 1981, a Philip Morris researcher

writes: ''The overwhelming majority of smokers first begin to smoke while in their teens. At least part of the success of our Marlboro Red during its most rapid growth period was because it became the brand of choice among teenagers who then stuck with it.''

I think maybe ''stuck with it'' is a misnomer. I think maybe ''who were addicted to it'' rather than ''stuck with it.'' The whole purpose, of course, is you attract a 15-year-old to start smoking and you have got a customer for life.

Smoking is legal in this country, and it will always be legal. Adults have the right to make the choice to smoke. Three hundred thousand to four hundred thousand people a year die in this country from choosing to smoke, from smoking and smoking-related causes. Three hundred thousand to four hundred thousand people a year die from having made that choice. You have heard the statistics: every day, 3,000 kids will start to smoke; 1,000 of them will die from having made that choice.

The question for us is, will we as a country continue to sit on our hands and say to the tobacco industry, ''It is all right, we understand your future customers are our children; it is all right, our sons and daughters are available to be a marketing target for you? Should it be all right to say that you can advertise to them; you can make pitches to them; you can provide all kinds of subtle approaches to our kids that smoking is cool, smoking is something you ought to do, smoking tastes good, smoking feels good, your peers smoke so you ought to smoke''? Is that something this country wants? Is that something this country is going to allow to continue? I don't think so.

Let me continue.

The tobacco industry in 1983, says Brown & Williamson, will not support a youth smoking program which discourages young people from smoking. In 1983, you heard all of the references that I used about the pitches that were made by the industry to the children and the importance they placed in having those children as their customer base.

And then in 1983 they say this tobacco company ''will not support a youth smoking program which discourages young people from smoking.''

Well, I guess that is because they knew who their customers were. They knew where their future profits would come from.

''Strategies and Opportunities,'' a memorandum, 1984, from R.J. Reynolds, and I quote:

> Younger adult smokers have been the critical factor in the growth and decline of every major brand and company over the last 50 years. They will continue to be just as important to brands [and] companies in the future for two simple reasons: The renewal of the market stems almost entirely from 18-year-old smokers. No more than 5 percent of smokers start after age 24. . . . Younger adult smokers are the only source of replacement smokers. . . . If younger adults turn away from smoking, the industry must decline, just as a population which does not give birth will eventually dwindle.

Let me read again what the tobacco industry understood.

> No more than 5 percent of the smokers start after the age 24.

If you don't get them when they are kids, you are not likely to get them. If you don't addict someone in childhood to nicotine, you are not likely to be able to addict them when they become adults.

In 1986, R.J. Reynolds—they were talking about their advertising for Camels:

> [Camel advertising will create] the perception that Camel smokers are non-conformist, self-confident, and [they] project a cool attitude, which is admired by their peers. . . . [They aspire] to be perceived as cool [and] a member of the in-group is one of the strongest influences affecting the behavior of [young adults].

It is pretty clear. And this is just a smidgeon of the evidence that has come from the tobacco industry about what they have been doing over the years to appeal to a customer base coming from our children.

Now, they have always insisted they have not been doing this. In fact, until a couple of years ago the CEOs of tobacco companies insisted that nicotine was not addictive. Nicotine was not addictive. They are the last Americans, apparently, to be willing to testify under oath that nicotine was not addictive. But, of course, now most of them admit they understand nicotine is addictive. And we raised the question in a piece of tobacco legislation whether this country wants to continue to countenance this behavior. Smoking is legal, but should we allow tobacco companies to target children to become addicted to nicotine? The answer clearly ought to be no, and the answer ought to be delivered with some urgency on the floor of the Senate.

We have a tobacco bill that was brought to the floor of the Senate which had a number of very important goals, the most important of which, in my judgment, was to interrupt, intercept, and stop the tobacco industry from appealing to our children. Among other things, it will raise the price of a pack of cigarettes. But what will happen as a result of that price increase and the revenue that comes from it will be a range of programs such as smoking cessation programs, so that those who are now addicted to cigarettes and want to get off of that addiction will have the opportunity, the resources, and the wherewithal to do that.

Also, the bill had a prohibition on advertising directed at children and a prohibition on vending machines in areas that are available to children. The smoking cessation programs will be supplemented by counteradvertising programs. Counteradvertising programs that tell America's children that smoking does not make sense, smoking can injure your health, smoking can cause death, smoking is a contributing factor to causing heart disease and cancer and more. Counteradvertising will be very helpful, it seems to me, to warn kids away from cigarettes.

Additionally, the resources will be used to invest in the National Institutes of Health where research occurs every single day to try to respond to the health consequences of not just the addiction to cigarettes, but cancer and heart disease, and a range of other problems as well. I cannot think of anything that gives me more pride than to decide that we are going to take substantial new resources and invest them in the National Institutes of Health which will result in exciting, wonderful, and breathtaking new changes in health care and medicines.

That is the subject for the Senate: Do we want to stop the tobacco industry from trying to addict our children? Do we want to put together an approach that does all of these things, counteradvertising, smoking cessation, investment in the National Institutes of Health, and a whole range of things? I think most people would say, absolutely, this legislation makes a great deal of sense?

And so the bill comes to the floor of the Senate, and to describe the pace in the Senate as a glacial pace is to describe a condition of speeding. I mean, glacial doesn't begin to describe the pace of the Senate when we have a bunch of people who are determined to slow something down. Glaciers at least move forward by inches. You bring a tobacco bill to the floor of the Senate and then we have somebody who wants to speak for 46 hours on the Tax Code. Well, God love them, they have every right under the rules of the Senate to talk about whatever they want. We could talk about almost anything that anybody wants to come and talk about on the floor of the Senate, and so today we are talking about the marriage tax penalty.

The Tax Code is a fascinating subject, and if ever there was anything in need of reform it is America's Tax Code. It seems to me that there is a time and a place for us to work together in a thoughtful way to reform the Tax Code, to fix the marriage penalty, and to do a whole range of other things that decrease its complexity, make the code much more understandable, and much fairer. But I wonder if we ought not keep our eye on the ball this afternoon and see if we can't pass the tobacco bill, see if we can't do what this piece of legislation that we designed will do, and that includes the five or six steps I have just described.

If one thinks they are unimportant, I suppose you can conceive of a dozen other things that you want to do to change the subject. We could have a discussion, I suppose, this afternoon about the space station. Gee, that is a controversial subject. You could have an amendment here and we could debate the space station for the next 4 or 5 hours. Or we could have a discussion about the nutrition of canned soup

from the grocery store shelves or our trade problems with Australia.

There is no end to the subjects if somebody wants to change the subject. There is no end to the other things to ruminate about or talk about if one doesn't like the subject of this bill, which is producing a piece of legislation that deals with the tobacco issue the way I have just described it.

Let me go back to where I started. After having read the evidence and information that comes from the files of the tobacco industry, if anyone does not yet believe that these companies were targeting children because they knew the only opportunity for them to profit in the future would be to get a customer base among young people, if anyone doesn't yet believe that, they are not prepared to believe anything about this subject.

The evidence is clear. It is not debatable. It is in black and white. The industry didn't want to give it up. They were forced to. And this country now should make a decision: is this behavior tolerable or should we stop it? I hope at every desk of this Senate when the roll is called and the Senator is named, I hope they would stand up and say that we ought to stop it. No company in this country has the right to try to attract a 14-year-old son or daughter in an American family to become addicted to tobacco. No company has that right. Tobacco is a legal product for those age 21 or over. It ought not be right for any company to try to addict our children to tobacco.

That is what this is all about. It is not about the marriage tax penalty. It is not about the space program. It is not about Food for Peace. It is not about the Food Stamp Program. It is not about any of that. It is about the tobacco issue.

I am as patient as anybody. I can be here 2 weeks from now and we can be talking about new discoveries in the habits of earthworms or whatever it is somebody wants to talk about 2 weeks from now.

But in the end, this Congress will have to deal with this bill. Are we going to pass a tobacco bill? And to those who do not want to pass it, those who do not want to vote for it, I would say: Just give it your best shot and then stand up and vote against it. If you don't like it, vote against it. But don't thwart the will of the American people to pass legislation that will stop the tobacco companies from addicting our children. Don't do that. You will be on the wrong side of history on this question.

Ten years from now, 5 years from now, you will look back at that vote, you will look back at this debate, and you will have to ask yourself, if you vote the wrong way—How on Earth could I have been so out of step with common sense? How on Earth could I have been so out of step with what this country needed to have done at that time?

I notice my colleague from North Dakota is on his feet, waiting patiently to speak. I have only 25 more minutes—I am, of course, only kidding. Senator CONRAD from North Dakota has been a principal author of a piece of legislation that has become a part of the bill that is now on the floor of the Senate. I mentioned the role that Senator MCCAIN and Senator CONRAD and others have played. I think it has been very important. I know there are people outside this Chamber who watch this debate and whose teeth you can hear gritting a mile away, they are so upset about what is going on here. Tough luck. Just tough luck. Times have changed.

With Senator CONRAD's help and Senator MCCAIN's help and the help of others who have done, I think, remarkable work on this kind of legislation, we will in the end—whether the opponents like it or not—pass this tobacco bill. There will be enormous pressure on the House of Representatives to pass a similar piece of legislation. We will have a conference. I predict we will have a new law in this country before the end of this session of Congress that does something that we can be proud of and should be proud of on behalf of our children.

So as I yield the floor, let me compliment my colleague, Senator CONRAD, for the work he has done for so many months on this legislation. And, as I do, let me also pay a compliment to the chairman of the committee on which I serve, Senator MCCAIN, who similarly has done some wonderful work on this legislation.

I yield the floor.

The PRESIDING OFFICER (Mr. FAIRCLOTH). The Chair recognizes the distinguished Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank my colleague from North Dakota for his strong advocacy, because this is an important issue. It is an issue that is going to affect the lives of the American people for years to come. We all know the statistics—over 400,000 people a year die in this country from tobacco-related illness. As we have held hearings all across the country, we have heard from the people affected by those deaths very moving testimony. I still remember very clearly in Newark, NJ, hearing from a coach, Pierce Frauenheim, a big, tough, strong guy who is a football coach and assistant principal.

When he testified, you could barely hear him talk. He described how after a lifetime of smoking he was diagnosed with cancer of the larynx, and he described to us the terror that he felt when the doctor told him that his life was threatened and that the only hope for him was a laryngectomy in which his larynx would be taken out. He went through that procedure, and thank God it did save his life. But he is left now as somebody who can barely talk. You can barely hear him. He told us of how much he hoped his message would influence others and that perhaps by his experience and his suffering others could avoid the fate that he had experienced. How often we heard that story.

Most recently, when the task force met we heard from a former Winston man. He would go around to parties and events, representing Winston. Now he has lung cancer. He described to us what it is like to be under a death threat.

And we heard from a woman who was a model for Lucky Strike, who has also had a laryngectomy, and also had other forms of cancer. She was required by the terms of her contract to smoke. She took up the habit as a very young woman and now describes the pain and suffering she has experienced.

So many of these witnesses have actually broken down and cried at our hearings, moved by the emotion of what they have experienced. I wish my colleagues could have been there through every hour of what we heard, because I don't think there is a Member of this Chamber who could have remained unmoved. But we know the history of this industry.

We had a representative of the industry come and see me and tell me we are unfairly vilifying this industry. I said to him, frankly, this industry has done a great job of vilifying itself. They came before Congress. They said under oath their products didn't cause these diseases. They said their products were not addictive. They said they had not targeted kids. They said they had not manipulated nicotine levels to foster addiction.

We now know each and every one of those statements was false. We do not know it by somebody else's words, we know it by the industry's own words, because we have now seen the documents. I have read hundreds of pages of these documents that reveal how this industry testified falsely, knowing full well what they were saying was untrue.

I was kind of struck by this cartoon by Herblock that was just in the Washington Post on May 27. The headline is, ''Have I Ever Lied To You?'' It is a picture of the tobacco companies. This man in the fancy suit has a button on saying ''tobacco companies.'' He is a representative of the tobacco companies. Here is a person who is reading a tobacco industry ad and watching a tobacco message on taxes on television, all with the headline, ''Have I Ever Lied To You?'' We know the tobacco industry has lied to us. They have done it repeatedly. I regret to say they are doing it in this debate.

I would like to focus now on the question that is before us, the amendment of the Senator from Texas, because during the budget debate the Republicans on the Budget Committee repeatedly said: The tobacco funds should go to Medicare and should not be used as a piggy bank for unrelated spending or tax priorities. That was the position they took in the Budget Committee.

The Senator from Texas serves on the Budget Committee. Now he is sponsoring an amendment that uses the

money substantially in a way that is at variance from what he said in the Budget Committee. He said, and I quote:

> The fundamental issue is going to be that we want to dedicate the tobacco settlement to saving Medicare, and the minority wants to spend the money on a myriad of programs, many of which have absolutely nothing to do with the tobacco settlement.

That is what the Senator from Texas said in the Budget Committee. He said all of the money ought to go to Medicare. Now we look at his amendment—not a dime of the money goes to Medicare. My, what a change a few months has made. We in the Budget Committee debated this issue for an entire day, and over and over and over the Senator from Texas said: All of the money ought to go to save Medicare. Now he offered an amendment on the floor of the U.S. Senate and guess what? There is not one penny for Medicare. What happened? We were supposed to be using this money, he said in the Budget Committee, to save Medicare. Now all of a sudden Medicare gets nothing.

Under the bill I introduced, Medicare got a chunk. We also gave a substantial chunk to the States because they are the ones that brought the suits that are before us. We also used the money for health research and for public health care campaigns—countertobacco advertising, smoking cessation, smoking prevention. Under the amendment of the Senator from Texas, not only is there no money left for Medicare, which he said all the money should go to just a few months ago, but you know what? There is no money left for public health programs—none—zero. This is a bill that is supposed to be protecting the public health. There is no money left for public health and there is no money for Medicare, which just a few months ago he said was the absolute priority.

This chart shows the effect of the Gramm amendment which really does turn the tobacco bill into a piggy bank for unrelated matters that our colleagues on the other side of the aisle were decrying during the Budget Committee deliberations. Look what has happened here: 35 percent of the money, if we agree to the Gramm amendment, goes for an unrelated tax cut. We have the Coverdell amendment that takes 13 percent of the money, so now half the money is for matters that are unrelated to tobacco legislation—half the money.

There is no money for Medicare. Research will get 13 percent of the money. Veterans will get 4 percent. Farmers will get 9.8 percent. The States, boy, they are going to be in for a big surprise. The States were going to get 40 percent of the money. They are the ones who brought the lawsuits. They were given 40 percent of the money because that is the amount of the money they got in the settlement with the tobacco industry. If we adopt the Gramm amendment, they are going to get 24 percent of the money.

Tobacco control and public health gets zero. Medicare gets zero, which they argued in the Budget Committee hour after hour ought to get all the money and now gets no money. And public health gets no money—nothing for smoking cessation, nothing for smoking prevention, nothing for countertobacco advertising.

I thought this was a public health bill. I thought that is what this was about. Our friends on the other side said it was a bill to help save Medicare. That is when we were in the Budget Committee. Now they come up with nothing for Medicare, not a penny. What a difference a few months makes.

The Gramm amendment, in conjunction with the Coverdell amendment, will spend tobacco money on programs that have nothing to do with the tobacco settlement.

Frankly, I am in favor of using some of the funds for drug control. I am in favor of using some of the money to address the marriage penalty. But the way they have done it, there is nothing left for Medicare and there is nothing left for public health. I just don't think that makes sense. I don't think that can stand the light of day. I don't think that can stand scrutiny. I think our colleagues are going to have some explaining to do if these amendments are adopted.

Every single public health expert has testified that if we are going to be serious about protecting the public health and reducing youth smoking, then we have to have a program that is comprehensive in nature, and part of that has to be smoking prevention programs, smoking cessation programs to help those who are addicted get off the products, and we also need countertobacco advertising to warn people of the dangers of using these products, to warn them of the cancer risks, to warn them of the risks to their heart, the risks of heart disease, the risks of emphysema and the other diseases which cost so many people in our country their lives.

I can remember very well a young woman who came and testified at our hearing, again, in New Jersey, a young woman named Gina Seagrave. She told about her mother who took up smoking at a young age and died at a very young age from a smoking-related illness. This young woman broke down and cried. She described to us the devastating effect this had on her whole family, because losing their mother really hurt the entire family. It hurt it very badly. She described what they had been through since their mother had passed away.

In every town and in every State I have gone to, to listen to witnesses, they have described to us the trauma that they have experienced because of the addiction and disease caused by the use of these products.

I grew up in a household where my grandparents raised me. My grandfather was a smoker. It probably shortened his life. I think of all those families we have heard from who told us of what it meant to have a father taken, a mother lost, a brother who died because of the addiction and disease caused by these products. This is the only legal product in America, when used as intended by the manufacturer, that addicts and kills its customers. Those are pretty harsh words, but it is the truth, and it is the reason we have a challenge and an opportunity. The challenge is to overcome the power of this industry that wants nothing done. The opportunity is for us to act and to make a difference in the lives of the people we represent.

The Senator from Texas talks a lot about this being a huge tax on low-income Americans. He doesn't tell the other side of the story. The other side of the story is that there is a huge tax already being placed on low-income Americans, and it is because of the use of these products. There is a massive shift that is going on in this country because of the costs of this industry.

Mr. President, $130 billion a year is the consensus calculation on what this industry costs Americans—$60 billion in health care costs, $60 billion in lost productivity, $10 billion in other costs. Nobody gets hurt worse by those facts than low-income Americans. Low-income workers' payroll taxes are paying about $18 billion a year in Medicare costs.

Our friends on the other side talked about that incessantly in the Budget Committee, that it is costing Medicare $18 billion a year and that all of the money ought to go to protect Medicare. That was their argument in the Budget Committee. Now they come out here on the floor and offer an amendment that gives zero for Medicare. How do they justify that? What caused this dramatic transformation? What caused this incredible change from being the defenders of Medicare to now not caring about Medicare at all? I don't know what happened. It is amazing what occurs in this body, the inconsistency. One month, Medicare is the priority; in fact, it is the only priority. The next month, it matters not at all. What a difference a few months makes.

The fact is, smoking is a huge tax on low-income Americans. The average pack-a-day smoker will spend $25,000 on cigarettes over his or her lifetime. The average pack-a-day smoker is being affected in many ways. Not only are they paying $25,000 for cigarettes, but they are paying $20,000 in medical costs over their lifetime—$25,000 for the cigarettes, $20,000 for medical costs. That is $45,000 tobacco use is costing the average pack-a-day smoker. We talk about a heavy economic impact on low-income folks; that is the heavy impact. It dwarfs anything that is being done here to counteract it.

Mr. President, the biggest tax cut we could give low-income Americans is to reduce that cost. The McCain bill will cut smoking by about one-third. That will produce a savings of $1.6 trillion over the next 25 years. That is the

smart way of helping low-income Americans.

When we look at the Gramm proposal with respect to the so-called marriage penalty, we see that he is not really just addressing the marriage penalty. In fact, a lot of folks are benefited in the Tax Code by being married. Maybe we can put that next chart up that shows what I am talking about.

This is something we know with great certainty, because we can study married couples and we can see who would benefit by filing as single individuals, who gets helped and who gets hurt by filing as a married couple. What we find is, for adjusted gross incomes of under $20,000, the significant majority of people get a bonus by filing as a married couple. We see a very small group—those are in red—who are actually penalized. A little over 10 percent of couples with combined income under $20,000 have a penalty by being married. The significant majority of people, almost two-thirds, receive a bonus by filing as a married couple, those who have adjusted gross incomes of under $20,000.

If we go to AGIs—adjusted gross incomes—of $20,000 to $50,000, over 50 percent benefit. They pay less filing as a married couple than they would pay filing separately. About 40 percent have a marriage penalty.

From adjusted gross incomes of $50,000 to $100,000, more of those, as a percentage, are penalized. About 50 percent have a marriage penalty; about 40 percent have a marriage bonus.

That is also true of those with adjusted gross incomes of over $100,000. About 50 percent have a penalty; about 40 percent have a bonus.

Given this information, it is relatively easy to put together a remedy that delivers the relief directly to those who actually have a marriage penalty. That is what the Democratic proposal does.

Unfortunately, this is not the approach of the Senator from Texas. He has opted instead to take a scattershot approach that benefits equally those who are helped and those who are hurt. The result is, those who are hurt get less help than they really deserve. That is why the Democratic alternative is superior for those who really have a marriage penalty.

I believe that this is unfair. We ought to give those who actually experience the marriage penalty the help they really need to overcome it. It does not make sense to me to give the help to those who are benefited by being married in the same way that you help those who are being hurt. The result is, you do not give enough to those who are being hurt. That is not fair. I just do not know what sense it makes.

The Senator from Texas has told us on the floor that the average family would save about $1,400 in taxes under his proposal. Let us look at an example. A couple earning $25,000 is in the 15 percent tax bracket. Under the Gramm proposal, this couple would get a $3,300 above-the-line deduction, but only when fully phased in. In actual tax savings, this couple would realize 15 percent of that deduction, or $495. That is a far cry from the $1,400 advertised on the floor of the Senate. A couple earning $50,000, in the 28 percent bracket, would get a savings of $924—again, a far cry from the $1,400 advertised here on the Senate floor.

Bear in mind that those calculations are based on the $3,300 deduction being fully phased in. The $25,000 couple waiting to realize its $495 savings is going to have to wait until the year 2008, because that is when it is fully phased in. What they will get next year, under the Gramm plan, is not the $1,400 that has been advertised, but $125. That is what they are going to get next year, not $1,400; they are going to get $125. For the year 2002, that savings goes up to almost $150. Well, that is a whole lot less than $1,400. By 2007, the savings is up to $297.

So millions of families, who think of themselves as average hard-working people, are going to be wondering where their $1,400 of savings are. The fact is, they are not going to see it, because it has been overstated here on the floor of the Senate what the savings actually will be.

I am hard pressed to decide what is the worst feature of the amendment of the Senator from Texas: The reckless reductions it will require in public health programs or the downright stinginess of the remedy it purports to deliver to couples who actually incur a marriage penalty.

If we are going to do something about the marriage penalty, we ought to focus the benefit on those who are being hurt. That would be dealing with the marriage penalty. But to spread it around to people who are helped and hurt by the marriage penalty denies those who are actually penalized from getting the help they deserve.

Mr. President, I think what we have before us is an important choice. The Democratic alternative focuses its relief on those taxpayers who are actually being penalized. By contrast, the proposal offered by the Senator from Texas dilutes that relief to provide for couples paying a marriage penalty as well as those who are actually receiving a marriage bonus.

You hear a lot of talk about the marriage penalty. We do not hear much talk about the marriage bonus. But the fact is, at many income levels many more are being benefited by the marriage bonus than are being affected by the marriage penalty. Because the Democratic alternative is targeted to low- and moderate-income couples, we can make their relief much greater. I think that makes sense for those who are actually experiencing a marriage penalty.

In addition, we can save money to use to promote the public health. After all, that is what this bill is supposed to be about. I must say, I have viewed with some concern the developments on the floor over the last week, because now we have an amendment before us that, amazingly enough in a public health bill, provides no money for public health.

And after the arguments of our friends on the other side of the aisle that were so strenuous in the Budget Committee—they said we had to take every dime of this money and use it for Medicare—now we are about to vote for an amendment that does not give one dime to Medicare. What a transformation. They have gone from 100 percent of the money going to protect Medicare to none of the money going for Medicare. While they are at it, there is not going to be a dime of money to protect public health, either, in a public health bill.

Let us defeat the Gramm amendment and stay on course with a public health bill that addresses the real concerns and the real challenges facing the American people.

I thank the Chair and yield the floor.

Mr. FORD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CONRAD. 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. CONRAD. Mr. President, while we are waiting, I thought I would just go through what I call the top 10 tobacco ''tall tales'' that we have heard from the tobacco industry during this debate.

Tall tale No. 1 was that tobacco has no ill-health effects. Remember that? They came up to the Capitol, and they put up their hands, and they swore under oath that these products did not cause ill-health effects. But then we got the documents. We got them because of court action. We got access to the documents, and we found out, in the industry's own words, what the truth is.

Here is the truth on that claim that tobacco has no ill-health effects:

> Boy! Wouldn't it be wonderful if our company was first to produce a cancer-free cigarette. What we could do to the competition.

This is from a mid-1950s Hill & Knowlton memo quoting an unnamed tobacco company research director.

That is tall tale No. 1.

Tall tale No. 2 is, again, tobacco has no ill-health effects. Again, we have an industry document that reveals the falsity of that claim. This is from a 1978 Brown & Williamson document that says: ''Very few customers are aware of the effects of nicotine, i.e., its addictive nature and that nicotine is a poison.''

Again, that is not from the public health community. That is from the tobacco industry's own documents.

Tall tale No. 3: Nicotine is not addictive.

The truth, from a 1972 research planning memo by RJR Tobacco: ''Happily

for the tobacco industry, nicotine is both habituating and unique in its variety of physiological actions.''

This industry, I tell you, these guys come up here, they don't come with a lot of credibility because they have told a lot of tall tales.

Tall tale No. 4, again, the claim that nicotine is not addictive.

This is from a 1992 memo from the director of portfolio management for Philip Morris' domestic tobacco business: ''Different people smoke cigarettes for different reasons. But, the primary reason is to deliver nicotine into their bodies . . . similar organic chemicals include nicotine, quinine, cocaine, atropine and morphine.''

Now, again, this is the industry—their documents—revealing what they know and what they think of their own products. They say it is not addictive and yet they say it is the same as cocaine, the same as morphine, the same as atropine.

Tall tale No. 5: The tobacco companies did not manipulate nicotine levels.

The truth, again, from an industry document, a 1991 RJR report: ''We are basically in the nicotine business . . . effective control of nicotine in our products should equate to a significant product performance and cost advantage.''

Tall tale No. 6: Tobacco companies did not manipulate nicotine levels.

This is from a 1984 British-American Tobacco memo: ''Irrespective of the ethics involved,''—that is an interesting statement—''Irrespective of the ethics involved, we should develop alternative designs which will allow the smoker to obtain significant enhanced deliveries [of nicotine] should he so wish.''

They have been manipulating nicotine levels for a long time.

Tall tale No. 7: Tobacco companies don't market to children.

This is from a 1978 memo from a Lorillard Tobacco executive: ''The base of our business are high school students.''

They didn't market to kids? They didn't target kids? Here you have a major tobacco company executive saying the major business is high school kids, the same kids tobacco companies don't market to—children.

This is from a 1976 RJR research department forecast: ''Evidence is now available to indicate that the 14- to 18-year-old age group is an increasing segment of the smoking population. RJR must soon establish a successful new brand in this market if our position in the industry is to be maintained over the long term.''

Well, I don't know how it can be more clear.

Tall tale No. 9: Tobacco companies don't market to children.

This is from a 1975 report from a Philip Morris researcher: ''Marlboro's phenomenal growth rate in the past has been attributable in large part to our high market penetration among young smokers . . . 15 to 19 years old . . . my own data . . . shows an even higher Marlboro market penetration among 15–17-year-olds.''

You wonder what they thought when they went home at night.

Tall tale number 10, again, the claim tobacco companies don't market to children.

This is from ''apparently problematic research,'' a Brown & Williamson document:

''The studies reported on youngsters' motivation for starting, their brand preferences, as well as the starting behavior of children as young as 5 years old . . . the studies examined . . . young smokers' attitudes toward addiction and contain multiple references to how very young smokers at first believe they cannot become addicted, only to later discover, to their regret, that they are.''

That kind of sums it up. That is the issue before the Senate. Are we here to protect kids or are we here to protect the bottom line of the tobacco industry?

The Wall Street analysts that came before my task force indicated that, indeed, if this legislation were passed, it would reduce the profits of the industry, but not dramatically. In fact, the industry would still enjoy very, very high profit levels. Remember, this industry has a profit margin that is three times the profit margin of most companies that are in packaged good industries in America. They have a profit margin of 30 percent. Other package goods average a profit margin of 10 percent. They would still enjoy dramatic profits, even if we passed this legislation according to the analysis of the people who should know best, the Wall Street analysts that report on this industry.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the distinguished Senator from Idaho.

Mr. KEMPTHORNE. Mr. President, thank you.

With this amendment we are debating today, which is a critical amendment, we will bring the last significant aspect of our Federal Tax Code that is of particular concern to Idahoans, and I think really all Americans, and that is the marriage tax penalty.

I ask myself one fundamental question before I make up my mind on any issue we deal with on the floor of the U.S. Senate. That is, Does this policy make sense for the American people?

Let's apply this question to our current Federal Tax Code which, quite simply, penalizes a working couple for getting married. Should folks pay more tax because they are married? Absolutely not.

The marriage tax penalty raises revenue for the government—no question about that. It raises revenue. But it is bad public policy. It most often raises taxes on lower and middle-income families who claim the standard deduction. Now, that is wrong. We must strengthen the bonds of family to strengthen the fabric of our society. If we believe in family, we believe in marriage. So why in the world do we have a public policy on the books that somehow creates a penalty for being married? That is totally counterproductive to our values of this society, of this Nation.

Before 1969, marriages were treated by the Federal Tax Code like partnerships, allowing husbands and wives to split their income evenly. In 1969, however, this practice of income splitting was ended, and thus was created the marriage tax penalty.

Since that time, with our Nation's progressive tax rates, tax laws have meant that working married couples are forced, forced to pay significantly more money in taxes than they would if they were both single. Currently, 42 percent of married couples suffer because of the marriage tax penalty.

Let me provide an example. A single person earning $24,000 per year is taxed at a 15 percent rate. Now, if two people, each earning $24,000, get married, however, the IRS, by taxing them on their combined income, taxes them in the 28 percent bracket, not the 15 percent that they would be taxed as individuals, but 28 percent because they have joined in holy matrimony.

It is also important to be aware that the marriage tax penalty hits the American people not only at the Federal level but also on their State taxes. Idaho generally conforms its State tax code to the Federal law. If the Federal Government alters its standard deduction levels, for instance, Idaho most likely will as well. While the focus of ending the marriage tax penalty has been primarily at the Federal level, we cannot discount the fact that this is, in essence, a double hit for working American couples who are trying to fulfill what this country believes in.

I think that we can all agree that the Federal Government should not be penalizing marriages, a sacrosanct institution and the bedrock of our social structure. It is time for the Federal Government to end this injustice to the American family.

I urge my colleagues to support the amendment of the Senator from Texas, Senator GRAMM. I commend him for his efforts.

Mr. President, just to reiterate, we think about this society and we think about all the problems and challenges that are facing America today. Senator FRIST of Tennessee was chairman of a task force on education in America. He pointed out many of the statistics, many of the problems that we are having with regard to our children. He pointed out how many of these children, more and more, are coming from families where there is not both a father and a mother. That is a significant problem—a significant problem.

How do we respond with public policy? Well, if you are married, there will be a penalty. I happen to be the chairman of the Military Personnel Subcommittee of the Armed Services Committee. We are starting to have problems with recruitment of young people

to the military services. We need 176,000 young people every year to join the military—the finest military in the world. At one of the hearings, I asked the generals and admirals testifying this: ''Tell me, is there something about this issue of values that we are hearing about?'' And they said: ''Yes, there is; there is very much a problem with values among all people.'' In fact, all branches of the military services have now added 1 week to the basic training to try to somehow instill in them core values—knowing right from wrong. A three-star general of the Marine Corps said, ''We now have a new category of young person; we just call them 'evil,' and there is nothing we can do with them.''

As the occupant of the Chair knows, it used to be that if you had a troubled youth, in all likelihood if you could send them off to the military, they would be straightened out. That is not the case anymore. I mention these challenges because it comes back. Do any of us believe that 1 week of basic training with 17- and 18-year-olds is somehow going to instill in them the values they should have learned many, many years ago, that they should have been raised upon, knowing right from wrong? That comes from a family environment, a family environment where a mother and father are there, where mother and father will tuck the child into bed, where mother and father will listen to their prayers—a mother and father, a married couple.

Yet, we have public policy on the books today that penalizes married couples. That is wrong; that is flawed public policy. It is time that this Nation correct that. That is why I am proud to stand in support of this amendment that will correct this. It is a clear signal, a loud signal, that we are going to reclaim this society and the fabric of this society by affirming that marriage is positive; we will not penalize those who choose to go into marriage.

So, again, I urge all my colleagues to support this amendment by the Senator from Texas.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. GRAMM. Mr. President, I wanted to respond to some comments. I was over in a conference on the IRS reform bill when several of our colleagues came over to comment on the pending amendment. I want to try to address briefly some of the issues that they raised.

Let me begin by trying to delineate between the marriage penalty that is pending in the amendment before us and some of the alternatives that appear to be supported by opponents of this amendment.

The principal feature of the amendment before us is an effort to give back roughly a third of the money that is collected in the cigarette tax embodied in the bill before us. A tax that is very regressive in its impact. As I noted earlier, 59.1 percent of the taxes are collected from people who make less than $30,000 a year.

This amendment gives a rebate to moderate-income Americans, who will be devastated by this bill which will raise the tax by $1,015 per year, for the average smoker who smokes one pack of cigarettes a day. If the objective of the tax is to discourage smoking, if we hope to get a 50-percent reduction in smoking among teenagers as a result of raising the tax, if the objective is to discourage smoking and not to take money away from blue-collar workers to give to Government to spend, then the logic of the amendment that is now pending is that we should take roughly a third of the money we collect and give it back to people and families who make less than $50,000 a year by repealing the marriage penalty.

Some of our colleagues have come to the floor with very pretty charts with my name on them. I appreciate the free advertising. I hope my mother saw them. They were beautiful charts. But they refer to something called a marriage bonus, and I think what is happening is this whole debate is getting skewed by people who do not want to focus on the issue. So let me explain what we are doing. Then I want to say a little bit about this marriage bonus, and then talk about why doing the marriage penalty in the way that is being suggested by the minority will discriminate against stay-at-home parents.

First of all, under the current Tax Code there are 31 million families that end up paying an average of $1,400 a year more in income taxes because they fall in love and get married than they would pay if they stayed single. I think it is a uniform position in the country as a whole and in the Senate in particular that it cannot be prudent tax policy, even in the economy of the greatest nation in the history of the world, to have a tax policy that discourages people that fall in love from getting married.

I think our colleagues on both sides of the aisle would agree with the premise that the family has been the most powerful institution in the history of mankind in terms of promoting progress and happiness. Those are two important things. So what I am trying to do in this amendment is to repeal that marriage penalty so we do not discourage people who fall in love from getting married and forming families and achieving the stability and the happiness and the fulfillment that comes from being married.

Now, I think there is a general view that we should do that. Not everybody wants to pay for it. Not everybody supports the fact that I am taking a third of the money from this bill which was going to things like paying lawyers $92,000 an hour, or paying farmers $23,000 an acre when they do not have to give up the land and do not have to stop farming tobacco, or paying $18,615.55 for smoker cessation programs for every Native American who smokes. They would rather spend the money on those things than to correct the marriage penalty. But I do not think philosophically anybody objects to the thesis that a tax policy that discriminates against marriage is counterproductive, in this Nation or any other nation.

Now, there are two issues that have been raised by opponents. One issue has been that we could do it cheaper if we excluded couples where one of the parents does not work outside the home. That is, if we only gave the marriage penalty correction to those couples that make roughly the same income.

Now, when we put our amendment together, we looked at that. We thought about it for about a microsecond, and we rejected it because if you do it the way the minority wants to do it, you end up giving a tax break only to those couples where both have roughly equal incomes. But for families that make a decision to sacrifice so that one of them can stay home and work in the home, which is real work, maybe the most important work on the planet, for those who choose to do that they would be discriminated against by the provision that the minority is proposing to offer.

Under our amendment, you get $3,300 of deductions whether or not both parents work outside the home.

Now, why did we do that? We did it because we do not believe the tax policy of the country should discriminate against people based on whether or not they both work outside the home. And let me make it clear. I am not trying to tilt the Tax Code one direction or the other. My mother worked all my life because she had to work. My wife has worked all our children's lives because she wanted to work. And I am not making a judgment about whether it is better for both parents to work or one parent to stay at home. I think that is something each family has to make a decision on based on what they want for themselves, their children and what they can afford. But the point I want people to understand is that the amendment that is before us treats couples exactly the same whether they both work outside of the home or whether one works outside the home and one stays home to be a homemaker, to raise the children. I do not believe the Tax Code should discriminate against people based on the decision they make about whether to work inside or outside the home.

The way we have written the bill we do not discriminate. You get the benefit if both parents work and you get the benefit if only one parent works because we give a $3,300 tax deduction.

We do it above the line so you get to deduct it before you calculate what your taxable income is.

So that very modest-income people who get an earned tax credit, but who still work, can still take the credit. For example: a lady who is washing dishes and a man who is a janitor are both working. They are trying to get ahead, they are trying to be self-sufficient, they both get an earned-income tax credit, and they each have two children. They meet and say, ''I have found the solution; I am going to form a family.'' They find if they get married, they lose the earned-income tax credit and they suffer a substantial decline in income. So they decide not to get married.

Well, one of the things we wanted to do in our amendment was to assure that we made this adjustment so that people at very low-income levels who in many cases are penalized most by the marriage penalty would get the relief. That is why we did our amendment the way we did, and it does cost more to do it that way. But if you do not do it that way, you discriminate against families where one parent stays at home and works at home, and you discriminate against very low-income people who are working and often working two or more jobs, but are still getting some assistance in the earned-income tax credit.

I think when our colleagues criticize this they do not really understand that what they are saying is if you stay home and raise your children, you should be discriminated against. I think when people understand the distinction they are not going to be for doing it their way.

The second issue I wanted to address because it did come up while I was gone is the so-called misnomer of a marriage bonus. If there has ever been a fraudulent concept in the history of American taxation, it is the so-called marriage bonus.

Now, let me define this marriage bonus. You have a guy named John, and he has a job, and he is out working. He is a sales representative, and he is traveling all over the country selling school supplies. And you have a girl named Josephine, a young lady who is graduating from high school. Now, she graduates from high school and then the next day she and John walk down the aisle and get married.

What the minority is calling a tax bonus is that Josephine's father was taking a dependent exemption because he was supporting Josephine while she was living in the family home, going to school. He was paying her expenses, and he got to write off on his income taxes every year or deduct $2,700.

Now, what is being called a marriage bonus is that by marrying Josephine and forming this family, before Josephine goes out next year and gets a job herself, John is going to be able to write off $2,700 in a dependent exemption. He is also going to be able to raise his standard deduction, because he is married, by $2,850. So that he is going to get a deduction by marrying Josephine of $5,550.

I want to pose this question to our colleagues who think that is such a terrible thing and that anybody who is getting that should not get the benefit of eliminating the marriage penalty. How many fathers go to the wedding and when they get to the point where they say, ''Is there anybody here who objects?'' Bill, Josephine's father, stands up and says, ''Wait a minute, I object to this marriage, because if Josephine gets married, I'm going to lose $2,700 of deductions and, as a result, it is a bad deal for me''? I never heard of that happening.

How many people rush out to get married because, by marrying someone with no income, you get $5,550 of deductions? That is not that much less in taxes; that is just the amount you get to deduct. Does anybody believe that you can feed, clothe, and house a spouse for $5,550?

But to listen to our colleagues talk, you get the idea that this is some big bonus, that this is some unfair provision in the Tax Code, because by John marrying Josephine and forming a couple and filing jointly, his deductions go up by $5,500, and that is a ''marriage bonus.'' Some bonus. Does anybody believe that John can pay for having a wife for $5,550? No. It is not a bonus; it is simply the way the Tax Code works.

Why should we give more protection to family income? This chart really tells the whole story. This chart shows 1950 and 1996, the last year when we have complete data on how much of the income of average-income working families with two children was shielded from Federal income taxes by personal exemptions and by the standard deduction. Basically, what this chart shows is that in 1950 the personal exemption and the standard deduction for a family of four making the average income in the country shielded 75.3 percent of their income from any Federal taxes. In fact, in 1950 the average family with two children was sending $1 out of every $50 it earned to Washington, DC; $1 out of every $50. Because of inflation not keeping up with the rise in real income and because the standard deduction and personal exemption didn't keep up with inflation, today they shield only 32.8 percent of the income of the average family of four. So, whereas in 1950 the average family making the average income, with two children, was sending $1 out of every $50 it earned to Washington, today the average family with two children is sending $1 out of every $4 it earns to Washington, DC.

Under these circumstances, is it obvious that one of the things we need to do is to shield more family income from Federal taxes? That is what this amendment is about. In 1950, rich people paid a lot of taxes. Today, rich people pay a lot of taxes. In 1950, poor people paid no income taxes. And in 1996, poor people pay no income taxes.

How did the tax take double? How did taxes, as a percentage of the economy, double the Federal level between 1950 and 1996? It doubled by raising the burden on families with children from $1 out of every $50 to $1 out of every $4. So, under these circumstances, it makes perfectly good sense to me that we would want to do something to help working families shield more of their income and, in doing so, end the starvation of the one institution in America that works, and that is the family. We are feeding Government, and we are starving families.

What the amendment I have offered, with Senator DOMENICI and Senator ROTH, tries to do is to give some of this money that is being taken from working families in this confiscatory excise tax back to working families. So while raising the price of tobacco products and hopefully discouraging people from using it, we do not impoverish people who are, in this case, the victims by having become addicted to tobacco products.

That is what this debate is about. So I hope people do not get confused about this silly business about a marriage bonus. The idea that somehow you are getting a bonus when you take a spouse, by the fact that your tax deductions go up by $5,500 ridiculous. Nobody ever got married thinking that they were going to benefit with a $5,500 is deduction when they have to pay for the expenses of their spouse. That is not a bonus. In fact, that is inadequate. That is outrageous. It ought to be higher.

Finally, to suggest that we want to fix the marriage penalty but only if both parents work is ludicrous. I want to fix the marriage penalty, but I don't want to tilt the Tax Code against families where one parent decides to stay at home. That is really what the debate is about.

I hope reason will prevail here. Sometimes it does; sometimes it doesn't. But, I hope it will in this case. And I yield the floor.

Ms. MOSELEY-BRAUN. Mr. President, I oppose the Gramm amendment. It is an attempt to distract the Senate's attention from what should be the focus of our attention. It is a thinly veiled ploy to kill this bill, the only vehicle this body has had to address the epidemic of teen smoking and the disastrous effects on the health and well-being of generations of Americans who were lured into smoking by tobacco companies.

This amendment has no place as a part of this bill, and because of the way it is financed, it has no place in any bill. I strongly agree we ought to face the marriage penalty issue as soon as possible, and I also would like to accelerate full deduction of health insurance expenses for the self-employed. I do not think, however, that we can address these issues by adding to one of the greatest problems facing our country's future economy—the solvency of the Social Security system.

Just two months ago, this body agreed that the budget surplus should be reserved for reforming our Social Security System. It was a wise decision, for no one can honestly deny that the Social Security Trust Fund faces long-term problems. Based on information from the 1998 Social Security Trustees' report, it appears that, by the year 2013, Social Security benefit payments will begin to exceed the payments into the Social Security Trust Fund from employers and employees. By the year 2032, the Trust Fund will have used up its accumulated surpluses and will be unable to fully meet its obligations to American retirees. In order to guarantee the viability of the Trust Fund for our children and grandchildren, we must focus on its long-term future and begin the process of making necessary changes.

Workers, the very workers that Senator GRAMM seeks to help under his amendment, pay into the Trust Fund all their lives and expect—rightfully so, I might add—Social Security to be there for them when they retire.

Because Congress has not yet acted to preserve the long-term viability of Social Security, I cannot support any proposal that would exacerbate the financial difficulties facing the Social Security Trust Fund. This amendment, however, will do exactly that. I cannot, in good conscience, vote for this amendment.

I want to be clear that I am extremely troubled that some married couples are being taxed at a higher rate than they would be if they were single filers. I find it appalling that 20.9 million couples, some 42% of all American couples paid penalties totaling $28.8 billion just last year alone. Senator Gramm's right—we ought to fix this problem. But it is wrong to do it at the expense of further damaging a retirement security component that is so vital to the American people.

Fortunately, we have another option. The Democratic alternative would address the marriage penalty problem without further endangering Social Security. This alternative targets more tax relief directly to the couples who are actually penalized by the tax code. The Gramm amendment, on the other hand, would not only provide less relief to the 42% of couples who currently pay a penalty, but would also provide a windfall to the 51% of married couples who currently receive a bonus (on average of $1,380 per couple) under our tax code. In addition, the Democratic alternative addresses the need to accelerate the health insurance deduction for the self employed in an manner that is sensible and sound.

Overall, the Democratic alternative is a more thorough, more targeted, and more sound proposal, and in any event, it is better tax policy.

I do not believe that it is wise to try to solve one problem by creating another, and I believe that the Democratic alternative avoids that pitfall, whereas the Gramm amendment does not. I urge all my colleagues to vote against the Gramm amendment, and for the Democratic alternative.

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. TORRICELLI. 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. TORRICELLI. Mr. President, anyone who has been listening to this debate on the Senate floor in the last few weeks is now familiar with the painful but very real statistics. Each day, 3,000 young Americans begin smoking and eventually 1,000 will die. I can think of no issue on the floor of this Congress which could more directly affect the lives of Americans for a generation to come to finally deal with the reality of tobacco and its assorted dangers.

Legislation offered by Senator MCCAIN, which I enthusiastically support, makes a contribution in several important ways to dealing with this problem: First, it requires a warning label and restricts advertising designed to attract children to smoking cigarettes; second, it grants broad authority to the Federal Drug and Food Administration to regulate tobacco products, their advertising, and their distribution; third, it establishes a national tobacco trust fund for smoke cessation programs, health research, and compensation for States and farmers as a result of tobacco smoking and the program; and, finally, it also penalizes companies up to $3.5 billion per year if they fail to meet their targets to reduce youth smoking.

There is, however, a less addressed but equally significant impact of this legislation that also needs to be addressed. It has been raised by the Senator from Texas, Senator GRAMM, and now by the Senator from South Dakota, Senator DASCHLE, that there are unintended tax consequences of this legislation. I am relieved that my colleagues joined in the judgment not to raise the tobacco tax to $1.50 per pack but cast their votes, as I did, to keep this tax $1.10. It is, nevertheless, the reality that this taxation upon cigarettes could be the most regressive tax ever passed in American history. This tax burden is falling disproportionately on the working poor and, indeed, on poor families themselves.

It has been noted that the total tax burden of families who earn under $10,000 a year would increase by 40 percent as a result of this tobacco tax. Indeed, three-quarters of the tax would be paid by families who earn under $50,000 per year. This would add a tax burden to an American population that is already excessively taxed.

I understand that it is President Clinton's priority that a new Federal surplus be used primarily to deal with the future obligations of Social Security. I support him in that initiative, as I believe there are important initiatives of education and health care that are unaddressed in our country. But the tobacco legislation brings into focus another reality: The average American family is still paying too much taxation. Indeed, the CBO reports that taxes on the American public have recently reached 20 percent of the gross domestic product. Not since the Second World War has the total tax burden on the American people, as a percentage of our economy, been so high. According to the Joint Committee on Tax, Americans earning $30,000 and less will pay 59 percent of this new tobacco tax, which is being added on this already heavy burden.

The answer of the Senator from Texas is to primarily deal with this new burden by dealing with what is known as the marriage penalty. Indeed, in 1996, 21 million couples encountered an average penalty because of their joint filings as a result of their marriage of $1,400. That represents 42 percent of the American people—married couples—are paying more as a consequence of their marriage.

A proposal by Senator GRAMM combines a phase-in of tax relief for the marriage penalty, with tax credits for the self-employed to purchase health insurance, for costs of upwards of $16 billion during the first 5 years, and $30 billion in years 6 through 10.

Responding to criticism that earlier versions of his amendment would have completely drained the public health funds in this bill, Senator GRAMM now proposes to limit the use of the tobacco trust fund from one-half to one-third of the revenues in the outyears for dealing with this elimination of the marriage penalty. He does so, however, by using the general revenues of the Federal Government. The consequences of using these general revenues for the admittedly important objective of eliminating the marriage penalty is that it contradicts President Clinton's goal of first using Federal surpluses to deal with Social Security.

Indeed, on a bipartisan basis, I could not understand and it would be difficult to accept that this Congress would not want to first deal with ensuring the financial safety of Social Security before dealing with other admittedly important tax objectives. Specifically, the Gramm amendment potentially would remove $90 to $125 billion worth of Federal revenues that the President has designed to deal with the future security of Social Security, specifically for the baby boom generation.

I think Senator DASCHLE has a better idea. He offers an alternative which allows this Congress to remain focused on securing Social Security for the next generation while dealing with this admittedly high tax burden and the unintended consequence of regressivity of the tobacco tax.

First, Senator DASCHLE would ease the tax burden on American families

by providing full deductibility for health insurance premiums for the self-employed. No issue could be more important for people starting their own businesses, for middle-income families, than dealing with this full deductibility of health insurance.

Second, it maintains the integrity of the tobacco bill and still protects Social Security. So the programs now envisioned in the tobacco bill would remain—dealing with public health, tobacco farmers, reimbursement to the States—while at the same time allowing us to provide this tax relief.

The difference, of course, between Senator DASCHLE's proposal and Senator GRAMM's proposal is that Senator GRAMM did not simply deal with the marriage penalty—because only 40 percent of all married couples are paying a marriage penalty, he was providing tax relief beyond this and thereby causing this financial strain. The alternative offered by the Senator from South Dakota, Senator DASCHLE, deals simply with those families who are actually paying the marriage penalty and thereby allows us to do so in a more responsible fashion.

This, I believe, is the better alternative, but I hope the Senate does not simply deal this year with the question of the tax burden on the American people by only addressing the question of the marriage tax penalty. That will suffice for the tobacco legislation. I hope and I trust by the time the Senate is finished dealing with tobacco legislation that we have dealt with deductibility for the self-employed of their health insurance and the elimination of the marriage penalty.

Before yielding the floor, I hope that the Senate would follow the debate that has now begun as a consequence of the important analysis offered by the Senator from Texas, Senator GRAMM, on both the overall national tax burden and its regressivity by dealing with other tax issues in the remainder of this session.

First, if not in this legislation, then before this session adjourns, the Senate should deal with the fact that there are too many Americans of modest means who are finding themselves in the highest tax bracket. Today, a single individual is paying a 28 percent Federal income tax with a salary of $25,300, and a married couple with only $42,350 in income is paying a Federal tax of 28 percent in income taxes. Therefore, we are applying the highest rate to people of genuinely modest means.

I believe we would make a real contribution to tax fairness in the Senate in this year if the 15 percent bracket could be expanded to $35,000 for individuals and $70,000 for married couples. This would move more than 10 million Americans from the 28 percent tax bracket to the 15 percent tax bracket and genuinely ensure that middle-income people are able to take advantage of a lower 15 percent bracket. No single proposal would grant tax relief on a broader, more comprehensive basis to middle-income Americans.

Second, before this Congress adjourns this year, I hope the Congress will return to the issue of capital gains simplification. I have joined with Senator MACK and Senator BREAUX to encourage that savings and investment income be restored to a 12-month holding period in order to avail ourselves of the lower capital gains tax rate that was instituted by this Congress on an earlier date.

Third, return again to the issue of estate taxes by building on the $1 million exemption from the estate tax in last year's tax bill by slashing the estate tax rate by 25 percent. We made real progress last year by raising the exemption to a $1 million, but the Federal tax rate and the State tax remain confiscatory at an unbelievable 55 percent.

Fourth, and finally, I hope this Congress, before concluding its work this year on the Federal Tax Code, will return to the incredibly poor savings rates in this Nation. The United States now suffers from the lowest savings rate in nearly 60 years. I believe this Senate should exempt the first $500 in interest from taxation, ensuring that any family in America that saves $10,000, whether in equity or bonds or savings accounts, would not pay taxes on that first $10,000. Nothing would do more for Americans to prepare for their own retirement, to provide security for American families, than transforming every $10,000 in savings in America by every family instantly into a tax-free account. This could be done simply by exempting the first $500 in interest. For those 60 percent of American families that have no equity, no savings other than their house, and live in the dangerous position of paycheck-to-paycheck, this, for the first time, would provide a real incentive for those families to save money.

Mr. President, my purpose today primarily was to draw attention to the worthwhile objective of providing some tax relief in the tobacco legislation for those families, primarily of low and moderate means, who will disproportionately be shouldering this burden of increased tobacco taxes. But I wanted to take advantage of the opportunity both to demonstrate the relative advantage of Senator DASCHLE's proposal, to provide this tax relief within the tobacco bill, thereby not jeopardizing the revenues available to deal with providing some safety for Social Security, but also to point out to the Senate that, beyond dealing with the tax burden of families because of the tobacco legislation and thereby providing relief in the marriage penalty and the self-employment full deductibility on health insurance, the Senate should be setting its sights on other areas as well in the remainder of this year—an encouragement in savings, general income tax relief for middle-income families, and on the inheritance tax. The Senate has a larger obligation of easing the tax burden, and I believe the debate that has begun in the Senate has begun to outline the possible components, beyond the tobacco legislation, of broader tax relief for the American families.

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

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

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2686, AS MODIFIED

Mr. GRAMM. Mr. President, I send a modification of my amendment to the desk.

The PRESIDING OFFICER. The amendment is so modified.

The amendment (No. 2686), as modified, is as follows:

At the end of the amendment, insert:

SEC. ___. ELIMINATION OF MARRIAGE PENALTY.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

"SEC. 222. DEDUCTION FOR MARRIED COUPLES TO ELIMINATE THE MARRIAGE PENALTY.

''(a) IN GENERAL.—In the case of a joint return under section 6013 for the taxable year, there shall be allowed as a deduction an amount equal to the applicable percentage of the excess (if any) of—

''(1) the sum of the amounts determined under subparagraphs (B) and (C) of section 63(c)(2) for such taxable year (relating to the basic standard deduction for a head of a household and a single individual, respectively), over

''(2) the amount determined under section 63(c)(2)(A) for such taxable year (relating to the basic standard deduction for a joint return).

''(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

''(1) IN GENERAL.—No deduction shall be allowed under subsection (a) if the modified adjusted gross income of the taxpayer for the taxable year exceeds $50,000.

''(2) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income determined—

''(A) after application of sections 86, 219, and 469, and

''(B) without regard to sections 135, 137, and 911 or the deduction allowable under this section.

''(3) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2007, the $50,000 amount under paragraph (1) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2008' for 'calendar year 1992'. If any amount as adjusted under this paragraph is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.

''(c) APPLICABLE PERCENTAGE.—For purposes of this section, the applicable percentage shall be—

''(1) 25 percent in the case of taxable years beginning in 1999,

''(2) 30 percent in the case of taxable years beginning in 2000, 2001, and 2002,

''(3) 40 percent in the case of taxable years beginning in 2003, 2004, and 2005,

''(4) 50 percent in the case of taxable years beginning in 2006,

''(5) 60 percent in the case of taxable years beginning in 2007, and

''(6) 100 percent in the case of taxable years beginning in 2008 and thereafter.''

(b) DEDUCTION TO BE ABOVE-THE-LINE.—Section 62(a) of the Internal Revenue Code of 1986 (defining adjusted gross income) is amended by adding after paragraph (17) the following new paragraph:

''(18) DEDUCTION FOR MARRIED COUPLES.—The deduction allowed by section 222.''

(c) EARNED INCOME CREDIT PHASEOUT TO REFLECT DEDUCTION.—Section 32(c)(2) of the Internal Revenue Code of 1986 (defining earned income) is amended by adding at the end the following new subparagraph:

''(C) MARRIAGE PENALTY REDUCTION.—Solely for purposes of applying subsection (a)(2)(B), earned income for any taxable year shall be reduced by an amount equal to the amount of the deduction allowed to the taxpayer for such taxable year under section 222.''

(d) FULL DEDUCTION FOR HEALTH INSURANCE FOR SELF-EMPLOYEDS.—The table contained in section 162(l)(1)(B) is amended—

(1) by striking ''and 1999'',

(2) by striking the items relating to years 1998 through 2006, and

(3) by striking ''2007 and thereafter'' and inserting ''1999 and thereafter''.

(e) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 222 and inserting the following new items:

''Sec. 222. Deduction for married couples to eliminate the marriage penalty.

''Sec. 223. Cross reference.''

(f) REDUCTION IN TRANSFERS TO NATIONAL TOBACCO TRUST FUND.—

(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding any other provision of this Act, the amount credited to the National Tobacco Trust Fund under section 401(b) of this Act for any fiscal year shall be reduced by the amount of the decrease in Federal revenues for such fiscal year which the Secretary of the Treasury estimates will result from the amendments made by this title. The Secretary shall increase or decrease the amount of any reduction under this section to reflect any incorrect estimate for any preceding fiscal year.

(2) LIMITATION ON REDUCTION AFTER FISCAL YEAR 2007.—

(A) IN GENERAL.—Except as provided in subparagraph (B), with respect to any fiscal year after fiscal year 2007, the reduction determined under paragraph (1) shall not exceed 33 percent of the total amount credited to the National Tobacco Trust Fund for such fiscal year.

(B) SPECIAL RULE.—If in any fiscal year the youth smoking reduction goals under section 203 are attained, the limitation under subparagraph (A) shall not apply.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

Mr. GRAMM. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KERRY. 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. KERRY. Mr. President, the pending business, I believe, is the Gramm amendment; is that correct?

The PRESIDING OFFICER. That is correct.

Mr. KERRY. Mr. President, I move to table the Gramm amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment No. 2686, as modified. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Pennsylvania (Mr. SPECTER) is absent because of illness.

Mr. FORD. I announce that the Senator from Delaware (Mr. BIDEN) is necessarily absent.

The result was announced—yeas 48, nays 50, as follows:

[Rollcall Vote No. 154 Leg.]

YEAS—48

Akaka	Feingold	Levin
Baucus	Feinstein	Lieberman
Bingaman	Ford	Mack
Boxer	Glenn	Mikulski
Breaux	Graham	Moseley-Braun
Bryan	Harkin	Moynihan
Bumpers	Inouye	Murray
Byrd	Jeffords	Reed
Chafee	Johnson	Reid
Cleland	Kennedy	Robb
Collins	Kerrey	Rockefeller
Conrad	Kerry	Sarbanes
Daschle	Kohl	Snowe
Dodd	Landrieu	Torricelli
Dorgan	Lautenberg	Wellstone
Durbin	Leahy	Wyden

NAYS—50

Abraham	Frist	McCain
Allard	Gorton	McConnell
Ashcroft	Gramm	Murkowski
Bennett	Grams	Nickles
Bond	Grassley	Roberts
Brownback	Gregg	Roth
Burns	Hagel	Santorum
Campbell	Hatch	Sessions
Coats	Helms	Shelby
Cochran	Hollings	Smith (NH)
Coverdell	Hutchinson	Smith (OR)
Craig	Hutchison	Stevens
D'Amato	Inhofe	Thomas
DeWine	Kempthorne	Thompson
Domenici	Kyl	Thurmond
Enzi	Lott	Warner
Faircloth	Lugar	

NOT VOTING—2

Biden	Specter

The motion to lay on the table the amendment (No. 2686), as modified, was rejected.

Mr. GRAMM. Mr. President, I move to reconsider the vote.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to amendment No. 2686, as modified.

The amendment (No. 2686), as modified, was agreed to.

AMENDMENT NO. 2688 TO AMENDMENT NO. 2437

(Purpose: To provide a deduction for two-earner married couples, to allow self-employed individuals a 100-percent deduction for health insurance costs, and for other purposes)

Mr. DASCHLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. DASCHLE] proposes an amendment numbered 2688 to amendment No. 2437.

Mr. DASCHLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the amendment add the following:

The provisons of Senate Amendment No. 2686 are null and void.

TITLE ___—TAX BENEFITS FOR MARRIED COUPLES AND SELF-EMPLOYED INDIVIDUALS

SEC. ___01. DEDUCTION FOR TWO-EARNER MARRIED COUPLES.

(a) IN GENERAL.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following new section:

''SEC. 222. DEDUCTION FOR MARRIED COUPLES TO ELIMINATE THE MARRIAGE PENALTY.

''(a) IN GENERAL.—In the case of a joint return under section 6013 for the taxable year, there shall be allowed as a deduction an amount equal to the applicable percentage of the qualified earned income of the spouse with the lower qualified earned income for the taxable year.

''(b) APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'applicable percentage' means 20 percent, reduced by 2 percentage points for each $1,000 (or fraction thereof) by which the taxpayer's modified adjusted gross income for the taxable year exceeds $50,000.

''(2) TRANSITION RULE FOR 1999 AND 2000.—In the case of taxable years beginning in 1999 and 2000, paragraph (1) shall be applied by substituting '10 percent' for '20 percent' and '1 percentage point' for '2 percentage points'.

''(3) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term 'modified adjusted gross income' means adjusted gross income determined—

''(A) after application of sections 86, 219, and 469, and

''(B) without regard to sections 135, 137, and 911 or the deduction allowable under this section.

''(4) COST-OF-LIVING ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2002, the $50,000 amount under paragraph (1) shall be increased by an amount equal to such dollar amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, except that subparagraph (B) thereof shall be applied by substituting 'calendar year 2002' for 'calendar year 1992'. If any amount as adjusted under this paragraph is not a multiple of $2,000, such amount shall be rounded to the next lowest multiple of $2,000.

''(c) QUALIFIED EARNED INCOME DEFINED.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified earned income' means an amount equal to the excess of—

''(A) the earned income of the spouse for the taxable year, over

''(B) an amount equal to the sum of the deductions described in paragraphs (1), (2), (7), and (15) of section 62 to the extent such deductions are properly allocable to or chargeable against earned income described in subparagraph (A).

The amount of qualified earned income shall be determined without regard to any community property laws.''

''(2) EARNED INCOME.—For purposes of paragraph (1), the term 'earned income' means income which is earned income within the meaning of section 911(d)(2) or 401(c)(2)(C), except that—

''(A) such term shall not include any amount—

''(i) not includible in gross income,

''(ii) received as a pension or annuity,

''(iii) paid or distributed out of an individual retirement plan (within the meaning of section 7701(a)(37)),

''(iv) received as deferred compensation, or

''(v) received for services performed by an individual in the employ of his spouse (within the meaning of section 3121(b)(3)(A)), and

''(B) section 911(d)(2)(B) shall be applied without regard to the phrase 'not in excess of 30 percent of his share of net profits of such trade or business'.''

(b) DEDUCTION TO BE ABOVE-THE-LINE.—Section 62(a) of the Internal Revenue Code of 1986 (defining adjusted gross income) is amended by adding after paragraph (17) the following new paragraph:

''(18) DEDUCTION FOR TWO-EARNER MARRIED COUPLES.—The deduction allowed by section 222.''

(c) EARNED INCOME CREDIT PHASEOUT TO REFLECT DEDUCTION.—Section 32(c)(2) of the Internal Revenue Code of 1986 (defining earned income) is amended by adding at the end the following new subparagraph:

''(C) MARRIAGE PENALTY REDUCTION.—Solely for purposes of applying subsection (a)(2)(B), earned income for any taxable year shall be reduced by an amount equal to the amount of the deduction allowed to the taxpayer for such taxable year under section 222.''

(d) CLERICAL AMENDMENT.—The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 222 and inserting the following new items:

''Sec. 222. Deduction for married couples to eliminate the marriage penalty.

''Sec. 223. Cross reference.''

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. ___02. DEDUCTION FOR HEALTH INSURANCE COSTS FOR SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Paragraph (1) of section 162(l) of the Internal Revenue Code of 1986 is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to 100 percent (75 percent in the case of taxable years beginning in 1999 and 2000) of the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, his spouse, and dependents.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

SEC. ___03. REDUCTION IN TRANSFERS TO NATIONAL TOBACCO TRUST FUND.

Notwithstanding any other provision of this Act—

(1) the amount credited to the National Tobacco Trust Fund under section 401(b) of this Act for any fiscal year shall be reduced by the amount of the decrease in Federal revenues for such fiscal year which the Secretary of the Treasury estimates will result from the amendments made by this title, and

(2) for purposes of allocating amounts to accounts under section 451 of this Act, the reduction under paragraph (1) shall be treated as having been made proportionately from the amounts described in paragraphs (1), (2), and (3) of section 401(b) of this Act.

The Secretary shall increase or decrease the amount of any reduction under this section to reflect any incorrect estimate for any preceding fiscal year.

Mr. DASCHLE. Mr. President, I want to explain this particular amendment because I believe it is very important that everyone understand the juxtaposition of the Democratic amendment and the so-called Gramm amendment.

A vote for the Gramm amendment was a vote either to take about $120 billion of budget surpluses away from our effort to shore up Social Security or to drain 80 percent of the money out of the tobacco trust fund, money that would otherwise be going to States' antismoking efforts, medical research and farmers. That is the choice presented by the Gramm amendment from 2008 through 2022.

That was the problem we had with the Gramm amendment. In the out years, after 2008, it either took so much money out of Social Security and out of the surplus, or it took 80 percent of the tobacco money. We were not satisfied with this choice. We were not supportive of, first, the overall amount of money to be taken, and, secondly, the pots from which it was to be taken.

That is only the first problem—where the money to fund the tax cut would be drawn from in the out years. The second problem is that, in the first ten years, the revised amendment costs 50 percent more than the Democratic alternative; that is, $46 billion versus about $31 billion. But, here is the catch: it actually delivers far less marriage penalty tax relief. So while it costs more, it does far less with regard to the marriage penalty itself. The reason for that is about 60 percent of the Republican tax cut goes to couples who have a marriage bonus in the sense that they pay less if they are married than if they filed single returns.

Keep in mind that today about 52 percent of those who are married get a marriage bonus. There is actually an incentive built into the Tax Code to be married. The other 48 percent incur a marriage penalty. Sixty percent of the Gramm amendment goes to those who have a marriage bonus. So, in addition to the current marriage bonus, they will get a Gramm bonus. In our view, given the fact that this additional bonus costs so much and comes from either Social Security or tobacco, the additional Gramm bonus does not make a lot of sense.

The Democratic alternative, by contrast, focuses about 90 percent of its tax cut on families who are actually penalized by providing a 20% deduction against the income of the lesser-earning spouse, phased out between $50,000 and $60,000 of family income. If the Republicans were genuinely interested in the marriage penalty relief problem as Senator GRAMM and others have proclaimed, they would vote for the Democratic amendment. It would provide a bigger cut in the marriage penalty for most couples than the Gramm amendment over the next 10 years.

Let me give a couple of examples. A couple making $35,000, with income split $20,000 and $15,000 between the two spouses, would see the following circumstances if this amendment were to pass. In the year 2002, under Gramm the couple would receive an average additional income of about $1,000. By comparison, under our 20-percent second earner deduction alternative, the couple would receive an additional reduction of $3,000, that is, 20 percent of $15,000.

Mr. President, that represents about three times as large a tax deduction and would provide nearly three times as much tax relief—three times more tax relief under the Democratic amendment than under the so-called Gramm amendment. Next, take a couple making $50,000, split $25,000 and $25,000 between the two spouses. Again, under the Gramm amendment the couple would receive an average additional deduction of about $1,000 in 2002. By contrast, our amendment would provide an extra $5,000 deduction, representing five times the amount of relief as under the Gramm amendment.

So because we target our benefit to those who are actually penalized by the penalty rather than spread it across those who now enjoy a tax bonus for being married, we are able to deal with the penalty in a far more consequential way over the next ten years.

To recap, the Gramm amendment costs 50 percent more over the first 10 years than the Democratic alternative and gives far less marriage penalty relief during this period. It makes more sense to redirect the additional $15 billion that Senator GRAMM spends on bigger marriage bonuses to the original purposes of this bill—to public health, to research, to state programs, and to farmers.

That in essence is the difference between our two approaches. Let's spend and invest those resources on the things that this bill is designed to do. Let's do as Senator GRAMM suggests, focus on the problem he has described, that is, the marriage penalty, and try to deal with it as effectively as we can. By following that counsel, by taking that approach, we should pass the Democratic amendment, we should ultimately accept this compromise and the balance that it reflects, a balance between investments in public health and tax reductions. This is a prudent balance that recognizes the importance of this tobacco legislation as it was originally intended.

Mr. President, I yield the floor.

Mr. LOTT. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Pennsylvania (Mr. SPECTER) is absent because of illness.

Mr. FORD. I announce that the Senator from Delaware (Mr. BIDEN) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 55, nays 43, as follows:

[Rollcall Vote No. 155 Leg.]

YEAS—55

Abraham	Feingold	McCain
Allard	Frist	McConnell
Ashcroft	Gorton	Murkowski
Bennett	Gramm	Nickles
Bond	Grams	Roberts
Brownback	Grassley	Roth
Burns	Gregg	Santorum
Campbell	Hagel	Sessions
Chafee	Hatch	Shelby
Coats	Helms	Smith (NH)
Cochran	Hutchinson	Smith (OR)
Collins	Hutchison	Snowe
Coverdell	Inhofe	Stevens
Craig	Jeffords	Thomas
D'Amato	Kempthorne	Thompson
DeWine	Kyl	Thurmond
Domenici	Lott	Warner
Enzi	Lugar	
Faircloth	Mack	

NAYS—43

Akaka	Ford	Lieberman
Baucus	Glenn	Mikulski
Bingaman	Graham	Moseley-Braun
Boxer	Harkin	Moynihan
Breaux	Hollings	Murray
Bryan	Inouye	Reed
Bumpers	Johnson	Reid
Byrd	Kennedy	Robb
Cleland	Kerrey	Rockefeller
Conrad	Kerry	Sarbanes
Daschle	Kohl	Torricelli
Dodd	Landrieu	Wellstone
Dorgan	Lautenberg	Wyden
Durbin	Leahy	
Feinstein	Levin	

NOT VOTING—2

Biden	Specter

The motion to lay on the table the amendment (No. 2688) was agreed to.

PRIVILEGE OF THE FLOOR

Mr. KERRY. Mr. President, I ask unanimous consent that the following members of my staff: Scott Bunton and Dave Kass, and Gregg Rothschild of the Small Business Committee staff be granted privileges of the floor during the pendency of the tobacco legislation.

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

MORNING BUSINESS

Ms. COLLINS. Mr. President, I ask unanimous consent there now be a period for the transaction of morning business with Senators permitted to speak for up to 10 minutes each.

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

THE 35TH ANNIVERSARY OF THE EQUAL PAY ACT

Mr. DASCHLE. Mr. President, 35 years ago, President Kennedy took the bold first step to secure equal pay for women. Although there has been much progress since 1963, women continue to earn less than men. That is why we mut take action to improve and strengthen President Kennedy's landmark law and ensure that America's working women and families are paid the wages they deserve.

In 1963, President Kennedy signed the Equal Pay Act prohibiting employers from paying women less than men for the same job. Knowing that the legislation was merely a first step in the right direction, President Kennedy noted that ''much remains to be done to achieve full equality of economic opportunity.''

While the Equal Pay Act prohibited discrimination against women in terms of wages, substantial pay disparities continue to exist. Women still earn, on average, only 74 cents to a man's dollar.

That's why fair pay continues to be a major issue for American women and working families. In fact, the dramatic increase in the number of women in the work force and the number of families who depend on women's earnings make fair pay a matter of justice and necessity now more than ever. My state of South Dakota has the highest percentage in the nation of working mothers with children under the age of 6. These families need and deserve both parents to be paid fairly for an honest day's work. Now is the time to take another step toward fair pay and equal treatment for all people.

Last year, I introduced the Paycheck Fairness Act to address the glaring inequities between men's and women's earnings. The bill seeks to eliminate the wage gap by beefing up enforcement of the Equal Pay Act, increasing penalties for pay discrimination, and lifting the gag rule imposed by many employees who forbid employees from discussing their wages with their coworkers. The bill would also ensure that employers who make real strides in establishing fair and equal workplaces would be recognized and celebrated.

As we commemorate the 35th anniversary of the passage of the Equal Pay Act, I join my colleagues, the President, and the Vice President in calling on Congress to schedule a vote on the Paycheck Fairness Act, and renew our efforts to advance the principles of equal pay for equal work. Through the Paycheck Fairness Act, Democrats honor and continue President Kennedy's legacy of equality for a better workplace economy, and country.

THE 50TH ANNIVERSARY OF MCCARRAN INTERNATIONAL AIRPORT

Mr. BRYAN. Mr. President. I rise today to recognize a milestone in Nevada history. This weekend, Nevadans will celebrate the 50th anniversary of McCarran International Airport and on Monday the opening of the new ''D'' gates.

Seventy-eight years ago, in 1920, pilot Randall Henderson landed his plane on a makeshift dirt runway marking Las Vegas' first flight. I am sure that Mr. Henderson had no idea that some 78 years later the McCarran International Airport would be one of the fastest growing airports in the country.

That runway was later used by such famous people as Amelia Earhart, Clarence Prest, and Emery Rogers and came to be named Rockwell Field.

Rockwell Field was sold in 1929. Fortunately, P.A. ''Pop'' Simon bought the land northeast of Las Vegas, the site of today's Nellis Air Force Base, and built the Las Vegas Airport. It was later named Western Air Express Field. In 1948, Clark County purchased an existing airfield on Las Vegas Boulevard South and established the Clark County Public Airport.

That year, the airport was renamed McCarran Field, after Nevada's senior Senator, Senator Pat McCarran, who authored the Civil Aeronautics Act and played a major role in the development of aviation not only in Nevada but in the country. McCarran Airport was at that time already servicing 12 flights a day, by four airlines. Later, the growth of Las Vegas necessitated the move of the airport terminal from the Las Vegas Boulevard South location to Paradise Road, and the present McCarran Field Terminal was opened in 1963. At this time the airport was serving nearly 1.5 million passengers. Three short years later, the annual passenger volume exceeded the two-million mark for the first time in the airport's history. By 1978, tourism to the Las Vegas area had increased dramatically, and the McCarran 2000 master plan was established to respond to the burgeoning tourism industry. This plan brought the addition of more terminals, parking, runways, and passenger assistance facilities. After Phase I of the McCarran 2000 project was completed, the size of the airport quadrupled, adding 16 more gates. Later, a fourth runway was added along with major renovations to the runways and terminals, and in 1994, a 1,400-foot extension was added, making it one of the longest civilian runways in the United States.

This Monday, McCarran will celebrate the opening of the new ''D'' gates, which will ultimately consist of 48 gates throughout four concourse wings. The completion of the ''D'' gates will enable the airport to serve a total of 55 million passengers per year, nearly double the current capacity.