DEPARTMENT OF DEFENSE APPROPRIATIONS, 2000

The PRESIDING OFFICER. Under the order of the Senate of June 8, 1999, the Senate, having received H.R. 2561, will proceed to the bill. All after the enacting clause is stricken and the text of S. 1122 is inserted. H.R. 2561 is read a third time and passed. The Senate insists on its amendment, and requests a conference with the House, and the Chair appoints Mr. STEVENS, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. BOND, Mr. MCCONNELL, Mr. SHELBY, Mr. GREGG, Mrs. HUTCHISON, Mr. INOUYE, Mr. HOLLINGS, Mr. BYRD, Mr. LEAHY, Mr. LAUTENBERG, Mr. HARKIN, Mr. DORGAN, and Mr. DURBIN conferees on the part of the Senate.

TAXPAYER REFUND ACT OF 1999

Mr. LOTT. I ask unanimous consent the Senate begin consideration of the reconciliation bill, which is the Tax Relief Act, and that the first 3 hours of debate be equally divided in the usual form for purposes of opening statements only.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative assistant read as follows:

A bill (S. 1429) to provide for reconciliation pursuant to section 104 of the concurrent resolution on the budget for fiscal year 2000.

There being no objection, the Senate proceeded to consider the bill.

Mr. ROTH. Mr. President, I yield myself 30 minutes.

Mr. President, I don't think there is any parent who hasn't had the experience of sending a child into a store with a $20 bill to buy a carton of milk, a loaf of bread, or perhaps a dozen eggs, and the child returns with the few essentials. In a demonstration of maturity and responsibility, the child returns the change to his or her parent. There is no question who the change belongs to. After all, the parent earned the money; it is needed to support the family; the family will certainly have important uses for it later. The child understands this. So does the parent. Most often, the change is returned to the household budget to take care of other important needs.

Washington needs to demonstrate the same responsibility when it comes to determining what to do with the change that is left over from running the government. There are surplus revenues in the Treasury. As with a child emerging from the grocery store, there is change—big change—left over after Congress has met the necessities of running government.

In trying to balance the budget in 1997, Congress miscalculated the revenues that would be generated by the economy. At the same time, the hard work, the thrift, investment, and risk-taking of Americans combined to create an unexpected windfall of revenue. Now the question Washington seems to be grappling with concerns who rightly deserves the windfall. It is a question any parent or child can answer. American families, those who created the wealth in the first place, those who need their precious resources to meet future basic needs at home, are rightly entitled to the revenues they have earned, revenues Washington did not plan for to meet the expense of government, from which Washington had budgeted.

Now, as the child returning change for the $20, we must hand back the money. We must do it in a broad-based way that is fair to those who provided the funds to Washington in the first place. We must do it through broad-based tax relief that helps individuals and families at all income levels meet real needs.

The broad-based tax relief plan that passed out of the Finance Committee with bipartisan support will do just that. It will benefit nearly every working American. It will help restore equity to the Tax Code and provide American families with the resources they need to meet pressing concerns. It will help individuals and families save for self-reliance and retirement. It will help parents prepare for educational costs. It will give the self-employed and underinsured the boost they need to pay for health insurance. It will begin to restore fairness to the Tax Code by eliminating the marriage tax penalty.

Let me state exactly how the plan works and why it has received bipartisan support. This tax cut package will provide broad relief by reducing the 15-percent tax bracket that serves as the baseline for all taxpayers to 14 percent. In other words, no matter which tax bracket a family may be in, by cutting the 15-percent bracket, everyone will benefit as they will pay 14 percent on their first portion of taxable income. At the same time, this plan expands the 14 percent bracket, dropping millions of Americans who are now paying taxes at 28 percent down to the lower bracket.

For a middle-income family of four, these two changes will mean a tax savings of over $450 a year. And these provisions have already found bipartisan support.

To restore equity to the Tax Code, this plan targets another bipartisan objective by eliminating the marriage tax penalty. For too long, husbands and wives who have worked and paid taxes have been penalized by their dual incomes. I have heard of some couples who have actually chosen not to marry because of the tax penalties their marriage would incur.

This plan will fix that by giving working married couples the option of filing combined returns, using separate schedules to take advantage of the single filer tax rates and the single filer standard deduction.

This is a change that is long overdue. American families have been suffering under the unfair burden of the marriage tax penalty for too long. A simple example shows us why:

Robert and Diane are two single Americans who have fallen in love and want to marry. They are not considered wealthy. In fact, Robert is a hard-working foreman at an auto factory. Susan, his fiancee, is an experienced nurse. Each makes roughly $50,000 a year. Now, under current law—when the file their separate tax returns—they each take a personal exemption and the standard deduction, giving them a taxable income of $43,000. After applying the tax rates for singles, they each owe tax of about $8,745.

If, however, Robert and Diane follow their hearts—get married and start a family—they realize that their total combined income would be $100,000. Should they marry, they would no longer be considered middle-class individuals, but many would regard them as a wealthy family, and under current law their combined income would be reduced by their two personal exemptions and by the standard deduction for married couples.

And here is where they would hit their first marriage penalty problem, discovering that their new standard deduction is significantly less than the combination of the two standard deductions they receive as singles.

But the marriage penalty does not end there. In fact, it gets worse. With their combined income, Robert and Diane—now considered by many to be wealthy—would have a taxable income of $87,400. This is where they would hit their second marriage penalty problem.

The lowest tax rate bracket for married couples is less than twice as wide as the lowest tax rate bracket for singles. In other words, more of their income would now be taxable at higher rates. The result would be a total tax bill of $18,967, almost $1,500 more than they would have paid as singles. That steep increase would come at a time when they could least afford it, a time when just starting out as a married couple they would be looking to buy a home, raise a family, and save for education.

The legislation we introduce today—this broad-based tax relief—completely eliminates the marriage penalty for Robert and Diane. The Senate Finance Committee bill will allow Robert and Diane to file a joint return, but to calculate their tax liability as if they had remained single. They would each get the benefit of the more generous standard deduction and of the more generous rate brackets. Under this new approach, they would pay a total tax of $17,490 which is the combination of what they had each paid before. This saves them almost $1,500.

But in restoring equity to the tax code, we do not stop with the marriage penalty. Another important measure contained in this broad-based tax relief plan is the elimination of the alternative minimum tax for middle-income families—families like David and Margaret Klaassen. Most of us know their