## DEATH TAX ELIMINATION ACT OF 2000

Mr. ARCHER. Mr. Speaker, pursuant to House Resolution 519, I call up the bill (H.R. 8) to amend the Internal Revenue Code of 1986, to phase out the estate and gift taxes over a 10-year period, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. KOLBE). Pursuant to House Resolution 519, the bill is considered read for amendment.

The text of H.R. 8 is as follows:

H.R. 8

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Death Tax Elimination Act''.

**SEC. 2. PHASEOUT OF ESTATE AND GIFT TAXES.**

(a) REPEAL OF ESTATE AND GIFT TAXES.—Subtitle B of the Internal Revenue Code of 1986 (relating to estate and gift taxes) is repealed effective with respect to estates of decedents dying, and gifts made, after December 31, 2009.

(b) PHASEOUT OF TAX.—Subsection (c) of section 2001 of such Code (relating to imposition and rate of tax) is amended by adding at the end the following new paragraph:

''(3) PHASEOUT OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 1999 and before 2010—

''(A) IN GENERAL.—The tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced (but not below zero) by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

| ''For calendar year: | The number of percentage points is: |
|---|---|
| 2000 | 5 |
| 2001 | 10 |
| 2002 | 15 |
| 2003 | 20 |
| 2004 | 25 |
| 2005 | 30 |
| 2006 | 35 |
| 2007 | 40 |
| 2008 | 45 |
| 2009 | 50. |

''(C) COORDINATION WITH PARAGRAPH (2).—Paragraph (2) shall be applied by reducing the 55 percent percentage contained therein by the number of percentage points determined for such calendar year under subparagraph (B).

''(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the number of percentage points referred to in subparagraph (A)(i) shall be determined under the following table:

| ''For calendar year: | The number of percentage points is: |
|---|---|
| 2000 | 1½ |
| 2001 | 3 |
| 2002 | 4½ |
| 2003 | 6 |
| 2004 | 7½ |
| 2005 | 9 |
| 2006 | 10½ |
| 2007 | 12 |
| 2008 | 13½ |
| 2009 | 15.'' |

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 1999.

The SPEAKER pro tempore. The amendment printed in the bill is adopted.

The text of H.R. 8, as amended, is as follows:

H.R. 8

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

***SECTION 1. SHORT TITLE; ETC.***

*(a) SHORT TITLE.—This Act may be cited as the ''Death Tax Elimination Act of 2000''.*

*(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.*

***TITLE I—REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES; REPEAL OF STEP UP IN BASIS AT DEATH***

***SEC. 101. REPEAL OF ESTATE, GIFT, AND GENERATION-SKIPPING TAXES.***

*(a) IN GENERAL.—Subtitle B is hereby repealed.*

*(b) EFFECTIVE DATE.—The repeal made by subsection (a) shall apply to the estates of decedents dying, and gifts and generation-skipping transfers made, after December 31, 2009.*

***SEC. 102. TERMINATION OF STEP UP IN BASIS AT DEATH.***

*(a) TERMINATION OF APPLICATION OF SECTION 1014.—Section 1014 (relating to basis of property acquired from a decedent) is amended by adding at the end the following:*

*''(f) TERMINATION.—In the case of a decedent dying after December 31, 2009, this section shall not apply to property for which basis is provided by section 1022.''.*

*(b) CONFORMING AMENDMENT.—Subsection (a) of section 1016 (relating to adjustments to basis) is amended by striking ''and'' at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting '', and'', and by adding at the end the following:*

*''(28) to the extent provided in section 1022 (relating to basis for certain property acquired from a decedent dying after December 31, 2009).''.*

***SEC. 103. CARRYOVER BASIS AT DEATH.***

*(a) GENERAL RULE.—Part II of subchapter O of chapter 1 (relating to basis rules of general application) is amended by inserting after section 1021 the following new section:*

***''SEC. 1022. CARRYOVER BASIS FOR CERTAIN PROPERTY ACQUIRED FROM A DECEDENT DYING AFTER DECEMBER 31, 2009.***

*''(a) CARRYOVER BASIS.—Except as otherwise provided in this section, the basis of carryover basis property in the hands of a person acquiring such property from a decedent shall be determined under section 1015.*

*''(b) CARRYOVER BASIS PROPERTY DEFINED.—*

*''(1) IN GENERAL.—For purposes of this section, the term 'carryover basis property' means any property—*

*''(A) which is acquired from or passed from a decedent who died after December 31, 2009, and*

*''(B) which is not excluded pursuant to paragraph (2).*

*The property taken into account under subparagraph (A) shall be determined under section 1014(b) without regard to subparagraph (A) of the last sentence of paragraph (9) thereof.*

*''(2) CERTAIN PROPERTY NOT CARRYOVER BASIS PROPERTY.—The term 'carryover basis property' does not include—*

*''(A) any item of gross income in respect of a decedent described in section 691,*

*''(B) property of the decedent to the extent that the aggregate adjusted fair market value of such property does not exceed $1,300,000, and*

*''(C) property which was acquired from the decedent by the surviving spouse of the decedent (and which would be carryover basis property without regard to this subparagraph) but only if the value of such property would have been deductible from the value of the taxable estate of the decedent under section 2056, as in effect on the day before the date of the enactment of the Death Tax Elimination Act of 2000.*

*For purposes of this subsection, the term 'adjusted fair market value' means, with respect to any property, fair market value reduced by any indebtedness secured by such property.*

*''(3) LIMITATION ON EXCEPTION FOR PROPERTY ACQUIRED BY SURVIVING SPOUSE.—The adjusted fair market value of property which is not carryover basis property by reason of paragraph (2)(C) shall not exceed $3,000,000.*

*''(4) ALLOCATION OF EXCEPTED AMOUNTS.—The executor shall allocate the limitations under paragraphs (2)(B) and (3).*

*''(5) INFLATION ADJUSTMENT OF EXCEPTED AMOUNTS.—In the case of decedents dying in a calendar year after 2010, the dollar amounts in paragraphs (2)(B) and (3) shall each be increased by an amount equal to the product of—*

*''(A) such dollar amount, and*

*''(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year, determined by substituting '2009' for '1992' in subparagraph (B) thereof.*

*If any increase determined under the preceding sentence is not a multiple of $10,000, such increase shall be rounded to the nearest multiple of $10,000.*

*''(c) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this section.''.*

*(b) MISCELLANEOUS AMENDMENTS RELATED TO CARRYOVER BASIS.—*

*(1) CAPITAL GAIN TREATMENT FOR INHERITED ART WORK OR SIMILAR PROPERTY.—*

*(A) IN GENERAL.—Subparagraph (C) of section 1221(a)(3) (defining capital asset) is amended by inserting ''(other than by reason of section 1022)'' after ''is determined''.*

*(B) COORDINATION WITH SECTION 170.—Paragraph (1) of section 170(e) (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following: ''For purposes of this paragraph, the determination of whether property is a capital asset shall be made without regard to the exception contained in section 1221(a)(3)(C) for basis determined under section 1022.''.*

*(2) DEFINITION OF EXECUTOR.—Section 7701(a) (relating to definitions) is amended by adding at the end the following:*

*''(47) EXECUTOR.—The term 'executor' means the executor or administrator of the decedent, or, if there is no executor or administrator appointed, qualified, and acting within the United States, then any person in actual or constructive possession of any property of the decedent.''.*

*(3) CLERICAL AMENDMENT.—The table of sections for part II of subchapter O of chapter 1 is amended by adding at the end the following new item:*

*''Sec. 1022. Carryover basis for certain property acquired from a decedent dying after December 31, 2009.''.*

*(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2009.*

## TITLE II—REDUCTIONS OF ESTATE AND GIFT TAX RATES PRIOR TO REPEAL

### SEC. 201. ADDITIONAL REDUCTIONS OF ESTATE AND GIFT TAX RATES.

(a) MAXIMUM RATE OF TAX REDUCED TO 50 PERCENT.—

(1) IN GENERAL.—The table contained in section 2001(c)(1) is amended by striking the two highest brackets and inserting the following:

| | |
|---|---|
| ''Over $2,500,000 ..... | $1,025,800, plus 50% of the excess over $2,500,000.''. |

(2) PHASE-IN OF REDUCED RATE.—Subsection (c) of section 2001 is amended by adding at the end the following new paragraph:

''(3) PHASE-IN OF REDUCED RATE.—In the case of decedents dying, and gifts made, during 2001, the last item in the table contained in paragraph (1) shall be applied by substituting '53%' for '50%'.''.

(b) REPEAL OF PHASEOUT OF GRADUATED RATES.—Subsection (c) of section 2001 is amended by striking paragraph (2) and redesignating paragraph (3), as added by subsection (a), as paragraph (2).

(c) ADDITIONAL REDUCTIONS OF RATES OF TAX.—Subsection (c) of section 2001, as so amended, is amended by adding at the end the following new paragraph:

''(3) PHASEDOWN OF TAX.—In the case of estates of decedents dying, and gifts made, during any calendar year after 2002 and before 2010—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the tentative tax under this subsection shall be determined by using a table prescribed by the Secretary (in lieu of using the table contained in paragraph (1)) which is the same as such table; except that—

''(i) each of the rates of tax shall be reduced by the number of percentage points determined under subparagraph (B), and

''(ii) the amounts setting forth the tax shall be adjusted to the extent necessary to reflect the adjustments under clause (i).

''(B) PERCENTAGE POINTS OF REDUCTION.—

| ''For calendar year: | The number of percentage points is: |
|---|---|
| 2003 ..... | 1.0 |
| 2004 ..... | 2.0 |
| 2005 ..... | 3.0 |
| 2006 ..... | 4.0 |
| 2007 ..... | 5.5 |
| 2008 ..... | 7.5 |
| 2009 ..... | 9.5. |

''(C) COORDINATION WITH INCOME TAX RATES.—The reductions under subparagraph (A)—

''(i) shall not reduce any rate under paragraph (1) below the lowest rate in section 1(c), and

''(ii) shall not reduce the highest rate under paragraph (1) below the highest rate in section 1(c).

''(D) COORDINATION WITH CREDIT FOR STATE DEATH TAXES.—Rules similar to the rules of subparagraph (A) shall apply to the table contained in section 2011(b) except that the Secretary shall prescribe percentage point reductions which maintain the proportionate relationship (as in effect before any reduction under this paragraph) between the credit under section 2011 and the tax rates under subsection (c).''.

(d) EFFECTIVE DATES.—

(1) SUBSECTIONS (a) AND (b).—The amendments made by subsections (a) and (b) shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

(2) SUBSECTION (c).—The amendment made by subsection (c) shall apply to estates of decedents dying, and gifts made, after December 31, 2002.

## TITLE III—UNIFIED CREDIT REPLACED WITH UNIFIED EXEMPTION AMOUNT

### SEC. 301. UNIFIED CREDIT AGAINST ESTATE AND GIFT TAXES REPLACED WITH UNIFIED EXEMPTION AMOUNT.

(a) IN GENERAL.—

(1) ESTATE TAX.—Subsection (b) of section 2001 (relating to computation of tax) is amended to read as follows:

''(b) COMPUTATION OF TAX.—

''(1) IN GENERAL.—The tax imposed by this section shall be the amount equal to the excess (if any) of—

''(A) the tentative tax determined under paragraph (2), over

''(B) the aggregate amount of tax which would have been payable under chapter 12 with respect to gifts made by the decedent after December 31, 1976, if the provisions of subsection (c) (as in effect at the decedent's death) had been applicable at the time of such gifts.

''(2) TENTATIVE TAX.—For purposes of paragraph (1), the tentative tax determined under this paragraph is a tax computed under subsection (c) on the excess of—

''(A) the sum of—

''(i) the amount of the taxable estate, and

''(ii) the amount of the adjusted taxable gifts, over

''(B) the exemption amount for the calendar year in which the decedent died.

''(3) EXEMPTION AMOUNT.—For purposes of paragraph (2), the term 'exemption amount' means the amount determined in accordance with the following table:

| ''In the case of calendar year: | The exemption amount is: |
|---|---|
| 2001 ..... | $675,000 |
| 2002 and 2003 ..... | $700,000 |
| 2004 ..... | $850,000 |
| 2005 ..... | $950,000 |
| 2006 or thereafter ..... | $1,000,000. |

''(4) ADJUSTED TAXABLE GIFTS.—For purposes of paragraph (2), the term 'adjusted taxable gifts' means the total amount of the taxable gifts (within the meaning of section 2503) made by the decedent after December 31, 1976, other than gifts which are includible in the gross estate of the decedent.''

(2) GIFT TAX.—Subsection (a) of section 2502 (relating to computation of tax) is amended to read as follows:

''(a) COMPUTATION OF TAX.—

''(1) IN GENERAL.—The tax imposed by section 2501 for each calendar year shall be the amount equal to the excess (if any) of—

''(A) the tentative tax determined under paragraph (2), over

''(B) the tax paid under this section for all prior calendar periods.

''(2) TENTATIVE TAX.—For purposes of paragraph (1), the tentative tax determined under this paragraph for a calendar year is a tax computed under section 2001(c) on the excess of—

''(A) the aggregate sum of the taxable gifts for such calendar year and for each of the preceding calendar periods, over

''(B) the exemption amount under section 2001(b)(3) for such calendar year.''

(b) REPEAL OF UNIFIED CREDITS.—

(1) Section 2010 (relating to unified credit against estate tax) is hereby repealed.

(2) Section 2505 (relating to unified credit against gift tax) is hereby repealed.

(c) CONFORMING AMENDMENTS.—

(1)(A) Subsection (b) of section 2011 is amended—

(i) by striking ''adjusted'' in the table, and

(ii) by striking the last sentence.

(B) Subsection (f) of section 2011 is amended by striking '', reduced by the amount of the unified credit provided by section 2010''.

(2) Subsection (a) of section 2012 is amended by striking ''and the unified credit provided by section 2010''.

(3) Subparagraph (A) of section 2013(c)(1) is amended by striking ''2010,''.

(4) Paragraph (2) of section 2014(b) is amended by striking ''2010, 2011,'' and inserting ''2011''.

(5) Clause (ii) of section 2056A(b)(12)(C) is amended to read as follows:

''(ii) to treat any reduction in the tax imposed by paragraph (1)(A) by reason of the credit allowable under section 2010 (as in effect on the day before the date of the enactment of the Death Tax Elimination Act of 2000) or the exemption amount allowable under section 2001(b) with respect to the decedent as a credit under section 2505 (as so in effect) or exemption under section 2521 (as the case may be) allowable to such surviving spouse for purposes of determining the amount of the exemption allowable under section 2521 with respect to taxable gifts made by the surviving spouse during the year in which the spouse becomes a citizen or any subsequent year,''.

(6) Subsection (a) of section 2057 is amended by striking paragraphs (2) and (3) and inserting the following new paragraph:

''(2) MAXIMUM DEDUCTION.—The deduction allowed by this section shall not exceed the excess of $1,300,000 over the exemption amount (as defined in section 2001(b)(3)).''

(7)(A) Subsection (b) of section 2101 is amended to read as follows:

''(b) COMPUTATION OF TAX.—

''(1) IN GENERAL.—The tax imposed by this section shall be the amount equal to the excess (if any) of—

''(A) the tentative tax determined under paragraph (2), over

''(B) a tentative tax computed under section 2001(c) on the amount of the adjusted taxable gifts.

''(2) TENTATIVE TAX.—For purposes of paragraph (1), the tentative tax determined under this paragraph is a tax computed under section 2001(c) on the excess of—

''(A) the sum of—

''(i) the amount of the taxable estate, and

''(ii) the amount of the adjusted taxable gifts, over

''(B) the exemption amount for the calendar year in which the decedent died.

''(3) EXEMPTION AMOUNT.—

''(A) IN GENERAL.—The term 'exemption amount' means $60,000.

''(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—In the case of a decedent who is considered to be a nonresident not a citizen of the United States under section 2209, the exemption amount under this paragraph shall be the greater of—

''(i) $60,000, or

''(ii) that proportion of $175,000 which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

''(C) SPECIAL RULES.—

''(i) COORDINATION WITH TREATIES.—To the extent required under any treaty obligation of the United States, the exemption amount allowed under this paragraph shall be equal to the amount which bears the same ratio to the exemption amount under section 2001(b)(3) (for the calendar year in which the decedent died) as the value of the part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated. For purposes of the preceding sentence, property shall not be treated as situated in the United States if such property is exempt from the tax imposed by this subchapter under any treaty obligation of the United States.

''(ii) COORDINATION WITH GIFT TAX EXEMPTION AND UNIFIED CREDIT.—If an exemption has been allowed under section 2521 (or a credit has been allowed under section 2505 as in effect on the day before the date of the enactment of the Death Tax Elimination Act of 2000) with respect to any gift made by the decedent, each dollar amount contained in subparagraph (A) or (B) or the exemption amount applicable under clause (i) of this subparagraph (whichever applies) shall be reduced by the exemption so allowed under section 2521 (or, in the case of such a credit, by the amount of the gift for which the credit was so allowed).''.

(8) Section 2102 is amended by striking subsection (c).

*(9)(A) Subsection (a) of section 2107 is amended by adding at the end the following new paragraph:*

*''(3) LIMITATION ON EXEMPTION AMOUNT.—Subparagraphs (B) and (C) of section 2101(b)(3) shall not apply in applying section 2101 for purposes of this section.''.*

*(B) Subsection (c) of section 2107 is amended—*

*(i) by striking paragraph (1) and by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively, and*

*(ii) by striking the second sentence of paragraph (2) (as so redesignated).*

*(10) Paragraph (1) of section 6018(a) is amended by striking ''the applicable exclusion amount in effect under section 2010(c)'' and inserting ''the exemption amount under section 2001(b)(3)''.*

*(11) Subparagraph (A) of section 6601(j)(2) is amended to read as follows:*

*''(A) the amount of the tentative tax which would be determined under the rate schedule set forth in section 2001(c) if the amount with respect to which such tentative tax is to be computed were $1,000,000, or''.*

*(12) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2010.*

*(13) The table of sections for subchapter A of chapter 12 is amended by striking the item relating to section 2505.*

*(d) EFFECTIVE DATE.—The amendments made by this section—*

*(1) insofar as they relate to the tax imposed by chapter 11 of the Internal Revenue Code of 1986, shall apply to estates of decedents dying after December 31, 2000, and*

*(2) insofar as they relate to the tax imposed by chapter 12 of such Code, shall apply to gifts made after December 31, 2000.*

## *TITLE IV—MODIFICATIONS OF GENERATION-SKIPPING TRANSFER TAX*

### *SEC. 401. DEEMED ALLOCATION OF GST EXEMPTION TO LIFETIME TRANSFERS TO TRUSTS; RETROACTIVE ALLOCATIONS.*

*(a) IN GENERAL.—Section 2632 (relating to special rules for allocation of GST exemption) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:*

*''(c) DEEMED ALLOCATION TO CERTAIN LIFETIME TRANSFERS TO GST TRUSTS.—*

*''(1) IN GENERAL.—If any individual makes an indirect skip during such individual's lifetime, any unused portion of such individual's GST exemption shall be allocated to the property transferred to the extent necessary to make the inclusion ratio for such property zero. If the amount of the indirect skip exceeds such unused portion, the entire unused portion shall be allocated to the property transferred.*

*''(2) UNUSED PORTION.—For purposes of paragraph (1), the unused portion of an individual's GST exemption is that portion of such exemption which has not previously been—*

*''(A) allocated by such individual,*

*''(B) treated as allocated under subsection (b) with respect to a direct skip occurring during or before the calendar year in which the indirect skip is made, or*

*''(C) treated as allocated under paragraph (1) with respect to a prior indirect skip.*

*''(3) DEFINITIONS.—*

*''(A) INDIRECT SKIP.—For purposes of this subsection, the term 'indirect skip' means any transfer of property (other than a direct skip) subject to the tax imposed by chapter 12 made to a GST trust.*

*''(B) GST TRUST.—The term 'GST trust' means a trust that could have a generation-skipping transfer with respect to the transferor unless—*

*''(i) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by 1 or more individuals who are non-skip persons—*

*''(I) before the date that the individual attains age 46,*

*''(II) on or before one or more dates specified in the trust instrument that will occur before the date that such individual attains age 46, or*

*''(III) upon the occurrence of an event that, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 46;*

*''(ii) the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or may be withdrawn by one or more individuals who are non-skip persons and who are living on the date of death of another person identified in the instrument (by name or by class) who is more than 10 years older than such individuals;*

*''(iii) the trust instrument provides that, if one or more individuals who are non-skip persons die on or before a date or event described in clause (i) or (ii), more than 25 percent of the trust corpus either must be distributed to the estate or estates of one or more of such individuals or is subject to a general power of appointment exercisable by one or more of such individuals;*

*''(iv) the trust is a trust any portion of which would be included in the gross estate of a non-skip person (other than the transferor) if such person died immediately after the transfer;*

*''(v) the trust is a charitable lead annuity trust (within the meaning of section 2642(e)(3)(A)) or a charitable remainder annuity trust or a charitable remainder unitrust (within the meaning of section 664(d)); or*

*''(vi) the trust is a trust with respect to which a deduction was allowed under section 2522 for the amount of an interest in the form of the right to receive annual payments of a fixed percentage of the net fair market value of the trust property (determined yearly) and which is required to pay principal to a non-skip person if such person is alive when the yearly payments for which the deduction was allowed terminate.*

*For purposes of this subparagraph, the value of transferred property shall not be considered to be includible in the gross estate of a non-skip person or subject to a right of withdrawal by reason of such person holding a right to withdraw so much of such property as does not exceed the amount referred to in section 2503(b) with respect to any transferor, and it shall be assumed that powers of appointment held by non-skip persons will not be exercised.*

*''(4) AUTOMATIC ALLOCATIONS TO CERTAIN GST TRUSTS.—For purposes of this subsection, an indirect skip to which section 2642(f) applies shall be deemed to have been made only at the close of the estate tax inclusion period. The fair market value of such transfer shall be the fair market value of the trust property at the close of the estate tax inclusion period.*

*''(5) APPLICABILITY AND EFFECT.—*

*''(A) IN GENERAL.—An individual—*

*''(i) may elect to have this subsection not apply to—*

*''(I) an indirect skip, or*

*''(II) any or all transfers made by such individual to a particular trust, and*

*''(ii) may elect to treat any trust as a GST trust for purposes of this subsection with respect to any or all transfers made by such individual to such trust.*

*''(B) ELECTIONS.—*

*''(i) ELECTIONS WITH RESPECT TO INDIRECT SKIPS.—An election under subparagraph (A)(i)(I) shall be deemed to be timely if filed on a timely filed gift tax return for the calendar year in which the transfer was made or deemed to have been made pursuant to paragraph (4) or on such later date or dates as may be prescribed by the Secretary.*

*''(ii) OTHER ELECTIONS.—An election under clause (i)(II) or (ii) of subparagraph (A) may be made on a timely filed gift tax return for the calendar year for which the election is to become effective.*

*''(d) RETROACTIVE ALLOCATIONS.—*

*''(1) IN GENERAL.—If—*

*''(A) a non-skip person has an interest or a future interest in a trust to which any transfer has been made,*

*''(B) such person—*

*''(i) is a lineal descendant of a grandparent of the transferor or of a grandparent of the transferor's spouse or former spouse, and*

*''(ii) is assigned to a generation below the generation assignment of the transferor, and*

*''(C) such person predeceases the transferor,*

*then the transferor may make an allocation of any of such transferor's unused GST exemption to any previous transfer or transfers to the trust on a chronological basis.*

*''(2) SPECIAL RULES.—If the allocation under paragraph (1) by the transferor is made on a gift tax return filed on or before the date prescribed by section 6075(b) for gifts made within the calendar year within which the non-skip person's death occurred—*

*''(A) the value of such transfer or transfers for purposes of section 2642(a) shall be determined as if such allocation had been made on a timely filed gift tax return for each calendar year within which each transfer was made,*

*''(B) such allocation shall be effective immediately before such death, and*

*''(C) the amount of the transferor's unused GST exemption available to be allocated shall be determined immediately before such death.*

*''(3) FUTURE INTEREST.—For purposes of this subsection, a person has a future interest in a trust if the trust may permit income or corpus to be paid to such person on a date or dates in the future.''.*

*(b) CONFORMING AMENDMENT.—Paragraph (2) of section 2632(b) is amended by striking ''with respect to a direct skip'' and inserting ''or subsection (c)(1)''.*

*(c) EFFECTIVE DATES.—*

*(1) DEEMED ALLOCATION.—Section 2632(c) of the Internal Revenue Code of 1986 (as added by subsection (a)), and the amendment made by subsection (b), shall apply to transfers subject to chapter 11 or 12 made after December 31, 1999, and to estate tax inclusion periods ending after December 31, 1999.*

*(2) RETROACTIVE ALLOCATIONS.—Section 2632(d) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to deaths of non-skip persons occurring after December 31, 1999.*

### *SEC. 402. SEVERING OF TRUSTS.*

*(a) IN GENERAL.—Subsection (a) of section 2642 (relating to inclusion ratio) is amended by adding at the end the following new paragraph:*

*''(3) SEVERING OF TRUSTS.—*

*''(A) IN GENERAL.—If a trust is severed in a qualified severance, the trusts resulting from such severance shall be treated as separate trusts thereafter for purposes of this chapter.*

*''(B) QUALIFIED SEVERANCE.—For purposes of subparagraph (A)—*

*''(i) IN GENERAL.—The term 'qualified severance' means the division of a single trust and the creation (by any means available under the governing instrument or under local law) of two or more trusts if—*

*''(I) the single trust was divided on a fractional basis, and*

*''(II) the terms of the new trusts, in the aggregate, provide for the same succession of interests of beneficiaries as are provided in the original trust.*

*''(ii) TRUSTS WITH INCLUSION RATIO GREATER THAN ZERO.—If a trust has an inclusion ratio of greater than zero and less than 1, a severance is a qualified severance only if the single trust is divided into two trusts, one of which receives a fractional share of the total value of all trust assets equal to the applicable fraction of the single trust immediately before the severance. In such case, the trust receiving such fractional share shall have an inclusion ratio of zero and the other trust shall have an inclusion ratio of 1.*

*''(iii) REGULATIONS.—The term 'qualified severance' includes any other severance permitted under regulations prescribed by the Secretary.*

*''(C) TIMING AND MANNER OF SEVERANCES.—A severance pursuant to this paragraph may be*

*made at any time. The Secretary shall prescribe by forms or regulations the manner in which the qualified severance shall be reported to the Secretary.''.*

*(b) EFFECTIVE DATE.—The amendment made by this section shall apply to severances after December 31, 1999.*

***SEC. 403. MODIFICATION OF CERTAIN VALUATION RULES.***

*(a) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—Paragraph (1) of section 2642(b) (relating to valuation rules, etc.) is amended to read as follows:*

*''(1) GIFTS FOR WHICH GIFT TAX RETURN FILED OR DEEMED ALLOCATION MADE.—If the allocation of the GST exemption to any transfers of property is made on a gift tax return filed on or before the date prescribed by section 6075(b) for such transfer or is deemed to be made under section 2632 (b)(1) or (c)(1)—*

*''(A) the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 12 (within the meaning of section 2001(f)(2)), or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, its value at the time of the close of the estate tax inclusion period, and*

*''(B) such allocation shall be effective on and after the date of such transfer, or, in the case of an allocation deemed to have been made at the close of an estate tax inclusion period, on and after the close of such estate tax inclusion period.''.*

*(b) TRANSFERS AT DEATH.—Subparagraph (A) of section 2642(b)(2) is amended to read as follows:*

*''(A) TRANSFERS AT DEATH.—If property is transferred as a result of the death of the transferor, the value of such property for purposes of subsection (a) shall be its value as finally determined for purposes of chapter 11; except that, if the requirements prescribed by the Secretary respecting allocation of post-death changes in value are not met, the value of such property shall be determined as of the time of the distribution concerned.''.*

*(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers subject to chapter 11 or 12 of the Internal Revenue Code of 1986 made after December 31, 1999.*

***SEC. 404. RELIEF PROVISIONS.***

*(a) IN GENERAL.—Section 2642 is amended by adding at the end the following new subsection:*

*''(g) RELIEF PROVISIONS.—*

*''(1) RELIEF FROM LATE ELECTIONS.—*

*''(A) IN GENERAL.—The Secretary shall by regulation prescribe such circumstances and procedures under which extensions of time will be granted to make—*

*''(i) an allocation of GST exemption described in paragraph (1) or (2) of subsection (b), and*

*''(ii) an election under subsection (b)(3) or (c)(5) of section 2632.*

*Such regulations shall include procedures for requesting comparable relief with respect to transfers made before the date of the enactment of this paragraph.*

*''(B) BASIS FOR DETERMINATIONS.—In determining whether to grant relief under this paragraph, the Secretary shall take into account all relevant circumstances, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant. For purposes of determining whether to grant relief under this paragraph, the time for making the allocation (or election) shall be treated as if not expressly prescribed by statute.*

*''(2) SUBSTANTIAL COMPLIANCE.—An allocation of GST exemption under section 2632 that demonstrates an intent to have the lowest possible inclusion ratio with respect to a transfer or a trust shall be deemed to be an allocation of so much of the transferor's unused GST exemption as produces the lowest possible inclusion ratio. In determining whether there has been substantial compliance, all relevant circumstances shall be taken into account, including evidence of intent contained in the trust instrument or instrument of transfer and such other factors as the Secretary deems relevant.''.*

*(b) EFFECTIVE DATES.—*

*(1) RELIEF FROM LATE ELECTIONS.—Section 2642(g)(1) of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply to requests pending on, or filed after, December 31, 1999.*

*(2) SUBSTANTIAL COMPLIANCE.—Section 2642(g)(2) of such Code (as so added) shall apply to transfers subject to chapter 11 or 12 of the Internal Revenue Code of 1986 made after December 31, 1999. No implication is intended with respect to the availability of relief from late elections or the application of a rule of substantial compliance on or before such date.*

***TITLE V—CONSERVATION EASEMENTS***

***SEC. 501. EXPANSION OF ESTATE TAX RULE FOR CONSERVATION EASEMENTS.***

*(a) WHERE LAND IS LOCATED.—*

*(1) IN GENERAL.—Clause (i) of section 2031(c)(8)(A) (defining land subject to a conservation easement) is amended—*

*(A) by striking ''25 miles'' both places it appears and inserting ''50 miles'', and*

*(B) striking ''10 miles'' and inserting ''25 miles''.*

*(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying after December 31, 1999.*

*(b) CLARIFICATION OF DATE FOR DETERMINING VALUE OF LAND AND EASEMENT.—*

*(1) IN GENERAL.—Section 2031(c)(2) (defining applicable percentage) is amended by adding at the end the following new sentence: ''The values taken into account under the preceding sentence shall be such values as of the date of the contribution referred to in paragraph (8)(B).''.*

*(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to estates of decedents dying after December 31, 1997.*

The SPEAKER pro tempore. After one hour of debate on the bill, as amended, it shall be in order to consider the further amendment printed in House Report 106–658, which may be offered only by the Member designated in the report, shall be considered read, and shall be debatable for one hour, equally divided and controlled by the proponent and an opponent.

The gentleman from Texas (Mr. ARCHER) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

The Chair recognizes the gentleman from Texas (Mr. ARCHER).

GENERAL LEAVE

Mr. ARCHER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the bill, H.R. 8.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today is another historic and proud moment for this House, for our country, and for me personally. When I came to Congress 30 years ago, I had three major goals. One was to balance the budget so that future generations would not have to pay the high debt service charges. The second was to eliminate the earnings limit on Social Security beneficiaries so that they continue to work without suffering the loss of their Social Security benefits. Both of those two are now the law of the land.

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My third goal was to abolish the death tax. And today we will do that on a bipartisan basis. We will completely repeal it. We will erase it from the Tax Code forever, in hopes that it will never return from the dead to haunt American families, farms, businesses. This is truly an historic day.

The death tax is wrong. Death as an event should not trigger a tax. Some have even said that it is ghoulish to think that someone who works an entire lifetime saving, preparing to leave something to their children, starting a business, running a ranch or a farm, and all the time paying taxes to find that what is left over gets hit again from the grave.

The ancient Egyptians built elaborate fortresses and tunnels and even posted guards at tombs to stop grave robbers. In today's America, we call that estate planning.

Today, Americans are trying to avoid the death tax like never before. In fact, they spend millions and millions of dollars every year paying accountants, lawyers and financial planners to try to limit this tax in any way that they can. And why should they not? The death tax is the natural born killer of everything that they have worked for their entire lives. It is the wrecking ball of a life's worth of achievement and success.

Think about it. The top death tax rate today in the law is 60 percent. That means the IRS gets 122 percent to 150 percent of what the children get. Is something not wrong when the government gets more than the family? And that is just the first generation of children. If someone wanted to help their grandchildren, and I know many of us in this Chamber and those watching on C–SPAN have grandchildren, I have 14 myself, so just listen to this: Because of the death tax and what is part of it, a part of the death tax, the so-called generation-skipping penalty, the IRS gets 244 percent of what a grandchild does if a dying person leaves their assets to their grandchildren. That is outlandish. So today we are going to do what is right and we are going to fix it once and for all.

The death tax is especially threatening to the backbone of America's economy, the small business owner and the family farm. That is why repealing the death tax is priority number one for the National Federation of Independent Businesses and the American Farm Bureau.

Imagine a family owning and working on a family farm for 30 years. They build and develop the land with the hope of passing it along to their children so that they can have a better life. But after their death, the children tragically find that the farm will not

be staying in the family but will instead be going on the auction block to pay the IRS. Unfortunately, this is not a rare occurrence. Many family farms must be sold to pay the Federal taxes due on the property and many, many businesses, too.

One-third of small business owners today will have to sell outright or liquidate a part of their company to pay death taxes. More than 70 percent of family businesses do not survive the second generation, and 87 percent do not make it to the third generation.

The impact of the death tax on small business means it is especially threatening to women, women who are creating business at twice the rate of men today. Since 1987, the number of female-owned ventures has doubled from 4.5 million to 9.1 million. Last year women-owned companies employed more than 27 million Americans, nearly 9 million more than in 1996. These are the new CEOs. U.S. News and World Report, on its cover, featured this exact item. That is why women business owners are in strong support of complete repeal of the death tax.

But the death tax does not just hit the business owner. It is a job killer, too. In fact, the tax hits hard-working Americans who lose their jobs and their health care when a business or a farm for which they work must be sold to pay the tax. Sixty percent of small business owners report that they would create new jobs over the coming year if estate taxes were eliminated. Half of those who must liquidate the business to pay the IRS will each have to eliminate 30 or more jobs. That is one of the reasons why liberals, moderates, and conservatives alike support getting rid of the death tax entirely. They understand this is not a rich against the poor issue, it is a jobs issue and a fairness issue. We should reward hard work and success and not punish it.

Finally, the death tax is the grim reaper of personal savings in this country. The only cloud on our economic horizon is the death of personal savings in the U.S. Today's personal savings rate is the lowest it has ever been in the history of our nation, and the death tax is a dollar-for-dollar tax on savings.

In summary, the death tax is simply unfair; and it is time to repeal it once and for all. No American, no matter what their income, should have to pay taxes when they die. They have worked all their life, they have paid taxes on that income all of their life, and they should not get socked one more time from the grave if they want to pass it on to their children or their grandchildren. Our children should come first, before the IRS, in the pecking order of family business, farm, or savings account.

Benjamin Franklin, one of the wisest Founding Fathers, said there were two certainties in life, death and taxes. But I doubt if Dr. Franklin, even with his extraordinary foresight, could have told us that today both would occur at the same time. It is time to bury the death tax.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

The Committee on Ways and Means, under the leadership of the majority, has embarked on a political scheme before this election to present to the American people every week some type of a tax problem that they have not found a solution for. Unfortunately, before they bring the solution to the floor, they make certain that the President of the United States is going to veto it.

It is absolutely remarkable how if they find a mosquito, they have to run for a sledgehammer to get rid of the problem. Take, for example, our very complex tax system, which year after year that they have been in the majority they have made even more complex. Just weigh the Tax Code that we had before they had the majority and weigh it today and see what they have done to it.

Do our colleagues come and say to the Democrats and to the President that this system is overbearing, can we not work together to resolve it by simplifying it? No. No. What is the Republican solution? Let us pull the Tax Code up by the roots.

If we have a problem with people being married paying too much taxes, do they just take care of it? No. They will have a tax cut so severe that the President of the United States would say we should take care of that problem, but we should not have to do it at the expense of not reducing the Federal debt, placing into jeopardy the Social Security System and our Medicare system.

The emotional thing to talk about is how families would lose their businesses and their farms as a result of the hard work that their parents and grandparents have done. It would be wrong for this to happen. And even though we are only talking about 2 percent of the American people that would be subjected to a review of their taxes, they are still Americans, and they are still entitled to equity. But do we really say that the answer to this problem, and it is a problem, is to repeal the estate tax completely? Under the Democratic alternative the Republicans would be hard put to see whether any rancher, any farmer, any small business will be lost as a result of the $4 million exemption. I say exemption, which means that they do not even have to think about the reduced rate of taxes.

Every estate planner knows that we have a better alternative. They know we take care of the problem. But we do not take care of the multibillion-dollar estates. That is what we do not take care of. We do not take care of those people who have had creative ideas, who have built up equities and tax liabilities that go into many numbers in terms of tax liabilities, that have never been taxed and would only be exposed to taxation at death. We do not talk about those. Oh, we probably have some in Texas and some in New York, but what we wanted to do was take care of 99.9 percent of the businesses that would be adversely affected, and this we have done.

My colleagues have an emotional argument talking about repeal. But one day the American people will take a look at the cost of the Republicans' bill, the cost of repeal, and wonder whether the Republicans were thinking about them or whether they had a handful of people that have been kind to them that they are trying to get relief for. Because anybody can tell my colleagues that their bill in the year 2011 will start having a revenue hemorrhage of $50 billion a year. Maybe my colleagues are prepared to say that they feel that we can afford to do that and take care of Social Security, take care of Medicare, take care of the Patients' Bill of Rights, take care of affordable prescriptions; or, really, do they care at all?

This is a great shot in the arm for my colleagues because they know the President is going to be responsible. None of them would be so irresponsible to be proposing this if they thought it would become law. They know it is going to be vetoed. They know that next week they will be coming back with something else that will be vetoed.

I am just asking this. In the last weeks of this Congress, can we not come together on something and agree on it? Must we try to seek a Republican political statement instead of a bipartisan agreement? If everyone would conclude that the Democrat alternative takes care of the problem that we are talking about, why do we have to go beyond that and hemorrhage the revenue for those people that will become eligible in the next 10 years for Medicare and Social Security? My Republican colleagues know it is going to be vetoed, but it is not the right thing to do.

Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentleman from Maryland (Mr. CARDIN), and that he be allowed to manage the time on our side.

The SPEAKER pro tempore (Mr. KOLBE). Without objection, the gentleman from Maryland (Mr. CARDIN) will control the rest of the gentleman's time.

There was no objection.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Washington (Ms. DUNN), who has authored this bill in combination with the gentleman from Tennessee (Mr. TANNER) on a bipartisan basis. She has worked so hard over the years to get us to where we are today.

Ms. DUNN. Mr. Speaker, I want to thank the gentleman for yielding me this time and for bringing this bipartisan bill to the floor of the House today.

I want to thank my colleague, the gentleman from Tennessee (Mr. TANNER), for the hard work he has done over the years as we move this important endeavor to the floor of the House. H.R. 8 has the support of 246 Members of the House of Representatives, 46 Democrats, and one Independent.

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There is one main reason, Mr. Speaker, why the majority of this Congress and 85 percent of the American people support the repeal of the death tax, that reason is fairness. It has been said that only with our government are you given a certificate at birth, a license at marriage, and a bill at death.

One of the most compelling aspects of the American dream is to make life better for our children and our loved ones. Yet the current tax treatment of a person's life savings is so onerous that when one dies, the children are often forced to turn over sometimes more than half of their savings of their parent's hard work during their lifetimes to the Federal Government.

Even worse, not only does this take place at an agonizing time in the life of a family, but often these people are forced to watch their loved one's legacy be snatched up by an entity not known for its great insight in spending taxpayer funds. This is not fair.

Death should not trigger a tax. We should not dishonor the hard work of those who have passed on. This is especially true, Mr. Speaker, of minority and women-owned businesses.

Minorities understand that sometimes it takes two to three generations to build an economic foothold in a community through a family-held business. That is why the Black Chamber of Commerce, the Hispanic Chamber of Commerce, the National Indian Business Association, and the Pan-American Chamber of Commerce support H.R. 8.

In addition, a recent study by the National Association of Women Business Owners revealed that women-owned businesses on average spend $1,000 a month complying for the death tax. These dollars should go to benefits like health coverage for the 44 million who are uninsured. Mr. Speaker, I urge my colleagues on the floor to vote for H.R. 8.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to a senior Member of the Committee on Ways and Means, the gentleman from California (Mr. STARK).

(Mr. STARK asked and was given permission to revise and extend his remarks.)

Mr. STARK. Mr. Speaker, I have a rather personal interest in this legislation, and I have heard a lot from the chairman of the Committee on Ways and Means about what we owe our children, so I have come to the well this morning and apologize to my children, I have 5, and 10 grandchildren.

I am probably one of the few Members of the House who started out poor. I used to say I was so poor as a kid I never slept alone until I was married. But through good luck and the action of commerce, I was able to amass what most of the people in my district would call a fortune. And I have not paid much tax on that. I pay income tax each year. I pay more income tax than you pay me salary, but most of what I have was accumulated through capital gains, and I have not sold it. I do not intend to.

My kids will get it pretty much free. So I apologize because I am going to vote against this. Kids, to Jeff and Bea and Thekla and Sarah, Fortney and the 10 grandkids, you are going to have to pay some tax. This is a little family business, it might be 7 figures, but you are going to get a down payment on that from your mother and me of $1,350,000 free. You have not worked a day in your life for that.

You have a college education, down payment on your homes, cars, but you have not worked worth squat. But you are going to get a million, a million and a half bucks. And then you are going to get half that business free and you may have to pay 50 percent, 55 percent on that tax if they appraise the business at its full value. And you are going to get 10 years to pay that off at a below prime rate interest rate. And, kids, if you are so dumb that you cannot run that business with over a 50 percent down payment given to you and 10 years to pay off the balance at a low rate, you do not deserve it.

You ought to have been trained in this country to earn your own way and pay your taxes every day so that Dad can have a prescription drug benefit and I can have a decent nursing home so you do not have to worry about taking care of me in my dotage.

There are not very many Members of Congress that are going to pay any inheritance tax, and do not believe them. This is a gift to the rich not for independent, smart kids like I have hoped I raised.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from South Carolina (Mr. GRAHAM).

Mr. GRAHAM. Mr. Speaker, the gentleman has quite a legacy. In response to the gentleman that just spoke, the gentleman from California (Mr. STARK), I am the first person in my family to ever graduate college, I do not have a fortune. I admire the fact that he wants to construct life for his children a certain way, but this gentleman is making decisions for millions of Americans, let him make his own decision.

What I would like to have is a decision made up here that empowers people that if they want to give money to the church instead of the government they can. We collect less than 2 percent from the death tax in this country, and to get that 2 percent here is what you lose: You lose family farms in my district in droves because people are land rich on paper and cash poor. You lose the small business that cannot go to the next generation to get less than 2 percent to monkey with the money up here.

Philanthropy is lost. The human spirit is suppressed. Most people want a legacy. They want to give something back, a library, a hospital wing, a donation to their church. This is a form of socialism that must go. Let us start a new century with a Tax Code that brings out the best in the American people not the worst. To get 2 percent of the money, we have to ruin a lot of families and that is unnecessary. I say congratulations to the gentleman from Texas (Mr. ARCHER)

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to a distinguished member of the Committee on Ways and Means, the gentleman from Michigan (Mr. LEVIN).

(Mr. LEVIN asked and was given permission to revise and extend his remarks and include extraneous material.)

Mr. LEVIN. Mr. Speaker, socialism? Teddy Roosevelt's idea? Members come here with all the talk about fairness and about women and minorities, we are talking about 2 percent of the decendents in this country, the very wealthy; that is what we are talking about.

What is the problem? The substitute addresses them, family farms? Ninety-eight or 90 percent of the family farms will be taken out of an estate tax by the substitute. Small businesses? Only 1/10 of 1 percent are subject to the estate tax. Members come here raising the banner of all of these small businesses. We are talking about a small portion of them, and the vast majority of them will be taken care of by the substitute. And all of the others who are subject to the estate tax, the substitute addresses their needs faster than your bill.

In a sense, those of us who are on the other side of this issue have lost the propaganda battle. Members have managed to move an estate tax to a death tax, but I have no hesitation to go back to my district and to talk about what the impact of this repeal would mean for 98 percent of my constituents, 98 percent.

I will talk about Members coming here yesterday and not being able to fund Head Start, not being able to fund training; and we are going to give, 10 years from now, a $50 billion tax cut to the very wealthy in this country? I will take that battle on any time.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to a distinguished and respected Member of the Committee on Ways and Means, the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, how sad and how cynical that the left can only embrace the politics of envy. How sad that today they rely on tired, shopworn old arguments attempting to divide Americans, when we will see in this Chamber later today a bipartisan majority standing up for tax fairness intent on putting the death tax to death.

Our constitutional republic was founded, in part, because the people in that time stood up against taxation, no taxation without representation was their rallying cry. Today, all Americans stand up to say no taxation without respiration, because it is fundamentally unfair, regardless of your economic station in life, to have this tax visited upon the American people.

And here is why for the disconnect that seems to affect my friends on the left when they lament the facts that this affects only 2 percent of the populace, a little economic primer, friends. Mr. Speaker, government does not create jobs. The American people, through their entrepreneurial endeavor and spirit, create jobs; and in the private sector, we should not inhibit that. That is why the Hispanic Chamber of Commerce, that is why the Black Chamber of Commerce understands that the color of economic opportunity in this country is green, in terms of capital, to create jobs, to create growth and economic opportunity, to let families hang on to their farms and ranchers and small businesses and, yes, to succeed.

This is the fundamental difference, Mr. Speaker. We embrace the principles of prosperity. My friends on the left embrace the politics of envy.

Mr. CARDIN. Mr. Speaker, I yield 1 minute to a distinguished member of the Committee on Ways and Means my friend, the gentleman from Tennessee (Mr. TANNER).

Mr. TANNER. Mr. Speaker, I want to thank the gentleman from Maryland (Mr. CARDIN) for yielding me the time and say that I rise in support of H.R. 8. The estate tax is an outmoded, inefficient, complicated subjective tax. The Tax Code needs to be rewritten. This is a good first step.

This tax applies, as I am told, and I came to this from the standpoint of a small business and family farmer, over 70 percent of estate taxes that are filed on estates of $5 million or less, we are told that this costs 72 cents of every dollar collected simply to administer it, and for that reason, I support H.R. 8. I thank my colleague, the gentlewoman from Washington (Ms. DUNN) for her cosponsorship.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to another respected and distinguished member of the Committee on Ways and Means, the gentleman from Florida (Mr. FOLEY) .

Mr. FOLEY. Mr. Speaker, I applaud the House today for considering this very important initiative. In the late 1950s, many Hispanic-Americans came to this country. Cuban-born fleeing Cuba because of the tyranny of Fidel Castro. He stole their property. He stole their fortune, and they left their homeland penniless and came often to south Florida.

They worked hard against daunting odds, new to a country with no family roots in this Nation. They succeeded oftentimes because of hard work and a lot of the American freedom and spirit and integrity. Lo and behold those same, now Americans born in Cuba, are suffering because estate taxes are depriving their heirs of their heritage.

They left Communism to come to freedom and find our own policies here in America confiscatory. Now, a lot of people keep talking about the rich, oh, the rich in America. The rich know how to figure it out. They have the dollars in their pocket to buy high-dollar denomination insurance policies or they leave their money to trust. Ted Turner, Bill Gates, look at the billions they have given away, and they will deplete the accounts before the U.S. government will get their hands on it. They are smart. They are sophisticated. They made it their own way.

I started a little business when I was 21. My mother and I and my family invested a lot of money to build a small business. This debate is not about my parent. They do not have a large estate, nor is it about me. I do not either. But never did the U.S. government or the local government help me with my business. It was always a regulation of rule, a fee, a permit, a tax, a license, a this, a that and the other. And we spent, spent money to keep up with government's plans for us. Never did they be a partner with me, but lo and behold when I die, they sure join in the parade.

Let me pull money out of your pocket to spend on all kinds of programs. So, folks, let us get serious. Let us help all Americans and repeal the death tax.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to a distinguished member of the Committee on Ways and Means, the gentleman from Texas (Mr. DOGGETT).

Mr. DOGGETT. Mr. Speaker, ''Inherited economic power is as inconsistent with the ideals of this generation as inherited political power was inconsistent with the ideals of the generation which established our government.''

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''If ever our people become so sordid as to feel that all that counts is moneyed prosperity, ignoble well-being, effortless ease and comfort, then this Nation shall perish as it will deserve to perish from this earth.''

Those are the bold words of a Republican, a different mold of Republican than we find today, one named Teddy Roosevelt who was the person who first proposed the estate tax in 1906 that this new crowd of Republicans is so intent on mislabeling as the ''death tax.'' Teddy Roosevelt's words ring as true at the beginning of this new century as they did when they were uttered at the beginning of the last. This bill should rightfully be called the ''Billionaire Protection Act.''

Treasury Secretary Summers said yesterday that this represents ''the most regressive tax bill'' he has ever seen. That is because 95 percent of the benefits go to the richest 1 percent of the decedents. Masquerading as the defenders of small business and family farmers, this crowd saves its true benevolence every year for Steve Forbes, Ross Perot, and what Forbes magazine recently described as the ''overclass'' in America, because they have so very much more money than what we usually consider as being wealthy. This ''overclass'' of the privileged few will be welcoming this bill with open arms and open wallets.

Yes, we should modify the estate tax to meet the legitimate concerns of small businesses. The substitute that I support provides family-owned businesses more estate tax relief sooner than the Republican proposal will. There is no good public policy reason to eliminate taxes on the ultra-wealthy in order to meet the needs of family-owned businesses and farms.

As for the last speaker's comments about charity, remember that the wealthiest estates give twice as much to charity as they do to the tax collector. Every charity, every religious and educational institution in this country will be a loser under this bill. All of this harm to the Treasury and to our charitable institutions for the sole purpose of giving those at the very top, the richest few in this country, the ''overclass'' in this country, the benefits of this bill. It is wrong and it should be rejected.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. THOMAS), a distinguished and respected member of the Committee on Ways and Means.

(Mr. THOMAS asked and was given permission to revise and extend his remarks.)

Mr. THOMAS. Mr. Speaker, I want to thank the chairman of the Committee on Ways and Means. It was a long, hard road to reach this day; and we still are hearing repeatedly that some people just do not get it. The gentleman from Michigan said 98 percent of his constituents are not going to benefit from the elimination of the death tax.

Why did the polls repeatedly show a majority of Americans support repeal? It is pretty simple. It is called the American dream.

All one has to do is go to Ellis Island. My colleagues know the words: ''Give me your tired, your poor, your huddled masses yearning to breath free.'' Yearning? The dictionary says, Yearning: to have a strong or deep desire. To be filled with longing. Free. Freedom to choose, to do what you want to do; freedom from want, from fear.

If someone works and really does not do a good job of developing and living the American dream, they get taxed once. If someone works hard, saves, takes care of their family, creates, produces jobs, currently, in this country, they get taxed twice.

Do my colleagues know what? Those 98 percent who are not going to get the immediate benefits of this believe in the American dream. They want to have the opportunity, the freedom, to leave their fruits to their children. Let us today vote yes on the repeal of the death tax and yes in favor of the American dream.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Speaker, I agree, there are many people who have this dream, the dream of not doing very much during their life except have a good time, and then having been smart enough to have rich parents who have millions of dollars.

Now, there is an inconvenience if one inherits millions of dollars today. There will be some tax on them. But if the Republicans have their way, one will be able to dream one's way into wealth, not because of any single thing they did other than to be born into the right circumstances.

This is not a tax on death. Dead men tell no tales, and dead men and women pay no taxes. This is a tax on those who inherent the wealth that was earned by others.

Now, there is nothing the matter with that. If people ask my advice, I would say sure, I think it is a very good idea to have rich relatives. If I were you, I would try very hard to have rich parents. I would try very hard to have rich parents, and maybe they will leave you some money. But the tax is on the beneficiaries of other people's work, and what a tax repeal.

I think if we were giving a prize for the single worst idea to come forward from the group that has been rife with them, it would be this. The idea is this: let us make the Tax Code of America better for very rich people. Let us give substantial tax relief to the richest people we can find. Forget about the person making $40,000 a year and paying Social Security payroll taxes. Forget about all of those other people paying income tax. We are here to give tax relief to the richest 2 percent of America.

Small business. I must say, every cloud has a silver lining. For once, some of my friends on the other side have seen merit in trying to help minority businesses and women-owned businesses, but I would say to my colleagues, do not do that by using them as a front to give substantial tax relief, not to the wealthiest people in America, but to the relatives of the wealthiest people in the America, who may or may not have done anything to earn it. Yes, people should be able to enjoy what they earn, and they can even enjoy what other people earn, but not quite without any taxation at all.

This from a group that says we cannot afford to subsidize prescription drugs for middle-income elderly people. We have to cut Pell grants. My Republican colleagues want to help older people as long as they are very wealthy.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. WELLER), another distinguished and respected member of the Committee on Ways and Means.

(Mr. WELLER asked and was given permission to revise and extend his remarks.)

Mr. WELLER. Mr. Speaker, I want to commend the leadership of the gentleman from Texas (Mr. ARCHER) and the gentleman from Tennessee (Mr. TANNER) and the gentlewoman from Washington (Ms. DUNN) and the gentleman from Hawaii (Mr. ABERCROMBIE) for their leadership on this legislation.

The death tax is a bad idea. The death tax is bad social policy. The death tax is unfair, and it is just plain wrong for the Government to confiscate the life's work at the time of death. The death tax is also bad for the environment.

Why are so many major and respected environmental groups supporting elimination of the death tax? Because environmental groups say that the death tax is bad for the environment. The death tax encourages suburban sprawl in Illinois. The death tax encourages the loss of valuable farmland in Illinois. The death tax destroys valuable open space and wildlife habitat in Illinois. Let me give an example of why.

I represent the Chicago south suburbs surrounded by some of the best farmland in the world. This farmland is not only good farmland; but because of its location, it is prime and ripe for development and because of its potential price, the sale price for development, it triggers the death tax, and many children of family farmers in the areas surrounding the suburbs here in Washington, D.C., or in any major metropolitan area are forced to sell much or all of the family farm, just to pay the death tax; and usually it is sold to developers, losing its use as valuable open space and farmland.

Let us keep the family farm in farming by eliminating the death tax. Let us protect valuable open space by eliminating the death tax. Let us protect valuable wildlife habitat by eliminating the death tax.

I say to my colleagues, the death tax is bad for the environment. Oppose the substitute, support this legislation, vote aye. It deserves a good, bipartisan vote.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. BECERRA), another distinguished member of the Committee on Ways and Means (Mr. BECERRA).

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding; and I hope that my colleagues will vote against this measure. We hear talk about the American dream and how we want to give every American this American dream. Absolutely, we want to give every American this American dream. Every American.

When America learns that what we are talking about is not giving ever American the American dream through this bill, but only 2 percent of Americans the American dream, because only 2 percent will ever receive a tax cut in this bill, because only 2 percent of estates ever pay any estate tax. Forget about 98 percent of America, and it is not any 98 percent of America, it is the 98 percent that falls below the 2 percent richest Americans, who will receive nothing. Only the 2 percent most influential and richest will get this break.

This is about as irresponsible as we can get. We are facing a time recently where we had $300 billion deficits. We are paying more than $200 billion a year in interest payments on the national debt. We finally have a surplus; we finally have a chance to be fiscally responsible. We finally have a chance to talk about perhaps getting prescription drug coverage for our seniors under Medicare. We finally have a chance to talk about shoring up Social Security. We finally have a chance to talk about giving our kids a chance to break away from the digital divide and have a computer in their classroom.

We could pay for a computer for every child in America, rich or poor, with the money we are about to give in tax cuts to 2 percent of America at the top of the ladder. We could provide prescription drug coverage with the money we are going to spend on this, because the $50 billion a year it will cost us is more than what we are budgeting than the Republican Congress is budgeting for prescription drug coverage and Medicare in its budget for the next 5 years.

Think of it. The budget that we passed out of this House says $40 billion should be allocated for prescription drug coverage for seniors, millions and millions of seniors. Yet over 1 year, it will take $50 billion out of the Treasury to make up the tax cut that only 2 percent of the wealthiest Americans will receive. That is not responsible. That is not what we should do. Let the American dream live for everyone, not just for 2 percent of Americans.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Hawaii (Mr. ABERCROMBIE), who has contributed toward the development of this proposal.

(Mr. ABERCROMBIE asked and was given permission to revise and extend his remarks.)

Mr. ABERCROMBIE. Mr. Speaker, for 1 minute, can we just set aside all of this rhetorical, divisive language about left and right and who wants to stiff-arm 2 percent or 98 percent. That is not what this is about. The whole basis of this law has changed. We have to recognize that there are middle-income businesses, small businesses all throughout this country that would benefit from a change; and we all know that there is an objection with respect to whether or not the megawealthy may or may not be able to have more advantages than they have right now.

This is the first step in a legislative process, and we can be thankful to the gentleman from Tennessee (Mr. TANNER) and the gentlewoman from Washington (Ms. DUNN) and to the gentleman from New York (Mr. RANGEL) and to the gentleman from Texas (Mr. ARCHER), who are excellent legislators. Everyone knows that. They will put together a package that in the end is

going to achieve tax equity and fairness for the overwhelming majority of Americans who deserve it, that is going to help preserve jobs and that is going to see to it that the small businesses throughout this country and the jobs that they create are going to be preserved and protected.

Mr. Speaker, I rise in support of H.R. 8. it is pro-jobs and pro-tax fairness, and the House should pass the bill by a wide majority.

As many of you know, I have been a long time supporter of working people and their interests. It is from those perspectives that I come here today to support H.R. 8 and urge the reform of the federal estate tax law.

A permanent federal estate tax was first enacted in 1916. there was clearly a revenue raising need as a result of the U.S. entering World War I. But there were also philosophical and political motives in that great fortunes had been amassed during the industrial revolution, and there was felt to be a progressive public policy objective of stopping the perpetuation and transmission of the great control that inherently accompanied vast wealth and estates.

At the time, there was compelling and legitimate concern that vast fortunes, estates and trust were limiting access to capital by the emerging middle-class entrepreneurs.

We are now, however, in the 21st Century. Our economy, society and means of production have radically changed. We are no longer primarily an agrarian economy, and in many ways we may be nearing the end of heavy industry phase of our economic development. The outdated laws governing industry, commerce and society of the early 20th Century must be changed to reflect the realities of the year 2000 and beyond.

Capital remains a key component of business formulation and development. It is not, however, being concentrated by entities subject to the estate tax as in 1916.

Irrelevant and antiquated 19th and early 20th Century laws may be a hindrance to how our society now functions. Federal estate and gift tax law fits that category.

My perspective on the issue is that current law diminishes the capability of small businesses, and the jobs associated with them, to continue after the death of an owner or owners. Some studies (Heritage Foundation) have indicated that as many as 145,000 additional new jobs could be created by repeal of the estate tax law. As much as $11.0 billion in additional economic output could result. The preservation and expansion of smaller, family businesses will protect jobs, and generate and expand the number of new jobs.

For example, I represent the State of Hawaii, a state dominated by small businesses. Plantation agriculture has virtually ended and with the demise and economic dislocation associated with economic change, we are working hard to diversify Hawaii agriculture. This means many more smaller scale farmers growing specialty and niche crops instead of millions of tons of sugar. The middle class in Hawaii has developed from small business origins, and we now have great hope that a new generation of entrepreneurs will help sustain the economy through the new farming opportunities available for the first time in generations. I want to help preserve and develop those elements in Hawaii and in the American economy and society that generate millions of jobs.

Regarding tax fairness, an equally compelling case is made that the wealthiest do not pay their fair share of estate taxes. The Tax Code has deliberately been riddled with exemptions and exceptions that are ruthlessly and thoroughly exploited by tax attorneys specializing in the preservation of inherited wealth. There is an entire body of tax law devoted to estate and gift tax avoidance and minimalization.

Tax attorneys, I assure you, are talented and hard-working. The result is the majority of estates paying estate taxes are valued at $5.0 million and less. These are not the Rockefellers, Vanderbilts, Carnegies and J.P. Morgan robber barons the 1916 law was enacted to curb. Huge fortunes have for generations been sheltered with sophisticated, complex tax machinations. It is family farm and small businesses owners who are being penalized when trying to pass down assets to new generations to keep middle-class businesses in operation and generating employment. I can assure you I know of no small businesses in Kaneohe, Makiki, Waianae or Mililani, Hawaii that resort to multi-generation skipping trusts in order to keep a bakery or a delivery service in operation.

Lastly, there is a human element in this debate that must be noted. One of my constituents, Steve Lee, is an estate attorney and planner in Honolulu. Mr. Lee's father inherited a few apartments from his parents some time ago. Mr. Lee's grandparents worked hard for years, acquiring the apartments as a means of assuring retirement income. Now his father is spending hours trying to figure our how to keep the property intact to pass it along to Mr. Lee and his brother. The Lees are middle-income in Hawaii. The value of real property acquired years ago, however, has been greatly inflated and the Lee brothers will face the need to liquidate at least part of the property in order to pay estate taxes in 9 months. The Lees justifiably feel they are being penalized for having kept their property intact within their family.

Mr. Speaker, our current estate tax fails to meet the goals we expect. It is overly complex to the point of being arcane, the burden on those upon whom it falls is unfair and inefficient.

Passing H.R. 8 today is the first major step. As we move through the legislative process, however, we will also seriously consider proposals that would provide interim, transitional relief. We will seriously consider any inequities that total elimination might engender. We will address Presidential objections. We can forge a bill acceptable to all who want tax equity.

Consequently, I look on H.R. 8 as both tax fairness, and pro-jobs and I am pleased to be associated with JOHN TANNER, JENNIFER DUNN, BILL ARCHER, EVA CLAYTON and others in helping move estate tax reform legislation through Congress.

I urge the House to pass the bill, and bring more fairness to the Tax Code.

Mr. CARDIN. Mr. Speaker, I yield 1½ minutes to the gentleman from California (Mr. SHERMAN).

(Mr. SHERMAN asked and was given permission to revise and extend his remarks.)

Mr. SHERMAN. Mr. Speaker, yesterday we slashed money for education for teachers, for after-school programs, for Head Start. Today, they want to cut $50 billion per year from Federal revenues. Two percent of American families even pay this tax. Three percent of those involve family farms and family businesses, so only 6 out of every 10,000 families fit into the category of having a family farm or family business affected by this tax.

The Democratic bill does far more for those family farms and businesses. Immediate relief. A bill that will be signed into law. But only the Republican bill provides the billionaire's tax relief act. Not one penny for those who make $6 an hour or $10, not relief at the democratic level for small businesses, but huge relief for multibillion-dollar fortunes.

Furthermore, the Republican bill will slash major endowments for colleges, universities, and conservation programs. Those folks will be here asking for Federal help, and we will not be able to give it to them because we will have cut revenues by $50 billion. The Republican bill even contains a hidden provision which will increase income taxes on widows. There are plenty of reasons, 50 billion reasons, to vote no on the Republican bill and yes on the Democratic substitute.

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Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. TRAFICANT).

(Mr. TRAFICANT asked and was given permission to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, in America we pay income and capital gains tax; investment, business, pension tax, luxury tax, property tax, sales tax, fuel tax. We even pay a surtax, and once, a retroactive tax. We are taxed coming and going.

If that is not enough to glorify a 1040, we even pay a death tax in America. Beam me up. Once again, we hear the same old story. We come to the floor and beat up on the rich.

I think it is time, Mr. Speaker, to stop the class warfare in America. Why should families who achieve in life be destroyed in death? Why should farmers have to surrender their farms to the government and not pass their farms on to their kids? Tell me and answer that question.

Mr. Speaker, my family was very poor, really. But my dad never worked for a poor man. And tell me, who hires the workers in America? Is it the guy on the street corner, or the people who achieve and have success and make something from the great American dream?

I support the gentleman from Texas (Mr. ARCHER) today, because I believe that in America today, from womb to tomb, from farm to harm, the American people are literally taxed off, ripped off by a Congress that sees nothing but revenue.

I yield back the fact that I will not only vote to put the death tax to death, I also recommend to the chairman that we kill the income tax, abolish the IRS,

and replace it with a 15 percent national retail sales tax, and give some tax freedom to the people of the United States of America.

I want to commend the chairman and commend those Democrats that are making some common sense.

Mr. CARDIN. Mr. Speaker, I yield myself such time as I may consume.

Let me just remind my friend from Ohio, Mr. Speaker, that only 3 percent of the taxable estates have family-owned businesses or farm assets of any significance. That is less than .06 percent of all of the estates, and the Democratic substitute will deal with that problem in a far less costly way.

Mr. Speaker, I yield 2 minutes to the gentleman from Maine (Mr. BALDACCI), a member of the Committee on Agriculture.

(Mr. BALDACCI asked and was given permission to revise and extend his remarks.)

Mr. BALDACCI. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, as a small business person and a former member of the Committee on Small Business, I am very aware of the burden under which many entrepreneurs and working families must operate. I have a family business, and I understand the concerns of those who want to pass their businesses on to the next generation.

I am also on the Committee on Agriculture, and I know my family farms in Maine, many of which are in the same families for generations, need to have relief. That is why we in this Congress were able to pass measures to reduce their tax burden. In such a case, 98 percent of the estates and family farms and farm businesses and small businesses have been exempted.

As a matter of fact, each member of a married couple is eligible for the exemptions we passed, which can be twice the initial amount, up to 2 million by 2006.

Having said that, I understand the importance of living within our means and planning for the future. The estimated cost for repealing this completely with H.R. 8 is over $104 billion in the first 10 years, or $500 billion over the next 10 years, blowing a hole in the budget and our fiscal responsibility, and our ability to reduce interest rates and protect the economy, and our ability to help all people who want to be able to retire with a strong social security, being able to modernize Medicare with prescription drugs and provide needed educational assistance for those that want to climb up the ladder, and provide health care for all of America's children.

We are not going to have that opportunity because, according to the Joint Economic Tax Committee, it estimates that only 2 percent of all estates will pay estate taxes, and only 3 percent of that 2 percent are family-owned businesses, 776 family businesses and 642 family farms. For that, we are mortgaging everyone's future.

The Rangel substitute provides a serious consideration of immediate reforms, where the bill that is being proposed now, we would have to wait until 2010 before any family business would be able to take advantage of that.

So this is a good substitute and it does it across-the-board. It does not mortgage our country's future.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a highly distinguished and respected member of the Committee on Ways and Means.

(Mr. SAM JOHNSON of Texas asked and was given permission to revise and extend his remarks.)

Mr. SAM JOHNSON of Texas. Mr. Speaker, I ran across an article out of the Dallas News this morning. I just have to tell Members about this.

David Langford, who is executive vice president of the Texas Wildlife Association, said, ''Since 1851, my family has worked the land in the Texas Hill Country. Through ups and downs of the past 148 years, we have run flour mills, farmed, ranched, and offered hunting and fishing opportunities.

''Our land also serves as a habitat for many species of birds. . . . As a result, my family and I consider ourselves stewards of precious natural resources.

''But as is the case for much of the wildlife habitat in this country, the estate tax threatens to tear it apart. The need to pay large estate tax bills often forces families to sell or develop environmentally sensitive land. The estate tax is the No. 1 destroyer of wildlife habitat in this country. . . .

''But for those of us who are stewards of wildlife habitat, the argument goes much deeper than the issue of business and money. Yes, families suffer financially,'' and his did. ''When wildlife habitats disappear, they disappear forever. We aren't a bunch of fat cats trying to hoard our assets. We are private citizens trying to preserve an irreplaceable resource for the enjoyment and benefit of generations to come.''

Mr. Speaker, I think most Americans agree that we need to get rid of this. Americans simply do not believe the IRS ought to operate a toll booth on the road to heaven.

Enough is enough. It is time to repeal the taxes on our American values. It is time to bury the death tax, giving a new birth of freedom to the next generation of farmers, ranchers, and small businesses.

[From the Dallas Morning News, Nov. 10, 1999]

ESTATE TAXES THREATEN WILDLIFE HABITATS

(By David Langford)

For many of us trying to preserve and protect our wildlife habitat, the federal estate tax is a deadly predator.

Since 1851, my family has worked the land in the Texas Hill Country. Through the ups and downs of the past 148 years, we have run flour mills, farmed, ranched and offered hunting and fishing opportunities.

Our land also serves as a habitat for many species of birds, including two endangered migratory songbirds the golden-cheeked warbler and the black-capped viero. As a result, my family and I consider ourselves stewards of precious natural resources.

But as is the case for much of the wildlife habitat in this country, the estate tax threatens to tear it apart. The need to pay large estate tax bills often forces families to sell or develop environmentally sensitive land. The estate tax is the No. 1 destroyer of wildlife habitat in this country.

Although we have managed to hold our land together, it hasn't been easy. Before my mother died in 1993, we did everything we could to protect our family's land. Like millions of other family businesses, we paid accountants, tax attorneys and estate planners to help manage our assets in ways to avoid the tax, but it still came to this.

In order to pay the estate taxes and keep the land together when my mother died, we had to sell almost everything she owned, including her home. My wife and I had to sell nearly everything we owned, including our home, and move into a two-bedroom condominium. We also had to borrow money for 35 years from the Federal Land Bank.

Because the value of the land has increased since 1993, if we were killed in a car accident tomorrow, my children would owe more inheritance taxes than the amount I originally had to borrow to pay mine. But that isn't the end of the story. Not only would they pay more taxes than me, but they still would inherit my 35-year note that they would have to continue to pay.

Could my children then keep the land? The short answer is no. It probably would become a subdivision. Like thousands of other hard-working, middle-class families, our children and grandchildren would be at the mercy of the punishing estate tax, which demands up to 55 percent of their assets at the time of death. They simply don't have the cash.

Private land stewards all over the country are being ravaged by the estate tax. Taxpaying citizens are being driven off the land. What is accomplished by breaking up natural habitats? The benefit to the federal government is negligible. The estate tax raises barely more than 1 percent of federal tax revenue. Many economists have concluded that, what you consider the revenue lost from tax avoidance strategies, the estate tax contributes minimal revenue to the federal budget.

Congress has an opportunity to repeal the death tax or at least reduce its crushing rates. No other act of Congress this year could provide more help to family-owned businesses.

But for those of us who are stewards of wildlife habitat, the argument goes much deeper than the issues of business and money. Yes, families suffer financially mine certainly has but the real loss is one that affects the entire country. When wildlife habitats disappear, they disappear forever. We aren't a bunch of fat cats trying to hoard our assets. We are private citizens trying to preserve an irreplaceable resource for the enjoyment and benefit of generations to come.

David K. Langford of San Antonio is executive vice president of the Texas Wildlife Association.

Mr. CARDIN. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. OLVER).

Mr. OLVER. Mr. Speaker, I thank the gentleman for yielding time to me.

Mr. Speaker, small family farmers and business owners in my district deserve tax relief. I support the Democratic substitute legislation that excludes up to $4 million for couples owning farms or small businesses. But this estate tax bill really should be titled ''the Billionaire Protection Bill.''

This Billionaires Protection Act is a terrible solution to an easily remedied

problem, but it does tell America exactly what Republican priorities really are. Before anything else, the Republican leadership would give a huge, reckless, and dangerous backloaded tax cut, more than half of which goes to the 60,000 wealthiest families among our 60 million families.

Do Republicans really believe that the Bill Gates, the Steve Forbes, the John Corzines, need $25 billion of tax cuts every year? Does anyone listening and watching today believe they need $25 billion of tax cuts?

The Republican leadership would give this multi-billion dollar tax cut before limiting class size to 18 for more than 3 million children; before establishing a prescription drug benefit in Medicare for 13 million American senior citizens who cannot afford the expense of drug coverage; before raising the minimum wage for millions of Americans working full-time for less than $11,000 per year; before paying down the national debt, so interest rates will go down for all American homeowners; before extending social security so that our generation and our children's generation will have a secure base for retirement.

It is a stunning revelation to know that the Republicans' last priority is a huge tax cut for the super rich. Vote for the substitute and against this give-away.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. Kolbe). The Chair would remind all Members participating in debate to direct their remarks to the Chair and not to the viewing audience.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Kentucky (Mr. Lewis), another distinguished and respected member of the Committee on Ways and Means.

Mr. LEWIS of Kentucky. Mr. Speaker, many of those on the other side of this debate that are against this tax relief keep talking about a $50 billion cost to the government. It is going to cost the government.

My question is, whose money is this? It is the farmer down in Kentucky and the States across the country that get up every morning before the sun comes up, and that never get in from the fields many times until way after the sun has gone down, that put in 40, 50, 60 years of their life of hard work in the fields to provide something for the next generation, for their sons and for their daughters.

It is their money. They are the ones who are working to earn it, to provide something for their heritage, something that will allow the farm produce in this country to continue.

As my friend, the gentleman from Illinois (Mr. Weller) mentioned a little while ago, urban sprawl is eating up the farmland because the hard work of farmers is going back into taxes. That is totally unfair.

Mr. CARDIN. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from Texas (Mr. EDWARDS).

Mr. EDWARDS. Mr. Speaker, if being fiscally irresponsible and unfair to middle class American families were crimes, passing this bill would be a felony.

Under this bill, 90 percent of American families will get nothing, not one dime, except for a larger national debt. But one-thousandth of 1 percent of America's richest will get billions in tax cuts.

Republicans are saying on one hand, we cannot afford to get soldiers off of food stamps, but let us give billionaires a massive tax cut. They are saying, we cannot afford to keep our health care promises to veterans and military retirees, but we can afford a $50 billion tax cut to the wealthiest 2 percent of Americans.

Republicans say, we cannot afford decent Medicare prescription drug programs for seniors, we cannot afford to enforce nursing home standards, we cannot afford to protect struggling rural hospitals from Medicare cuts in this Congress, but we can afford to give Bill Gates, Ted Turner, and Steve Forbes millions or billions in tax cuts.

The Democratic substitute values all Americans, not just a privileged few, by protecting family farms and businesses while paying down the national debt. Those are America's values.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. MANZULLO).

Mr. MANZULLO. Mr. Speaker, I was there when the auctioneer's gavel fell and sold half of the family farm of a couple that I represented in Ogle County, Illinois, as their kids sat there and went.

Let us not talk about the Bill Gates and the Steve Forbes, let us talk about those people, farm people losing their farms because government wants more money to spend on more programs. It is not Steve Forbes.

Let us talk about the Cross family, dealing with the death of the grandmother and then the death of their mother, trying to desperately hang onto the family farm. These are not rich people. They are a small percentage of people, but they are real people with real names and real auction sales that deprive their children of the ability to carry on the family farm. Those are the names.

Mr. CARDIN. Mr. Speaker, it is my pleasure to yield 1½ minutes to the gentleman from Mississippi (Mr. TAYLOR).

Mr. TAYLOR of Mississippi. Mr. Speaker, what is interesting today is what is not being said. Our Nation is $5.7 trillion in debt. Five trillion dollars' worth of that debt was acquired by Congress in our lifetimes.

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Most of it since 1980. We are squandering a billion dollars a day on interest on that debt.

The Joint Chiefs of Staff testified that we have a $100 billion shortfall in our military. The Shows bill which would provide relief to our veterans and military retirees has 300 cosponsors, but the Republican leadership will not bring it to the floor because they say we do not have $5 billion a year to cover that cost.

So I have to admit I find it a bit unusual that the Republican leadership can find $50 billion a year to give the wealthiest 2 percent of all Americans a free ride on this. I hope someone will explain that.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Nebraska (Mr. TERRY).

Mr. TERRY. Mr. Speaker, as a cosponsor, I rise in support. This act is about more than economic policy or numbers. It is about fairness. It is about family preservation. We are trying to protect their heritage and their culture.

In Nebraska, family farms date back to the great-great-grandparents who were pioneers, yet these taxes force smaller farms to sell to the Ted Turners of the world. And in Omaha, my hometown, second and third generation family shops like print shops or the Hispanic grocery store where they migrated here 40 years ago to live the American dream which were built with the family's sweat and the toil and the sacrifice, must be sold now upon the death of the father or the mother to pay the death taxes.

This act is about fairness. It is about preserving family history and culture. Please preserve this family culture. Vote for this bill.

Mr. CARDIN. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. TURNER).

Mr. TURNER. Mr. Speaker, I come from a district where the average household income is just over $21,000. We know that less than 2 percent of all American families ever owe an estate tax. I can say that in the second district of Texas, it is less than that.

H.R. 8 targets the richest 2 percent of the families in the country and if it were to pass, it would amount to a $2 billion to $3 billion tax break just for the 400 richest Americans. It would cost over $50 million a year when fully phased in.

Mr. Speaker, I say it is simply not right to give the very richest billionaires a $50 billion tax break while everyone else is left to figure out how to pay off the national debt and how to save Social Security.

As the chart I have to my right indicates, the Democratic substitute gives even more relief to the smaller estates. In fact, the Democratic alternative gives the greatest tax relief to the smallest estates at a fraction of the cost to the Treasury.

Look here, a $2 million estate of the husband who dies and the family worth $4 million, under House Bill 8, that family owes $229,800 in estate taxes; under the Democratic substitute, there is no estate tax due. That is if we have a family farm or small business. If we do not happen to be a family farmer or have a small business, we still get more relief under the first 5 years under the Democratic plan than under H.R. 8.

Mr. Speaker, I say this is the best plan. It is fiscally responsible and gives the greatest tax relief to the smaller estates.

COMPARISON OF ESTATE TAX OWED ON $2 MILLION ESTATE

| Year | House bill 8 | Democratic substitute |
|---|---|---|
| Small business or family farm: | | |
| 2001 | $229,800 | 0 |
| 2002 | 229,800 | 0 |
| 2003 | 222,800 | 0 |
| 2004 | 208,800 | 0 |
| 2005 | 188,200 | 0 |
| All others: | | |
| 2001 | 491,300 | $316,000 |
| 2002 | 491,300 | 316,000 |
| 2003 | 456,800 | 316,000 |
| 2004 | 375,800 | 316,000 |
| 2005 | 303,700 | 316,000 |

Soutce: Congressional Research Service.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. CALVERT).

Mr. CALVERT. Mr. Speaker, I rise today as a former small business owner, a family business, and a strong supporter of H.R. 8, the Death Tax Elimination Act. This bill finally phases out the Federal estate, gift, and generation-skipping transfer tax commonly referred to as the ''death tax.''

Small businesses are a foundation of the American dream. My father, after he served in World War II, started a small coffee shop chain, started with one restaurant and built it up. My father passed away and as a family, we are facing this estate tax, as many families in this country face this tax. It is unfair, it is un-American, and we have an opportunity to end this tax today.

Mr. Speaker, it is disgraceful that we continue this practice, and I am looking forward to a vote today that will finally start us down the road to ending this tax which hopefully will be signed into law.

Mr. CARDIN. Mr. Speaker, I yield 1½ minutes to the gentleman from Massachusetts (Mr. CAPUANO).

(Mr. CAPUANO asked and was given permission to revise and extend his remarks.)

Mr. CAPUANO. Mr. Speaker, there are a couple of questions that have been raised in my mind since I have been listening to the debate. I guess if this tax is a bad tax because everybody earned the money, that is true. That is true for every single tax we have. Of course Americans earn the money. It is no different here than in the income tax or sales tax or any other tax.

If the argument is valid, it is valid for every tax. Let us just get rid of them all and base this country's entire economic system on gifts. It is not going to happen, my colleagues on the other side of the aisle do not propose it, so the argument does not hold water.

I also hear today about how difficult it has been on a few individuals. Of course, every system has problems. In general, though I have also heard many comments about different businesses that are second generation, third generation, fourth generation businesses. How did they make it? How did they get through the estate tax if it is so bad?

Let us tell the truth. The Democratic proposal deals with the problems that are on the table. Everyone here wants to deal with them. It will cut from 2 percent. If the Democratic proposal is adopted, it will be 1 percent. We take almost half of the people today and not tax them at all. On top of that, when we are finished if the Democratic proposal is passed, the average estate, the average estate that would be taxed would be worth $3.5 million. And they would not be taxed at 55 percent. Anybody who knows anything about taxation knows the difference between marginal taxation and effective taxation. The effective tax rate, the thing that is really paid by people, currently is about 20 percent. It is not 50 or 55 percent as everyone keeps saying because that is a nice number to use. But it does not mean a thing. It is 20 percent.

If the Democratic proposal is passed, it would be 16 percent. The Democratic proposal would still leave the average taxpayer with $2.7 million of that 1 percent of people.

Mr. ARCHER. Mr. Speaker, I yield the balance of our time to the gentleman from California (Mr. COX) a member of the Republican leadership.

Mr. COX. Mr. Speaker, when I first introduced legislation to repeal the death tax in 1993, the Democratic leader was seeking to increase death taxes. But slowly but surely over four congresses, we have put together a consensus of Democrats and Republicans in this body and the other body behind the simple notion: the death tax, even though it is intended to soak the filthy rich, does not really fall on them. It falls on low-wage workers.

Mr. Speaker, people who fall in the category of the top 2 percent richest Americans, names that we have heard during this debate like Ted Turner or Bill Gates, will not benefit from the passage of this legislation because they will not pay the death tax. To a certainty, the one person who will not pay the death tax is the rich dead person. But beyond that even those who survive, through estate planning, through all manner of complicated trusts and avoidance schemes, not to mention lifetime gifts, successfully avoid most of the burden of this tax.

The real burden of this tax falls on the low-wage worker, the woman who works for a business or a farm or a ranch that is family owned, because every day she does not know what happens when the founder dies. If part of that business has to be sold off or all of it has to be sold off to pay the tax man as so often happens, then people lose their jobs. Many more people than there are dead rich persons at whom this tax is aimed. And when they lose their jobs, their tax rate is 100 percent. It is for those people that we are passing this legislation today.

In California, we put this question to a vote of the people. Even though the left raised the battle cry that this was a tax break for the rich, nearly two-thirds of Californians voted to repeal our death tax in its entirety because they understood where the real burden of this tax falls. It is the right thing to do today for the working people of America, and I congratulate the leadership of this Congress, the gentleman from Texas (Chairman ARCHER), and all of the Democrats and Republicans who have come together to make this happen. We hope that this time the President will sign it into law.

Mr. CARDIN. Mr. Speaker, I yield the balance of our time to the gentleman from Georgia (Mr. LEWIS), a distinguished member of the Committee on Ways and Means.

Mr. LEWIS of Georgia. Mr. Speaker, I rise today in support of the motion to recommit to be offered later by the gentleman from Texas (Mr. DOGGETT). The motion simply says that section 527 political organizations that fail to disclose their donors will be subject to the gift tax.

It is time to fix our broken system of financing elections. This motion is an important step toward that goal. It would close a huge loophole by requiring simple disclosure by secretive political organizations and groups. The American people have a right to know. They have a right to know who is funding political campaigns in this country. They have a right to know who is trying to influence their votes. The American people have a right to a free and open election process.

Mr. Speaker, it is time to close this loophole. It is time to get rid of the secrecy. It is time to fix this mess.

The other body had the courage and voted with raw courage on yesterday to close this loophole. It is time for the House to do the same. I urge all of my colleagues to support the motion to recommit.

Mr. SANFORD. Mr. Speaker, I rise in support of Chairman ARCHER's efforts to reform the estate tax. And I say reform, rather than repeal, because at the heart, that's what I think we're talking about here. I'm sure Chairman ARCHER would disagree emphatically with my point. But given the way our political process works, I think that today's vote represents the starting point in negotiation over the estate tax. By staking out a position of repeal, as it works its way through the political body, what we're really talking about is change. And the question I think we all need to ask ourselves is to what degree. While I am in favor of this vote because it stakes the position of the need for change, the reason I don't think that I would ever be in a position to support total repeal of the estate tax is tied to three things: history, the value of work and the belief in meritocracy, and, finally, the power of compound interest.

When you look through the pages of history, you see that anytime there's been extreme disparity of wealth, you've seen political problems. In short, the Banana Republics of South America are demonstrative of the fact that a few families holding all the wealth doesn't lend itself toward democratic rule. In fact, if you stop and think about it, would it be good for

our form of government, if out of the 270 million people that make up America, 99 percent of the wealth was held by four families? I think undoubtedly, most people would say no, not a chance. And that illustrates the point that I think intuitively all of us know—that extreme wealth concentration isn't good for our form of government.

Two, I'd say there's a real value to work and meritocracy. I think that one ought to put on their jeans and go to work. It's good for the individual and it's good for society as a whole. In fact, Republicans have repeatedly made that very argument when they talk about welfare recipients. Our Founding Fathers were very deliberate about not having kings and queens, and yet if you have a couple of families that can hand on huge levels of wealth, tax free, generation after generation, what you develop is an aristocratic class that does nothing more than eat from silver spoons and play polo. I think the reverse would be good to have a merit-based system, wherein one can go out and earn as much money as they're able over the course of their lifetime with very little from the standpoint of government regulation or government taxation interfering with those efforts. Beyond a certain point though, families ought to be brought back to a neutral starting zone, with each new generation given that shot at making it to the top. I say that as one who's voted to cut virtually every form of government spending. Unfortunately, Congress as a whole is not willing to do that, and we have to pay for those government services that people so consistently vote for around this place. I'd rather not see the burden on the shoulders of people working and striving to develop new things. I'd rather see that, again, at the end of the day after one has succeeded, without government taxing them heavily on their rise to the top.

Which brings me to my third point, the power of compound interest. I do think the estate tax needs to be substantially reformed, and I'm talking about a very large limit here. One ought to be able to hand off perhaps $250 million or $500 million tax free to their children, should they so choose. But you shouldn't have a Bill Gates level of wealth that's $50 billion handed tax free to the next generation. For this family, within a couple of generations, compound interest could concentrate perhaps a trillion dollars of net worth.

So in the end that's where I am. Let's substantially repeal the estate tax; let's reform it mightily, raising the limit in excess of $100 million of tax free inheritance, to be handed on from one generation to the next. But let's not completely eliminate it, because extreme concentrations of wealth handed tax free from one generation to the next is not only bad for the individuals in question, but certainly bad for our system of government.

Ms. PELOSI. Mr. Speaker, yesterday we began debate on a bad Labor/HHS/Education Appropriations bill, a bill that cuts $2.9 billion from education services; cuts $1.7 billion from labor with cuts to workforce development and safety investments; and cuts more than $1 billion from critical health programs. And next week we will be forced to vote on this bill that undermines so many of our nation's priorities.

Why? Because the Republican House leadership passed a bad Budget Resolution that puts tax cuts for the wealthiest Americans above investments to promote America's education, workforce, and health services. Their $175 billion tax cut exceeds the projected budget surplus and requires deep cuts in nondefense discretionary appropriations.

And here we are again, voting on a measure that would provide over $50 billion to the wealthiest 2 percent of taxpayers. How much is enough? When will Republicans be satisfied with the amount of money they have given to the wealthy, and turn their attention to the majority of Americans who want a good education, a strong work force, and a healthy future?

This bill will cost $50 billion per year when fully phased in. This monstrous hole in the federal budget will undoubtedly translate into cuts from areas that the American people care about, just as the proposed $175 billion Republican tax cut translated into cuts in yesterday's proposed Labor/HHS/Education Appropriations bill.

When we prioritize tax cuts over health, education, and labor, we make sacrifices, and these sacrifices affect everybody. The repeal of the estate tax does nothing for working families. Most American families would not receive a single dollar of tax relief from this bill. So I want the American people to know what they are sacrificing in order to provide a tax cut to the wealthiest two percent of their fellow citizens.

Republicans have proposed cutting $1 billion from targeted investments in education to improve teacher quality and recruit new teachers, denying afterschool services to 1.6 million kids, and eliminating HeadStart assistance to 50,000 kids.

They have also proposed cutting NIH $439 million below current services and cutting $16 million from Clinton's request for battered women's shelters.

These are the kinds of sacrifices that Americans are being asked to make in exchange for a tax cut that would give $300 billion to the 400 richest Americans. $300 billion is enough to pay for a prescription drug benefit for seniors for 10 years!

The Republican majority placed the needs of big business over working people yesterday by voting to once again delay the implementation of new ergonomics regulations which protect working people from repetitive motion injuries. And here they are again asking working families to make sacrifices so that the wealthy can reap benefits.

Slowing our progress in health, education, and labor in order to make room for tax cuts for the wealthy does not fit with our national priorities.

Democrats have proposed a fiscally responsible substitute that targets tax relief to farmers and small business. I urge my colleagues to support this alternative.

Mr. CROWLEY. Mr. Speaker, hard working Americans should not be forced to liquidate their holdings and sell off the businesses their fathers or grandfathers started in order to pay their estate taxes. The estate tax, while only affecting a relatively small number of people, does harm small businesses, family farms and ranches. I am not talking about the wealthiest Americans; I am talking about hard working Americans.

This relief needs to be immediate. While I support the principles of H.R. 8, it does not help hard working families now, or even next year, it will not help 10 years from now. Additionally, it will take from our surplus that could be spent on shoring up Social Security, implementing a prescription drug benefit for seniors and improving education. H.R. 8 really helps the wealthiest Americans.

In today's economy, one million dollars does not make a millionaire. On paper, a family business may be worth six million dollars with property and buildings, but the family is really struggling to survive. The Rangel substitute addresses the inflation in our economy while still being fiscally responsible. The Rangel substitute increases the special exclusion to the estate tax to two million dollar per person. It provides further relief and simplifies the estate tax for this group by allowing any unused portion of the exclusion to be transferred to the surviving spouse, making the total exclusion four million dollars to eligible farm and small business owning couples. Importantly, the Rangel alternative increases the general exclusion for the estate tax next year from $675.000 to $1.1 million. H.R. 8 would take ten years to make this increase.

Additionally, we all agree the top marginal tax rate of 55% is too high—taking away more than half of any estate. The Democratic substitute lowers marginal tax rates by twenty percent across the board in combination with converting the federal estate tax credit for state death tax credit into a deduction.

I believe the Rangel substitute will provide relief to the small businesses in my district as well as farms and ranches across the country. At the same time, it allows us to retain our budget surplus to help Social Security, Medicare and Education.

I support the Rangel alternative. I oppose the fiscally irresponsible H.R. 8 and urge my colleagues to vote in support of the Democratic alternative.

Mr. FRANKS of New Jersey. Mr. Speaker, today, with my support, the House passed legislation (H.R. 8) to eliminate the Death Tax.

For too long, exorbitant tax rates have made it difficult for Americans to pass their savings onto their children, and for small businessmen and farmers to keep their enterprises within the family.

That's why I cosponsored and voted in favor of the Death Tax Elimination Act (H.R. 8), which would phase out the estate and gift tax over a period of 10 years.

It is my hope that phasing out the death tax will make it easier for individuals and families to accumulate savings for future generations.

In addition, during debate on this important legislation, a motion was offered to address another important issue—campaign finance reform. I supported this motion.

Congress's failure over the years to address the issue of campaign finance reform hurts all of us. It undermines public confidence in this institution and casts a cloud over every action we take in this House.

I have been actively fighting for campaign finance reform in this House for a number of years—from authorizing my own Independent Commission Bill to supporting a ban on soft money through Shays-Meehan to supporting today's motion to close the 527 loophole.

Recently, there has been an increase in anonymous campaign expenditures by third parties. Many of these organizations are classified by Section 527 of the tax code. These ''527'' organizations are currently free to participate in our electoral process, but are not required to disclose to the American voters from where their funds originate.

To establish disclosure requirements for individuals and organizations who wish to take

an active role in affecting the outcome of federal elections is just plain common sense. Individuals and organizations who strongly believe in an issue or a candidate and are willing to back them up with their financial resources should not be allowed to hide behind a loophole.

Congress must act an legislation requiring disclosure for any group who wishes to participate in federal elections in order to help build greater public confidence in the integrity of our federal electoral process.

Mr. ROEMER. Mr. Speaker, I rise in support of H.R. 8, which provides for the elimination of the federal estate tax. By removing one of the most unfair, complicated and inefficient provisions on the tax books, we can provide critical tax relief to our families, small businesses and farms. I strongly believe that a person who works hard, pays taxes, and saves money should not be penalized with an onerous tax upon his or her death. Every American deserves to know that their heritage, livelihood and the sum of their life's work will be passed on to their children.

The estate tax undermines the traditional principles of our nation—hard work, savings, and fairness. There are too many cases of family-owned businesses and farms in Indiana that have been forced to sell their estates because it was too expensive to pay the estate tax. More than 70 percent of family-owned businesses are not passed on to the next generation, and 87 percent do not make it to the third generation. Even as the estate tax creates such severe unintended consequences, it does not even succeed at its intended purposes. the estate tax brings in less than 1.4 percent of total federal revenues, but enforcement of the tax costs the government 65 cents for ever dollar it raises. This is a waste and simply unfair to hard-working American taxpayers.

I also support the Democratic alternative, which provides even more relief to small businesses and farmers by providing targeted and immediate tax breaks. For example, the Democratic alternative allows a married couple to pass on their family farm or small business intact with no estate tax whatsoever if it is worth up to $4 million. Because the Republican bill is phased in over ten years, a couple passing on their farm or small business in the near future would avoid more tax under the Democratic substitute. It also lowers estate tax rates 20% across the board. This alternative is a fiscally sensible alternative that targets relief to farmers and small businesspeople while protecting our ability to pay down the national debt and shore up the long-term future of Social Security and Medicare.

Mr. Speaker, since the Democratic alternative is not expected to be passed by the House, I will vote for H.R. 8 because I do not support the status quo as it concerns the estate tax. Hard working American taxpayers deserve a change now, and for these reasons, I strongly encourage my colleagues to support this legislation.

Mr. KIND. Mr. Speaker, I rise today in opposition to H.R. 8, the Death Tax Elimination Act of 2000. The federal estate tax has come under a great deal of scrutiny because of its economic effect on family farms and small businesses. I support the effort to protect these farms and businesses but, unfortunately, H.R. 8 does not effectively target small businesses and farms. Rather, it would enable the wealthiest 2 percent in our country to pass vast fortunes to their heirs without a penny of tax, while working families are taxed on every dollar they earn. Further, Congress would be passing a greater share of the burden of saving Social Security and Medicare and paying off the $5.7 trillion national debt to all American children.

H.R. 8 would initially reduce and then fully repeal the federal estate and gift tax over a 10-year period. This bill would cost $28 billion over five years and $105 billion over ten years. The full repeal, however, does not take effect until 2010. In that year, the Congressional Budget Office estimates that estate and gift tax will generate nearly $50 billion. As a result, the revenue loss in the second ten-year period explodes to more than $500 billion at a time when our country can least afford it as baby boomers will be retiring and Social Security shifts from cash surplus to a deficit.

It is important to recognize when considering this full repeal of the estate tax relief that only 2 percent of decedents have enough wealth to be subject to the estate tax at all under current law. Further, of the 2 percent of Americans subject to the estate tax, only 3 percent are small business people or farmers. Additionally, only 6 in 10,000 American estates are farms or small businesses subject to estate tax.

I believe that we must provide relief to family farms and small businesses and that is why I support the substitute offered by Representative RANGEL. This substitute would provide fiscally responsible estate tax relief to small business and farm owners. Specifically, it would immediately raise the special exclusion from the estate tax from $675,000 to $4 million for a couple owning a farm or small business and would lower the estate tax rates by 20 percent across the board.

Our current strong economy has begun producing surplus federal revenues, and, as you might imagine, there is no shortage of ideas for ''using'' the surplus. I am in favor of addressing negative effects of the estate tax, as evidenced by my past votes, but I also believe we should give priority to using these surplus funds to save Social Security and Medicare and pay down the $5.7 trillion National Debt. Surplus funds allow us to pay down the principal on this burdensome debt, thus reducing the annual interest payments which amount to approximately $250 billion annually. In fact, Federal Reserve Chairman Alan Greenspan stated, ''Saving the surpluses—if politically feasible—is, in my judgement, the most important fiscal measure we can take at this time to foster continued improvements in productivity.''

A lower national debt would help reduce interest rates, resulting in tremendous cost savings for all American families who make credit card, car, mortgage, and loan payments. Lower interest rates will also reduce the cost of capital for businesses, allowing for more investment and, therefore, more job creation.

Mr. Speaker, I urge my colleagues to vote against H.R. 8. Any tax cut must be done in a fiscally responsible manner, and not derail the opportunity we have to reduce our large national debt and prepare for our future obligations to our aging population.

Mr. Speaker, unfortunately due to a family obligation, I missed today's roll call votes. On roll call vote number 252, had I been present, I would have voted ''yea.'' On roll call vote number 253, had I been present, I would have voted ''yea.'' On roll call vote number 254, had I been present, I would have voted ''nay.''

Ms. KILPATRICK. Today, I rise in strong and stringent opposition to H.R. 8 which will repeal the estate tax. The majority, as it did earlier this year, is pushing legislation that will benefit an important, but small portion of the American population. I object to this legislation because it is taken up at a time when the American people have, over and over, indicated that their priorities—their major concerns, are the ability of our nation's children to receive a quality affordable education and the ability to receive adequate and affordable healthcare and a reasonable minimum wage. The repeal of the estate tax is an issue that affects only 2 percent of all estates and will cost the treasury $50 billion when it is fully implemented.

Last year, the Republican party failed to pass its tax plan. A plan that would decimate the budget that we have worked so diligently to balance. The Republicans have resorted to a new approach designed to pass their tax cut piece by piece, instead of the broad sweeping tax cut they earlier proposed.

The Joint Committee on Taxation estimates that the repeal of the estate tax will cost the U.S. Treasury $28.3 billion over five years, $100 billion over 10 years and $50 billion every year after 2011. In addition, the Children's Defense Fund points out that:

> If the same funding were instead invested in children, millions of children throughout America would get a fairer and healthier start in life. Instead this bill ignores the needs of 13.5 million children living in poverty to give only the wealthiest Americans a huge tax cut. In fact, 100% of the benefits from an estate tax cut will go to people in the top 5% income group, those earning at least $130,000 a year, with over 90% of the estate tax going to those in the top 1% income group, those earning at least $319,000 a year.

If we are truly concerned about American small business owners and farmers who are most hurt by the estate tax, we should support the Democratic substitute. The Democratic substitute will effectively create a $4 million exclusion per family for farms and closely-held business. The substitute would result in a total cost of $22 billion over ten years instead of nearly $105 billion over 10 years. The substitute also provides an immediate, 20 percent across-the-board reduction to the estate and gift tax rates, with the maximum estate and gift tax rates reduced from 55 percent to 44 percent.

I say to my colleagues who argue that their concern is with the American people, where is the legislation concerning healthcare? Where is the legislation concerning the education of our children? Where is the legislation addressing those who earn an inadequate minimum wage? Why are we standing here today considering a bill that only affects the wealthiest 2 percent of the American people? These are the questions that this body must address. If, however, we must address the question of the estate tax, let's do so in a manner that addresses those most hurt by the estate tax and support the Democratic substitute.

Mr. BLUMENAUER. Mr. Speaker, I was not here to vote today on eliminating the inheritance tax. Instead, I am on the other side of the continent, celebrating my daughter's college graduation with family and friends. Frankly, I would have been embarrassed to be participating in today's debate, which is nothing

more than a cynical political sideshow staged by the Republican leadership in their appeal for the support of some of the most spectacularly wealthy people in the country at the expense of people who look to the federal government for help.

The issue before us is straightforward. I believe, as do the majority of my colleagues, that no one should be forced to sell a family business, farm, woodlot or closely held business, simply because a family member or principal owner has died. Such sales are often economically disruptive and damaging to the family involved; certainly, they do nothing to make our communities more livable.

There is a way to solve what is a very real problem faced by some contractors, farmers, woodlot and other business owners. We can defer the inheritance tax permanently, so long as the business remains in the family or closely-held partnership. I don't care how much the business is worth—if the owners don't want to sell, they shouldn't have to. We should also increase the exemptions in the inheritance tax, and adjust it for inflation, just as we did with the income tax. These three steps would solve the problem for every person who has contacted me, and would be enacted by a large majority and signed into law by the President.

The bill we are considering, however, is far different. Even though it will not be enacted into law, the legislation offers clear insights into the thinking and priorities of the leadership of the Republicans. It would offer enormous benefits to a few hundred of the wealthiest people in America, whose billions in unrealized capital gains will pass to their heirs without ever having been taxed, but it ignores the pressing needs of hundreds of millions of other Americans. What about the 11 million American children who have no health insurance? What about their families, working hard, but still struggling on income of ten or fifteen thousand dollars a year? What about the elderly, who can't afford to buy the prescription drugs that would so improve the quality of their lives? What about the students with special educational needs? This Congress is about to consider a budget that shortchanges them once again.

It is scandalous that men and women who served their country may not receive the health care they were promised. It is damaging to our future that many of today's college graduates—the ones we will depend on to shore up Social Security—are beginning their careers staggering under a crushing load of student debt.

This Congress looks at all these problems and sees nothing of interest or importance. The problems of those most well-off are far more consuming—and far more rewarding to pretend to solve. In the end, this bill will be vetoed and America's small businesses will be right back where they started.

I came to Congress to help American families be safe, healthy and economically secure. Allowing family businesses and closely held corporations to stay in family hands would clearly help this effort. I am not opposed to helping solve the problems of the most well-off in society. At a minimum, however, we should pay equal attention, expend equal effort, and invest as much in those Americans who are struggling even in these best of times.

Mr. MOORE. Mr. Speaker, I rise in support of H.R. 8, the Death Tax Repeal Act. I have long been a supporter of providing estate tax relief to American families, small business owners, and farmers who have worked their entire lives to transfer a portion of their estates upon their death.

While H.R. 8 is the vehicle that the House leadership wishes to pursue to achieve this goal, I believe there is a better way to provide relief and maintain our commitments to paying down the national debt, protecting Social Security and Medicare, and other priorities. This is why I will also be supporting the substitute to H.R. 8.

The alternative will increase the estate tax exclusion for family-owned farms and businesses to $4 million and simplify the rules to allow a surviving spouse to automatically receive any credits that were applied to the estate of the deceased. It will also increase the unified exemption to $1.1 million and reduce estate tax rates by 20 percent. All of these changes will be made immediately, instead of delaying relief to the small businesses and family farmers who truly need relief for several years as H.R. 8 would do.

H.R. 8 does not repeal the estate tax for 10 years; rather, it shaves the marginal tax rates by a total of 14.5 percent over 5 years, delaying estate tax relief to the small businesses and farms that truly need it. H.R. 8 uses a phase-in period to hide its real effects. While the first 10 years cost only $104 billion, I have deep concerns about the costs of this legislation outside the 10 year budget window. They explode to $50 billion per year, or $500 billion in the second ten years.

Mr. Speaker, in February 2000, I received a score from the Joint Committee on Taxation for H.R. 3127, a bill I introduced to provide estate tax relief by immediately increasing the exclusion to $3 million. I anticipated that this score would have less budgetary consequences than the vetoed estate tax provisions in last year's $792 billion tax package. Joint Tax scored the estate provisions in that bill, which tracks closely with today's bill at $65 billion, while they scored my bill at $211 billion. This perplexed me; and when I wrote Joint Tax back for an explanation, they replied: ''your bill provides substantially more relief through fiscal year 2009 from the estate gift, and generation-skipping transfer taxes than the relief contained in Title VI of H.R. 2488.'' I have enclosed copies of these letters for the record.

Simply, H.R. 8 would have the American people believe that they will receive immediate and substantial estate tax relief. This bill delays a full repeal, which will have budget implications that this country simply cannot afford. With over $500 billion in lost revenue, this has the potential to put this country back on the wrong fiscal track of increased deficit spending and an exploding national debt.

Although the majority claims to support retiring the publicly held debt, they have begun the session by scheduling several tax bills funded by the projected budget surplus without giving any consideration to the impact that the bills will have on our ability to retire our $5.7 trillion national debt. These tax cuts, however, must be made in the context of a fiscally responsible budget that eliminates the publicly held debt, strengthens Social Security and Medicare, and addresses our other priorities.

We can and we have cut taxes. In February, I voted for and the House of Representatives passed a $182 billion marriage penalty relief bill. In March, I voted for and the House passed a $122 billion small business tax relief bill, which included estate tax relief. Later in March, I voted for and the House passed a bill eliminating the Social Security earnings test. And, in April I voted for and the House passed a bill to repeal the telephone excise tax at a cost of over $51 billion. Today, the House will likely pass a $104 billion estate tax relief bill. That brings the total tax relief approved by the House to date up to over $450 billion or a little more than 50 percent of the projected on budget surplus of $930 billion.

I supported all previous efforts to provide tax relief because each has had a relatively modest cost when considered in isolation. I am concerned, however, that the total costs of these bills will be nearly as much as the vetoed tax bill, and could even be more expensive. This is why I intend to support the fiscally responsible substitute which provides immediate estate tax relief targeted to farmers and small businesses while protecting other urgent priorities such as paying down the debt and shoring up the long-term future of Social Security and Medicare.

I will also support, however, final passage of H.R. 8 because it is the only vehicle the leadership will allow to provide estate tax relief. I will not obstruct that vehicle; however, I hope the Senate and the conference committee consider carefully compromise language that provides substantial and immediate relief, that is fiscally responsible, and that the President will sign.

Mr. CRAMER. Mr. Speaker, I rise today in strong support of H.R. 8, the Death Tax Elimination Act.

I strenuously oppose this unfair and unreasonable tax. This tax, one imposed on earnings and assets that have already been subject to income, social security, and other taxes at the federal and state level, is simply unconscionable.

To begin with, the rates for this ridiculous tax, which range from 37 percent to 55 percent, are even higher than the highest income tax rate of 39.6 percent. This tax is making an already difficult situation unnecessarily worse for our small, family-owned businesses and family farms. Even the most modest farm or business can easily exceed the current death tax exemption because of their investment in capital assets like land and equipment.

Mr. Speaker, it is outrageous that today it makes more sense to sell a family-owned business before death rather than pass the business to one's heirs. These businesses are the backbone of America's economy—creating more jobs than any other facet of our economy. We must work to nurture and protect these businesses, not destroy them through unnecessary and unfair taxes.

Mr. Speaker, if we can't eliminate this tax—which only accounts for less than 1% of our overall revenue—in these times of tremendous budget surpluses, when can we?

This tax cost jobs, it prevents families from passing on their businesses or farms to their children, and ultimately it does nothing to our bottom line.

In short, Mr. Speaker, to put it simply, the federal government just should not be in the business of taking 55 percent of a family's business and destroying their livelihood. This tax should be eliminated, and it should be eliminated today, not next week or next month or next year.

I hope my colleagues will join me in voting for the elimination of this onerous and damaging tax.

I urge the adoption of H.R. 8.

Mr. BEREUTER. Mr. Speaker, this Member rises today to express his support for H.R. 8, the ''Estate Tax Elimination Act of 2000.'' This Member's vote for this legislation today is based on his desire to move the inheritance tax reform process forward by dramatically increasing the Federal inheritance tax exemption level. However, this Member does not support the complete repeal of the Federal inheritance tax.

This Member is a long-term advocate of inheritance tax reduction, especially in regard to protecting small businesses and family farms and ranches. This Member believes that inheritance taxes unfortunately do adversely and inappropriately affect Nebraskan small business and family farms and ranches when they attempt to pass this estate from one generation to the next.

Accordingly, to demonstrate this Member's very real support for inheritance tax reform, this Member supported the Taxpayer Relief Act in 1997 which passed on July 31, 1997. This Act phased-in an increase in the unified credit exemption from the current level of $675,000 to $1.0 million in 2006. Also, it provided an immediate exclusion of $1.3 million (not in addition to the broader exclusion) for a limited variety of eligible closely-held family farms and businesses.

At the current time, this Member does not support the complete elimination of inheritance taxes. It would be a great political error and controversy to eliminate the inheritance tax on people like Steve Forbes or the billionaires or mega-millionaires. Also, the very negative impact on the largest of the charitable contributions and the establishment of charitable foundations cannot be underestimated. The benefit of these foundations to American society are invaluable. Our universities and colleges, too, would see a very marked reduction in the gifts they receive if the inheritance tax on the wealthiest Americans was totally eliminated. Despite the legal talents the super-rich can afford, such an inheritance tax change would have major consequences. The total elimination of the inheritance tax is a bad idea.

This Member's vote for this legislation only should be regarded as a demonstration of his desire to move the inheritance tax reform process forward by increasing dramatically the exemption level to the Federal inheritance tax. In addition, there is overwhelming support among his constituents for inheritance tax reform.

Specifically, this Member does not support repealing the inheritance tax, with the final step completed in this legislation to zero percent inheritance tax from the year 2009 to the year 2010 as proposed. Instead, this Member prefers the Ewing approach which he enthusiastically support. This Member is an original cosponsor of H.R. 4112 which was introduced by Representative TOM EWING on March 29, 2000. This measure (H.R. 4112) would immediately increase the Federal inheritance tax exemption from a rate of $675,000 to $5 million and would then increase this exemption annually over the next three years until it reaches a total of $10 million in 2003. After reaching the $10 million level in 2003, the exemption would be indexed annually thereafter to account for inflation. Essential inheritance tax relief is provided by H.R. 4112 for even wealthy business and farm families. This Member is even willing to raise the exemption level beyond $10 million to, for example, $15 million.

By the way, most Nebraskans pay more state inheritance taxes than Federal inheritance or estate taxes so Nebraskans should also consider pushing for reductions or reforms in their state taxes.

Mr. Speaker, this legislation, H.R. 8, if passed by the House, goes to an uncertain future in the Senate. In addition, if any legislation is reported from the Congress this year which totally eliminates the Federal inheritance tax, it is assured of a Presidential veto. Thus, this vote for H.R. 8 should be regarded as only demonstrating my firm conviction that we need to dramatically increase the Federal inheritance tax exemption level.

Finally, Mr. Speaker, if a conference report comes back to the House that totally eliminates the Federal inheritance tax, this Member will vote against it.

Mr. ENGEL. Mr. Speaker, in demonstration of my support for family owned businesses and farms, and because estate taxes are, in general, too high and burdensome, I cosponsored H.R. 8. I am glad that my action helped to shed light upon this issue.

However, H.R. 8 was never a perfect bill. While rightfully focusing on the need to help reform the estate tax, the bill goes too far. I am concerned that although the bill does help small businesses and family farms, the majority of people who benefit if H.R. 8 passes are not average Americans, but the most wealthy. Furthermore, the bill would result in a substantial revenue loss over the next 10 years.

This week, I have reviewed the amendment to H.R. 8 which will be offered by our colleagues, Representatives RANGEL, CARDIN, and STENHOLM. This Democratic alternative specifically addresses the issue of providing relief to our farmers and families, which is the most important aspect of estate tax reform. I will, therefore, be very pleased to support the Democratic substitute as it addresses the very reason I cosponsored H.R. 8. It is my hope that this amendment will pass so that I can vote for H.R. 8, as amended. However, given that the Democratic substitute is markedly superior to the underlying bill, I will vote against H.R. 8 if the Democratic substitute fails.

Mr. MCDERMOTT. Mr. Speaker, by bringing their estate tax elimination proposal to the floor, the Republicans are clearly pandering to the richest Americans. Most Americans are not affected by the estate tax. 98 percent of all estates are exempt from the tax. Of the two percent that are liable, only 3 percent of those are small businesses and farms.

The estate tax repeal will not become law; this vote is purely political. If the Republicans genuinely wanted to help the 6 in 10,000 American small businesses and farms subject to the estate tax, they would have worked with Democrats to craft a bipartisan compromise.

Over the past two decades, income and wealth disparities have increased. The Republican proposal will exaggerate this by making the rich richer and the poor poorer. Repeal of the estate tax for the Forbes 400 richest Americans would amount to $200–300 billion. Enough to pay for a Medicare prescription drug benefit for 10 years!

The rhetoric the Republicans have invoked during the estate tax debate is misleading. Calling the estate tax the ''death tax'' infers that all Americans will lose half of their estate and needlessly scares people.

Mr. WELDON of Florida. Mr. Speaker, I rise today in strong support of H.R. 8, the Death Tax Elimination Act, of which I am a cosponsor. We in the House of Representatives are poised to continue our commitment to tax fairness for all hard-working Americans by voting to repeal the Death Tax. The Death Tax ranges from 37 to 55 percent and can even get as high as 60 percent in some cases. The Death Tax Elimination Act (H.R. 8) would phase out the tax over the next ten years on the death of an American.

Since 1994, Republicans have been committed to balancing the budget, protecting Social Security and Medicare, and providing tax fairness to all hard-working Americans and their families. To date we have passed the Repeal of the Marriage Penalty, Small Business tax fairness, the Repeal of the Seniors' Work Tax, ended the 100 year ''tax on talking,'' and today we can get rid of the Death Tax.

Americans pay taxes their whole lives, then at their death, Uncle Sam wants to get some more—sometimes taking over half of the poor soul's legacy. I have talked to farmers and small business owners in my district who are extremely worried at what the Death Taxes will mean to their children and grandchildren. These hard-working Americans have worked a lifetime to build a farm or business only to have it stripped and taken from their children by the Death Tax.

The death tax is one of the most immoral taxes on the books, because it taxes farmers and small business owners twice. First these hard-working Americans pay all of their taxes throughout the years, then the federal government taxes the value of their property again at the time of death.

No American should be forced to pay up to 55 or 60 percent of their savings when they die. I'm proud to be part of the effort to repeal this tax. Let's bury the death tax once and for all.

Let's pass this repeal and end the tax on death.

Mr. SCHAFFER. Mr. Speaker, I rise today in support of H.R. 8, the Death Tax Elimination Act. As a cosponsor of this legislation, I am convinced this tax is completely unnecessary and in fact does more harm than good. The death tax penalizes business and job growth and impacts all individuals, not just the wealthy. It creates disincentive for expansion, long-term investment, and many times forces families to make difficult decisions about the future of their business.

The death tax discourages the entrepreneurial spirit held dear by so many Americans. Our country was founded on principles that encourage citizens to become as successful as their talents allow. The Founding Fathers gave us the liberty to acquire and dispose of personal property. Unfortunately, some were mistakenly led to believe that equality of economic opportunity and the joys of owning property could be imparted to all by redistributing wealth.

Today the death tax is actually burdening those it was once intended to help. Small business owners, farmers and self-employed individuals often fall victim to the tax. They sacrificed daily to build their business by reinvesting their profits only to realize that their

hard work and frugality will be rewarded by an excessive tax of up to 55 percent.

Many small business owners are forced to explore ways to shelter their assets from taxation, but the death tax is complicated. The tax actually encourages people to find creative ways to avoid it. It takes well-paid lawyers and accountants to find the best ways to legally avoid the high death tax liabilities ranging from 37 to 55 percent.

The amount of money spent complying with, or trying to circumvent, the death tax is astronomical. Most of these solutions are costly, time consuming and inefficient. Gifts of stock, ownership restructuring, life insurance purchases and sales agreements are some of the tactics used to avoid the death tax. For most family farms, ranches and businesses, it's just too expensive.

Nearly 98 percent of the two million farms in this country are owned by families. Those who cannot pay the costly tax-planning fees are forced to pay higher estate taxes. It is a tragedy that a family grieving over the death of a loved one should have to worry about losing the family business or farm to the Internal Revenue Service.

Because the death tax requires a family to pay the federal government in cash within 9 months of the death of the decedent, it places a unique burden on a family farm or ranch like those in Colorado.

Due to the capital-intensive nature of ranching, the income generated by a typical family ranch is often minimal and is generally reinvested in the operation. The result is that the sale of land or livestock is often the primary, and in some cases the only, source of funds available to meet this tax obligation when a family member passes away. Many of the farms and ranches near cities in Colorado are being sold and are being replaced by housing projects, malls and roads.

Mr. Speaker, the death tax is also an example of double taxation. Small business owners, family farmers and ranchers pay income taxes throughout their lifetime. At the time of death, their surviving beneficiaries are forced to pay another tax on the value of the property.

The people of Colorado and across America are tired of losing their hard-earned money to the federal government. Small businesses are sometimes forced to sell income-producing assets or lay off workers. Often a small business owner makes the tough choice to sell the business in order to pay a significantly lower capital gains rate of 20 percent instead of the marginal death tax rate that could reach 55 percent.

Unfortunately, our Democrat friends who oppose this bill are dragging out the same old argument that the death tax prevents only the rich from passing on millions of dollars to their families. The fact is the IRS reports that 86 percent of all taxable estates have assets worth less than $2.5 million. Four out of five estates are valued at less than $1 million.

At the same time, the death tax accounts for a mere 1.4 percent of all federal revenues. This meager amount is not worth the money Americans spend to comply with the tax, or the number of jobs lost because family businesses must be sold. In fact, as the IRS collects up to 55 percent of the value of the estate upon death, it spends approximately 65 percent of that revenue on administration and collection costs.

Mr. Speaker, nearly 70 percent of small businesses do not survive the second generation and 87 percent do not make it to the third generation. Today, Members of this House should ask themselves if families should continue to work hard only to lose their life's wealth to the government instead of passing it on to their families.

Mr. Speaker, the case is clear. Now is the time to eliminate the death tax. Let's give the American people to chance to develop their ideas and dream about the legacies they'll leave behind.

Ms. McCARTHY of Missouri. Mr. Speaker, I rise today to express my strong support for targeted estate tax relief. Small businesses and farm owners should not be penalized for their success nor should they have to worry about their ability to pass the family business on to future generations. The Democratic Substitute offered by the gentleman from New York lowers rates and broadens the base and is a rational alternative for estate tax reform.

Many middle class Americans believe they do not receive value for their taxes. An important component of any tax reform debate should focus on renewing taxpayer's confidence that they are not only being taxed fairly, but that their tax dollars are being spent wisely. It concerns me that we are considering repeal of the estate tax today without a broader discussion of reform of our tax policy. We don't make decisions in a vacuum and the decisions we make today will have an impact on future revenues, individual tax burdens, and spending on priority initiatives such as prescription drug reform, school construction and paying down the debt.

The estate tax was originally enacted into law as a way to reduce wealth inequality by targeting the accumulation of wealth by sons and daughters of the richest in our society. The estate tax serves an important purpose by continuing to equalize wealth in our society. Historically, the richest in our society are the ones who pay the majority of the estate tax.

Currently, only two percent of people who die have enough wealth to be subject to the estate tax. Of the two percent who pay the estate tax, only three percent are small business owners or farmers. According to the Joint Committee on Taxation, the largest estates pay most of the estate tax—5.4% of taxable estates paid 49% of total estate taxes in 1997. Further a United States Treasury Department analysis finds that 99% of all estate taxes are paid on the estates of people who are in the highest 20% of the income distribution at the time of their death and 91% of all estates taxes are paid by decedents by decedents with annual incomes exceeding $190,000 at the time of death.

The estate tax is a progressive tax that serves the purpose intended by Republic Presidents Teddy Roosevelt and William Howard Taft who put this tax in place. Experts point out that the majority of assets taxed under the estate tax are unrealized gains and tax-exempt bonds which have never been taxed.

Some small businesses and farmers are hit hard by this tax and it is a high priority for me to provide relief to these individuals. In my congressional district is Brown Industries a family owned small business which specializes in precision machined parts. I have toured their facility and met with members of the Kansas City Area Chapter of the National Tooling and Machining Association (NTMA). All of the firms represented focused their number one concern on estate tax reform. These firms face liquidating entire section of their plants to pay current estate tax so that the business can be inherited. Estate tax reform should consider estate tax and economic opportunity and address the concerns of small businesses like Brown Industries. The Democratic alternative does this. They will be negatively impacted by H.R. 8. I support estate tax relief which would exempt 99% of family farm estates taxes. The measure I vote for today increased the family exclusion for farms and closely held businesses to $4 million by increasing the limit on the small businesses exclusion from $1.3 million to $2 million per spouse. This would have provided real relief immediately. Without adoption of the substitute H.R. 8 would not provide relief to a single farm or small business from the estate tax until 2010. This relief is much needed now, not in ten years.

The measure I voted in favor of today would have immediately increased the exemption equivalent of the unified credit against estate and gift taxes to $1.1 million. It also would have provided a twenty percent across-the-board reduction to the estate and gift tax rates.

Finally, I voted for an estate tax relief proposal which was largely offset and would cost approximately $20 billion over ten years to maintain fiscal responsibility. H.R. 8 will cost the treasury $105 billion over ten years. Beginning in 2010, it will cost $50 billion per year. While I am pleased that fiscal discipline of the past eight years has brought us to a time where we are enjoying budget surpluses, the surpluses in future years have not materialized and are only projections. I am optimistic the surpluses will be a reality and believe that we must commit them wisely. At this time, I am unconvinced that completely repealing the estate tax without further modifying our tax policy to ensure that wealthiest among us are paying their fair share is a wise decision. Projected surpluses still require us to make difficult decisions about priorities, and I believe that the measure I voted for today provides fiscally responsible relief.

I strongly support targeted estate tax relief for individuals, small businesses and farm owners. I voted in favor of a fiscally responsible proposal today which would have provided immediate relief to many of the 989 individuals in Missouri who pay estate tax. As this bill moves forward in the legislative process I encourage both parties will work together to find a compromise which will provide the needed relief and which will be signed into law by the President.

Mr. UDALL of Colorado. Mr. Speaker, I will vote for this bill, but only very reluctantly.

My reluctance does not mean I don't support estate-tax relief for family-owned ranches and farms or other small businesses. In fact, I definitely think we should act to make it easier for their owners to pass them on to future generations.

This is important for the whole country, of course, but it is particularly important for Coloradans who want to help keep ranch lands in open, undeveloped condition by reducing the pressure to sell them to pay estate taxes.

But we do not need to do all that this Republican bill would do in order to make sure the estate tax is no longer too heavy a burden on the small business and farm owners.

The Democratic alternative—the substitute for which I voted—would have provided real, effective relief without the excesses of the Republican bill.

That alternative would have raised the estate tax's special exclusion to $4 million for a couple owning a farm or small business. So, under that alternative, a married couple owning a family farm or ranch or a small business worth up to $4 million could pass it on intact with no estate tax whatsoever.

Also, the Democratic alternative actually would have provided more immediate relief to small business and farm owners.

Unlike the Republican bill—which is phased in over ten years—the Democratic alternative would have taken effect immediately. That means a couple passing on their farm or small business in the near future would avoid more tax under the Democratic plan than under the Republican bill. They would not have to hope to live long enough to see the benefits.

In addition, by increasing the general exclusion (now at $675,000) to $1.1 million next year, the Democratic alternative would allow for any person to pass on ''millionaire'' status to their children without a penny of estate tax burden. And the Democratic alternative also would lower estate tax rates by 20% across the board.

So, the Democratic alternative—which I voted for and which deserved adoption—would provide important relief from the estate tax and would have done so in a real, effective, and prompt way.

Furthermore, the Democratic alternative would have provided this relief in a fiscally responsible way that would not jeopardize our ability to do what is needed to maintain and strengthen Social Security and Medicare, provide a prescription drug benefit for seniors and pay down the public debt.

By contrast, it is precisely the fiscal overkill of the Republican bill that makes me most reluctant to vote for it.

Once fully phased in, the Republican bill would forgo nearly $50 billion a year in revenue with no guarantee that this revenue loss will not harm Social Security and Medicare in future years.

The bill's sponsors say it will cost $28.2 billion over 5 years and $104.5 billion over 10 years. But that is far from the whole story.

Because of the way the bill is phased in, its true cost is cleverly hidden and does not show up until after the 10-year budget window.

That means the full effects of the Republican bill will come just at the time when we will have to face budget pressures because my own ''baby boom'' generation is starting to retire. And if we feel we need to ''phase in'' H.R. 8 because we cannot afford the full repeal now, how are we ever going to afford it 10 years from now?

We do not need to engage in this fiscal overkill.

According to the Treasury Department, under current law only 2% of all decedents have enough wealth to be subject to the estate tax at all.

To be more specific, the Treasury Department tells me that in 1997 estate-tax returns were filed for only 297 Coloradans.

Furthermore, according to the Treasury Department, of those estates that are affected by the estate tax, only 3%—that is only 6 in 10,000 American estates—were comprised primarily of family-owned small businesses, ranches, or farms.

Looking just at our state, that means that in 1997 fewer than a dozen estate-tax returns were comprised primarily of small businesses, ranches, or farms.

Of course, those numbers only relate to the cases in which an estate tax was actually paid. Clearly, in many other cases families have taken actions to forestall the estate tax. I understand that, and do think that in appropriate cases we should lessen the pressure that prompted some of those actions.

As I said, the Democratic alternative would have provided real, effective, and immediate estate-tax relief to the owners of small businesses, including farms and ranches, and would have done so in a fiscally responsible way. That is why I voted for it.

In contrast, the biggest beneficiaries of the Republican legislation are not those middle-class families who own small ranches or farms or other small businesses, but instead are very wealthy families with very large assets.

Over the past two decades, income and wealth disparities have increased. The Republican bill, while it does have some positive aspects, would increase those wealth disparities. I find this troubling, and it adds to my reluctance to support the bill.

However, I will vote for the bill because the Republican leadership has made it clear that it is this bill or no estate-tax relief bill, at least for now, here in the House.

That being the case, I have decided that the Republican bill—although very flawed and excessive—is just acceptable enough for me to vote for today.

I do so in the hope and expectation that the bill's faults can be corrected as it proceeds through the legislative process and that ultimately it can be refined into a bill that deserves to be enacted into law.

If that does not occur—if that hope and expectation prove unfounded—I will not vote for a bill that fails to meet that standard.

Mr. BENTSEN. Mr. Speaker, I rise in opposition to H.R. 8, the ''Death Tax Elimination Act,'' a fiscally-imprudent measure that the Republican Majority has brought to the floor, knowing that it provides tax relief to only two percent of all estates and benefits only the wealthiest in our society. I am supportive of federal estate tax relief, not a repeal, particularly for family farms and closely-held small businesses and strongly support of the Rangel Substitute Amendment, a fiscally responsible alternative that the President will sign.

Under H.R. 8, the federal estate tax would be reduced gradually over the next decade and would be fully repealed in 2010. The Joint Committee on Taxation estimates that it will cost $105 billion to repeal the estate tax in the first ten years. However, the Administration estimates that the federal revenue loss from H.R. 8 would be approximately $50 billion annually after 2010, once the estate and gift tax was fully repealed. Thus, the cost of H.R. 8 in the second decade of phase-in would be nearly six times the cost for 2001–2010.

As a member of the Budget Committee, I continue to advocate that Congress preserve the budget surplus and use it to pay off the national debt while strengthening Social Security. The $3.7 trillion dollar public debt is a tremendous burden on the economy. H.R. 8 jeopardizes our ability to protect Social Security and Medicare and pay down the national debt by creating a revenue loss, when executed, in excess of half a trillion dollars over ten years.

In the second decade of the century, with H.R. 8 costing $50 billion annually, the ''Baby Boom'' generation will begin retiring in large numbers, logically driving up the costs of programs such as Social Security, Medicaid and Medicare. At the same time, the Congressional Budget Office (CBO) projects that total Federal budgetary surpluses will begin to decline. How will we pay for the programs? Will we cut Social Security, Medicare and Medicaid benefits?

H.R. 8 would only help the less than two percent of all estates that are currently subject to any federal estate tax. To be subject to the federal estate tax, the size of one's estate must exceed $675,000 in 2000. By 2006, the estate tax exemption will rise to $1 million. Furthermore, current law provides for an even higher exemption of $1.3 million per person for closely-held farms and non-public businesses. But H.R. 8, under the guise of helping family farms and ''mom & pop'' small business would repeal the estate tax on all estates including the wealthiest. Under this bill, Bill Gates would be able to transfer $80,000,000,000 tax free to his heirs, hardly the estate of a small businessman.

The Rangel Substitute is an appropriate affordable alternative which provides relief to real family-owned businesses and farms. Rather than repeal the tax and bust the budget, it provides an across-the-board 20 percent reduction to the top estate and marginal gift rates, including a reduction in the top marginal rate from 55% to 44%. It would immediately increase the exemption equivalent of the unified credit against estate and gift taxes to $1,100,000. It also would provide for targeted tax relief for farm and small business estates and raise the special exclusion to $2 million per person, $4 million for a married couple. Moreover, the Rangel Alternative is a fiscally responsible measure, costing approximately $20 billion over 10 years with no exploding outyear costs. Clearly, Mr. RANGEL has proposed a superior measure that truly helps those that the proponents of H.R. 8 purport to be helping.

Finally, I would also like to address the myth perpetuated by my colleagues on the other side of the aisle that H.R. 8 enhances protections for small businesses and farms. H.R. 8 does not provide any additional exemption until 2010, while the Rangel Alternative would provide an immediate $4 million per family exclusion for family farms and closely-held small businesses and would exempt 99% of family farms form estate taxes. In the past, I have supported legislation that has provided relief to family farms. In 1997, I supported the Taxpayer Relief Act (P.L. 105–34) that raised the effective deduction for qualified family-owned business interests to $1.3 million per individual, which exempts almost all family farms and small businesses from the estate tax. Moreover, the few businesses and farms that are subject to the estate tax can make payments in installments over fourteen years at below-market interest rates. The Rangel Substitute would build on these protections by providing further immediate relief.

There is a need for estate and gift tax reform but outright repeal through passage of H.R. 8 is clearly not the way. If proponents are in favor of real reform to help owners of real small businesses and farms and not the wealthiest among us, I urge them to join with me in supporting the Rangel Substitute.

Mrs. BIGGERT. Mr. Speaker, I rise today in strong support of the Death Tax Elimination Act. This unfair tax has long outlived its usefulness.

I come to this debate with something of a unique perspective on this issue. For more than twenty years, I practiced estate law. I have actually sat down and helped people navigate this extremely complex tax. I was not helping Bill Gates or Ross Perot—I was helping the sons and daughters of small business owners try to keep their parent's dreams alive.

Unfortunately, because they have to pay a tax of 37 to 55 percent on their estate, it is often impossible for them to continue. It is simply heartbreaking to see children who want to keep their parent's business alive have to sell it just to pay the taxes.

We are here in Congress to make things better for the American people. When more than 70 percent of small businesses do not make it to the second generation, something is wrong and must be made better.

The Death Tax Elimination Act will make things better.

I urge all my colleagues to support the Death Tax Elimination Act. The time is now to once and for all put an end to the death tax.

Mr. RYAN of Kansas. Mr. Speaker, I rise today to oppose the proposition that an American who works hard, builds a business and saves for his family should have to turn over 55% of what he owns to the tax collectors in Washington when he dies.

The Death Tax reduces economic growth and increases the cost of capital. It causes individuals to shift much of their wealth to immediate consumption rather than long-term, productive investments. If these investments were made, it would create long-term economic growth by lowering interest rates and creating more jobs.

It shouldn't surprise us, however, to hear those who favor the Death tax argue that repealing it would help only the rich. Next time I go back to my district and hear from the farmers and small business men who ask me why their families will have to sell their business to pay the Death Tax, I'll tell them that some influential members of the other party in Washington said they were too rich to get relief.

To add insult to injury, I'll remind them that the federal government raises just 1% of its annual revenue from the Death Tax.

I'll even tell them that those who can afford to hire lawyers and accountants to tend to their finances have already figured out ways to avoid paying the tax.

Mr. Speaker, I also want to speak about another unjust provision of our tax code that this legislation will repeal. The Generation Skipping Tax effectively prohibits the transfer of your property to your grandchildren or someone 37½ years younger than you by taxing that transfer at a rate of 55%.

In my district, the long-time business owner of Key Industries, Kenneth Pollock, regularly paid bonuses to his employees based on loyalty and length of service to the company. Whether you worked in the executive office or on the assembly line, everyone was treated the same.

As Mr. Pollock prepared for his death, he determined that he wanted to leave his estate in trust for the benefit of his current and former employees. Each current or former employee was to continue to receive an annual distribution from the trust in an amount similar to their annual bonus based on years of service to the company.

Unfortunately, Mr. Pollock did not properly prepare the trust. All employees more than 37½ years younger than Mr. Pollock are now subject to the 55% Generation Skipping Tax on each distribution from the trust. Many of these workers earn less than $10 per hour. It is bad public policy to tax this much-needed annual bonus at 55%. It is bad public policy to discourage generosity.

To make things worse, the company was forced recently to make the difficult business decision to close two plants. Many displaced workers will receive one-time lump sum payments from the trust of $10,000 or more. The employees will lose more than 1/2 of this money at a time when they need it most.

Unfortunately, the repeal of the Generation Skipping Tax will not take place for nine years. That is why I have authored legislation to treat the annual distributions from this trust just like any other gift by exempting the first $10,000 from the tax annually. Mr. Speaker, I hope that you and Chairman Archer will work with me to pass this much needed provision.

Today, however, we have the opportunity to encourage economic growth and remove this tax burden that falls heaviest on the family businesses and family farms across Kansas and the rest of the country.

Mr. Speaker, I urge my colleagues to join me and vote to repeal the Death Tax.

Mr. ETHERIDGE. Mr. Speaker, I rise in reluctant support of H.R. 8, the so-called Death Tax Act. While I would prefer a more targeted approach to eliminating this tax, I remain hopeful that passing H.R. 8 could be the first step in the process of finding a compromise granting the vast majority of Americans estate tax relief without jeopardizing the fiscal health of our nation.

Let there be no mistake, I have supported relief from the death tax for our family farmers and small business owners since I came to this body in 1977. The first bill I introduced as a Member of Congress was H.R. 1845, the Family Farm and Small Business Estate Tax Relief Act of 1997. This legislation would have raised the inheritance tax exemption for small business people and family farmers from $600,000 to $1.5 million and indexed it to inflation for the first time. The Taxpayer Relief Act of 1997 later raised the exemption to $1.3 million. This was not as much estate tax relief as I had hoped for, so I continued working.

On March 27 of this year, I introduced a proposal that would significantly reduce the estate tax burden faced by those who inherit family owned farms and small businesses. I believe that the current estate tax exemption should be raised from the current level of $1.3 million to $4 million over the next five years and indexed to inflation thereafter. Reducing estate taxes is vital to ensuring that family farmers and small business owners can pass their hard-earned assets to their loved ones. My bill accomplishes this important goal in a responsible manner that is consistent with our values.

The Democratic Substitute to H.R. 8, offered by my good friends from New York and Texas, Mr. RANGEL and Mr. STENHOLM, also would provide for a $4 million estate tax exemption to family farmers and small businesses, as my bill would. It cuts estate taxes across the board by 20 percent and only costs $22 billion over 10 years. I am proud to support the Rangel-Stenholm plan because it is fiscally responsible and represents the kind of compromise that can not only obtain wide bipartisan support, but also be signed by the President.

Unfortunately, the Republican bill, H.R. 8, once fully implemented, would cost the U.S. Treasury $100 billion over 10 years and then an estimated $50 billion a year afterwards. This means less money for school construction, less money for Medicare, and less money to protect Social Security for the rest of this century.

There are other flaws to H.R. 8. While the Democratic alternative provides estate tax relief to family farmers and small businesses immediately, H.R. 8 forces farmers and businesses to wait 10 years before obtaining the same level of benefits. The President has indicated loud and clear that he intends to veto this bill if it reaches his desk. The Republicans should work in a bipartisan manner to find a compromise that can become law and provide immediate tax relief.

I reluctantly vote in favor of H.R. 8, I vote for H.R. 8 today to move the legislative process forward, hopefully toward a bipartisan conclusion that will accomplish real relief from the estate tax for North Carolina's family farmers and small businesses.

I vote in favor of H.R. 8 now, but reserve the right to vote against this or similar bills in the future if my concerns about the problems of this plan are not addressed. Additionally, I reserve the right to vote to sustain the expected presidential veto of H.R. 8 unless needed changes are made.

Mrs. FOWLER. Mr. Speaker, I rise today to express my strong support for the Death Tax Elimination Act of 2000. During my tenure in Congress I have supported measures that would provide relief from unfair taxes to all Americans, and I have long believed that eliminating the estate tax is an important step in this process. It is past time to remove this onerous, unfair tax that punishes life-long habits of saving and discourages entrepreneurship.

The real burden of this tax falls on family-owned businesses and the people who work for them who lose their jobs when a business is forced to sell in order to pay these taxes. The death tax is a major reason that 70% of small businesses do not survive to the second generation and 87% do not survive to the third. A repeal of the estate tax will mean more jobs, economic growth and preservation of the American Dream.

Uncle Sam should not be sitting outside a funeral home waiting to take away the family business. It is time we allow families to pass on the family business to new generations without being hit by an arbitrary tax of 37 to 55 percent of the value of their business. I urge my colleagues to vote to remove this outrageous tax on hardworking American families.

Mr. THORNBERRY. Mr. Speaker, I rise in support of H.R. 8, although I would prefer to abolish the death tax immediately and completely. But, the unusual budgetary scoring rules which we must follow do not allow us to take into account real world consequences of changes in tax policy, and so we must phase it out.

While there is a lot of ''sound and fury'' in this debate, the essential point is this: It is

wrong to tax death. It doesn't matter if someone has saved $5 or $5 million; it is wrong to tax death.

People in my district and all around the country have worked hard all their lives, paid taxes on what they have earned, saved, and want to leave something so their children can have a better life. It is wrong to punish them for doing so.

It also makes sense to get rid of this tax. A report by our Joint Economic Committee in December 1998 provides Members with a comprehensive look at the many studies that have been made on the effects of this tax. The JEC report found that:

The death tax reduced capital stocks in the U.S. by 3.2%, limiting growth, job creation, and higher standards of living for our people.

The death tax makes small businesses, particularly minority and female-owned small businesses, less likely to invest, expand, and hire new workers. Indeed, they are forced to spend thousands of dollars on lawyers, accountants, life insurance, and other tax avoidance measures.

The death tax is ineffective at redistributing wealth, for those who believe that should be a desirable goal of the federal government.

The death tax raises little, if any, net revenue for the federal government when the enormous costs of compliance and economic consequences of it are taken into account.

Mr. Speaker, we should not punish growth, savings, and job creation. We should not punish people who try to leave a better life for their children. We should abolish the death tax once and for all.

Mr. PASTOR. Mr. Speaker, during the recent consideration of H.R. 8, legislation which would repeal the estate tax, I supported an alternative which was drafted to give immediate protection to the American farmer and the small businessman whose heirs are in danger of losing their family's hard-earned, life-long business to the Federal government.

I have always supported the elimination of the estate tax. And even though I am a cosponsor of H.R. 8, I believe the Democratic alternative is better suited, at this time, for accomplishing what we need in eliminating this unfair tax. The Democratic alternative immediately provides a $4 million per family exclusion for farms and small businesses and it lowers the tax rate. H.R. 8 takes ten years before it is fully phased-into place.

In short, the Democratic alternative helps the right people right now. It does more and does it quicker than the version of H.R. 8 which I cosponsored back in July of 1999. At that time, there was no better alternative and it was assumed that a comprehensive tax package would be instituted which would provide across-the-board benefits for hard-working middle-class citizens as well as the wealthy. Standing alone, H.R. 8 does nothing for middle-income families. And by not enacting a full package of tax relief for all Americans, the lost revenues increase the burden on the same middle-income workers who must make up the shortfall in preserving Social Security and Medicare, providing a prescription drug benefit for our seniors, improving our educational system, and paying down the debt.

Like the rest of America, I am pleased that we are enjoying a period of prosperity with a strong economy. However, we have no guarantee that this respite will continue. In light of this uncertainty, it is patently unfair to grant a massive tax relief provision that benefits only 2% of the nation's richest persons while creating a drain on revenues which would ultimately burden two-income families who are struggling today to make ends meet.

Mrs. MCCARTHY of New York. Mr. Speaker, I rise today as a proud cosponsor of H.R. 8, The Estate Tax Elimination Act, which provides estate tax relief for family-owned small businesses.

The estate or ''death'' tax has deviated from its original intent and purpose. From a practical sense, it was established to provide revenue on a short-term basis to finance military action.

In theory, however, it was also viewed as a way to protect society against growing concentrations of wealth in the hands of a very few. Supposedly, this tax would encourage market growth which was hindered by the inheritance of estates.

Well, the market has grown. Family-owned small businesses have become the backbone of our economy and continue to provide invaluable services.

Recognizing their importance, programs were created to promote their existence and expansion in the form of loans and other assistance programs. Unfortunately, their lifespan is hindered by an unfair tax levied when ownership is transferred at the time of death.

Less than 30 percent of all family-owned businesses survive through the second generation. This is unacceptable.

The district I represent on Long Island, is dependent on the success of family-owned small businesses. A lot of hard work and determination is involved to secure their prosperity.

More often than not the odds are usually stacked against them in the form of a complex tax code or competition by larger companies. The estate tax, however, is another hurdle small businesses must overcome that is more harmful than beneficial.

I urge my colleagues to support this important measure.

Mr. CHAMBLISS. Mr. Speaker, the folks that I represent in Georgia's 8th, Congressional District are hard-working. The majority of these people own small family businesses and family farms. They get up each day, go to their jobs, work hard for their families, and pay their taxes like responsible Americans.

The federal government asks them to do all of this, but at the end of the line, after a lifetime of hard work and paying taxes, Uncle Sam reaches in and takes over half of their life's accumulation. This is simply wrong. Mr. Speaker, the death tax is immoral, un-American, and this House must bury it.

The death tax is an unfair burden that taxes farmers and small business owners twice. The farmers in Georgia's 8th District work tirelessly to feed and clothe America. They do this while battling severe weather, droughts, floods, and low prices. Times are tough in rural America right now, the burdens are high, and the death tax is just a slap in the face to our farmers, who produce the safest, highest quality food and fiber in the world.

The death tax affects one-third of small business owners, who are forced to sell outright or liquidate a part of their firms to pay estate taxes. When mom-and pop shops must close because of an outdated, unfair tax code, this Congress must take the lead and make a change.

The death tax is contrary to the freedom and free-market principles on which this nation was founded. Do we support the IRS or do we support the American family? We must help Georgia families continue their livelihood and pass their legacy and success on to their children and grandchildren, not burden them with taxes that kill a lifetime of hard-work. Let's bury the death tax here, today. I urge my colleagues to vote to end the estate tax.

Mr. PORTMAN. Mr. Speaker, I rise to express my support for H.R. 8, the Death Tax Elimination Act. I commend the sponsor of the bill, my Ways and Means Committee colleague, Ms. DUNN, for her work on this issue. And I commend the Chairman of the Committee, Mr. ARCHER, for his long commitment to eliminating this unfair and unreasonable tax.

The death tax is bad tax policy. It is double taxation, because individuals who pay taxes on income throughout their lives are taxed again on the same income at their time of death on the value of their property. The rates—up to 60 percent—are the highest in the tax code.

The death tax is bad policy not only because of the costs it imposes after death—but also because of the costs it imposes during life. The additional costs of life insurance, attorneys fees and estate planning services cost hundreds of thousands of dollars every year.

The death tax is also an inefficient drag on our economy. The Joint Economic Committee of Congress has reported that, while the death tax generates about $23 billion annually in revenue for the federal government, it also costs businesses, farmers and individuals another $23 billion just in compliance costs.

Unfortunately, in the area I represent in Southwest Ohio, many family farmers and family business owners just aren't prepared to deal with the consequences of the death tax. According to a recent study by Arthur Andersen's Center for Family Business, 28 percent of senior generation shareholders of family businesses surveyed in Greater Cincinnati had not completed any estate planning other than a will.

And, although 71 percent of these individuals wanted the family business to stay in the family after their death, the study found that less than 30 percent would be able to do so unless they better examined the issues of estate taxes and planning.

Small businesses and family farms have made the American dream possible for generations. At a time when 70 percent of family-owned businesses do not survive to the second generaton, and only about 13 percent survive to the third generation, our tax laws should be encouraging—rather than preventing—people to pass these assets to their families.

We're losing too many family-owned businesses and family-farms as it is. I urge my colleague to support the Death Tax Elimination Act—to put an end to this unfair, inefficient and confiscatory tax.

Mr. DOOLEY of California. Mr. Speaker, I rise today in strong support of this bipartisan legislation to repeal the federal estate tax over the next ten years, and I salute Representatives DUNN and TANNER for their long stewardship of this bill. As a family farmer myself and as the representative of the most productive agricultural region of the country, I have seen the impact that this tax has had on small businesses and family-owned farms, and I believe

that the repeal of the estate tax will help ensure the survival of these businesses into the next century.

Seventy percent of family businesses are not passed on to future generations largely because of the burden imposed by estate taxes. In particular, I would like to point out the impact of estate taxes on family farms, since it is these family farms that drive the economy of California's Central Valley, which I represent. The estate tax has a devastating effect on family farmers who struggle to pass on their farms to the next generation.

Since most family-owned farms do not earn the kind of profits necessary to pay large estate tax bills, future generations are often forced to mortgage or liquidate assets. As a fourth generation family farmer, I have seen first-hand the difficulty that family members face in trying to keep farms operating when each generation passes. Eliminating the heavy burden the estate tax imposes on farmers will help keep more of our farms in operation from generation to generation.

I would also argue that elimination of the estate tax would have a positive impact on a number of the small rural communities that make up the fabric of my district and much of this nation. These small rural communities and the families that live there are highly dependent on the continued operation of family farms and small businesses in the area.

These family farms and small businesses employ the vast majority of people in these small communities. If we are to continue to spread our unprecedented national economic expansion to every corner of this country—including our rural communities—we must work to ensure that family farms and small businesses in these communities stay in operation. Elimination of the estate tax will brighten these communities' economic future.

I strongly support this legislation because I believe it will free our family farmers and small businesspeople of the estate tax burden that currently threatens their long-term survival, and strengthen our small communities in the 21st century.

Mr. RILEY. Mr. Speaker, opponents to this bill argue that it will only benefit the rich.

Well, Mr. Chairman, let's take a look at the group of ''rich'' people this bill unfairly helps.

In my district, and in rural districts across the nation, the death tax hits the farm family especially hard. Because of economies of scale and the ever rising cost of equipment, they have become land and capital rich.

Everyone should know by now, farmers live on the margin. They have very modest incomes and in today's world most farm families are far from ''rich.''

For year to year, farm families struggle simply to keep their heads above water. They may be land rich, Mr. Speaker, but they are cash poor.

Yet, when a farmer dies, we punish him for his hard work. Then we force his family to sell the land they grew-up on to pay the estate taxes and send them on their way.

The result, people who would like to carry on their family tradition of farming are instead being forced to sell their land to wealthy land developers who then turn that land into more cookie-cutter sub-divisions and strip malls.

If you don't believe me, Mr. Speaker, take a drive out to Dulles Airport some time. That all used to be farm land not so long ago.

The death tax is killing an American tradition and that's absolutely appalling.

It's time we end this travesty and pass this bill.

The SPEAKER pro tempore (Mr. KOLBE). All time for general debate has expired.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer an amendment in the nature of a substitute.

The SPEAKER pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute offered by Mr. RANGEL:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

(a) SHORT TITLE.—This Act may be cited as the ''Estate Tax Relief Act of 2000''.

(b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

**SEC. 2. 20 PERCENT REDUCTION OF ESTATE TAX RATES.**

(a) IN GENERAL.—Paragraph (1) of section 2001(c) is amended to read as follows:

''(1) IN GENERAL.—

| **''If the amount with respect to which the tentative tax is to be computed is:** | **The tentative tax is:** |
|---|---|
| Not over $10,000 | 14.4% of such amount. |
| Over $10,000 but not over $20,000. | $1,440, plus 16% of the excess of such amount over $10,000 |
| Over $20,000 but not over $40,000. | $3,040, plus 17.6% of the excess of such amount over $20,000 |
| Over $40,000 but not over $60,000. | $6,560, plus 19.2% of the excess of such amount over $40,000 |
| Over $60,000 but not over $80,000. | $10,400, plus 20.8% of the excess of such amount over $60,000 |
| Over $80,000 but not over $100,000. | $14,560, plus 22.4% of the excess of such amount over $80,000 |
| Over $100,000 but not over $150,000. | $19,040, plus 24% of the excess of such amount over $100,000 |
| Over $150,000 but not over $250,000. | $31,040, plus 25.6% of the excess of such amount over $150,000 |
| Over $250,000 but not over $500,000. | $56,640, plus 27.2% of the excess of such amount over $250,000 |
| Over $500,000 but not over $750,000. | $124,640, plus 29.6% of the excess of such amount over $500,000 |
| Over $750,000 but not over $1,000,000. | $198,640, plus 31.2% of the excess of such amount over $750,000 |
| Over $1,000,000 but not over $1,250,000. | $276,640, plus 32.8% of the excess of such amount over $1,000,000 |
| Over $1,250,000 but not over $1,500,000. | $358,640, plus 34.4% of the excess of such amount over $1,250,000 |
| Over $1,500,000 but not over $2,000,000. | $444,640, plus 36% of the excess of such amount over $1,500,000 |
| Over $2,000,000 but not over $2,500,000. | $624,640, plus 39.2% of the excess of such amount over $2,000,000 |
| Over $2,500,000 but not over $3,000,000. | $820,640, plus 42.4% of the excess of such amount over $2,500,000 |
| Over $3,000,000 | $1,032,640, plus 44% of the excess of such amount over $3,000,000''. |

(b) RESTORATION OF PHASEOUT OF UNIFIED CREDIT.—Paragraph (2) of section 2001(c) is amended by striking ''$10,000,000'' and all that follows and inserting ''$10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of—

''(A) the applicable credit amount under section 2010(c), and

''(B) the excess of the amount equal to 44 percent of $3,000,000 over the amount of the tentative tax under paragraph (1) on $3,000,000.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

**SEC. 3. INCREASE IN EXEMPTION EQUIVALENT OF UNIFIED CREDIT.**

(a) IN GENERAL.—The table contained in section 2010(c) (relating to applicable credit amount) is amended to read as follows:

| **''In the case of estates of decedents dying, and gifts made, during:** | **The applicable exclusion amount is:** |
|---|---|
| 2000 | $ 675,000 |
| 2001, 2002, 2003, 2004, and 2005 | $1,100,000 |
| 2006 or thereafter | $1,200,000.''. |

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2000.

**SEC. 4. INCREASE IN ESTATE TAX BENEFIT FOR FAMILY-OWNED BUSINESS INTERESTS.**

(a) TRANSFER TO CREDIT PROVISIONS.—Section 2057 (relating to family-owned business interests) is hereby moved to part II of subchapter A of chapter 11 of such Code, inserted after section 2010, and redesignated as section 2010A.

(b) INCREASE IN CREDIT; SURVIVING SPOUSE ALLOWED UNUSED CREDIT OF DECEDENT.—Subsection (a) of section 2010A, as redesignated by subsection (a) of this section, is amended to read as follows:

''(a) INCREASE IN UNITED CREDIT.—For purposes of determining the unified credit under section 2010 in the case of an estate of a decedent to which this section applies—

''(1) IN GENERAL.—The applicable exclusion amount under section 2010(c) shall be increased (but not in excess of $2,000,000) by the adjusted value of the qualified family-owned business interests of the decedent which are described in subsection (b)(2) and for which no deduction is allowed under section 2056.

''(2) TREATMENT OF UNUSED LIMITATION OF PREDECEASED SPOUSE.—In the case of a decedent—

''(A) having no surviving spouse, but

''(B) who was the surviving spouse of a decedent—

''(i) who died after December 31, 2000, and

''(ii) whose estate met the requirements of subsection (b)(1) other than subparagraph (B) thereof,

there shall be substituted for '$2,000,000' in paragraph (1) an amount equal to the excess of $4,000,000 over the exclusion equivalent of the credit allowed under section 2010 (as increased by this section) to the estate of the decedent referred to in subparagraph (B). For purposes of the preceding sentence, the exclusion equivalent of the credit is the amount on which a tentative tax under section 2001(c) equal to such credit would be imposed.''

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2057.

(2) Paragraph (10) of section 2031(c) of such Code is amended by striking ''section 2057(e)(3)'' and inserting ''section 2010A(e)(3)''.

(3) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by inserting after the item relating to section 2010 the following new item:

''Sec. 2010A. Family-owned business interests.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

**SEC. 5. CREDIT FOR STATE DEATH TAXES REPLACED WITH DEDUCTION FOR SUCH TAXES.**

(a) REPEAL OF CREDIT.—Section 2011 (relating to credit for State death taxes) is hereby repealed.

(b) DEDUCTION FOR STATE DEATH TAXES.—Part IV of subchapter A of chapter 11 is amended by adding at the end the following new section:

**''SEC. 2058. STATE DEATH TAXES.**

''(a) ALLOWANCE OF DEDUCTION.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate the amount of any estate, inheritance, legacy, or succession taxes actually paid to any State or the District of Columbia, in respect of any property included in the gross estate (not including any such taxes paid with respect to the estate of a person other than the decedent).

''(b) PERIOD OF LIMITATIONS.—The deduction allowed by this section shall include only such taxes as were actually paid and deduction therefor claimed within 4 years after the filing of the return required by section 6018, except that—

''(1) If a petition for redetermination of a deficiency has been filed with the Tax Court within the time prescribed in section 6213(a), then within such 4-year period or before the expiration of 60 days after the decision of the Tax Court becomes final.

''(2) If, under section 6161 or 6166, an extension of time has been granted for payment of the tax shown on the return, or of a deficiency, then within such 4-year period or before the date of the expiration of the period of the extension.

''(3) If a claim for refund or credit of an overpayment of tax imposed by this chapter has been filed within the time prescribed in section 6511, then within such 4-year period or before the expiration of 60 days from the date of mailing by certified mail or registered mail by the Secretary to the taxpayer of a notice of the disallowance of any part of such claim, or before the expiration of 60 days after a decision by any court of competent jurisdiction becomes final with respect to a timely suit instituted upon such claim, whichever is later.

Refund based on the deduction may (despite the provisions of sections 6511 and 6512) be made if claim therefor is filed within the period above provided. Any such refund shall be made without interest.''

(c) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 2012 is amended by striking ''the credit for State death taxes provided by section 2011 and''.

(2) Subparagraph (A) of section 2013(c)(1) is amended by striking ''2011,''.

(3) Paragraph (2) of section 2014(b) is amended by striking '', 2011,''.

(4) Sections 2015 and 2016 are each amended by striking ''2011 or''.

(5) Subsection (d) of section 2053 is amended to read as follows:

''(d) CERTAIN FOREIGN DEATH TAXES.—

''(1) IN GENERAL.—Notwithstanding the provisions of subsection (c)(1)(B) of this section, for purposes of the tax imposed by section 2001, the value of the taxable estate may be determined, if the executor so elects before the expiration of the period of limitation for assessment provided in section 6501, by deducting from the value of the gross estate the amount (as determined in accordance with regulations prescribed by the Secretary) of any estate, succession, legacy, or inheritance tax imposed by and actually paid to any foreign country, in respect of any property situated within such foreign country and included in the gross estate of a citizen or resident of the United States, upon a transfer by the decedent for public, charitable, or religious uses described in section 2055. The determination under this paragraph of the country within which property is situated shall be made in accordance with the rules applicable under subchapter B (sec. 2101 and following) in determining whether property is situated within or without the United States. Any election under this paragraph shall be exercised in accordance with regulations prescribed by the Secretary.

''(2) CONDITION FOR ALLOWANCE OF DEDUCTION.—No deduction shall be allowed under paragraph (1) for a foreign death tax specified therein unless the decrease in the tax imposed by section 2001 which results from the deduction provided in paragraph (1) will inure solely for the benefit of the public, charitable, or religious transferees described in section 2055 or section 2106(a)(2). In any case where the tax imposed by section 2001 is equitably apportioned among all the transferees of property included in the gross estate, including those described in sections 2055 and 2106(a)(2) (taking into account any exemptions, credits, or deductions allowed by this chapter), in determining such decrease, there shall be disregarded any decrease in the Federal estate tax which any transferees other than those described in sections 2055 and 2106(a)(2) are required to pay.

''(3) EFFECT ON CREDIT FOR FOREIGN DEATH TAXES OF DEDUCTION UNDER THIS SUBSECTION.—

''(A) ELECTION.—An election under this subsection shall be deemed a waiver of the right to claim a credit, against the Federal estate tax, under a death tax convention with any foreign country for any tax or portion thereof in respect of which a deduction is taken under this subsection.

''(B) CROSS REFERENCE.—

**''See section 2014(f) for the effect of a deduction taken under this paragraph on the credit for foreign death taxes.''**

(6) Subparagraph (A) of section 2056A(b)(10) is amended—

(A) by striking ''2011,'', and

(B) by inserting ''2058,'' after ''2056,''.

(7)(A) Subsection (a) of section 2102 is amended to read as follows:

''(a) IN GENERAL.—The tax imposed by section 2101 shall be credited with the amounts determined in accordance with sections 2012 and 2013 (relating to gift tax and tax on prior transfers).''

(B) Section 2102 is amended by striking subsection (b) and by redesignating subsection (c) as subsection (b).

(C) Section 2102(b)(5) (as redesignated by subparagraph (B)) and section 2107(c)(3) are each amended by striking ''2011 to 2013, inclusive,'' and inserting ''2012 and 2013''.

(8) Subsection (a) of section 2106 is amended by adding at the end the following new paragraph:

''(4) STATE DEATH TAXES.—The amount which bears the same ratio to the State death taxes as the value of the property, as determined for purposes of this chapter, upon which State death taxes were paid and which is included in the gross estate under section 2103 bears to the value of the total gross estate under section 2103. For purposes of this paragraph, the term 'State death taxes' means the taxes described in section 2011(a).''

(9) Section 2201 is amended—

(A) by striking ''as defined in section 2011(d)'', and

(B) by adding at the end the following new flush sentence:

''For purposes of this section, the additional estate tax is the difference between the tax imposed by section 2001 or 2101 and the amount equal to 125 percent of the maximum credit provided by section 2011(b), as in effect before its repeal by the Estate Tax Relief Act of 2000.''

(10) Paragraph (2) of section 6511(i) is amended by striking ''2011(c), 2014(b),'' and inserting ''2014(b)''.

(11) Subsection (c) of section 6612 is amended by striking ''section 2011(c) (relating to refunds due to credit for State taxes),''.

(12) The table of sections for part II of subchapter A of chapter 11 is amended by striking the item relating to section 2011.

(13) The table of sections for part IV of subchapter A of chapter 11 is amended by adding at the end the following new item:

''Sec. 2058. State death taxes.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying after December 31, 2000.

**SEC. 6. VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS; LIMITATION ON MINORITY DISCOUNTS.**

(a) IN GENERAL.—Section 2031 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (f) and by inserting after subsection (c) the following new subsections:

''(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this subtitle—

''(1) IN GENERAL.—In the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092)—

''(A) the value of any nonbusiness assets held by the entity shall be determined as if the transferor had transferred such assets directly to the transferee (and no valuation discount shall be allowed with respect to such nonbusiness assets), and

''(B) the nonbusiness assets shall not be taken into account in determining the value of the interest in the entity.

''(2) NONBUSINESS ASSETS.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'nonbusiness asset' means any asset which is not used in the active conduct of 1 or more trades or businesses.

''(B) EXCEPTION FOR CERTAIN PASSIVE ASSETS.—Except as provided in subparagraph (C), a passive asset shall not be treated for purposes of subparagraph (A) as used in the active conduct of a trade or business unless—

''(i) the asset is property described in paragraph (1) or (4) of section 1221(a) or is a hedge with respect to such property, or

''(ii) the asset is real property used in the active conduct of 1 or more real property trades or businesses (within the meaning of section 469(c)(7)(C)) in which the transferor materially participates and with respect to which the transferor meets the requirements of section 469(c)(7)(B)(ii).

For purposes of clause (ii), material participation shall be determined under the rules of section 469(h), except that section 469(h)(3) shall be applied without regard to the limitation to farming activity.

''(C) EXCEPTION FOR WORKING CAPITAL.—Any asset (including a passive asset) which is held as a part of the reasonably required working capital needs of a trade or business shall be treated as used in the active conduct of a trade or business.

''(3) PASSIVE ASSET.—For purposes of this subsection, the term 'passive asset' means any—

''(A) cash or cash equivalents,

''(B) except to the extent provided by the Secretary, stock in a corporation or any other equity, profits, or capital interest in any entity,

''(C) evidence of indebtedness, option, forward or futures contract, notional principal contract, or derivative,

''(D) asset described in clause (iii), (iv), or (v) of section 351(e)(1)(B),

''(E) annuity,

''(F) real property used in 1 or more real property trades or businesses (as defined in section 469(c)(7)(C)),

''(G) asset (other than a patent, trademark, or copyright) which produces royalty income,

''(H) commodity,

''(I) collectible (within the meaning of section 401(m)), or

''(J) any other asset specified in regulations prescribed by the Secretary.

''(4) LOOK-THRU RULES.—

''(A) IN GENERAL.—If a nonbusiness asset of an entity consists of a 10-percent interest in any other entity, this subsection shall be applied by disregarding the 10-percent interest and by treating the entity as holding directly its ratable share of the assets of the other entity. This subparagraph shall be applied successively to any 10-percent interest of such other entity in any other entity.

''(B) 10-PERCENT INTEREST.—The term '10-percent interest' means—

''(i) in the case of an interest in a corporation, ownership of at least 10 percent (by vote or value) of the stock in such corporation,

''(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

''(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

''(5) COORDINATION WITH SUBSECTION (b).—Subsection (b) shall apply after the application of this subsection.

''(e) LIMITATION ON MINORITY DISCOUNTS.—For purposes of this subtitle, in the case of the transfer of an interest in an entity, no reduction in the amount which would otherwise be determined to be the value of such interest shall be allowed by reason of the fact that the interest does not represent control of such entity if the transferor and members of the family (as defined in section 2032A(e)(2)) of the transferor have control of such entity.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

**SEC. 7. TAX ON GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.**

(a) IN GENERAL.—Subtitle B (relating to estate and gift taxes) is amended by inserting after chapter 13 the following new chapter:

**''CHAPTER 13A—GIFTS AND BEQUESTS FROM EXPATRIATES**

''Sec. 2681. Imposition of tax.

**''SEC. 2681. IMPOSITION OF TAX.**

''(a) IN GENERAL.—If, during any calendar year, any United States citizen or resident receives any covered gift or bequest, there is hereby imposed a tax equal to the product of—

''(1) the highest rate of tax specified in the table contained in section 2001(c) as in effect on the date of such receipt, and

''(2) the value of such covered gift or bequest.

''(b) TAX TO BE PAID BY RECIPIENT.—The tax imposed by subsection (a) on any covered gift or bequest shall be paid by the person receiving such gift or bequest.

''(c) EXCEPTION FOR CERTAIN GIFTS.—Subsection (a) shall apply only to the extent that the covered gifts and bequests received during the calendar year exceed $10,000.

''(d) TAX REDUCED BY FOREIGN GIFT OR ESTATE TAX.—The tax imposed by subsection (a) on any covered gift or bequest shall be reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

''(e) COVERED GIFT OR BEQUEST.—

''(1) IN GENERAL.—For purposes of this chapter, the term 'covered gift or bequest' means—

''(A) any property acquired by gift directly or indirectly from an individual who, at the time of such acquisition, was an expatriate, and

''(B) any property acquired by bequest, devise, or inheritance directly or indirectly from an individual who, at the time of death, was an expatriate.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Such term shall not include—

''(A) any property shown on a timely filed return of tax imposed by chapter 12 which is a taxable gift by the expatriate, and

''(B) any property shown on a timely filed return of tax imposed by chapter 11 of the estate of the expatriate.

''(3) TRANSFERS IN TRUST.—

''(A) IN GENERAL.—Any covered gift or bequest which is made in trust shall be treated as made to the beneficiaries of such trust in proportion to their respective interests in such trust.

''(B) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—For purposes of subparagraph (A), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar advisor.

''(f) EXPATRIATE.—For purposes of this section, the term 'expatriate' means—

''(1) any United States citizen who relinquishes his citizenship, and

''(2) any long-term resident of the United States who—

''(A) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(B) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.''

(b) CLERICAL AMENDMENT.—The table of chapters for subtitle B of such Code is amended by inserting after the item relating to chapter 13 the following new item:

''Chapter 13A. Gifts and bequests from expatriates.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to covered gifts and bequests (as defined in section 2681 of such Code, as added by this section) received on or after May 25, 2000.

The SPEAKER pro tempore. Pursuant to House Resolution 519, the gentleman from New York (Mr. RANGEL) and a Member opposed, will each control 30 minutes.

The Chair recognizes the gentleman from New York (Mr. RANGEL).

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have a decision today either to vote for the political solution to this problem that has been offered by the majority, where they know, and it is guaranteed, it would be vetoed even though they do not promise relief for another 10 years, or to vote for the substitute that gives immediate relief and they know, as I do, that it will be signed into law.

Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. CARDIN), the senior member of the Committee on Ways and Means, who would explain more of this.

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Speaker, I thank the gentleman from New York (Mr. RANGEL) for yielding me this time.

Mr. Speaker, when we started the debate an hour ago, the gentleman from Texas (Mr. ARCHER), my good friend, pointed out with pride that we have balanced the Federal budget and that was one of his objectives during his career. This is going to be his last year in this body and we certainly, all of us, appreciate his service to our country.

But, Mr. Speaker, I would say to the gentleman that we want to make sure that we continue to balance the budget in the future. That is why I urge the gentleman to vote for the substitute.

See, 10 years from now we want to also make sure that we also have a balanced Federal budget. Yet under the underlining bill, we will be losing $50 billion a year at that point. And I want to make sure that we have an affordable bill.

During general debate, it was interesting that there was a lot of talk about the family-owned business and the family farm. As pointed out, only 2 percent of the estates are subject to the estate tax, and only 3 percent of that 2 percent have family farms or family-owned businesses. Well, the substitute deals with that by immediately, now, increasing the floor on those family assets to $4 million, taking almost all of the taxable farms and almost all of the taxable family-owned businesses out of the estate tax.

The underlying bill phases in over 10 years providing very low relief in the next few years. As we pointed out, if we look at an estate worth $1.5 million, under the substitute, because we immediately reduce the estate tax by 20 percent and we immediately increase the unified credit from $675,000 to $1.1 million, in that estate that is $1.5 million under the Archer bill, they would still pay $277,000 in estate tax next year.

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But under the Rangel substitute, that tax would be only 135 percent, 17 percent reduction versus a 60 percent reduction. We can do better, and the Democratic substitute does better.

We also provide this in a fiscally responsible way. The Archer bill spends $105 billion over 10 years and then balloons to $50 billion a year. The Democratic substitute spends $22 billion over 10 years and does not balloon at all.

The reason is that we close some loopholes in the estate tax. We not only provide relief, but we reform the estate tax. For those estates over $17 million who are receiving the benefit of a drafting error, we correct that. For those minority-owned stock that are currently getting unreasonable discounts, we correct that. So we provide

a fiscally responsible approach that deals with the problem.

Yes, we have family farms that are suffering, suffering under some of our existing laws. But let us not help the .001 percent of the multimillionaires. Let us take care of those who really need it.

Mr. Speaker, what concerns me is that if this bill became law, we are going to have the scandalous avoidance of tax by billionaires. At the same time, we are going to be jeopardizing our ability to pay Social Security and Medicare. I do not think any of us want to be in that position. Let us not create a scandal; let us do what is responsible. Let us deal with the problem; let us support the Democratic substitute.

The SPEAKER pro tempore (Mr. KOLBE). Does the gentleman from Texas (Mr. ARCHER) seek the time in opposition to the amendment in the nature of a substitute?

Mr. ARCHER. I do, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Texas (Mr. ARCHER) is recognized for 30 minutes.

Mr. ARCHER. Mr. Speaker, I yield myself such time as I may consume to simply very briefly say to the gentleman from Maryland (Mr. CARDIN) he knows full well that nothing in this bill would jeopardize his Social Security or Medicare. That should never be inserted in this debate because nothing, nothing jeopardizes Social Security or Medicare in this bill.

Mr. Speaker, I yield 4 minutes to the gentlewoman from Washington (Ms. DUNN).

Ms. DUNN. Mr. Speaker, I might just mention that the gentleman who has just completed his speech has just experienced in his own State of Maryland the repeal of the death tax led by a Democrat legislature, a Democrat government, and led in particular by Obie Patterson, a liberal Democrat himself.

Mr. Speaker, as much as it excites me to listen to the opposition talk about reducing the death tax, the substitute is a hollow attempt to make it look like we are providing relief. It does not do the trick here. Here are the four reasons why:

First, and perhaps most importantly, it does not repeal the death tax. The substitute maintains the fundamental unfairness of the death tax. It says that, at the end of one's life, after one has worked hard, one puts one's heart and soul into building a business or a farm to provide a legacy for one's family, the Government still is entitled, in, many cases, to more than half of the fruits of one's labor.

I cannot accept this because it is so grossly in violation of the fundamental virtues of this Nation: thrift, diligence, risk taking, hard work. Ninety-five percent of Americans believe it is wrong. Ninety-five percent of Americans, Mr. Speaker, believe that it is wrong to tax income during one's life and then tax the same assets again just because one dies.

Secondly, the current death tax rates are the second highest in the industrialized world. The only nation that is higher than us in death tax is Japan at 70 percent. Under the substitute, the United States still would have the second highest death tax rate in the world, behind bastions of free market capitalism like France and Sweden. Our international competitors have recognized the unfairness of this tax. It is time now for the United States Congress to recognize it as well.

Third, opponents of H.R. 8 say they can exempt family-owned farms and businesses by raising the family-owned business exception to $2 million. It will not work. It has already been tried. It has already been proved to fail.

Let me explain. When the Treasury Department came out with their figures saying that only 3 percent of estate tax returns are primarily composed of farm and business assets, I wanted to know what they wanted. I did not argue with their number. I wanted them to explain.

So I called the Office of Tax Analysis at Treasury to ask them what their definition of ''primarily comprised'' is. Their answer? At least 50 percent of the overall value of the estate.

What the opponents of H.R. 8 do not tell us is that, in order to qualify for the family-owned business exemption, at least 50 percent of the overall value of the estate must be comprised of business or farm assets.

What about the individual's home? How about the 401–K or any other savings? What about any assets in that estate that are not the business or the farm? This definition hurts especially small family-held farms and businesses.

So if they do believe their Treasury numbers, which they must believe because they have been touting them throughout the debate, they must concede what we have always known, that only 3 percent of family farms and businesses will ever qualify for their relief. Their own Treasury analysis exposes the false relief they are proposing.

Fourth and last, the substitute raises the death tax burden on all States at the same time it reduces rates. Under current law in States that still have estate tax laws, a family will receive a Federal death tax credit equal to their State death tax liability. This substitute eliminates the tax credit for States that have a death tax.

The net result is that the substitute slightly reduces the rate, but this is offset by an increase in their death tax liability because of a loss of the credit.

The substitute raises taxes, maintains high death tax rates, provides hollow relief for family farms and businesses. Most importantly, it retains the death tax.

There is only one way to rid the Code of this immoral, unfair, onerous, economically unsound tax, and that is to eliminate it.

I urge my colleagues to reject this substitute. Let us get rid of the death tax once and for all. Support H.R. 8.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. STENHOLM).

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, there is agreement from both sides of the aisle today that there are very real problems with the estate tax that we need to address.

Some small businesses and family farms cannot be passed from generation to generation because the estate taxes imposed upon the death of the owner plays too great a financial responsibility burden on the remaining family. This is wrong.

But I encourage my colleagues to examine carefully the substance of H.R. 8 and the Democratic alternative to see which proposal actually delivers the relief we all want to provide.

I want to bring estate tax relief to the people I represent in the 17th district of Texas. Family farmers and small business owners. But I want to do so from a fiscally responsible way, that which does not harm debt reduction or endanger necessary programs, such as defense, Social Security, Medicare, veterans programs. That is why I support the Rangel-Cardin-Stenholm substitute and oppose H.R. 8.

Unlike H.R. 8, the Democratic alternative does not threaten Social Security and Medicare, with all due respect to the gentleman from Texas (Mr. ARCHER). The back-end loaded costs of the bill will threaten our ability to meet the challenges facing Social Security. This explosion in costs will come at the exact time the Social Security and Medicare trust funds will begin to face financial challenges and the Treasury will have to redeem the assets held by the trust funds to pay the benefits.

The Democratic alternative provides immediate estate tax relief. The $4 million per family exclusion for farms and small businesses, the 20 percent across-the-board rate reduction for all estates, and increase in the unified credit of $1.1 million in the Democratic alternative would all take effect immediately.

By contrast, H.R. 8 would make small businesses and family farmers wait for 10 years to receive the amount of relief that would be made available January 1, 2001, under the Democratic alternative. I would ask my friends on the other side of the aisle, why should we make them wait 10 years before they get the relief we have all been talking about today?

The Democratic alternative is much more fiscally responsible than H.R. 8. H.R. 8 would cause an enormous long-term revenue loss which will undermine the fiscal discipline that has produced a strong economy and jeopardized our ability to retire our national debt.

Many of my colleagues have stood here and made statements that I totally agree with. It is not the Government's money; it is the people's money.

But how quickly we forget it is the people's debt, $5.7 trillion. How quickly we ignore the Social Security unfunded liability of $7.9 trillion when it comes to a tax cut that is politically popular to a few folks today.

Let us stay with fiscal responsibility. The Democratic alternative does a much better job of targeting. It would immediately exempt 99 percent, 99 percent of family farms and estates from estate taxes and reduce the number of estates subject to the estate tax by 50 percent.

The Democratic alternative provides meaningful relief which can become law. We can give the relief that we are all concerned about and give it immediately. H.R. 8 will not do so.

Mr. ARCHER. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Florida (Mr. SHAW), a respected member of the Committee on Ways and Means, the chairman of the Subcommittee on Social Security.

Mr. SHAW. Mr. Speaker, much has been said on this floor that is simply not true. What is threatening Social Security today? The inaction of the other side of the aisle, the uncooperative spirit, not all Members. I am not speaking to all Members there. But we have reached out to the Democrats time and time again with the Archer-Shaw proposal.

We have been met with this wall of silence. We have reached out to the President who made this his big promise in facing the Nation, standing right behind where I am standing today. We have been met with a wall of silence. That is what is threatening Social Security today, not elimination of the death tax.

What I think has been missing from this debate and is certainly missing from the substitute is the answer to the question that each Member should ask themselves as they come down here to vote today.

Is the death tax a just tax? Should the event of death be taxed by the United States Congress and collected by the Internal Revenue Service? Should the family have to meet with the Internal Revenue Service the same day they meet with the undertaker? Is that a just tax? Is it a just tax? Is it a just tax that will destroy jobs and destroy businesses and destroy family farms? Is that a just tax? Is it a just tax to tax again at the highest rate that we have in our whole tax system, funds and wealth that has already been taxed by our income tax and God knows how many other taxes? Is that a just tax?

I think the resounding answer is no. That is not a just tax. To say we are going to lessen the effect of it by the substitute that does not make it an even more or any more just tax. The fact that maybe the wealthy are getting, or top 2 percent are the only estates that are being taxed in this country, is that a reason to keep an unjust tax? That is not what this country is all about. That is not what this Congress is all about.

Let us reject the substitute. Let us get rid of this unjust tax, and let us vote to repeal the death tax forever more.

Mr. STENHOLM. Mr. Speaker, I yield 3 minutes to the gentleman from Massachusetts (Mr. NEAL), a member of the Committee on Ways and Means.

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Mr. Speaker, of all the taxes that could be repealed, this is perhaps one of the least justified. The rhetoric would state that the Federal Government is decimating the lives of millions of families yearly by snatching away their hard-earned savings just when they are most vulnerable, driving small business and farm families into oblivion while squeezing every penny possibly out of them.

The facts have been stated before, but let me state them again. Only 2 percent of the families are even subject to estate tax under current law. Of this 2 percent, only 3 percent are families with small businesses or farms. In other words, for every 10,000 estates, only six of them are farms or small businesses subject to the estate tax. To put it visually, if this piece of paper represents all estates, then this tiny part of it represents the issue in front of us today and what we are about to do.

Of course half of the people in my district think they are going to pay. That misconception is what makes this work politically. Acknowledging reality, however, does not mean that there are no steps we can take to ease the problem for those who are subject to the estate tax or ease the minds of those who think they are. Those steps are represented today by the Democratic substitute.

Our substitute reduces the maximum tax rate by 20 percent to 44 percent. It increases the current $1.3 million exclusion to small businesses and farms to $4 million for a married couple, and it immediately increases the general exception to $1.1 million.

I had some small businessmen come by the other day. I explained to them what we were about to do. They said that is more than we need, based on the approach by the gentleman from New York (Mr. RANGEL).

I came to Congress in 1988, but even I remember a time when a Member could get something into a House bill, see it dropped in conference and feel bad about it. Now Members seem to crow about getting a bill to pass the House that everyone knows is designed to die.

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In Washington, representatives do their clients and we do our constituents a disservice by participating in such a farce. We face a choice: Support a compromise that provides significant relief for all estates, but especially small businesses and family farms; or kill the bill once again around here and get nothing. That is the vote on the floor today.

I suspect the majority intend to vote to kill the bill and get nothing. But, my God, let us not ask for credit for having done that.

Mr. ARCHER. Mr. Speaker, I yield 2½ minutes to the gentleman from Missouri (Mr. HULSHOF), another respected and distinguished member of the Committee on Ways and Means.

Mr. HULSHOF. Mr. Speaker, I thank the gentleman for yielding me this time, and, Mr. Speaker, a recent editorial in the Washington Post earlier this week denounced our actions today and the title of the editorial was Government by Bumper Sticker. And, of course, the editorial set out many of the same arguments we have heard from those on the other side.

I guess if I were to think of a bumper sticker, it would be one I saw over the break of the Memorial Day recess. The bumper sticker on the back of this RV traveling the highways of Missouri said, I am spending my kids inheritance. Now, I will confess, I took a quick double take to make sure the occupants of that RV were not my own parents on a cross-country spending spree. But then I began to think about the gist of that sticker, and how it is that in some instances it is cheaper to dispose of family assets before death than passing it on to our descendants and making them sell off those family assets after death.

I suppose our friends on the other side will say we should take some solace in the fact that at least predeath that they are enjoying the fruits of their labor rather than collecting those fruits, bringing them here to Washington and then letting 535 Members of the House and Senate decide how to spend the fruits of those labors. But I say, no. And with all due respect, and with high regard for my friend from New York and his substitute, I guess if I were to pick a bumper sticker for the substitute it would be Mend It, Don't End It.

I would ask the gentleman and everybody that would say we should not have a complete repeal to justify for me the continuation of the inheritance tax. And I see my friend from Vermont would like to justify for us why he believes we should not do that, and I will let him do so on his time, but knowing his political ideology, I imagine it would be that we should redistribute wealth in this country. And I appreciate that, yet we already have a redistribution of wealth in this country through the progressive tax rates and the fact that we deny tax deductions and credits for those that are successful in this country.

What has not been discussed here is the economic cost of compliance and avoidance of the tax. The fact is that the Joint Economic Committee says that in 1998, $23 billion were spent to avoid the tax. The same amount that we generated in revenue. My colleagues, it is time to be bold. And with

all due respect to the substitute and the intent behind it, if I were again to pick out a bumper sticker that I support it would be ''It's Time to Give the Death Penalty to the Death Tax.'' Reject the substitute and vote in favor of H.R. 8.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Vermont (Mr. SANDERS) in order to respond to the previous speaker.

Mr. SANDERS. Mr. Speaker, the gentleman said, well, why should we not repeal the estate tax. Let me tell him why. There are millions of Americans in this country, senior citizens, who suffer and die because they cannot afford prescription drugs. And this country does not have a strong program to say to the sick that they can get the prescription drugs they need without taking money out of their food budget.

What the gentleman is doing today is giving the wealthiest 2 percent of the population, billionaires, a huge tax break. And then my colleagues will come before the American people and say, gee, we do not have the money to protect the sick and the old.

In my district there are middle-class families who are going deeply into debt so that they can send their kids to college, and some of these kids graduate college $50,000 in debt. And what my colleagues are saying today is, hey, Bill Gates and his friends, who contribute huge amounts of money to the political process, to the Republican Party, they need a tax break. I say that is immoral.

There are families in this country who work 40 hours a week and they sleep in their cars because we have not put money into affordable housing. Yet my colleagues say, hey, I have millionaire friends who have gone to a $25,000 a plate fund raiser, we have to give them a tax break. And my colleagues say, we do not have money for affordable housing, we do not have money for education. There are 44 million people in this country who have no health insurance, but my colleagues say we cannot afford that because they are too busy giving tax breaks to the richest people in this country.

I have heard my Republican friends use the word immoral and unjust to describe the estate tax. I will tell them what is immoral and unjust. It is immoral and unjust that we give tax breaks to those people who do not need it while we ignore the suffering of millions and millions of people who need help today. That is why.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentlewoman from North Carolina (Mrs. MYRICK).

Mrs. MYRICK. Mr. Speaker, I would like to share a poem that I think says it all in our debate today.

Tax his cow, tax his goat, tax his pants, tax his coat;
Tax his crops and tax his work, tax his tie and tax his shirt;
Tax his shoe, tax his smoke, teach him taxes are no joke;
Tax his tractor, tax his mule, teach him taxes are the rule;
Tax his oil, tax his gas, tax his notes, and tax his cash;
If he hollers, tax him more, tax him till he's good and sore;
Tax his coffin, tax his grave, put these words upon his tomb: ''Taxes drove me to my doom.''
After he's gone, he can't relax, they'll still go after Death tax.

I would like to urge all my colleagues to vote against the Rangel substitute.

Mr. RANGEL. Mr. Speaker, I yield 3 minutes to the gentlewoman from Florida (Mrs. THURMAN), a member of the Committee on Ways and Means.

Mrs. THURMAN. Mr. Speaker, I thank the gentleman for yielding me this time.

Over the years, Mr. Speaker, all of us have heard from small business owners and family farmers who want to pass on to their descendents the fruits of their labor, and I empathize with them. And I have worked, as many of us have, to have estate tax relief for them. Particularly, and most noted, was the Taxpayer Relief Act of 1997. The law specifically helps owners of small businesses and family farmers.

But like many of my colleagues, I want to provide more help to those involved in family farms or small businesses. So this year, once again, I would like to support a fiscally responsible alternative that focuses estate tax relief where it is needed. The alternative would cut estate tax 20 percent across the board, reducing the maximum rate to 44 percent. The proposal would provide a transferable $2 million exclusion for farms and small businesses. That means a married couple with a farm or a small business would receive a $4 million estate tax exclusion.

Mr. Speaker, I urge my colleagues, especially those in agriculture, to see what the alternative means for them. Based on a 1998 USDA survey, only 1.5 percent of farms have a net worth of more than $3 million. In other words, more than 98 percent of the farmers benefit from the alternative that I am going to support.

The alternative has three other advantages over H.R. 8. First, it takes effect, which we have heard, in 2001 rather than in 10 years. If a person happens to die before 2010, that person's heirs will not enjoy the full benefit of H.R. 8. Second, it costs far less than H.R. 8; around $2 billion a year. Finally, we have heard, unlike H.R. 8, the alternative could be signed into law.

Let us look at the cost factor. By the time it is fully implemented in 2010, H.R. 8 will cost $50 billion a year. If the House were really interested in helping the living, it might have considered using the money in other ways. A bipartisan bill I am going to talk about with people on Ways and Means is H.R. 957. I talked to my farmers. They need relief today, not when they are dead. They said, give me the farm and ranch risk management, which I have supported and introduced with my fellow Republicans, which would give all growers an ability to defer taxes in good years and use the money in lean years. This bill costs $100 million a year, not billions.

There are all sorts of other bills, including one to provide a capital gains tax exclusion for farms similar to the ones given on homes. Well, we cannot find the funds for these and other proposals to help businesses, but we can find $104 billion in H.R. 8. But if H.R. 8 is vetoed, then thousands of taxpayers who operate family businesses gain nothing.

I wonder which is better for family businesses, a bill that will not become law or a bill that helps them?

Mr. ARCHER. Mr. Speaker, I yield 1½ minutes to the gentlewoman from North Carolina (Mrs. CLAYTON).

Mrs. CLAYTON. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, this bill is a proposal to eliminate the estate tax in the future. The bill and the Democratic alternative will allow the continuation of something and the beginning of something. These are proposals to maintain small family farms and small family businesses. These are proposals that preserve the important past by protecting the precious future.

I intend to vote for both proposals. The Democratic alternative provides greater relief, more immediately. Providing up to $4 million would indeed help many small farmers and small businesses. H.R. 8, on the other hand, would repeal the tax all together. That is an attractive proposal. It is also, we must recognize, is a costly proposal.

As we seek to save the small family farm or business, we must also make sure we do not sacrifice Social Security, Medicare, or other progress made in reducing and eliminating the debt. I am hopeful that as we proceed with this legislation to provide estate tax relief, we will continue our fiscal responsibility.

Reducing or eliminating the estate tax is an essential thing to do. It is the prudent thing to do. It is the right thing to do. By doing what is prudent and right, we can ensure that the lifeblood of many American families, the small farm and the small business, will continue to survive.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from New Jersey (Mr. ROTHMAN).

Mr. ROTHMAN. Mr. Speaker, I thank the gentleman from New York for yielding me this time.

My friends, the American estate tax system is 85 years old. Who supported the creation of the American estate tax system? Well, one of the first supporters was Republican President Theodore Roosevelt. Why would he do such a thing? Well, he did not want to have two America's, a have and a have not. What do we have today in America? We have a nation where the top 1 percent of our people, the top 1 percent, own 40 percent of the Nation's assets, twice the amount held by them in the past 20 years.

Today, my friends, the House has a choice: The Democrat plan to reform the estate tax system, a reform plan that would leave 99 percent of Americans paying no estate tax and still cutting the estate tax for the top 1 percent; or the Republican plan, on the other hand, which adds another $40 billion in cost a year in order to eliminate the tax for the top 1 percent.

My friends, I believe that most Americans feel that that $40 billion extra would be better spent going to save Social Security and Medicare, or paying down our $5.6 trillion national debt, which is now being assumed by our children, or providing prescription drugs for our seniors, strengthening our military, fixing our public schools and providing health care for 45 million uninsured Americans.

The time may come when our country can afford to entirely eliminate the estate tax for the top 1 percent, but not today. Let us eliminate taxes for 99 percent of Americans, cut taxes for the top 1 percent, and pass the Democrat reform plan.

Mr. ARCHER. Mr. Speaker, I yield 3½ minutes to the gentleman from Louisiana (Mr. MCCRERY), another respected and distinguished member of the Committee on Ways and Means.

Mr. MCCRERY. Mr. Speaker, I thank the gentleman for yielding me this time.

Several Members in support of the Rangel substitute, Mr. Speaker, have begged us to adopt the Rangel substitute because their farmers need help now. Well, I find it curious that the Farm Bureau has endorsed not the Rangel substitute but the underlying bill, which I hope will pass this House today. That is real relief to farmers, not the Rangel substitute.

Let me talk about why that is. Three years ago, in 1997, I was the author of a bill to do what the Rangel substitute attempts to do today; that is to give a higher exemption, so to speak, to family farms, family businesses from the estate tax. I pursued that course for two reasons. Number one, in 1997, we were not expecting the huge surpluses at the Federal level that we are today. We had very much more limited revenue over expenditures to work with for any tax cuts. So I chose a route to try to do the most good with the estate tax that I could with the limited dollars that we had to spend. And the route I chose was to try to direct the relief at family farms and family-held businesses.

We got a lot of support for that route. We finally got some of my bill into the tax bill that was signed by the President in 1997, and that became law. And since then, those family farms and family businesses have been eligible for a higher exemption from the estate tax than everybody else. Unfortunately, I was wrong in 1997. That relief that we tried to give family businesses and family farms has not taken place. Why? The Committee on Ways and Means heard testimony last year from tax experts and, indeed, from the National Federation of Independent Businesses, who had backed my proposal in 1997, and they told us that that attempt to exempt family farms and businesses from part of the estate tax has not worked because it is too complex.

There is no way to ensure that a family looking forward can comply with all of the requirements that are necessary to qualify for that exemption. As a consequence, we just have not been able to bring those family farms and businesses under this exemption. It was well-intentioned, I was well-intentioned in 1997, I think it is well-intentioned today, but it will not work.

So I will ask my colleagues in this House to reject the attempt of the gentleman from New York (Mr. RANGEL) to simply expand on the failed attempt that I made in 1997 to help family farms and businesses and, instead, to go with the Archer bill today that repeals the estate tax once and for all. We phase it in over 10 years. It is a responsible plan. We have the revenue to do it, and there is no reason to continue this extremely unfair, I would submit the most unfair, part of our Tax Code.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Maine (Mr. ALLEN).

Mr. ALLEN. Mr. Speaker, I thank the gentleman for yielding me this time.

Here we go again, another week, another irresponsible Republican tax cut. Now, I believe that we do need to provide immediate estate tax relief for those who own family businesses, but this Republican repeal of the estate tax costs so much, $50 billion a year when fully phased in, that it does threaten Social Security and Medicare, and makes much less likely the chance that we will provide prescription drug coverage for our seniors.

Now, I have talked to a lot of small business owners in my district of Maine, and the stories they tell are compelling, and Congress should do more to lift the tax burden on these essential family businesses, family businesses that make up a large part of the life of our smaller communities. The Democratic alternative would provide immediate tax relief to closely-held businesses and family farms by reducing all estate tax rates 20 percent across the board and increasing the small business exclusion to $4 million per family. This Democratic alternative is a step in the right direction and provides more immediate relief than the Republican plan.

Now, let us be clear. The President will veto H.R. 8. So the choice for us today is clear: An irresponsible tax plan, with costs that explode in the future, threatening Medicare and Social Security for the baby-boom generation; or a bipartisan plan that will provide immediate tax relief to those who truly need it.

Vote ''yes'' on the Democratic substitute and reject H.R. 8.

Mr. ARCHER. Mr. Speaker, may I inquire how much time remains on each side?

The SPEAKER pro tempore (Mr. KOLBE). The gentleman from Texas (Mr. ARCHER) has 14½ minutes, and the gentleman from New York (Mr. RANGEL) has 13 minutes.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. COX).

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Mr. COX. Mr. Speaker, it has been instructive to listen to the debate, because we are coming together, Democrats and Republicans, to appreciate that the death tax is unfair. It is unfair, because it is a double tax on the aftertax lifesavings of an individual.

The only cavil that seems to be, not all but some Members on the minority side have is, first, that the death tax is expensive, by which they mean it raises revenue that we might lose if we repeal it, and, second, that it is a way to keep us from having two Americas of haves and have nots.

But the truth is the death tax is expensive in a way that perhaps these people do not quite apprehend. It is expensive to collect. Every time we try to collect the death tax, we get thrown into a lawsuit that lasts for years. It is one of the most expensive taxes to collect that we have on the books.

It reduces other taxes, such as income taxes that we collect, because as a tax avoidance scheme, people give away money during life and, thus, reduce, because they get a deduction, they reduce the taxes that otherwise they might owe.

The Secretary of the Treasury, Lawrence Summers, in fact told us this when he was a Harvard economist just a few years ago that this tax might very well lose money for the Federal Government. So by repealing it, we should not worry that it is too expensive. The only expense that we are relieving is that on the American people. Second, this tax which was meant 85 years ago by Teddy Roosevelt to avoid undue concentration of wealth has resulted in just the opposite. We break up, not concentrations of wealth, but farmers and small businesses which are acquired by multinational corporations and real estate developers. That is why environmental groups are supporting complete repeal.

The substitute would keep all the complexities of the more than 80 pages of the Internal Revenue Code that are devoted to the death tax. When tax simplification is the cry of the American people, this is the best opportunity that we will have to achieve that result.

The substitute would raise taxes on families by repealing the current tax credit for State taxes. Let us not raise taxes. Let us cut them. Let us eliminate complexity. Let us do the right thing. Vote down the substitute and vote aye on H.R. 8.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. CAPUANO).

Mr. CAPUANO. Mr. Speaker, I just rise to ask a few questions. I have heard an awful lot of comment today about how immoral, unethical, and somehow evil the estate tax is. Well, obviously, we can have philosophical agreements, but I would ask if that is the case, as of right now today, there are 16 States that have their own estate tax of significant nature, 7 of those have a complete Republican-controlled legislature and governor, none of them have repealed it.

Are they completely immoral and unethical, or are they just wrong? If they are just wrong, maybe we better get on the phone and call them and tell them that. And when we do, maybe we need to suggest to them how they are going to raise the $6 billion that they raised in the last year to pay for policeman, fireman, teachers and et cetera.

And on top of that, I just want to repeat what I said earlier, it is not a 50 percent tax, it is a 20 percent tax at this point. The democratic substitute will lower it to a 16 percent tax. The average person after tax, after tax, the average person who is subject to this tax will still have $2.7 million left. My gosh, how difficult it must be to get by on that amount of money.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to another respected and distinguished member of the Committee on Ways and Means, the gentleman from Michigan (Mr. CAMP).

Mr. CAMP. Mr. Speaker, I thank the gentleman from Texas (Mr. ARCHER), for yielding me the time, and I thank him for his leadership on this very important issue.

Mr. Speaker, I rise in strong support of H.R. 8, a bill to repeal the death tax. Small businesses and family farms are the lifeblood of our economy. Yet we have a tax system which unfairly taxes these small business employers and farmers twice. Less than half of all family-owned businesses survive the death tax and only about 5 percent survive to the third generation.

After being taxed two, three or four times, Uncle Sam taxes us again at 55 percent when we die. At a time when families need to be thinking about what they can do to bounce back from such a tragedy, they have to worry about taxes. Fiftyfive percent is high enough, but it is 100 percent penalty on employees of small businesses and family farms who lose their jobs when their company or farm is liquidated to pay the death tax.

Since its beginning, America has been about building a better life for people and their children. A farmer's commitment to not sell his farm, to invest his profits in his farm, and to continue working instead of retiring, that is what America is all about. And there is nothing more un-American than telling that farmer and family, you are going to have to give the fruits of your labor and your children's future to the government.

Mr. Speaker, death by itself should not trigger a tax. The 50,000 farmers in Michigan deserve to have this tax repealed. Let us give them the opportunity to focus their attention on building their farms and providing for their children, rather than figuring out to avoid losing their farm to the government.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Indiana (Mr. HILL).

Mr. HILL of Indiana. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I respect thousands of family farmers in southern Indiana. I have family members who operate family farms. I understand how the estate tax can cause a lot of hardship for asset-rich and cash-poor family farms. It sometimes can prevent farmers from passing their farms on to their children which is a real tragedy.

I support the substitute to this bill, because it sends immediate estate tax relief for the family farmers and small businesses who really need it. The majority proposal requires farmers and small businesses to wait 10 years for estate tax relief. Family farmers and small business operators need estate tax relief now, not 10 years from now.

Mr. Speaker, I also support the substitute to H.R. 8, because unlike the Majority proposal, it offers estate tax relief in a fiscally responsible way. When it is fully implemented, H.R. 8 will costs $50 billion a year which threatens our hard-won balanced budget.

I believe it is more important to continue paying down the national debt and protecting Social Security and Medicare than giving a tax break to people whose estates are worth tens or even hundreds of millions of dollars.

Mr. Speaker, I urge my colleagues to support the substitute.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), a respected and distinguished member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank the gentleman from Texas (Mr. ARCHER), the chairman of the Committee on Ways and Means for yielding me the time, and I rise in opposition to the substitute offered by the ranking member of our committee.

Here is the fundamental reason why I rise in opposition:

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Mr. Speaker, this would leave in place all the intricacies, the infrastructure, if you will, in law of the death tax. There are those, as has been aptly illustrated in this body, there are those intent on raising taxes. There are those who believe in a radical redistribution of wealth, and those who have stood to defend the death tax essentially are accepting the notion of double taxation. This keeps in place all of the complexities, and it would actually raise taxes on families by repealing the current tax credit for State taxes. So that is something very, very important to remember.

The other thing I would point out today to the body, Mr. Speaker, is that having listened with interest to my good friend who joined us from Indiana and who offered his point of view on this, if the substitute is such a good idea, why does the American Farm Bureau embrace the complete repeal of the death tax? Why does the National Hispanic Chamber of Commerce, why does the National Black Chamber of Commerce join with a bipartisan majority to embrace total repeal of the death tax? It is because of efforts, well-intentioned though they may be, by some on the left to leave in place the infrastructure and bit by bit, brick by brick, element by element, reintroduce and expand the death tax.

I would remind our body collected here today, Mr. Speaker, that during a previous Congress, indeed, the 103d Congress, there was a move afoot to expand death taxes. We do not want that. Let us repeal the tax and vote against the substitute.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. MILLENDER-MCDONALD).

Ms. MILLENDER-MCDONALD. Mr. Speaker, I thank the gentleman for yielding me this time. I rise today in strong opposition to H.R. 8 and in strong support for the Democratic substitute.

Once again, the Republicans have shown us their recklessness by spending the budget surplus on an irresponsible tax cut for their special interest allies with no investment in Social Security and Medicare. Furthermore, just yesterday we were here discussing the massive cuts to our Education, Health and Labor Departments. How can we today stand here in good conscience and debate spending $105 billion on tax cuts when yesterday we could not even guarantee that all of our children will have a quality education in this, the richest country in the world.

Mr. Speaker, I strongly support providing relief to smaller estates, family-owned small businesses and farms; but I believe that we can do this in a more fiscally responsible way with targeted relief. The Republican bill does not represent targeted relief; it represents preferential treatment. It seeks to benefit only 2 percent of Americans, and yet, with H.R. 8, it is evident that the Republicans feel that only 2 percent of Americans should be represented.

Well, I am here representing the other 98 percent, and I say no to H.R. 8.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. COBLE).

Mr. COBLE. Mr. Speaker, I thank the gentleman for yielding me this time. I commend him and his very fine leadership on this, what I have called, traditionally, the most onerous tax in the Code. It is a disincentive against savings, a disincentive against investing.

I have heard countless presentations from this floor yesterday and today about horror stories where people who are not wealthy by any means have

been devastated as a result of the imposition of the estate tax. Call it the estate tax, call it the inheritance tax, but call it what it is: the death tax. Mr. Speaker, I commend the chairman of the Committee on Ways and Means and our Democrat friends that have supported us in this bill. This is a bill that is long, long overdue and should be enacted; and I urge its support.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, the Democratic substitute provides targeted tax relief for middle-class families, small business owners, and farmers without putting at risk or fiscal discipline, our investments in education, and targeted tax relief that we could be providing to America's middle-class families.

The Republican tax break is another example of their misguided priorities. Before they have done anything to strengthen Social Security and Medicare or provide a prescription drug benefit for our seniors, they provide a tax break to the wealthiest 2 percent of all Americans who control 40 percent of the wealth in this Nation. It comes out to $105 billion over the next 10 years, over $50 billion in tax cuts to the richest people in the United States. That is their idea of tax fairness: millions for the rich, not a penny for the middle class.

We have heard a lot about family farms and small businesses. Well, the Democratic tax cut ensures that the family farm will be passed on. It guarantees small businesses can continue as family-owned businesses. It provides immediate tax relief to these families, and it does this without squandering our surplus, undermining Social Security and Medicare, or risking our investments in education, health for our seniors. Vote for the Democratic substitute.

Mr. ARCHER. Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Florida (Ms. BROWN).

Ms. BROWN of Florida. Mr. Speaker, do not be fooled by the spinmasters on the right. They are solving a problem that does not even exist, while the poorest in America who do not enjoy our great prosperity continue to be ignored by the leadership of this House.

We need real priorities: the Older Americans Act, which provides meals and other services to our seniors. Priorities: the Ryan White Care Act, which provides health care and medication for children suffering from AIDS remains to be reauthorized. Priorities: the Patient's Bill of Rights, which is supported by an overwhelming majority of Americans, still sits in conference.

The multimillionaires can take care of themselves. Let us pass legislation that really helps the working families, not helping the rich get richer under the House leadership.

Mr. ARCHER. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. GARY MILLER).

(Mr. GARY MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. GARY MILLER of California. Mr. Speaker, it is amazing, the people that talk about how can we risk this much money on a risky tax scheme. Let me read a letter from somebody who has been impacted by this death tax, and then my colleagues can come back and say it is a risky tax scheme.

''Today marks the first day of the ninth month since my dad passed away. He was a physician specializing in chemotherapy treatments for cancer patients. He grew up in a very poor family in Brooklyn, New York and he still managed to put himself through school and become a doctor, without any help from government, I might add. His plan was to retire this summer, after doing so much good for his patients and our community, and spend the time sailing on his 15-year-old, 27-foot sailboat that he bought 2 weeks before he died. He paid untold sums of money in taxes throughout his lifetime while working to the age of 65, a requirement necessary to save enough money to retire at a financial level that a physician deserves. While paying 50 percent of his income in taxes to the government, money that might otherwise have been used to fund an early retirement, he died.

''I am his son and executor of the estate that he worked so hard saving for and did not get to enjoy. Today, I am going to have the pleasure of writing 2 checks totaling nearly $1 million divided between the State and Federal Government. This is the most revolting and disgusting thing that I have ever had to do. When the CPA told me how much money the death penalty imposes on my dad's estate, I literally almost threw up. As a result of my dad's strong desire to save for his retirement, the majority of his estate is in Individual Retirement Accounts, and you know the tax consequences that creates when distributed to heirs, right? After all is said and done, the government will have taken over 50 percent of my dad's property and money.

''I adamantly believe that the government's only societal role is to protect the rights, lives and property of law abiding citizens. Period. All socialized legislation beyond that is an unnecessary intrusion into my life and a waste of my money.

''The government already confiscates too much money through taxation by means of income tax, property tax, capital gains tax, gasoline tax, Social Security tax, Medicare tax, telephone tax, hotel tax, airline ticket tax, energy tax, entertainment tax and numerous other hidden excise taxes that I continuously pay.

UPLAND, CA, *March 6, 2000.*

Representative GARY MILLER,
*Diamond Bar, CA.*

DEAR REPRESENTATIVE MILLER, Today marks the 1st day of the 9th month since my dad passed away. He was a physician specializing in chemotherapy treatments for cancer patients. He grew up in a very poor family in Brooklyn New York, and he still managed to put himself through school and become a doctor, without the help of the government I might add. His plan was to retire this summer, after doing so much good for his patients and our community, and spend time sailing the 15 year old 27 foot sailboat he bought two weeks before he died. He paid untold sums of money in taxes throughout his lifetime while working to the age of 65, a requirement necessary to save enough money to retire at a financial level that a physician deserves. While paying 50% of his income in taxes to the government, money that might otherwise have been used to fund an early retirement, he died.

I am his son and executor of the estate that he worked so hard saving for and didn't get to enjoy. Today I am going to have the pleasure of writing two checks totaling nearly one million dollars between the state and federal government. This is the most revolting and disgusting thing that I have ever had to do. When the CPA told me how much money the death penalty imposed on my dad's estate, I literally almost threw up. I was sick to my stomach. As a result of my dad's strong desire to save for his retirement the majority of his estate is in Individual Retirement Accounts and you know the tax consequences that creates when distributed to heirs, right? After all is said and done, the government will have taken over 50% of my dad's property and money.

I adamantly believe that the government's only societal role is to protect the rights, lives, and property of the law abiding. Period. All socialized legislation beyond that is an unnecessary intrusion into my life and a waste of my money.

The government already confiscates too much money through taxation by means of Income tax, Property tax, Capital Gains tax, Gasoline tax, Social Security tax, Medicare tax, Telephone tax, Hotel tax, Airline Ticket tax, Energy tax, Entertainment tax and numerous other hidden Excise taxes that I continuously pay.

Having stated that, and inasmuch as you are supposed to be representing me, can you write me back with even one good reason that validates the usurpation of one million dollars that was left by my dad, to my family?

Sincerely,

TODD M. KOLBERT.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. RODRIGUEZ).

Mr. RODRIGUEZ. Mr. Speaker, how irresponsible have we become? How greedy have we become? We all pay taxes; we all have a responsibility to pay down the debt. This is irresponsible, and it is a callous disregard for all Americans, when we only favor the top 2 percent of the richest.

Let us cut the taxes on all Americans, not just on the richest 2 percent of this country. The top 1 percent own 40 percent of the assets. This piece of legislation would even cause the divide to even be more between the haves and the have-nots. This is un-American, it is unfair, it is unethical and irresponsible. It is heartless, to think that we are going to be giving $50 million to the top 2 percent richest when, at the same time, we have said no to our veterans. This same Congress has said no to our veterans. When we have promised them access to health care, we

have said no. We have been unwilling to give them that $5 billion that they need; yet we say yes to the 2 percent of the richest of this country when we say that we are going to give them $50 billion.

Mr. ARCHER. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. EWING).

Mr. EWING. Mr. Speaker, I thank the chairman for yielding me this time. I rise in support of H.R. 8, the Death Tax Elimination Act.

This is one of the worst taxes we have in America. America is renowned as the place where through hard work and sacrifice an individual can make a better life for himself and his family. We have an entrepreneurial spirit that is unmatched in any other country, and it is because of the ability to make it here in this country.

What is the trouble with the Federal estate tax? It does away with that. It kills small businesses; it kills the family farm. I say to my colleagues, my constituents who are not wealthy want that ability, and most Americans do. I say we should pass this bill, we should vote against the substitute, and we should eliminate the death tax in America.

Mr. Speaker, I rise today in support of H.R. 8, the Death Tax Elimination Act of 2000. The death tax is one of the most onerous taxes levied upon our citizens and is in complete contrast to the principles upon which this country was based. America is renowned as a place where through hard work and sacrifice, an individual can make a better life for himself and his family. We have an entrepreneurial spirit that is unmatched in any other country and we need to ensure that spirit remains.

That is what is so troubling about the Federal estate tax. It does not encourage hard work and entrepreneurship, but rather discourages it. The only message that the estate tax sends is that if you are hard working and industrious we will not reward you, we will punish you. This clearly is not the message we need to be sending.

Currently, small businesses and farms are being hit the hardest by this unfair burden. Heirs sometimes are forced to liquidate businesses just to pay estate taxes. Allow me to provide you with a personal example of the negative effects of this tax.

In my district there is a business called Niemann Foods which runs a small chain of grocery stores. This company was founded in 1917, by Ferd and Steve Neumann. By 1969 Niemann Foods was a thriving business consisting of two components: grocery stores and a wholesale distribution operation. But then something tragic happened. Ferd passed away unexpectedly. Suddenly the Niemann family was faced with an estate tax bill of several hundred thousand dollars. What could they do? Most of their assets were not liquid, they were tied up in the day-to-day operations and not readily available. The only option available to the family was to liquidate part of the business to pay their tax burden. As a result the wholesale portion of Niemann Foods was sold off and the proceeds given to the IRS, instead of being used to expand the business. The Neimann family now spends countless hours and dollars on estate planning trying desperately to avoid a repeat of this distasteful situation. This is time and money that could and should be put into expanding the business and creating more jobs, rather than being spent trying to guard against losing the business because of a bad tax. The sad and unfortunate reality is that everyone in this Chamber probably has a similar story that they can tell. We should encourage productivity and growth, not stifle it with unfair burdens. This tax is contrary to American ideals and should be repealed.

I have one problem with this bill, it takes too long to accomplish what should be done immediately. If this tax is wrong, it is wrong and we shouldn't take 10 years to rectify the situation. We speak of fairness, but is it fair for people dying today to have a larger tax burden than those who die a year or even ten years from now? I can see it now hospitals will be filled with individuals on life support for years waiting for this bad tax to be lifted. Let's pull the plug on this tax now.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding me this time. I oppose H.R. 8 and strongly support the Rangel substitute. Proponents have said this about helping farmers pass the farm from one generation to the other. If that is the issue, then pass the Rangel substitute.

The U.S. Department of Agriculture says 99 percent of the farms in this country have a net worth below $3 million. The Rangel substitute takes a farm couple and allows them to pass a farm worth $4 million of net worth. We take care of more than 99 percent of the farms in this country under the Rangel substitute.

Similarly, small businesses, up to $4 million. Another way the substitute is better than the majority bill is that it takes effect and it takes effect next year. No 10-year wait for the relief they are talking about. Next year.

Another thing about the Rangel substitute, the President will sign it. There is a veto threat on their bill. It will never become law. Let us provide the relief and make it real, not just issue press releases about another House debate. Vote the Rangel substitute for meaningful relief for family farmers.

Mr. Speaker, I rise in opposition to H.R. 8 and in strong support of the Rangel substitute. Unlike the underlying bill, the Rangel substitute provides immediate estate tax relief for family farmers and small businesses, does not drain resources from other urgent priorities, and, most importantly, it could be enacted into law this year.

First, the Rangel substitute eliminates estate taxes for more than 99 percent of family farms not in 10 years, as under H.R. 8, but immediately. The Rangel substitute allows family farms an estate tax exclusion of $4 million, which exceeds the net worth of more than 99 percent of family farms according to USDA. For all but a handful of the largest farms in the country, the Rangel substitute provides greater estate tax relief than the underlying bill.

Because it is targeted, the Rangel substitute can offer more tax relief for farms and small business without draining resources from other urgent priorities, including tax cuts for working families. By contrast, H.R. 8 would ultimately result in a revenue loss of $50 billion annually, or $500 billion over the second 10-year period. For the cost of repealing the estate tax altogether, Congress could enact tax cuts to reduce the cost of child care, open the doors to higher education, increase the affordability of long-term care, and still have $35 billion left over either to reduce the debt, provide a prescription drug benefit, strengthen our national defense or address a similarly urgent priority.

Finally, the Rangel substitute is the only estate tax relief measure on the floor today that can actually be enacted this year. The administration supports estate tax relief for small business and family farms but has stated unequivocally that the President would veto H.R. 8. As estate tax bill that will never be signed is of no value to the farmers I represent.

For these reasons, I urge my colleagues to support the Rangel substitute and to oppose H.R. 8.

Mr. ARCHER. Mr. Speaker, I yield myself 2½ minutes.

Mr. Speaker, let me speak specifically on this substitute. First, at the margin, it is better than the current law. That is a great breakthrough to see the minority that was proposing increases in the death tax before 1995, to have at least come to where they marginally want to reduce the impact of the death tax.

But in many, many ways, it does not tell us up front what is really a part of the proposal.

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It is very much like Peanuts where Lucy tells Charlie Brown, ''Come kick the football,'' and right before he gets there, she pulls the football away.

And so what they do here is they say we are going to reduce rates; and at the same time if you look at page 2, they raise rates, because they take away the credit, as the gentlewoman from Washington (Ms. DUNN) said, on the State inheritance taxes. So they raise those rates. At the same time they deny all of the small businesses, farms, the benefit of what they say they are giving them. The gentleman from Louisiana (Mr. MCCRERY) spoke to that. They say only 3 percent of the small businesses and farms are taxed today. Let me also say that only 3 percent of that 3 percent will get any benefit from their proposal. That is sad but true as the gentleman from Louisiana said earlier.

And then they go on, and they increase the market value of minority-held interests in nonpublicly traded entities. The courts have ruled against this over and over again and say the tax should be applied only to what is the true market value at the time of death. They create an arbitrary market value that has nothing to do with the true market value for those minority-held interests in nonpublicly traded entities. So they give a little bit on one hand, and they take back big chunks on the other hand.

They also mask the 18 percent lowest marginal tax rate for the death tax. No

one will pay the 18 percent. They will start out at 38 percent. It is in the Code. It says the first dollar is 18 percent, but not so. And so they give a little, and they take back a lot.

Vote against the Rangel substitute.

Mr. RANGEL. Mr. Speaker, I yield myself 2½ minutes.

I would like to respond briefly to the chairman of the committee because not too long ago a distinguished Member from the other side who serves on the committee commented that the Rangel substitute was no more than what he and Republicans had suggested several years ago and that he thought it was a good idea at the time; but he had no idea that President Clinton with a Democratic Congress would be able to have a budget to allow us to get the surplus that we are enjoying today, but now that he sees the surplus, then he would say, Let's go for the whole thing.

That is the problem that we have today. You people are not interested in passing laws to take care of the small farmer and small businesses. What you are interested in is politically a veto. If indeed you were concerned about helping the small family farmer and the small businesses, what you would do is say, well, listen, since we can agree with the President, let us get this signed into law, and then maybe if God is willing, you will be in the majority and you can take care of it.

You have been in the majority 6 years, and you have not done a darn thing except push for vetoes. Veto, veto, veto. Every time we reach agreement with you, you kick it up another notch and make it impossible for the President to be responsible and deal with this. This will cost $104 billion over 10 years, and then we have got to hemorrhage $50 billion each year. We have been able to take care of the problem that you have been crying and bawling about for a long time, and we agree that it is an inequity. Why can we not come together where we agree, get the President to sign something, and then for God sake get together and try to resolve some of the other problems, whether it is the marriage penalty, whether it is the Patients' Bill of Rights, whether it is the minimum wage.

You agree with us, but you always kick it up a notch to be irresponsible so that the President cannot sign it into law. There is still an opportunity. If you vote for the substitute, let the President sign it and take credit for it. The only difference between the bills that you have had and the bill that we have got is that we have decided to be responsible, we decided not to gut the budget, we decided to protect Social Security and Medicare and still take care of those people who inherit the businesses and the farms from their parents and their grandparents who worked hard each and every day to provide and leave this for them.

And so I am suggesting, vote for the substitute and then maybe next year we can go further.

Mr. Speaker, I yield the balance of my time to the gentleman from Michigan (Mr. BONIOR), the minority whip.

The SPEAKER pro tempore (Mr. KOLBE). The gentleman from Michigan is recognized for 3 minutes.

Mr. BONIOR. Mr. Speaker, I want to commend my colleague for his statement.

The other day I was talking, and I noticed that the Republican leaders had gathered around this coffin outside the Capitol building. Like anyone, I wondered, what is going on out there? I later learned that they were promoting their estate tax scheme. It was then that I realized what I had seen was a funeral. It was the death of credibility.

What else can you call a scheme that costs some $50 billion a year but fails to provide added relief for small businesses and family farms until the year 2010? You can call it a lot of things, but one thing you cannot call it is a credible tax relief package. Oh, sure, some people stand to gain from this. If you happen to be one of the richest people in the world, this plan could cut your family's taxes by literally tens of billions of dollars. But for 98 percent of Americans, this bill will not even provide one dollar's worth of relief.

It will do something, though. Oh, it will do something. It will squander $50 billion a year just at a time when we need it the most. That means undermining our ability to guarantee the solvency of Medicare and Social Security. It means harming our chances of paying down the debt. And it will work to prevent us from investing in better schools, in child care, in a clean environment, in fighting crime, in taking care of our veterans.

We Democrats have an alternative, a responsible plan that provides an estate tax break that we can bank on without breaking the bank. Our plan immediately provides a $4 million per-family exclusion for farms and small businesses. In fact, it immediately exempts 99 percent of family farms from estate taxes. It reduces by almost half the number of estates subject to the estate tax.

So what we have here, Mr. Speaker, is a choice between credible estate tax relief or tax cuts for the incredibly rich. If you believe in standing up and working for working families, the choice in this debate is clear.

I urge Members to vote no on the Republican scheme and to support the Democratic alternative.

Mr. ARCHER. Mr. Speaker, I yield the balance of my time to the gentleman from Illinois (Mr. HASTERT), the respected Speaker of the House of Representatives.

Mr. HASTERT. I thank the gentleman for yielding me this time.

Mr. Speaker, I have a great deal of respect for the minority whip who just spoke, but I think he made a mistake when he walked by that funeral display. The funeral is the death of and putting away the death tax.

When we talk about credibility, we can talk about a lot of things. When I first came here, we had a deficit of a huge number, $450 billion. We had a debt of $5.5 trillion. We started turning that around. Just in the last couple of years, we have said, none of our dollars in Social Security are going to go into the general fund. We are going to set that aside for Social Security. We are going to do a better job of education. We have seen a steady increase in dollars for education. We are going to help our young men and women in defense so that they do not have to be on food stamps to feed their family. We do have a surplus. We are talking about a big surplus in the next couple of years. We have two things that we can do: we can pay down the debt with that surplus, or we can give some of that money back to the people who made it in the first place.

As of September of this year, we will have paid back $350 billion on the public debt. That is a first good step. We have not done it all by ourselves. We have done it with help from our friends on the other side of the aisle. I do not say it is all partisan one side or the other because we have to work on a bipartisan basis. But the other question is, what do we do? The gentleman from the other side of the aisle said, We're going to take $50 billion. We can't afford it. And where does that money come from? The Federal Government reaches in and takes it away from people who have paid taxes all their life, that have built a small business or a family farm. When they die and they want to pass it on to their children and their grandchildren, the Federal Government comes in and takes it away, 52 percent to 55 percent of that entity; it takes it away.

Let me tell you a story. When I was a young man, my father-in-law died. He was a farmer in southern Illinois. I thought maybe I would like to be a farmer. But by the time that we got the death tax taken care of and at that time Illinois had a death tax, too, every tractor, every combine, every extra roll of fence, every head of cattle was sold off so we could pay the State estate tax and the Federal death tax. I might have been a good farmer. But I did not have that choice.

I ran for the legislature in 1980. The gentleman from Illinois (Mr. EWING) and I helped take the death tax off in the State. We helped relieve that a little bit. I have always given him a great deal of credit for doing that. I was giving a speech not so long ago in Wichita, Kansas. It was a small dinner group of probably 50 people. Halfway through my speech, there was an older gentleman who stood up and said, Wait a minute, young man. He got my attention. He called me young man. He was probably 85 years old. He said, I have a small business just west of town. I write 96 pay checks a week. Something is going to happen to me someday. I want to pass that business on to my children and my grandchildren. The

Federal Government is going to come in and take 52 percent of that business. When they do, we are going to have to sell every truck, every piece of equipment. I cannot pass that business on as an entire entity from generation to generation. There are 96 families in this town that will not have a job anymore.

We talk about big entities, multinational businesses and big corporations. Do you know what happens when you have to sell the family farm? Do you know what happens when you have to sell that small business? You sell it to the big guys, because you get the cash out of it and pay the Government. And so when you deprive families from passing that entity, that business, that farm, that ranch from one generation to the other, you say, we are going to give this to the big guys. We are subsidizing the big guys. We are pushing the bigger and bigger entities in this country. We are taking away from the families.

I say this is a vote for the families of this country, of the United States of America. Defeat the substitute, vote for the proposal, and let us get on with it.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition to H.R. 8, the Death Tax Elimination Act of 2000 and strongly support the Democratic Alternative.

I think we are in agreement on both sides of the aisle that the estate, gift, and generation-skipping transfer taxes are unduly burdensome on all taxpayers and that changes must be made. However, H.R. 8 is not in the best interest of our Nation, particularly in terms of relief to small businesses and small farms.

Although, H.R. 8 attempts to alleviate the heavy burden of the estate tax, it lacks a feasible solution to alleviate these tax burdens faced by many small businesses and small farms. Many small business owners and farm owners have told me compelling stories regarding their plight and they want to ensure that in the foreseeable future that they will be able to pass on their farms and small businesses to their loved ones.

The Democratic Alternative will provide immediate tax relief to these same small businesses and farm owners. Specifically, this alternative will raise the special exclusion to $4 million for a couple owning a farm or small business. For instance, a small business owner in my district can pass on their business intact with no estate tax whatsoever if it worth up to $4 million.

In addition, because H.R. 8 is phased in over ten years, a couple passing on their farm or small business in the near future would avoid more tax under the Democratic plan than under this bill with calls for a full repeal. See—More people than ever before are becoming millionaires by working hard and investing wisely. By increasing the general exclusion (now at $675,000) to $1.1 million next year, the Democratic Alternative will allow for any person to pass on their wealth to their loved ones without the burden of an estate tax.

In fact, unlike the Republican's full repeal, nobody has to worry about living long enough for the bill to be fully phased in. The Democratic $1.1 million exclusion is effective immediately in 2001. Also, the Democratic alternative will lower estate tax rates by 20% across the board (i.e. the 55% rate would be 44%, the 37% would be 29.6%). As a result, I fully support this fiscally responsible estate tax relief unlike Republican leaders who insist on a full estate tax repeal before any plan is in place to save Social Security and Medicare, or provide a prescription drug benefit for our Nation's seniors, or pay down our national debt.

''H.R. 8 will relinquish nearly $50 billion a year in revenue with no guarantee that this revenue loss will not harm current plans to save Social Security and Medicare in future years. While the official estimates show H.R. 8 costing $28.2 billion over 5 years and $104.5 billion over 10 years, the true cost is cleverly hidden by phasing in the repeal so that the real drain on revenue does not show up until after the 10-year budget window.''

By enacting this full repeal, the very richest in our society will be able to pass their immense fortunes to their heirs without a penny of tax. Hence, our Nation's children will share in our burden of saving Social Security and Medicare and paying off our massive national debt. Hence, the real winners of this repeal legislation are not small farms and small businesses but are very wealthy families with immense assets.

Finally, President Clinton has already pledged to veto H.R. 8, because it provides such an unfair relief to the very richest in our society, before saving Social Security and Medicare and paying down the debt. The Democratic Alternative would provide fiscally responsible estate tax relief that the President would sign. However, Republican leaders appear not to care that their repeal bill will not become law! See—the real choice is not between the Democratic Alternative and H.R. 8, but between a negotiated bipartisan compromise or no estate tax relief at all for all of America. I choose relief for all America!

In closing, I again urge my colleagues to oppose H.R. 8, and instead adopt the democratic alternative.

Mr. COYNE. Mr. Speaker, I rise today in opposition to H.R. 8, The Estate Tax Elimination Act. This bill would do nothing to help the average family businesses. Only 2% of estates are now subject to the estate tax. Hard-working Americans should be able to pass their businesses on from generation to generation. However, a full repeal of the estate tax is not necessary to preserve family businesses.

The Democratic alternative offers immediate, fiscally responsible relief targeted to small business owners and family farmers. It would exempt up to $4 million per family in assets from the tax and cut estate tax rates by 20 percent. The Democratic alternative would cost only 20 billion over the next 10 years.

H.R. 8 would cost $105 billion over the next ten years. From 2011 to 2020, the proposal would cost $620 billion. The full costs of this bill would come just when the retiring baby boomers will begin to require more services. This is money we could use to strengthen Social Security and offer a prescription drug benefit for Medicare.

Full repeal also reduces the progressivity of the tax code. The wealthiest Americans would pay tens of billions of dollars less in tax. This bill would cause the gap between low-income people and the wealthy to grow even faster. I urge my colleagues to support Mr. RANGEL's fiscally responsible proposal for estate tax relief targeted to immediately help small businesses.

Mr. KLECZKA. Mr. Speaker, I rise today in support of the Democratic alternative which does three important things to ease the estate tax burden on individuals and family businesses.

First of all, the substitute would nearly double, effective immediately, the estate and gift taxes exemption for individuals to $1,100,000, from the current level of $675,000. This means a husband and wife can exempt $2.2 million of their assets from estate taxes.

Secondly, the Democratic proposal significantly raises the estate tax exclusion for small businesses. Under current law, there is a $1.3 million exclusion from the estate tax for interests in farms and closely held businesses. The Democratic substitute would effectively create a $4 million exclusion per family for farms and closely held businesses. It would accomplish this by increasing the limit on the small business exclusion from $1.3 to $2 million and by providing that the portion of the exclusion not used in the estate of the first spouse to die will be allowed to the estate of the other spouse.

Finally, the substitute would provide a 20 percent across-the-board reduction to the estate and gift tax rates.

I support the Democratic substitute because it provides needed estate tax relief to small business and individuals without breaking the bank. My Republican colleagues have offered a plan to totally eliminate the estate tax, that when fully phased in, will cost $50 billion a year.

Mr. Speaker, we cannot afford to sacrifice our chance to pay down the national debt, ensure the long-term solvency of Social Security, and modernize the Medicare program by passing the Republican bill which will benefit only 2% of the population—those with the wealthiest estates.

I urge my colleagues to support the Democratic proposal, a common-sense and affordable way to give Americans estate tax relief and still provide funds to meet our responsibility to reduce the national debt so this burden will not continue to be placed on the shoulders of our children and grandchildren.

The SPEAKER pro tempore. Pursuant to House Resolution 519, the previous question is ordered on the bill and on the amendment offered by the gentleman from New York (Mr. RANGEL).

The question is on the amendment in the nature of a substitute offered by the gentleman from New York (Mr. RANGEL).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 196, nays 222, not voting 17, as follows:

[Roll No. 252]

YEAS—196

Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berman
Berry
Bishop
Blagojevich
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Capps
Capuano
Cardin
Carson
Clayton
Clement
Clyburn
Condit
Costello
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Gutknecht
Hall (OH)
Hall (TX)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Larson
Leach
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Martinez
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Sherman
Sherwood
Shows
Sisisky
Skelton
Slaughter
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Waters
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NAYS—222

Abercrombie
Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berkley
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Davis (VA)
Deal
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Forbes
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Morella
Murtha
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
Petri
Pickering
Pickett
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Shimkus
Shuster
Simpson
Skeen
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—17

Blumenauer
Clay
Conyers
Cunningham
Danner
Gillmor
Gilman
Istook
Kind (WI)
Klink
Lazio
Markey
McDermott
Smith (MI)
Smith (WA)
Vento
Watt (NC)

1248

Mrs. BIGGERT and Messrs. WOLF, DICKEY and DUNCAN changed their vote from ''yea'' to ''nay.''

Ms. BROWN of Florida changed her vote from ''nay'' to ''yea.''

So amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. KOLBE). The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. DOGGETT

Mr. DOGGETT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. DOGGETT. Mr. Speaker, I am.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. DOGGETT moves to recommit the bill H.R. 8 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

At the end of the bill (page 35, after line 5), add the following new title:

**TITLE VI—DENIAL OF GIFT TAX EXCLUSION IF POLITICAL ORGANIZATIONS FAIL TO MEET REPORTING AND DISCLOSURE REQUIREMENTS**

**SEC. 601. DENIAL OF GIFT TAX EXCLUSION IF POLITICAL ORGANIZATIONS FAIL TO MEET REPORTING AND DISCLOSURE REQUIREMENTS.**

(a) DENIAL OF GIFT TAX EXCLUSION.—Paragraph (5) of section 2501(a) (relating to transfers to political organizations) is amended to read as follows:

''(5) TRANSFERS TO POLITICAL ORGANIZATIONS.—Paragraph (1) shall not apply to the transfer of money or other property to a political organization (within the meaning of section 527(e)(1)) for the use of such organization only if such organization is in substantial compliance with subsections (d) and (e).''

(b) INCREASED REPORTING BY POLITICAL ORGANIZATIONS.—Section 2501 is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

''(d) RETURNS BY POLITICAL ORGANIZATIONS.—

''(1) STATEMENT OF ORGANIZATION.—

''(A) IN GENERAL.—Every political organization shall file a statement of organization with the Secretary (in such form and manner as the Secretary shall prescribe) which contains the information described in subparagraph (B). Such statement shall be filed not later than 10 days after the date that such organization is established (or, in the case of an organization in existence on the date of the enactment of this section, not later than 10 days after such date of enactment).

''(B) STATEMENT OF ORGANIZATION.—The information described in this subparagraph is—

''(i) the name and address of the political organization,

''(ii) the name, address, relationship, and type of any person which is directly or indirectly related to or affiliated with such political organization,

''(iii) the name, address, and position of the custodian of books and accounts of the political organization,

''(iv) the name and address of the treasurer of the political organization, and

''(v) a listing of all banks, safety deposit boxes, and other depositories used by the political organization.

''(C) CHANGES IN INFORMATION.—If there is a change in circumstances such that the most recent statement filed under this paragraph is no longer accurate, the political organization shall file a corrected statement with the Secretary (in such manner as the Secretary shall prescribe) not later than 10 days after the date that the statement first ceased to be accurate.

''(D) RELATED AND AFFILIATED PERSONS.—For purposes of subparagraph (B)(ii), a person is directly or indirectly related to or affiliated with a political organization if such person, at any time during the 3-year period ending on the date such statement is submitted to the Secretary—

''(i) was in a position to exercise substantial direct or indirect influence over the process of collecting or disbursing the exempt purpose funds of such organization, or

''(ii) was in a position to exercise substantial, overall direct or indirect influence over the activities of such organization.

''(2) STATEMENTS OF CONTRIBUTIONS AND DISBURSEMENTS.—

''(A) IN GENERAL.—Every political organization shall file a statement with the Secretary (at such time and in such form and manner as the Secretary shall prescribe) which contains the information described in subparagraph (B) with respect to each reporting period.

''(B) INFORMATION DESCRIBED.—The information described in this subparagraph is—

''(i) the name and address of each person to whom the political organization made any disbursement during the reporting period in an aggregate amount or value in excess of $200 within the calendar year,

''(ii) a certification, under penalty of perjury, whether such disbursement is made in cooperation, consultation, or concert, with, or at the request or suggestion of, any candidate for public office or any authorized committee of such candidate or agent of such committee or candidate,

''(iii) the name, address, and occupation of each person (and the name of his or her employer) who made (in the aggregate for the reporting period) a contribution in excess of $200 to the political organization,

''(iv) the name, address, and business purpose of any entity, as well as whether the entity purports to be exempt from tax under this title and (if so) the provision under which the entity purports to be so exempt, which made (in the aggregate for the reporting period) a contribution in excess of $200 to the political organization, and

''(v) the original source and the intended ultimate recipient of all contributions made by a person, either directly or indirectly, on behalf of any particular person, including contributions which are in any way earmarked or otherwise directed through any intermediary.

''(C) REPORTING PERIODS AND DUE DATES FOR FILING STATEMENTS.—

''(i) IN GENERAL.—The reporting periods and deadlines for filing statements required by this subsection shall be the same as the periods and deadlines set forth for reports under paragraph (4) of section 304(a) of Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)). The Secretary shall issue such guidance as may be necessary concerning the filing deadlines for such statements.

''(ii) CERTAIN ORGANIZATIONS FILE ANNUALLY.—In the case of a political organization described in clause (iii)—

''(I) subparagraph (A) shall not apply,

''(II) the reporting period shall be such organization's taxable year, and

''(III) the due date for the statement required by this subsection shall be the due date (without regard to extensions) for filing the return of tax for such year, whether or not such organization is required to file a return for such taxable year.

''(iii) ORGANIZATION DESCRIBED.—An organization is described in this clause if such organization is a political organization which is organized and operated exclusively for the purpose of securing the nomination, election, or appointment of a clearly identified candidate for State, local, or judicial office.

''(D) ELECTRONIC FILING.—The Secretary shall develop procedures for submission in electronic form of statements required to be filed under this paragraph.

''(3) POLITICAL ORGANIZATION.—For purposes of this section, the term 'political organization' has the meaning given to such term by section 527(e) without regard to whether such organization claims a tax exemption under section 527.

''(4) PAPERWORK AND BURDEN REDUCTION.—An organization shall not be required to file any statement under paragraph (1) or (2) for any period if, with respect to such period, such organization submits to the Secretary, under penalty of perjury, a certified statement that the organization has made a filing, which is publicly available, with another Federal agency which includes all of the information requested by paragraph (1) or (2), whichever is applicable, and which specifies the public location where such information may be found.''

(c) INCREASED DISCLOSURE BY POLITICAL ORGANIZATIONS.—Section 2501, as amended by subsection (b), is further amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) INSPECTION OF STATEMENTS OF POLITICAL ORGANIZATIONS.—

''(1) IN GENERAL.—In the case of a political organization (as defined in subsection (d)(3))—

''(A) a copy of the statements filed under subsection (d) shall be made available by such organization for inspection during regular business hours by any individual at the principal office of such organization and, if such organization regularly maintains 1 or more regional or district offices having 3 or more employees, at each such regional or district office, and

''(B) upon request of an individual made at such principal office or such a regional or district office, a copy of such statements shall be provided to such individual without charge other than a reasonable fee for any reproduction and mailing costs.

The request described in subparagraph (B) must be made in person or in writing. If such request is made in person, such copy shall be provided immediately and, if made in writing, shall be provided within 30 days.

''(2) 3-YEAR LIMITATION ON INSPECTION OF STATEMENTS.—Paragraph (1) shall apply to any statement filed under subsection (d) only during the 3-year period beginning on the last day prescribed for filing such statement (determined with regard to any extension of time for filing).

''(3) LIMITAION ON PROVIDING COPIES.—A rule similar to the rule of section 6104(d)(4) shall apply for purposes of this subsection.''

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

Mr. DOGGETT (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 5 minutes in support of his motion to recommit.

Mr. DOGGETT. Mr. Speaker, I yield 1 minute to the gentleman from Kansas (Mr. MOORE), a leader in this political reform effort.

Mr. MOORE. Mr. Speaker, I urge my colleagues to support the motion to recommit. The majority whip said, ''I am for full disclosure and immediate disclosure.'' What we say is not nearly as important as how we vote.

This motion only requires organizations engaging in political activity to name the contributors, how much was contributed, and how the money was spent. Disclosure, simple disclosure.

The American people are fed up with hypocrisy and delays. What we need now is action. Last night, JOHN MCCAIN stood up in the United States Senate and stood up for the American people on behalf of disclosure. I urge all of my colleagues on this body on both sides of the aisle to stand up for disclosure. The American people deserve, expect, and demand it.

Mr. DOGGETT. Mr. Speaker, I yield 30 seconds to the gentleman from Texas (Mr. STENHOLM), another leader in this effort.

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, the issue is pretty simple today. It is whether we are going to have sunshine in the political process or whether we are not. We all know we do not need another study. We do not have to wait on another study. All we need to know is whether or not the 527 and all other groups shall disclose how much they are spending, how they are spending it, and who is, in fact, contributing the money.

Let us let sunshine shine on the legislative process. It is pretty simple. Vote for the motion to recommit. Let us move this process along.

Mr. DOGGETT. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Iowa (Mr. GANSKE).

Mr. GANSKE. Mr. Speaker, yesterday the Senate said that stealth political committees have to disclose their donors and expenditures. These tax exempt 527s and other like groups could be the Communist Chinese, Colombian drug lords, the Mafia. Who knows?

Both Republicans and Democrats say they want full disclosure. Last year, the majority whip said in support of the Doolittle full disclosure bill, quote: What reform can restore accountability more than an open book? Letters from the gentleman from California (Mr. DOOLITTLE) shout, ''Full Disclosure,'' ''Scrap the Failed Rules'' and ''Full Disclosure.'' Another Dear Colleague screams, ''Hypocrisy.''

What will the headlines scream tomorrow? Mr. Speaker, 115 Republicans voted last year for full disclosure only. If my colleagues are really for full disclosure, vote yes. A ''no'' vote is going to be mighty hard to explain in November. We can get this done today. Vote yes.

Mr. DOGGETT. Mr. Speaker, how much time remains?

The SPEAKER pro tempore. The gentleman has 2½ minutes remaining.

Mr. DOGGETT. Mr. Speaker, I yield 30 seconds to the gentleman from Massachusetts (Mr. MEEHAN), the leader of the campaign reform effort here.

Mr. MEEHAN. Mr. Speaker, yesterday the United States Senate took a small but important step towards restoring some accountability to our elections system. We have a chance today to match that step with one of our own.

We cannot afford to wait. The election season is already upon us. There are millions and millions of dollars being raised and the public has no idea where it is coming from. We have to stop this corrupt system of raising money and having no one know where it comes from. The opportunity is now. Now is when we need to change this system.

Let us match step with the other body and send a message across America that whoever contributes to campaigns in America in this cycle, the American people are going to know where that money came from.

Mr. DOGGETT. Mr. Speaker, I yield myself 1 minute and 30 seconds.

Mr. Speaker, last night, across this Capitol, 14 Republicans stood up to their leadership and took a firm stance against the corruption of our American political system. This motion once again seeks to achieve what now they have really already accomplished.

Mandatory full disclosure by every secret political organization is the one modest reform that we can put in place in time for this year's election. Like yesterday's successful McCain-Feingold amendment, this gift tax motion presents each of us with a moment of truth, a choice for more secrecy or more democracy.

Six Republicans joined 202 sponsors of this measure to choose openness and reform on my previous motion to recommit in May. We need only a few more to make reform a reality.

This motion, effective immediately, will not delay by 5 minutes the estate tax repeal. This motion specifically applies to all organizations engaging in political activity. It does not exclude, contrary to what my colleagues have been told, or offer any special treatment, for labor unions or trial lawyers or any other group allied with Democrats. This motion seeks no organization's constitutionally protected membership list.

Mr. Speaker, this motion parallels language that I offered and had rejected in the Committee on Ways and Means almost 3 months ago. The last-minute offer this morning of a vote by July 4 on a new bill, not yet filed, is just another way of running out the clock on reform, which each day more dirty money is collected.

Mr. Speaker, I urge my colleagues, please, do not be hammered into submission. Do not be hammered into submission to cast an indefensible vote against disclosure. Join us to stop the collection of money so dirty that your leadership is ashamed to identify the donors.

1300

The SPEAKER pro tempore (Mr. KOLBE). The gentleman from Texas (Mr. DOGGETT) has 30 seconds remaining.

Mr. DOGGETT. Mr. Speaker, I yield the balance of my time to the gentleman from Missouri (Mr. GEPHARDT), the distinguished minority leader.

Mr. GEPHARDT. Mr. Speaker, I am often asked if we can do anything here this year in a bipartisan way to solve the obvious problems that our country faces. This is an issue on which the Senate has taken a definitive position 57 to 42. Senator MCCAIN said yesterday, what could be more simple. What could be more fair, honest, and straightforward? I cannot say it any better than that.

This is a moment in which Democrats and Republicans can come together to pass an end to the secret organizations with undisclosed money. Vote yes for the motion to recommit. Let us get something done for the American people in this Congress.

Mr. HOUGHTON. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentleman from New York (Mr. HOUGHTON) is recognized for 5 minutes.

Mr. HOUGHTON. Mr. Speaker, I know there is a lot of emotion on this. But I would like to speak on the other side of this issue. On May 25 of this year, just before we left for the Memorial Day break, the gentleman from Texas (Mr. DOGGETT) offered a 527 amendment to the telephone tax repeal. I understand what he was getting at. We are all trying to accomplish the same thing. But it was a curious proposal. It would repeal the telephone tax for everyone except for political organizations that do not comply with the new disclosure requirements.

So the end result would be, at the end of the day, if section 527 organizations were willing to pay a 3 percent phone tax, they could avoid disclosure. I do not think that was in the spirit of what we were trying to do.

Today the gentleman from Texas (Mr. DOGGETT) is proposing still something else. Though we are trying to repeal the estate and gift tax, we keep it on the books for section 527 organizations.

These proposals bother me. They only attack part of the problem. Also, before we left for Memorial Day, I indicated that I was working with a group of people to try to get together a hearing, and we have been in session only 3 days since that time. We are going to have the hearing. It is going to be set for the 20th of this month.

An article in yesterday's Wall Street Journal noted that, under the proposal offered by the gentleman from Texas (Mr. DOGGETT), that many tax exempt organizations would be shielded from disclosure laws, not full light on all the organizations that are contributing. Why is it fair to the American people, therefore, to require some tax exempt to disclose political activities and not all? Why is it right for one party or another to benefit from bringing some groups into the sunshine while allowing others to operate under the cloak of secrecy.

We are taking a looking at lobbying and campaign intervention by all of these groups, regardless of their agenda, not just the 527 groups. What we would like is disclosure by these groups, but we have to be careful because we do not want to regulate constitutional rights to death so that the rights become meaningless.

Yesterday I announced we were going to be having a hearing in Committee on Ways and Means on the 20th of this month. There are some that say that we do not need a hearing and just do it. But by doing it, we can do it the wrong way.

If the majority were to bring this to the floor without a hearing, I think this would be wrong. My colleague and I serve on the key committee of the House. The committee has a strong tradition of trying to do things the right way. We try not to enact legislation piecemeal, imposing disclosure requirements on some tax exempt organizations but shielding others for not disclosing them.

Senator MCCAIN said yesterday that he was interested in broadening this. It was a first step. He wanted to broaden this. This is, of course, what we are trying to do.

Now, in a political year, there are all sorts of pressures from the press and from parties and things like that. But I would like to think that most of us want to reject this.

I am a very strong advocate of campaign finance reform. I signed a discharge petition on this House floor. I voted for the Shays-Meehan bill. But I do think that there is another way of doing this and doing it right.

Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. ARMEY), the majority leader of the House.

Mr. ARMEY. Mr. Speaker, I want to thank the gentleman from New York for yielding me this time.

Mr. Speaker, what we are discussing here is an important issue. It is recognized as such by the American people. It is an issue that requires a much more dignified response by this Congress than what it is getting on this floor today.

This is not about political vendettas or partisan politics. It is about the key principle of full and fair disclosure for, as the gentleman from Texas (Mr. STENHOLM) said so eloquently, all institutions that engage in political advocacy. There are many people on this side of the aisle that have taken that position for a long time.

Within the next week, we will have hearings on a measure that will require full and fair disclosure for all institutions that engage in political advocacy. There will be a vote on this floor on a bill prior to the July 4th district work period where we will require full and fair disclosure for all institutions that engage from political advocacy without political exemption and without political vendetta.

The SPEAKER pro tempore. All time has expired.

Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. DOGGETT. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. The Chair will advise Members that a vote on passage, if ordered, will be reduced to a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 202, noes 216, not voting 17, as follows:

[Roll No. 253]

AYES—202

Ackerman
Allen
Andrews
Baca
Baird
Baldacci
Baldwin
Barcia
Barrett (WI)
Becerra
Bentsen
Berkley
Berman
Berry
Bishop
Blagojevich
Bonior
Borski
Boswell
Boucher
Boyd
Brady (PA)
Brown (FL)
Brown (OH)
Campbell
Capps
Capuano
Cardin
Carson
Clayton
Clement
Clyburn
Condit
Costello
Coyne
Cramer
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Dixon
Doggett
Dooley
Doyle
Edwards
Engel
Eshoo
Etheridge
Evans
Farr
Fattah
Filner
Forbes
Ford
Frank (MA)
Franks (NJ)
Frost
Ganske
Gejdenson
Gephardt
Gonzalez
Gordon
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Hooley
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy
Kildee
Kilpatrick
King (NY)
Kleczka
Kucinich
LaFalce
Lampson
Lantos
Larson
Lee
Levin
Lewis (GA)
Lipinski
Lofgren
Lowey
Lucas (KY)
Luther
Maloney (CT)
Maloney (NY)
Mascara
Matsui
McCarthy (MO)
McCarthy (NY)
McGovern
McIntyre
McKinney
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Millender-McDonald
Miller, George
Minge
Mink
Moakley
Mollohan
Moore
Moran (VA)
Morella
Murtha
Nadler
Napolitano
Neal
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Phelps
Pickett
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Rivers
Rodriguez
Roemer
Rothman
Roybal-Allard
Rush
Sabo
Sanchez
Sanders
Sandlin
Sawyer
Schakowsky
Scott
Serrano
Shays
Sherman
Shows
Sisisky
Skelton
Slaughter
Snyder
Spratt
Stabenow
Stark
Stenholm
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thurman
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Velazquez
Visclosky
Waters
Waxman
Weiner
Wexler
Weygand
Wise
Woolsey
Wu
Wynn

NOES—216

Abercrombie
Aderholt
Archer
Armey
Bachus
Baker
Ballenger
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Biggert
Bilbray
Bilirakis
Bliley
Blunt
Boehlert
Boehner
Bonilla
Bono
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Canady
Cannon
Castle
Chabot
Chambliss
Chenoweth-Hage
Coble
Coburn
Collins
Combest
Cook
Cooksey
Cox
Crane
Cubin
Davis (VA)
Deal
DeLay
DeMint
Diaz-Balart
Dickey
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Everett
Ewing
Fletcher
Foley
Fossella
Fowler
Frelinghuysen
Gallegly
Gekas
Gibbons
Gilchrest
Goode
Goodlatte
Goodling
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Isakson
Jenkins
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (OK)
Manzullo
Martinez
McCollum
McCrery
McHugh
McInnis
McIntosh
McKeon
Metcalf
Mica
Miller (FL)
Miller, Gary
Moran (KS)
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Packard
Paul
Pease
Peterson (PA)
Petri
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Ramstad
Regula
Reynolds
Riley
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Sherwood
Shimkus
Shuster
Simpson
Skeen
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauzin
Taylor (NC)
Terry
Thomas
Thornberry
Thune
Tiahrt
Toomey
Traficant
Upton
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson
Wolf
Young (AK)
Young (FL)

NOT VOTING—17

Blumenauer
Clay
Conyers
Cunningham
Danner
Gillmor
Gilman
Istook
Kind (WI)
Klink
Lazio
Markey
McDermott
Smith (MI)
Smith (WA)
Vento
Watt (NC)

1323

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. KOLBE). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ARCHER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 279, noes 136, not voting 20, as follows:

[Roll No. 254]

AYES—279

Abercrombie
Aderholt
Andrews
Archer
Armey
Baca
Bachus
Baird
Baker
Ballenger
Barcia
Barr
Barrett (NE)
Bartlett
Barton
Bass
Bateman
Bereuter
Berkley
Berry
Biggert
Bilbray
Bilirakis
Bishop
Blagojevich
Bliley
Blunt
Boehlert
Bonilla
Bono
Boswell
Boucher
Boyd
Brady (TX)
Bryant
Burr
Burton
Buyer
Callahan
Calvert
Camp
Campbell
Canady
Cannon
Capps
Castle
Chabot
Chambliss
Chenoweth-Hage
Clayton
Clement
Coble
Coburn
Collins
Combest
Condit
Cook
Cooksey
Costello
Cox
Cramer
Crane
Cubin
Davis (VA)
Deal
Delahunt
DeLay
DeMint
Deutsch
Diaz-Balart
Dickey
Dooley
Doolittle
Dreier
Duncan
Dunn
Ehlers
Ehrlich
Emerson
English
Eshoo
Etheridge
Everett
Ewing
Farr
Fletcher
Foley
Forbes
Ford
Fossella
Fowler
Franks (NJ)
Frelinghuysen
Gallegly
Ganske
Gekas
Gibbons
Gilchrest
Goode
Goodlatte
Goodling
Gordon
Goss
Graham
Granger
Green (WI)
Greenwood
Gutknecht
Hall (TX)
Hansen
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Hill (MT)
Hilleary
Hobson
Hoekstra
Holt
Hooley
Horn
Hostettler
Houghton
Hulshof
Hunter
Hutchinson
Hyde
Inslee
Isakson
Jefferson
Jenkins
John
Johnson (CT)
Johnson, Sam
Jones (NC)
Kasich
Kelly
King (NY)
Kingston
Knollenberg
Kolbe
Kuykendall
LaHood
Lampson
Lantos
Largent
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lofgren
Lucas (KY)
Lucas (OK)
Maloney (CT)
Manzullo
Martinez
McCarthy (NY)
McCollum
McCrery
McHugh
McInnis
McIntosh
McIntyre
McKeon
McNulty
Metcalf
Mica
Miller (FL)
Miller, Gary
Mink
Mollohan
Moore
Moran (KS)
Moran (VA)
Morella
Myrick
Nethercutt
Ney
Northup
Norwood
Nussle
Ose
Oxley
Pascrell
Paul
Pease
Peterson (MN)
Peterson (PA)
Petri
Phelps
Pickering
Pitts
Pombo
Porter
Portman
Pryce (OH)
Quinn
Radanovich
Rahall
Ramstad
Regula
Reynolds
Riley
Roemer
Rogan
Rogers
Rohrabacher
Ros-Lehtinen
Roukema
Royce
Ryan (WI)
Ryun (KS)
Salmon
Sanchez
Sandlin
Sanford
Saxton
Scarborough
Schaffer
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shows
Shuster
Simpson
Sisisky
Skeen
Skelton
Smith (NJ)
Smith (TX)
Souder
Spence
Stearns
Stump
Sununu
Sweeney
Talent
Tancredo
Tanner
Tauscher
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Thune
Tiahrt
Toomey
Traficant
Udall (CO)
Upton
Velazquez
Vitter
Walden
Walsh
Wamp
Watkins
Watts (OK)
Weldon (FL)
Weldon (PA)
Weller
Wicker
Wilson
Wise
Wolf
Wynn
Young (AK)
Young (FL)

NOES—136

Ackerman
Allen
Baldacci
Baldwin
Barrett (WI)
Becerra
Bentsen
Berman
Bonior
Borski
Brady (PA)
Brown (FL)
Brown (OH)
Capuano
Cardin
Carson
Clyburn
Coyne
Crowley
Cummings
Davis (FL)
Davis (IL)
DeFazio
DeGette
DeLauro
Dicks
Dingell
Dixon
Doggett
Doyle
Edwards
Engel
Evans
Fattah
Filner
Frank (MA)
Frost
Gejdenson
Gephardt
Gonzalez
Green (TX)
Gutierrez
Hall (OH)
Hastings (FL)
Hill (IN)
Hilliard
Hinchey
Hinojosa
Hoeffel
Holden
Hoyer
Jackson (IL)
Jackson-Lee (TX)
Johnson, E. B.
Jones (OH)
Kanjorski

| | | |
|---|---|---|
| Kaptur | Moakley | Schakowsky |
| Kennedy | Murtha | Scott |
| Kildee | Nadler | Serrano |
| Kilpatrick | Napolitano | Sherman |
| Kleczka | Neal | Slaughter |
| Kucinich | Oberstar | Snyder |
| LaFalce | Obey | Spratt |
| Larson | Olver | Stabenow |
| Lee | Ortiz | Stark |
| Levin | Owens | Stenholm |
| Lewis (GA) | Pallone | Strickland |
| Lowey | Pastor | Stupak |
| Luther | Payne | Taylor (MS) |
| Maloney (NY) | Pelosi | Thompson (MS) |
| Mascara | Pickett | Thurman |
| Matsui | Pomeroy | Tierney |
| McCarthy (MO) | Price (NC) | Towns |
| McGovern | Rangel | Turner |
| McKinney | Reyes | Udall (NM) |
| Meehan | Rivers | Visclosky |
| Meek (FL) | Rodriguez | Waters |
| Meeks (NY) | Rothman | Waxman |
| Menendez | Roybal-Allard | Weiner |
| Millender-McDonald | Rush | Wexler |
| | Sabo | Weygand |
| Miller, George | Sanders | Woolsey |
| Minge | Sawyer | Wu |

NOT VOTING—20

| | | |
|---|---|---|
| Blumenauer | Gilman | Packard |
| Boehner | Istook | Smith (MI) |
| Clay | Kind (WI) | Smith (WA) |
| Conyers | Klink | Vento |
| Cunningham | Lazio | Watt (NC) |
| Danner | Markey | Whitfield |
| Gillmor | McDermott | |

1332

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ISTOOK. Mr. Speaker, on rollcall No. 254, I was unable to attend and vote due to a family medical emergency. Had I been present, I would have voted "aye."

Mr. PACKARD. Mr. Speaker, I was meeting with the clerk and staff of my subcommittee in preparation for our markup on my appropriations subcommittee and unavoidably missed the last vote apparently. I feel badly having missed such a crucial vote. Had I been present, I would have voted ''yes'' on final passage.

## PERSONAL EXPLANATION

Mr. McDERMOTT. Mr. Speaker, I was absent and unable to vote today because I was in Seattle attending my daughter's graduation.

I would have voted in favor of the Rangel substitute amendment (rollcall No. 252).

I would have voted in favor of the Doggett motion to recommit (rollcall No. 253).

I would have voted against H.R. 8, the Estate Tax Elimination Act (rollcall No. 254).

## LEGISLATIVE PROGRAM

Mr. HOYER. Mr. Speaker, I yield to the distinguished gentleman from Texas, the majority leader, to inquire about next week's schedule.

Mr. ARMEY. I thank the gentleman from Maryland for yielding.

Mr. Speaker, I am pleased to announce that the House has completed its legislative business for the week.

The House will next meet on Monday, June 12, at 12:30 p.m. for morning hour and 2 p.m. for legislative business. We will consider a number of bills under suspension of the rules, a list of which will be distributed to Members' offices later today. On Monday, no recorded votes are expected before 6 p.m. We will also continue consideration of H.R. 4577, the Department of Labor, Health and Human Services, and Education Appropriations Act for fiscal year 2001 after the suspension votes on Monday evening.

On Tuesday, June 13, and the balance of the week, the House will consider the following measures:

S. 761, the Millennium Digital Commerce Act conference report;

H.R. 4601, the Debt Reduction and Reconciliation Act of 2000;

H.R. 4578, the Department of Interior and Related Agencies Appropriations Act for fiscal year 2001;

H.R. 4461, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act for fiscal year 2001;

H.R. 4516, the Legislative Branch Appropriations Act for fiscal year 2001;

VA–HUD appropriations for fiscal year 2001.

I would like to wish all my colleagues a good weekend back in their districts. I should mention to my colleagues there will be no votes on the floor next Friday, but we should all be prepared to work late all evenings next week because we indeed intend to complete five appropriations bills next week.

Mr. OBEY. Mr. Speaker, will the gentleman yield?

Mr. HOYER. I yield to the gentleman from Wisconsin, the ranking member of the Committee on Appropriations.

Mr. OBEY. I thank the gentleman for yielding.

Mr. Speaker, as the gentleman from Texas knows, last night we worked out a unanimous consent request on the major amendments that still divide the two parties. It was our expectation that having done that, we could finish that bill within a reasonable length of time, because outside of those amendments, I think most of the remaining amendments that are to be offered are on your side of the aisle with probably one or two exceptions on this side at most. When we made that agreement, I had indicated that it was with the understanding that that bill would not be considered either while Members were in the air trying to get back or in the dead of night.

Our reason for feeling that way is that this is the major domestic appropriations bill which divides us. Under the rule that the bill is being considered under, we cannot get votes on the major issues, but at least we wanted to be able to have a structured, coherent debate on the issue. I would urge the gentleman to simply look at moving some other appropriation bill or any other vehicle in for Monday evening. I have no preference as to which one it is. But we would not be able to finish the Labor-HHS bill Monday in any case starting that late. For example, if we were to proceed to it on Tuesday after the markup of the bill in full committee, I am confident we could finish consideration of the bill that day. But with 160 possible amendments pending if we do not have an agreement, I would hate to see us unravel an agreement which I thought we had with the accompanying understanding last night.

Mr. ARMEY. I appreciate the gentleman from Wisconsin's observations. Whenever floor managers on legislation work out a unanimous consent agreement to manage their bill, we try our very, very best to work with them and honor that. We will be examining the attendance levels that we have when we take the earlier votes on Monday evening regarding the suspension votes. We will be able to get a measure of that. We will also be paying attention to the things mentioned by the gentleman from Wisconsin. We will certainly give consideration to anything we can to accommodate those overall concerns.

Mr. OBEY. All I would say is that we are trying to accommodate the leadership without any extraneous delays of any kind. All we are asking in return is that we have an opportunity to make our case in one solid block of time. That obviously will not be possible Monday night. It would be possible on any other day of the week. I am confident that if we can reach an understanding, it would speed up rather than significantly delay the consideration of that and other appropriation bills.

Mr. ARMEY. I can only say to the gentleman from Wisconsin at this time given that we will be working late Monday evening beyond the votes on the suspension bills, I can see no alternative to working on the health and human services bill. I will tell the gentleman from Wisconsin, I have heard his concerns and I will look for what alternative we might be able to work out, but at this time I do not see that.

Mr. OBEY. All I would say is that if we cannot work it out, we are not going to make very much progress on that bill on Monday.

Mr. ARMEY. I appreciate the gentleman's point.

## COMMEMORATING HOUSE PAGES ON THEIR GRADUATION

(Mr. KOLBE asked and was given permission to address the House for 1 minute.)

Mr. KOLBE. Mr. Speaker, it is my privilege today to speak about our pages. It is the last day of their service to us. I am going to yield to the chairman of the page board first, but as she speaks, I wonder if all the pages would come down and join us here in the well so that your families and others and everybody can see you here. I would like for all the pages to come down here to the well.

I yield to the gentlewoman from New York (Mrs. KELLY).

Mrs. KELLY. Mr. Speaker, I thank the gentleman for yielding. Today is a special day for our pages. It is graduation day. It is a time to reflect on their