If a call originates at a cell site located in a jurisdiction, it may impose a tax. If a call originates at a switch in the jurisdiction, a tax may be imposed. If the billing address is in the jurisdiction, a tax can be imposed.

As a result, many different taxing authorities can tax the same wireless call. The farther you travel during a call, the greater the number of taxes that can be imposed upon it.

This system is simply not sustainable as wireless calls represent an increasingly portion of the total number of calls made throughout the United States. To reduce the cost of making wireless calls, Senator DORGAN and I introduced S. 1755, the Mobile Telecommunications Sourcing Act. The bill we pass today that we received from the House is substantively identical to our bill. While the current bill amends title 4 rather than title 47 and represents the drafting style of the House rather than the Senate, the legislation uses our language to accomplish our mutual goal.

The legislation would create a nationwide, uniform system for the taxation of wireless calls. The only jurisdictions that would have the authority to tax mobile calls would be the taxing authorities of the customer's place of primary use, which would essentially be the customer's home or office.

By creating this uniform system, Congress would be greatly simplifying the taxation and billing of wireless calls. The wireless industry would not have to keep track of multiple taxing laws for each wireless transaction. State and local taxing authorities would be relieved of burdensome audit and oversight responsibilities without losing the authority to tax wireless calls. And, most importantly, consumers would see reduced wireless rates and fewer billing headaches.

The Mobile Telecommunications Sourcing Act is a win-win-win. It's a win for industry, a win for government, and a win for consumers. I thank Senator DORGAN for working with me in crafting our bill. And I would like to commend the House for sending the Senate the bill before us. And, most of all, I thank the groups outside of Congress for coming together and reaching agreement on this important issue.

Mr. President, I ask unanimous, consent that Senator DORGAN and I be permitted to enter into a colloquy.

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

Mr. DORGAN. I wanted to ask the Senator from Kansas about the bill currently before the Senate, H.R. 4391, the Mobile Telecommunications Sourcing Act, which passed the House unanimously on Tuesday. Is this bill similar to S. 1755, the Mobile Telecommunications Sourcing Act, legislation that the Senator and I introduced last year that is currently on the Senate calendar?

Mr. BROWNBACK. The Senator from North Dakota is correct. H.R. 4391 is substantively identical to S. 1755, which the Senator and I introduced last year, which is co-sponsored by every member of the Senate Commerce Committee, which was reported unanimously by the Senate Commerce Committee to the Senate, and for which the Senate Commerce Committee filed Senate Report No. 106–326.

Mr. DORGAN. How does H.R. 4391 differ from S. 1755?

Mr. BROWNBACK. H.R. 4391 amends title 4 of the U.S. Code, whereas S. 1755 amends title 47. H.R. 4391 reflects the drafting style of the House, whereas S. 1755 reflects the drafting style of the Senate. H.R. 4391 deleted the findings incorporated in section 2 of S. 1755. H.R. 4391 also changed the order in which the definitions appear in S. 1755. There are no substantive differences between S. 1755 and H.R. 4391. Therefore, H.R. 4391 and S. 1755 are substantively identical.

Mr. DORGAN. I thank the Senator from Kansas.

Mr. ROTH. Mr. President, I ask unanimous consent the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The bill (H.R. 4391) was read the third time and passed.

ORDERS FOR MONDAY, JULY 17, 2000

Mr. ROTH. Mr. President, I ask unanimous consent that when the Senate completes its business today, it adjourn until the hour of 12 noon on Monday, July 17. I further ask consent that on Monday, immediately following the prayer, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate then begin a period of morning business, with Members permitted to speak for up to 10 minutes each, with the following exceptions: Senator BYRD, from 12 noon to 2 p.m.; Senator THOMAS or his designee, from 2 p.m. to 3 p.m.

Mr. REID. No objection.

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

PROGRAM

Mr. ROTH. Following morning business, the Senate will resume the Interior appropriations bill under the previous consent, with several amendments to be offered and debated throughout the day. However, any votes ordered with respect to the Interior bill will occur at 9:45 a.m. on Tuesday, July 18. As a reminder, there will be votes on the reconciliation bill on Monday at 6:15 p.m. This will include votes on amendments as well as on final passage of this important tax legislation.

MARRIAGE TAX PENALTY RELIEF RECONCILIATION ACT OF 2000—Continued

Mr. REID. Mr. President, if I could alert the Senator from Delaware, we just received a phone call that perhaps—we do not know yet—Senator KENNEDY may want to second degree an amendment offered by Senator ABRAHAM. We would have the same agreement we had this morning. If the majority decides they want to file their second degree, they would have that right to do so, also.

Mr. ROTH. That is satisfactory.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Mr. President, when I entered the Chamber a few moments ago, one of our colleagues was speaking, and he, as I best understood it, came out in favor of love, in favor of marriage, and in opposition to taxing death. And I thought to myself, that is an interesting bit of debate.

But one has to look at the public policies being espoused by those who are describing those positions to understand exactly how much they favor love and marriage and exactly how much they want to do with respect to our public laws and our Tax Code dealing with the taxing of death.

So I thought maybe I could just, for a couple minutes, comment on that. And then I want to talk about the various tax penalties and about an amendment that I am going to offer today.

In the Wall Street Journal of today, there is an op-ed piece written by Mr. George Soros, one of the more noted American financiers. He is chairman of the Soros Fund Management. I have no idea what Mr. Soros is worth, but suffice it to say that Mr. Soros is one of the more successful American entrepreneurs and financial gurus. He has made a substantial amount of money, and has been known as a very successful businessman. Here is what he writes in the Wall Street Journal of today. Mr. George Soros writes:

> Supporters of repealing the estate tax say the legislation would save family farms and businesses and lift a terrible and unfair burden. I happen to be fortunate enough to be eligible for the tax benefits of this legislation, and so I wish I could convince myself to believe the proponents' rhetoric. Unfortunately, it just isn't so. The truth is that repealing the estate tax would give a huge tax windfall to the wealthiest 2 percent of Americans. It would provide an average tax cut of

more than $7 million to taxpayers who inherit estates worth more than $10 million.

His last paragraph, in an op-ed piece I would commend to those who might want to get the Wall Street Journal today:

So I say to the Republican leaders of Congress, thanks for thinking of me—but no thanks. Please keep the estate tax in place, and use the proceeds where it will really count: to better the lives not of people who have already realized the American dream but of people still seeking to achieve it.

That is from George Soros.

As you know, there was not a disagreement about whether to repeal the estate tax in a way that would protect the passage of family farms and small businesses from parents to children. There was no debate about that.

We proposed a piece of legislation that would have provided up to $8 million of value in a family farm or a small business—neither of which, incidentally, would be very small if they reached that $8 million mark—but they could be passed without one penny of estate tax from parents to children.

We proposed repealing the estate tax on the transfer of almost all small businesses and family farms in this country. That is what we proposed. The other side said: No, that is not enough. What we want you to do is repeal the estate tax for the largest estates in America, those worth hundreds of millions of dollars, those worth billions of dollars.

They said: No, we want to provide the 400 wealthiest families in America, according to Forbes magazine, up to $250 billion in tax cuts, by removing the estate tax on the wealthiest estates in America.

Now comes one of America's preeminent financiers, who has made a fair amount of that money, saying: Thanks, but no thanks. That would not be a fair way to do it.

I think it is important, not only as we talk about the repeal of the estate tax, which we just had a significant debate on, and now talking about the marriage tax penalty and trying to provide some relief there, to talk about who is going to benefit from these proposals. Who will benefit?

Repealing the estate tax on the largest estates in this country—a country in which our economy has done so well and so many Americans have done so well; a country in which one-half of the world's billionaires live—repealing the estate tax burden on the largest estates worth hundreds of millions and billions of dollars, is obviously a tax break for the very wealthiest Americans.

Instead of using the money for that kind of tax relief, what about some tax relief for the people who go to work every day and pay a payroll tax on minimum income? What about the folks who could use a middle-income tax cut by perhaps having a tax credit for the tuition they are paying to send their kids to college? Or perhaps what about using that money to reduce the Federal debt?

What about using that money to put a prescription drug benefit in the Medicare program?

There are a whole series of alternatives one might consider in evaluating how we might want to use this money. I come down in favor of using some of it to reduce the Federal debt. What greater gift to America's children than to reduce our Federal debt during good times. If, during tough times, we run up the Federal debt because we must, then during good times let's pay down the Federal debt. That should be a priority use of funds that are available.

We had a debate this week about the estate tax. The majority party said: We demand that the estate tax be repealed in its entirety.

We said: No, what we think we should do is repeal the estate tax for a modest amount of income, accumulation of income over the lifetime of a family, and we proposed up to $4 million. That is more than modest and more than most families will ever see. We proposed an $8 million exemption for the passage of a small business and a family farm.

The majority party said: That is not enough. We insist on more relief. We insist on relief for the biggest estates in America.

That is where we disagreed. That is why at the end of this we have a bill that passed the Senate that will certainly be vetoed by the President, and the veto will certainly be sustained by the Senate.

Now the question is the marriage tax penalty. There is no disagreement in this Chamber about the marriage tax penalty. We should eliminate it. Let me give an example of what is done with the marriage tax penalty. This is very simple, but it illustrates the problem.

A husband and wife making $35,000 each have a combined income of $70,000. In the present circumstance, if they filed as single taxpayers and they were unmarried, they would pay about $8,407 combined in income taxes. But because they are married and file a joint return, they pay $9,532. Therefore, because they are married, these two individuals pay about $1,125 more in taxes. That is called the marriage penalty. We should eliminate that, of course. Let's do that.

The majority party has offered a piece of legislation that in this circumstance would give $443 worth of relief. The couple had a $1,125 penalty, and they only give $443 in relief. We have offered a proposal that says let's eliminate the marriage tax penalty simply, effectively, and completely.

How would we do that? We would say to these people: File your income return as you choose, as married filing jointly or as individuals. You choose. You can file separately or jointly.

It will eliminate all of the marriage tax penalty. That is what we propose.

If I might use one additional chart that shows the difference, we allow all married couples to file separately or jointly. They make the decision. They can make the decision that would abolish any marriage tax penalty that exists in their circumstance. That is not true of the plan offered by the majority. If we eliminate all marriage penalty taxes for taxpayers earning $100,000 or less, if we reduce all penalties from $100,000 to $150,000; why don't we do it all the way up to people who are making $10 million or $20 million?

The reason is this distribution chart. As is the case with the estate tax repeal and now with the marriage tax penalty, most of the benefit of this proposal will go to a very small percent of the taxpayers. Nearly 80 percent of the benefit of the majority party's proposal to reduce the marriage tax penalty will accrue to the top 20 percent of taxpayers, and the bottom 80 percent of the taxpayers will get less than one-fourth of the benefit. That is the problem, once again.

I think there is substantial agreement in this Chamber about goals. If our goal is to eliminate the estate tax for the passage of small businesses and family farms, let's do that. We can do that together. We have proposed that. Join us. Don't continue to insist that we eliminate the estates tax for the largest estates in the country. There is a better use for those revenues.

If the proposition is, let's eliminate the marriage tax penalty, we say fine. Join us. Do it the simple way. Allow people to file either as individuals, separately, or as married couples filing jointly. Their choice. That will eliminate all of the marriage tax penalty.

The majority plan only eliminates about three categories of marriage tax penalty when, in fact, there are more than 60. We say, on these issues, while we philosophically agree on part of them, let's join together and do this.

Of course, what we have discovered is there are some who would much prefer to have a political issue than to have legislation passed. The result is, they want to send it to the White House and have the President veto it.

We could have had at the end of this week a very substantial exemption of the estate tax so that almost no small business or family farm would ever have been ensnared in the web of the estate tax. Why aren't we doing that? Because the majority party insisted on passing a complete repeal of the estate tax which was going to cost a substantial amount of money in a manner that would give the largest estates the biggest tax benefit. That is not fair and not the right thing to do.

I hope as we finish this reconciliation bill and move to other appropriations bills and also deal now in July, and especially September and October, with a range of these issues, that we find a way to pass legislation that represents the best of what both political parties have to offer. Instead of getting the best of both, we often get the worst of each because there is so much energy fighting each other's proposals that we

forget that there is philosophical agreement.

Yes, there is a marriage tax penalty. Yes, we ought to take action to remove it and eliminate it. There is no reason at all that we couldn't do it together. There is more common interest here than most people think. I hope in the coming weeks we can find ways that we can bridge the gap across the political aisle in the Senate and send the President some good legislation.

AMENDMENT NO. 3877

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

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] proposes an amendment numbered 3877.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to treat payments under the Conservation Reserve Program as rentals from real estate, expand the applicability of section 179 expensing, provide an exclusion for gain from the sale of farmland, and allow a deduction for 100 percent of the health insurance costs of self-employed individuals)

At the end, add the following:

SEC. 7. TREATMENT OF CONSERVATION RESERVE PROGRAM PAYMENTS AS RENTALS FROM REAL ESTATE.

(a) IN GENERAL.—Section 1402(a)(1) of the Internal Revenue Code of 1986 (defining net earnings from self-employment) is amended by inserting ''and including payments under section 1233(2) of the Food Security Act of 1985 (16 U.S.C. 3833(2))'' after ''crop shares''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made before, on, or after the date of the enactment of this Act.

SEC. 8. EXPANSION OF EXPENSING TREATMENT FOR SMALL BUSINESSES.

(a) ACCELERATION OF INCREASE IN DOLLAR LIMIT.—Section 179(b)(1) of the Internal Revenue Code of 1986 (relating to dollar limits on expensing treatment) is amended to read as follows:

''(1) DOLLAR LIMITATION.—The aggregate cost which may be taken into account under subsection (a) for any taxable year shall not exceed $25,000.''

(b) EXPENSING AVAILABLE FOR ALL TANGIBLE DEPRECIABLE PROPERTY.—Section 179(d)(1) of the Internal Revenue Code of 1986 (defining section 179 property) is amended by striking ''which is section 1245 property (as defined in section 1245(a)(3)) and''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2001.

SEC. 9. EXCLUSION OF GAIN FROM SALE OF CERTAIN FARMLAND.

(a) IN GENERAL.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by adding after section 121 the following new section:

''SEC. 121A. EXCLUSION OF GAIN FROM SALE OF QUALIFIED FARM PROPERTY.

''(a) EXCLUSION.—In the case of a natural person, gross income shall not include gain from the sale or exchange of qualified farm property.

''(b) LIMITATION ON AMOUNT OF EXCLUSION.—

''(1) IN GENERAL.—The amount of gain excluded from gross income under subsection (a) with respect to any taxable year shall not exceed $500,000 ($250,000 in the case of a married individual filing a separate return), reduced by the aggregate amount of gain excluded under subsection (a) for all preceding taxable years.

''(2) SPECIAL RULE FOR JOINT RETURNS.—The amount of the exclusion under subsection (a) on a joint return for any taxable year shall be allocated equally between the spouses for purposes of applying the limitation under paragraph (1) for any succeeding taxable year.

''(c) QUALIFIED FARM PROPERTY.—

''(1) QUALIFIED FARM PROPERTY.—For purposes of this section, the term 'qualified farm property' means real property located in the United States if, during periods aggregating 3 years or more of the 5-year period ending on the date of the sale or exchange of such real property—

''(A) such real property was used as a farm for farming purposes by the taxpayer or a member of the family of the taxpayer, and

''(B) there was material participation by the taxpayer (or such a member) in the operation of the farm.

''(2) DEFINITIONS.—For purposes of this subsection, the terms 'member of the family', 'farm', and 'farming purposes' have the respective meanings given such terms by paragraphs (2), (4), and (5) of section 2032A(e).

''(3) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 2032A(b) and paragraphs (3) and (6) of section 2032A(e) shall apply.

''(d) OTHER RULES.—For purposes of this section, rules similar to the rules of subsection (e) and subsection (f) of section 121 shall apply.''

(b) CONFORMING AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by adding after the item relating to section 121 the following new item:

''Sec. 121A. Exclusion of gain from sale of qualified farm property.''

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to any sale or exchange on or after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 10. FULL DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.

(a) IN GENERAL.—Section 162(l)(1) of the Internal Revenue Code of 1986 (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

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

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

Mr. DORGAN. Mr. President, I will explain what this amendment is.

If on the floor of the Senate we are discussing a reconciliation bill that carries reductions in taxation, especially, in this circumstance, the elimination of the marriage tax penalty, I want to have considered several other pieces of tax law that I think are long overdue for consideration. This particular amendment combines four ideas.

One, we have a current problem with virtually all farmers in this country who are receiving income from their conservation reserve program acres. The Internal Revenue Service has now decided that income is from self-employment and therefore subject to self-employment tax. That is one of the goofiest interpretations of tax law I have ever heard, but nonetheless that is the IRS's position. They have the opportunity to make it stick unless we tell them that is not what we intended; that is not the way the law ought to be read. That is not the way Congress intended it, so we will legislate to tell the IRS how they ought to view this issue.

It is clear that the conservation reserve program, for which the Federal Government gives payments to farmers for the retirement of certain acreage into conservation, is not self-employment income and therefore subject to self-employment taxes. Yet that is exactly the way the IRS has ruled. All farmers across this country are going to get caught in this web. We must fix it. That is one provision.

The second is a provision that applies to expensing opportunities for small business. Under current law, small businesses can generally expense or immediately deduct up to $20,000 of the cost of equipment and other items. This maximum amount will increase to $25,000 over the next several years. I propose that we allow, under those expensing provisions, opportunities for small businesses to fix up their storefronts on Main Streets. Many of our small towns desperately need reinvestment in the storefronts on Main Street. They are 50, 60, 70 years old. Yet when they do that these days, small businesses find they must depreciate the costs of those investments over 39 years for tax purposes. They ought to be able to expense that under the expensing provisions. My proposal would allow that to happen.

The third proposal in this amendment fixes a problem with the issue of capital gains exclusions. If you are in a town someplace and you sell a home, you know there is an exclusion of up to $500,000 on all capital gains on the sale of that home. If you go out of town 15 miles and run a family farm someplace, your house has zero value except that value to which it inures to the farm you are farming. So if you sell that house, you sell it for almost nothing. The only value that home has is the ability for somebody to live in that home and operate farm equipment around that farmstead.

The fact is, when farmers sell their home and their home quarter, they are not able to take advantage of the capital gains exclusion that the folks in town are taking advantage of when they sell their home. I would fix that in this legislation, as well, to give farmers that opportunity.

Fourth, my amendment provides for the full deductibility immediately of

health insurance costs for the self-employed. There is no excuse in this country to have a business on one side of Main Street be able to deduct only a fraction of their health insurance costs as a business expense and a corporation across the street that can deduct 100 percent of that as a business expense. That is not fair. Both parties have been working to try to bridge that gap. All of us have talked about that—Republicans and Democrats—for some long while. We are making progress in closing the gap. Well, let's not just make progress, let's just close it and say self-employed will be treated exactly the same as large corporations. If you have health insurance costs for your employees in a business, it is a business expense and it ought to be fully deductible, and it ought to be fully deductible right now.

Those are the four provisions I have offered to this reconciliation bill, and I hope for its consideration next week.

As I conclude, we are not talking about tax issues. We have, according to economists, some good years ahead of us. The best economists in this country can't see beyond a few months. God bless them, and I don't mean to speak ill of them when I talk about economists this way. As I have said, I actually taught economics for a couple of years in college, but I was able to overcome that experience and go on to other things.

Economists can't see very far into the future. They just can't. Adam Smith, one of the great economists, of course, in modern history, they say, used to get lost walking home; he could not find his home. God bless his memory as well. We are told now by economists today—the best in the country—that the next 10 years is likely to bring unprecedented economic growth, with 10 years of surpluses. I don't have any idea whether that will be the case. I hope it is. It would be terrific. But I don't know, nor do economists.

The year before the last recession in this country, 35 of the 40 leading economists predicted the next year would be a year of continued economic growth. So 35 of the 40 leading economists had no idea what would happen in the next year. The same is true with respect to the future that we now discuss. We don't know what is going to happen. If we are fortunate enough to have continued, recurring budget surpluses, then we ought to begin this discussion about tax reductions. Yes, I think there is room for some tax cuts, but the question is, What kind and who benefits from them?

We ought to begin the discussion about tax cuts relative to other issues: Reducing the Federal debt, providing a prescription drug program under Medicare, and a range of other needs in this country, including our investment in education, which represents our real future. We can do all of these things this month and in September and in the first half of October, before this Congress finishes its work.

I think, in many ways, there are more common interests among Members of the Senate than most people realize. We can accomplish a lot of things together, and we ought to do more of that in the coming months. I hope to work on this range of issues. We are talking about the estate tax and the marriage tax penalty which, combined in the second 10 years, cost about $1 trillion in lost revenue. We have to evaluate this relative to other needs and interests—the needs, especially, of working families. It is true that we have had a wonderful economy and a robust bit of economic growth. But it is also true that some people have not benefited so much in this economy. We need to worry about them as well.

Having said all of that, I look forward to the coming several months. I know this is an election year, a political year. But this country has much to be thankful for, and there is much to be gained by having an aggressive, robust debate about the future, the projected surplus, about our tax system, the needs in the Medicare program, prescription drug prices, and a whole range of issues that are important to most families.

When they sit around their supper tables in this country, families are asking these basic questions: What kind of a job do I have? What kind of income do I get paid? Do I have security in my job? What kind of health care do I have for my kids? Do my parents get adequate health care? Do we live in a safe neighborhood? What about the issue of crime? All of those issues are important. Do we send our kids to a good school? When our kids walk through the door of the school, are we proud of the classroom and the teachers? Are we committing enough resources to make sure the kids are getting the best education they can get?

Those are the issues that people are concerned about and that ought to be the center of our discussion in the coming 3 and a half or 4 months, before America makes political choices once again in this election.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Mr. President, I will soon send two amendments to the desk on behalf of Senator WELLSTONE. This has been cleared with the majority.

Under the order, he is only entitled to offer one amendment on this subject. I ask unanimous consent that he be allowed to withdraw one of these amendments on Monday.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

AMENDMENTS NOS. 3879 AND 3880, EN BLOC

Mr. REID. Mr. President, I send two amendments to the desk, en bloc.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. WELLSTONE, proposes amendments numbered 3879 and 3880, en bloc.

Mr. REID. Mr. President, I ask unanimous consent that reading of the amendments be dispensed with.

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

The amendments are as follows:

AMENDMENT NO. 3879

(Purpose: To express the sense of the Senate regarding the restoration of reductions in payments under the medicare program caused by the Balanded Budget Act of 1997)

At the end, add the following:

SEC. ___. SENSE OF THE SENATE REGARDING REDUCTIONS IN MEDICARE PAYMENTS RESULTING FROM THE BALANCED BUDGET ACT.

(a) FINDINGS.—The Senate finds the following:

(1) Since its passage, the Balanced Budget Act of 1997 (Public Law 105–133; 111 Stat. 251) has drastically cut payments under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) in the areas of hospital services, home health sevices, skilled nursing facility services, and other services.

(2) While the reductions were originally estimated at around $100,000,000,000 over 5 years, recent figures put the actual cuts in payments under the medicare program at over $200,000,000,000.

(3) These cuts are not without consequence, and have caused medicare beneficiaries with medically complex needs to face increased difficulty in accessing skilled nursing care. Furthermore, in a recent study on home health care, nearly 70 percent of hospital discharge planners surveyed reported a greater difficulty obtaining home health services for medicare beneficiaries as a result of the Balanced Budget Act of 1997.

(4) In the area of hospital care, a 4 percentage point drop in rural hospitals' inpatient margins continues a dangerous trend that threatens access to health care in rural America.

(5) With passage of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A–372), as enacted into law by section 1000(a)(6) of Public Law 106–113, Congress and the President took positive steps toward fixing some of the Balanced Budget Act of 1997's unintended consequences, but this relief was limited to just 10 percent of the actual cuts in payments to provider caused by the Balanced Budget Act of 1997.

(6) Expeditious action is required to provide relief to medicare beneficiaries and health care providers.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) by the end of the 106th Congress, Congress should revisit and restore a substantial portion of the reductions in payments under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to providers caused by enactment of the Balanced Budget Act of 1997 (Public Law 105–133; 111 Stat. 251); and

(2) if Congress fails to restore a substantial portion of the reductions in payments under the medicare program to health care providers caused by enactment of the Balanced Budget Act of 1997, then Congress should pass legislation that directs the Secretary of Health and Human Services to administer title XVIII of the Social Security Act as if a 1-year moratorium for fiscal year 2001 were placed on all reductions in payments to health care providers that were a result of the Balanced Budget Act of 1997.

AMENDMENT NO. 3880

(Purpose: To express the sense of the Senate regarding the restoration of reductions in payments under the medicare program caused by the Balanded Budget Act of 1997)

At the end, add the following:

SEC. ___. SENSE OF THE SENATE REGARDING REDUCTIONS IN MEDICARE PAYMENTS RESULTING FROM THE BALANCED BUDGET ACT OF 1997.

(a) FINDINGS.—The Senate finds the following:

(1) Since its passage, the Balanced Budget Act of 1997 (Public Law 105–133; 111 Stat. 251) has drastically cut payments under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) in the areas of hospital services, home health sevices, skilled nursing facility services, and other services.

(2) While the reductions were originally estimated at around $100,000,000,000 over 5 years, recent figures put the actual cuts in payments under the medicare program at over $200,000,000,000.

(3) These cuts are not without consequence, and have caused medicare beneficiaries with medically complex needs to face increased difficulty in accessing skilled nursing care. Furthermore, in a recent study on home health care, nearly 70 percent of hospital discharge planners surveyed reported a greater difficulty obtaining home health services for medicare beneficiaries as a result of the Balanced Budget Act of 1997.

(4) In the area of hospital care, a 4 percentage point drop in rural hospitals' inpatient margins continues a dangerous trend that threatens access to health care in rural America.

(5) With passage of the Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (113 Stat. 1501A–372), as enacted into law by section 1000(a)(6) of Public Law 106–113, Congress and the President took positive steps toward fixing some of the Balanced Budget Act of 1997's unintended consequences, but this relief was limited to just 10 percent of the actual cuts in payments to provider caused by the Balanced Budget Act of 1997.

(6) Expeditious action is required to provide relief to medicare beneficiaries and health care providers.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that by the end of the 106th Congress, Congress should revisit and restore a substantial portion of the reductions in payments under the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) to providers caused by enactment of the Balanced Budget Act of 1997 (Public Law 105–133; 111 Stat. 251).

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. LEVIN. Mr. President, I ask unanimous consent to be allowed to proceed in morning business for up to 15 minutes.

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

DEATH TAX ELIMINATION ACT

Mr. LEVIN. Mr. President, I want to spend a few moments this afternoon to explain why I opposed the Republican proposal to repeal the Federal estate tax and why I supported the alternative Democratic proposal to provide relief in the estate tax for those who, in any judgment, need it the most, that is, small businesses, family farms, and those who are more modestly situated than those who would receive the most of the relief under the Republican proposal.

The current estate tax was first enacted by Congress in 1916, partly at the behest of President Teddy Roosevelt. Teddy Roosevelt was right; it is appropriate for there to be an estate tax on those who prosper so greatly in the American economic system in order to provide some assistance to those who have worked hard but have fallen behind and in order also to do some things we must do in order to improve our society and our communities. That is the basic tenet of a progressive system of taxation.

I think President Teddy Roosevelt was also correct that the tax should not be designed in such a way as to discourage people from seeing to it that their children are more secure but, rather, it should be aimed at immense fortunes which have been created.

That is why I supported the Democratic proposal to reform the estate tax to provide prompt relief to small business owners and farmers rather than voting for the Republican proposal which would have repealed it more slowly over the next 10 years but then would have totally repealed it for even the greatest portion.

The Democratic proposal targets tax relief to persons with estates, small businesses, and family farms of up to $8 million. By increasing the exemption for qualified family-owned business interests from its current level of $2.6 million per couple to $4 million per couple in 2001 and $8 million per couple in 2009, the Democratic alternative provides significant immediate relief and then removes altogether the tax for the vast majority of the 2 percent of family farms and small businesses that are currently subject to the tax.

In contrast, the Republican plan removes no one from the estate tax burden totally for another 10 years but then removes even the largest estate completely at huge costs to the Treasury.

In addition to providing relief immediately, the Democratic proposal does so at a more reasonable cost—$64 billion over 10 years—compared to $105 billion for the Republican repeal. This $40 billion difference can and should go to other important national priorities, such as a prescription drug benefit for Medicare, making a college education more affordable, extending Medicare solvency, or reducing the national debt.

The Republican repeal would cost much more than that because in the second 10 years—from 2011 to 2020, the same decade in which the baby boomers begin to retire and place strains on the Medicare system and on Social Security—the repeal is estimated to cost up to $750 billion.

That is what these two charts show. There is a significant revenue loss from the Republican repeal, starting in 2010 at the rate of about $23 billion a year, going up to $53 billion a year in 2015, and then $66 billion a year in 2020, $82 billion in 2025, and so forth.

That kind of severe strain on the Treasury begins in about the year 2010—that is, at the same time when there is a great demand on the Treasury to make payments to Social Security. Until about 2012, Social Security is in surplus. But then in about 2012, Social Security takes in less than it is paying out, and the Treasury from the general fund must begin to pay back to Social Security a part of the debt which has been built up for Social Security. Those payments significantly increase, starting in the near 2015 from $12 billion a year, to $183 billion in 2020, to $416 billion a year in 2025, and so forth.

That is one of the major problems with the estate tax proposal the Republican majority offered—that the drain it is going to place on the Treasury, the loss to the Treasury, begins to hit severely at precisely the same time, or at least approximately the same time, as there is a significant shortfall for Social Security and when payments must be paid from the Treasury to Social Security if we are going to keep our promise to those who retire in those years.

I believe taxes should be distributed fairly among all Americans. To give a huge tax cut to the wealthiest among us at the expense of important national priorities for the rest of us, at the risk of not being able to pay what is required to Social Security recipients, what is committed to be paid to them, and what was promised to be paid to the recipients of Social Security starting in the years 2012 and beyond, is a serious mistake. It is simply wrong.

I believe the Democratic estate tax reform plan is consistent with national priorities and is consistent with keeping our commitments to Social Security. The alternative Republican plan puts those commitments at risk and puts those priorities at risk. That is why I thought the Democratic plan was fairer to our taxpayers and fairer to this Nation.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

MARRIAGE TAX PENALTY RELIEF RECONCILIATION ACT OF 2000—Continued

Mr. SESSIONS. Mr. President, I would like to share a few thoughts on the marriage penalty tax and why I believe it is long past time to remove that tax from our body politic.

I would also like to share a few thoughts on my excitement and thrill about seeing the vote earlier today in