all Americans. However, I believe we can save Social Security and provide meaningful tax reform at the same time.

If we restrain the growth of government and the growth of discretionary spending, we can achieve both, and the economic benefits from tax relief will help generate greater revenues as our economy continues to pull out of the now ended recession.

Therefore, the repeal of the marriage tax penalty should be made permanent this year. Let us show the American people that this Congress is determined to support legislation that helps strengthen families and thus our communities and economy.

When the tax permanency legislation comes to the House floor, I hope that we will send a strong message in support of American families by voting in favor of repealing this marriage tax penalty once and for all.

MAKING PERMANENT THE BUSH TAX CUT

The SPEAKER pro tempore. Under the Speaker's announced policy of January 3, 2001, the gentleman from Illinois (Mr. WELLER) is recognized for 60 minutes as the designee of the majority leader.

Mr. WELLER. Mr. Speaker, this week we have an important vote in the House of Representatives, and my good friend from Virginia, the leader of the freshman class, our new Members, spoke so eloquently on this issue that is before us, and a group of us plan to kind of expound on this issue that is going to be before us this week.

As President Bush noted this past weekend, the tax cut that the President led, initiated and our Congress passed and was signed into law in June expires in less than 10 years, and tonight we felt it was important to talk about the impact of a temporary tax cut because this week, on Thursday morning, the House of Representatives will begin debate on legislation which will make permanent what has become known as the Bush tax cut.

Let us review a little bit of history here. Over the last 7 years that we have had a Republican majority in the Congress, we have been working to balance the budget and also to lower taxes for working families. Unfortunately the previous administration, the Clinton-Gore administration, vetoed time and time again our effort to lower taxes for working Americans.

Fortunately, the voters of our Nation this past year and a half ago in November of the year 2000 elected a President who feels the same way the majority of this House does, that is, the taxes are too high, families are struggling, and of course, we need to find ways to bring fairness to the Tax Code.

I was very proud of the President's leadership because he noted in January of last year, and January 2000 when he became President, that the economy was in a downturn. The President inherited a weakening economy and he says we have got this huge surplus, all this extra tax revenue that the Federal Government is collecting because taxes are too high and we are not spending it all, thanks to the fiscal responsibility of this House. So why do we not take a portion of that surplus, that extra tax revenue, and give it back to working families? Provide an across-the-board tax cut that helps every working family, bring about tax fairness by eliminating the marriage tax penalty, wiping out the death tax, increasing opportunities for retirement savings and saving for a college education?

The President was successful. President Bush's leadership, with the leadership of the gentleman from Illinois (Mr. HASTERT) and Committee on Ways and Means chairman, the gentleman from California (Mr. THOMAS), this House led the effort to lower taxes, and in June of this past year, the President signed into law what has become known as the Bush tax cut. Unfortunately, because of the arcane rules of the Congress, the tax cut was temporary, which meant it had to expire in the year 2011.

When we think about that, when it expires, it is going to mean a big tax increase on millions of working families across this country. That is really what this vote is about on Thursday is whether or not we continue to keep taxes lower for working families, whether or not we continue to have tax fairness or do we bring back an unfair Tax Code that punishes married couples and takes away the family farm and family businesses and makes it harder to save for retirement or a college education, essentially imposing a tax increase on working Americans. That is what this vote is going to be this week.

I would note that one of the arguments the President made when he talked about the need to cut taxes is that the President stated that we need to get the economy moving again, and if workers have a little extra spending money in their pockets, they are going to be able to meet the family needs, go to the grocery store, make some improvements to their home, fix the car, maybe have a family vacation the first time ever.

The President said that if his tax cut was signed into law, the economy would get better, and frankly, it was working. Economists tell us that by Labor Day of this past year, Labor Day 2001, the economy was on the rebound and the Bush tax cut was the primary reason that the economy was on the upswing. Of course, every one of us knows what occurred on September 11 and the terrible tragedy of that attack on our Nation and its economic impact with almost 1 million Americans having lost their jobs.

Well, the Bush tax cut is continuing to work and the economy is beginning, according to economists, to get on the rebound again, and tonight we want to talk about what was in the Bush tax cut.

I would note, as I stated earlier, that the Bush tax cut did a number of good things to help working families. Provided for marginal rate reductions, reducing the tax rate for every American who pays taxes, creating a whole new tax rate structure. In fact, we created a new lower tax rate for the lowest income Americans, lowering their taxes from 15 percent to 10 percent, helping low income taxpayers.

We also, of course, repealed the death tax, a tax which has historically taken a majority of the family business away from families who inherit the family business from the founder and that has caused so many businesses to go out of business, and some of my colleagues are going to talk about that.

We doubled the child tax credit from $500 to $1,000, helping families with children better afford their children's needs.

We increased retirement savings, increasing the amount one can contribute to their IRA from $2,000 to $5,000, what one can contribute to their 401(k) from $10,500 to $15,000, and for working moms and empty nesters, we allowed those over 50 to make up missed contributions to their IRA and 401(k), essentially what we call catch-up contributions.

We helped families save for education, increasing education savings accounts from $500 to $2,000 a year, and allowing families to use that for expenses for elementary and secondary education, as well as for college.

Those are good things. Also, because many families were stepping forward and volunteering to adopt children and give children a loving home, we increased the adoption tax credit to $10,000 for children with special needs, and of course, for those with nonspecial needs, we have it at $5,000, and we also increased the income level of families that can qualify from $75,000 to $150,000, and we also prevented the alternative minimum tax from interfering or taking away this tax relief for working families.

Of course, part of the debate of who benefits from tax relief is who gets it, and there is always some who say, oh, we cannot cut taxes because those who pay taxes will get it. We should not help those who pay taxes because apparently they are rich. Well, let me note who it is that benefited from the Bush tax cut.

Under the President's tax plan that was signed into law and this Congress supported on and that we are going to make permanent or vote to make permanent this week, over 100 million individuals and families pay lower taxes. Forty-three million married couples see their taxes reduced on average by more than $1,700 a year. Thirty-eight million families with children will receive an average tax cut of almost $1,500. Eleven million single moms with children will be able to keep on average $77 more to care for their children. Thirteen million seniors will see their taxes reduced on average by $920, and

3.9 million taxpayers, including 3 million taxpayers with children, will have their taxpayer liability for the Federal tax burden completely eliminated.

Think about that. Almost 4 million taxpayers under the Bush tax cut, those at the lower end of the economic area, pay no more taxes, thanks to the Bush tax cut.

Small business owners and entrepreneurs will receive a big chunk of this tax relief. Whenever my colleagues argue about who is going to get the rate reduction and what that means, they have to recognize that the vast majority of small businesses, almost 80 percent, pay in the top rate, and we lowered their rate to 35 percent.

□ 2000

Mr. Speaker, I have worked with many of my colleagues over the last several years to address something we call the marriage tax penalty. Often in debate I have asked that question, is it right, is it fair that under our Tax Code 28 million married working couples pay higher taxes just because they are married.

Prior to the Bush tax cut, Americans saved money on taxes if they stayed single. Our Tax Code encouraged couples not to marry. We made a decision, and it was certainly a priority of House Republicans, to remove the penalty on marriage. I often introduced a couple from Joliet, Illinois, Shad and Michelle Hallihan, who in combined income make about $65,000. Their marriage tax penalty was $1,400 that they paid in higher taxes just because they got married.

Under the Bush tax cut, their marriage tax penalty was eliminated. Now if the Bush tax cut is allowed to expire, Shad and Michelle Hallihan will once again pay higher taxes just because they are married. Their child, Ben, who is 2, they got married about the time we introduced the legislation, the child was about a year old by the time the Bush tax cut was signed into law. When the Bush tax cut expires, when Ben is 11 or 12, that is $1,400 less that Shad and Michelle Hallihan are going to have to be able to set into their education savings account.

Let me give an example of another couple from Joliet, Illinois, Jose and Magdalene Castillo. They are both laborers in Joliet, Illinois. They have two children, Eduardo and Carolina. They suffer the marriage tax penalty as well. They make about $85,000 a year. Jose makes about $57,000 in his building trade construction-related job, and Magdalene makes about $25,000. With their combined income and the way the marriage tax penalty works for the Castillos is by being married, they file jointly. When you are single, you file as two singles. But when you marry, you file jointly, which means you combine your income. That usually pushes one into a higher tax bracket. For the Castillos, for Jose and Magdalene, they paid $1,100 in higher taxes just because they were married.

Now, if our colleagues in this House of Representatives vote this week against making the Bush tax cut permanent, Jose and Magdalene Castillo are going to end up paying higher taxes once again when the Bush tax cut expires. I believe that is wrong, and I believe the majority of this House thinks it is wrong and unfair that if the Bush tax cut were to expire that couples like Jose and Magdalene Castillo and Shad and Michelle Hallihan would pay higher taxes just because they are married.

We have two leaders that are here in the House that have been leaders on issues so important when it comes to helping working Americans. I would like to yield to the gentleman from Indiana (Mr. KERNS), who has been one of the leaders and one of my partners in eliminating the marriage tax penalty.

Mr. KERNS. Mr. Speaker, I rise today in support of the legislation to make the elimination of the marriage tax permanent. One of my top priorities when I came to Congress was to eliminate the marriage tax penalty, a penalty that unfairly punishes hard-working men and women for entering into marriage, a fundamental institution of our Nation.

I have worked closely with the gentleman from Illinois (Mr. WELLER), who has been a leader of this Nation on this issue. I was a chief cosponsor of this bill to end the marriage tax penalty, and it has been moving forward steadily, but we do not have the job done yet. We succeeded in passing marriage tax relief; but after 10 years, the marriage tax penalty returns. Imagine that, our Federal Tax Code would once again punish married couples. That is why we are here today, to stand up for families, to call for the final end to this unfair penalty that singles out married couples. Simply put, the elimination of the marriage tax penalty helps families. This is legislation that will provide relief to nearly 43 million married couples. It will save the average married couple $2,720. If we do not make this elimination of the marriage tax penalty permanent, Congress will be raising taxes on families. We should allow families to keep more of their hard-earned dollars and to save and use as they choose. The government should not be in the business of discouraging marriage.

For that same reason, the permanent repeal of the death tax is also sound public policy. People work hard all of their lives it save and pass along something for their families, perhaps a farm or a small business to their children and grandchildren. It is wrong for the Federal Government to punish those families for their hard work and success. While we took a step in the right direction of ending the Federal estate tax, it, too, like the marriage tax, returns after 10 years. How can we expect the American people to plan for the future with the threat of the death tax returning after a few years looming overhead?

We must continue to protect and preserve the family farm and small businesses by making repeal of the death tax permanent. Mr. Speaker, we must make the elimination of the marriage tax and the elimination of the death tax permanent. If we do not, Congress will be increasing taxes on families. Let us work toward a more family-friendly Federal Government. Let us have a more family-friendly Congress. Let us end these burdensome taxes once and for all.

Mr. WELLER. Mr. Speaker, I thank the gentleman from Indiana (Mr. KERNS), who as a freshman has been a real leader in his efforts to eliminate the marriage tax penalty and working with President Bush and the gentleman from Illinois (Mr. HASTERT) and ensuring that a key part of the Bush tax cut included what we consider to be the most unfair tax of all, and that is the tax on the institution of marriage, one of society's most basic institutions.

Mr. Speaker, I yield to the gentleman from Missouri (Mr. HULSHOF).

Mr. HULSHOF. Mr. Speaker, what an appropriate time for us to really continue this debate that we began a year ago last spring when we, this body, voted in a bipartisan way to enact some significant tax relief.

Mr. Speaker, yesterday was in fact tax day; and always there are jokes that sort of go around April 15. My favorite happens to be an old Farmer's Almanac saying if Patrick Henry thought taxation without representation was bad, he ought to see it with representation.

As one of the members of the Committee on Ways and Means that insists on doing my own taxes, and I did not deny myself that enjoyment over the weekend, I was thinking what can we do to make the Tax Code simpler and fairer. As my seat mate on the Committee on Ways and Means, the gentleman from Illinois (Mr. WELLER) has done so admirably, and over these months I feel as if I know quite well Shad and Michelle Hallihan because the gentleman tells their story so frequently on the House floor.

As we set this debate up, Mr. Speaker, first of all, why is this vote necessary? Why is it that we are talking about permanence or the lack of permanence with what Congress did last summer? It is interesting to note, I think, that tax increases are always permanent. I think back, we had a debate recently about the Spanish-American war tax, a tax on luxury telephones back in 1898 to help pay for the war effort, and later the World War I effort. That tax still exists today.

I think of the inheritance tax that was enacted back in 1916; it still exists today. It is a permanent tax. Even the tax increases of 1993, I know the Democratic colleagues are proud to point out that tax increase passed without one single Republican vote; and a lot of those items called deficit reduction tax still exist today.

So it is ironic when we are talking about tax increases; they are always permanent. And yet when it comes to tax decreases, that is letting Americans keep more of their hard-earned money, we have to go through yeomen effort to try to make those tax cuts permanent.

I have had constituents who asked me why was this sunset placed on the bill. Well, there were procedural rules. When this tax relief measure made it to the other body, there were opponents to the bill which threatened to filibuster the bill and institute a lot of arcane budget rules unless this sunset were added. There is no public policy rationale behind this sunset. It was simply an effort to avoid a procedural roadblock in the United States Senate. I do not believe that American taxpayers should be held hostage to arcane Senate budget rules. From that policy perspective, I think it is important that we vote in favor of permanence.

Mr. WELLER. Mr. Speaker, say that the Bush tax cut were to expire and the House and the Senate were to fail to pass legislation to make permanent the Bush tax cut, eliminating the marriage penalty, wiping out the death tax, across-the-board tax reductions, helping low-income families, creating a much lower tax bracket for low-income families, would you consider that a tax increase?

Mr. HULSHOF. Mr. Speaker, there is no question about it. There was some discussion already that certain Senators were talking earlier in the year about suspending this year's tax relief and capturing those monies for additional spending. There was some discussion about whether suspending those tax cuts would in fact be a tax increase or not. Putting that aside, clearly on January 1, 2011, if Congress fails to act, we will see a significant income tax hike of billions of dollars on America's families, just as some of those that the gentleman mentioned in his congressional district.

I know that the gentleman from Indiana (Mr. KERNS) earlier was talking about the death tax and marriage penalty relief, and I see my cosponsor of H.R. 2316, the gentleman from Wisconsin (Mr. RYAN), is here; and I look forward to hearing what he has to say.

In today's Wall Street Journal there was an editorial in favor of permanence, and it was focusing on making the death tax repeal permanent. I absolutely agree with that, but I think the entire tax relief measure that we enacted in this Congress last year, all of those provisions, should be made permanent. Here is why:

There are so many sole proprietors, small businesses in America, in fact, the majority of small businesses in America that actually pay the individual income tax rate. In other words, they did not pay the corporate income tax rate, but instead because they are sole proprietorships and partnerships, perhaps they are subchapter S corporations, they have the benefit of this individual income tax rate that they pay each April 15. As these income tax rates are reduced, and when they are fully phased in in 2006, small businesses are going to have additional resources for fostering economic growth and development. In other words, they capture that money that normally they would pay to the Federal Government, they get to reinvest it in their businesses which creates more jobs, provides additional spending power for those people who work for those small businesses. For then to say, to pull the rug out from underneath them on January 1, 2011, and say well, we know that you have enjoyed low tax rates of the last couple year, but on New Year's Day of 2011, these tax rates go back to the pre-2001 level, that is a significant income tax hike.

It is for policy reasons that I think this body should act, and certainly I would call on all of those from both sides of the aisle that supported this bill a year ago. I think there were 28 Democrats who joined us in this bipartisan vote. If it was good policy then, it remains good policy now.

Mr. WELLER. Mr. Speaker, reclaiming my time, I thank the gentleman from Missouri for his leadership and helping small businesses and agriculture. Seventy-nine percent of those who benefit from the rate reduction at the top bracket, as the gentleman pointed out, are self-employed entrepreneurs and small business people. They are not rich people. These are folks down on Main Street.

□ 2015

They are real people that work hard, struggle to employ their neighbors and, of course, benefit when we lower the tax rate because, frankly, making permanent the Bush tax cut is also good for the economy.

One thing I have heard time and time again from businesspeople and entrepreneurs and small businesspeople and farmers is that when they know there is a provision in the Tax Code that affects them and it is permanent, they are more inclined to make long-term investment decisions. When the consequences are short-term, they are hesitant. So if we really want to get this economy moving again, it is one more reason to make permanent the Bush tax cut.

We have been joined by the gentleman from Wisconsin (Mr. RYAN), a colleague of ours on the Committee on Ways and Means, someone who is one of the thinkers in the House when it comes to understanding policy and understanding also what it means for small business and for farmers and for working people in every community in America. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. I thank the gentleman from Illinois for yielding. First before I contribute, I would like to thank the two of you gentlemen for your leadership on this issue. This is my first year on the Committee on Ways and Means. I have long known about the gentleman from Illinois' work on repealing the marriage penalty. He is the reason the marriage penalty is repealed in this legislation. He deserves the credit for that. And the gentleman from Missouri (Mr. HULSHOF) who is my lead partner on this bill is the leading advocate for agriculture and tax policy and helping farmers, in Congress, I would add. I want to thank him for allowing me to join him in proposing this legislation and being his coauthor on this legislation to make this tax cut permanent.

I have been watching the debate. It seems that you can wrap it up into four big issues. This tax bill, which we all worked very hard to pass, the President proposed, we worked on it in the Committee on Ways and Means, we passed it bipartisanly through the House, through the Senate and got it signed into law, this tax cut fixes four big inequities. It brings fairness to four major issues.

As the gentleman from Illinois has championed, it brought fairness to the issue of the marriage penalty. It reduced and repealed the marriage tax penalty. But it did many other things. On the retirement end, we have a pension system that before this tax bill was written at a time in our pension laws, in our economy, when people did not change jobs that much. What we did in this bill was update our pension laws so people could move their pensions with them as they change jobs. We fixed a lot of the problems that have been experienced with the Tax Code in the new economy. They have been fixed in this bill.

We increased the act for businesses to offer higher 401(k) matches to their employees. We increased the cap on 401(k)s. We increased the cap on IRAs from $2,000 to $5,000. That is another big problem, a big fairness issue that we restored in this bill. We also repealed the estate tax, a tax that has been the single greatest killer of the transfer of family farms and small businesses on to the next generation. And what we did in income tax rates, and as you gentlemen mentioned, almost 80 percent of the top rate bracket filers file as individuals, meaning the small businessmen and women of America are not corporations, they are not C corps, they do not file their taxes as large corporations, they file their taxes as subchapter S corps, as sole proprietorships. Therefore, they pay individual tax rates.

What happens right now under the tax law, we are taxing small businesses at a rate higher than we tax the largest corporations. So the small business men and women of America on Main Street USA, in the barber shops, and all the small manufacturers, they were being taxed before this tax bill at nearly 40 percent, while we were taxing the largest corporations of America, IBM, General Motors, Chrysler at 35 percent. This tax bill lowers that small business tax rate to the same tax rate as large corporations.

Mr. WELLER. Let me ask the gentleman this question. Are you telling me that prior to the Bush tax cut, that self-employed people, entrepreneurs, small businesspeople actually paid at a higher tax rate than IBM or any other major corporations?

Mr. RYAN of Wisconsin. That is exactly right. That is one of the injustices, one of the fairness issues we fixed in this tax bill. We finally lowered the small business tax rate to be equal with the corporate tax rate. Because before this tax cut, it was higher than that. Not only do we help Americans save for their retirement, not only do we repeal the estate tax in this bill, the single greatest killer of transfer of your business to the next generation, not only did we repeal the marriage penalty and not only did we lower the small business tax rate to that level of the large corporate tax rate, what we did was we helped people reinvest in their businesses, we helped people keep more of their own money.

What is going to happen if this legislation to make this tax cut permanent does not pass is we will be imposing on January 1, 2011, the single largest tax increase in American history in any given year. We are going to impose on the American taxpayer a $125 billion tax increase that year.

So, for example, if you are a small business owner or a family farmer and your estate is worth, they say, $3 million, there are a lot of small family farms in Wisconsin that are worth well more than $3 million. They have a lot of assets locked up in combines, in land, in barns and other kinds of things. If you are a small business owner and you own some kind of small distribution business, you have some vans and trucks and a factory, $3 million can add up very quickly. If you died in the year 2010, you do not pay an estate tax. That is the correct way to do it, because you already paid taxes on all the money you earned while you were living. But if that person with the $3 million estate dies on January 1, 2011, that person is going to have to pay $800,000 in estate tax. Just think of this. If you die in the year 2010 when the estate tax is repealed, no tax. If you die the next year, $800,000.

Mr. WELLER. I represent the south side of Chicago and the south suburbs, of course, an area that is going from farmland to subdivision in many cases. We have a lot of family farmers in the Frankfurt and Mokena area, in the Manhattan area in Will County, and they would like to stay in the farming business. But many of them have told me the story of when grandpa died, because the value of that land for development purposes, even though they wanted to keep it in the family farm, continue farming it, keep it in open space, because they like farming and it is a family business, because of the estate tax and the value of that land if they sold it to somebody who would develop it and build houses or put a factory there, turn it into an industrial park, they were forced to sell off a piece of grandpa's farm in order to pay the estate tax.

So if you care about open space, about urban conservation, farmland and urban sprawl and frankly the environment, you should work for the elimination of the death tax. I know that was one of the arguments I heard many times from the farmers in my suburban area, if you care about the environment, about open space and the preservation of farmland, you want to eliminate the death tax.

Mr. HULSHOF. I would like to amplify the point by my colleague from Wisconsin and coauthor of this bill to sunset the sunset. It is interesting that a New York Times columnist, as he was commenting on the work that we had done, and finally we were moving toward repeal of the death tax, but as the gentleman noted, for a single year, 2010, and this New York Times columnist dubbed what we had done, the ''throw momma from the train act,'' because the only way to take full advantage of the death tax repeal was to throw momma from the train in the year 2010 because on January 1 of the next year, then here comes the death tax springing out of the grave, coming back to life.

Mr. RYAN of Wisconsin. I appreciate that comment. That is what is so crazy about this arcane rule in the other body that was forced into this legislation that sunset this tax cut in the year 2011. If this legislation that we are now proposing does not pass, on the year 2011, the estate tax goes from zero to 55 percent. The education IRAs go from a $2,000 limit back down to $500. The IRAs, individual retirement accounts, go from a $5,000 per year limit back down to $2,000. 401(k)s go back from $15,000 per year down to $10,500. The marriage tax penalty comes back to haunt us. All of those things that we will have been accustomed to over the decade, all of those tax inequities, marriage tax penalty, estate tax, taxing small businesses at a higher rate than corporations, all will come back in that one year to sock it to the American economy. That is one thing that I think we need to bear in mind.

What is this going to do to our economy? I hear it from so many small business members and entrepreneurs and farmers in my district, that they say, we cannot plan appropriately for the future. There is so much hesitancy built into the marketplace all across America because they do not know as small business men and women whether they can bank on the fact that these tax laws are going to be made permanent. So they withhold that investment. They do not take that extra risk. The bank will not give them credit because they do not know what is going to happen in the future with respect to tax law. So we see a hesitancy built into the marketplace. That means less risk, less job creation, less economic growth.

Mr. HULSHOF. As we have already begun to debate this and as representatives of the media have begun to inquire about the bill being on the floor this week, and one question that I think we have to continue to answer this week as we move forward the bill's consideration on Thursday is why are we taking up the bill now? If we are talking about something, the sunset actually not taking effect until January 1 of 2011, why consider the bill now?

I think the gentleman has, in part, answered the question, because if you are a small businessperson, certainty in the Tax Code is appropriate as you make long-term decisions about your own business. Moreover, especially the death tax. You cannot legitimately plan or have an estate plan based upon the uncertainty of the death tax being gone today and back tomorrow. And so that certainty is necessary. I would say to those green eyeshade wearers in this body, I do not mean to denigrate because there are fiscal considerations to this as well, but I was informed by one of the media representatives today that the Senate majority leader said that a vote on permanence would be fiscally irresponsible. And so I want to answer with certain budget numbers, that this is fiscally responsible. If we were to enact permanence to the tax cut of a year ago, the revenue impact would be $374 billion over the next 10 years. The amount, the most recent projection by the Congressional Budget Office, that is, our bookkeepers for the House, propose that over that same period of time, we will be taking in a surplus of $2.332 trillion. And so this really, as far as the fiscalness of what we are taking up, is appropriate.

I think, again, the worst thing we could do is allow these tax items, the many tax relief measures that we have been talking about, to somehow allow them to be what we know in parlance to be called extenders, that is, just as they are getting ready to expire, maybe giving another 2 or 3-year extension of that tax cut. Again, I think that just breeds a lot of uncertainty.

And so from a policy perspective, I think it is so vitally important that we enact this permanence.

Getting away from the numbers, if the gentleman would permit me just another minute or so, I do not have a photograph, but a family that has actually been portrayed, I think, in USA Today and some other national publications is the Eiffert family. Howard Eiffert, the constituent, is from Columbia, Missouri. Howard Eiffert began a lumber business back about 37 years ago. He has two sons now, Brad and Greg. Brad and Greg Eiffert are running the lumber business. It is a fairly small business. It employs about 32 people. Yet they are so concerned about the estate tax or the death tax that they have reported that annually they contribute between $30,000 and $35,000 a year to purchase an insurance policy on the life of Howard Eiffert, the founder of this company, in the event that he were to meet his demise in that year and that insurance policy then would pay the Federal Government this estate tax bill.

Brad and Greg, who now run this company, have expressed to me so many times, and very passionately, think of what that business could do with another 30 to $35,000 a year. It could be a well-paying job for another employee every year. It could be maybe another piece of equipment. It could be adding on to their warehouse where they keep the lumber and their inventory. It could be a lot of things. But unless we make the death tax permanent, unless we take this entire tax cut of a year ago and make that tax cut permanent, there is going to be this continued uncertainty, which is a drain on our small businesses across the country. That is why I hope for a good vote this week.

□ 2030

Mr. RYAN of Wisconsin. I want to point out also the score the gentleman mentioned, the revenue cost that is assumed by the Congressional Budget Office. What is interesting about that score is not so much that it is $374 billion out of a surplus of $2.3 trillion. It is that that is the most dour and pessimistic, conservative score anybody could come up with, because that score assumes that people will not change their behavior when their taxes are cut.

That score denies the assumption that if we lock in permanency we are going to unleash a lot of investment out there. When we lock in certainty to the small American businessman and businesswoman and entrepreneur, that, yes, this tax law is permanent and now you can move on with certainty to expand your job and invest, that we are going to get positive economic growth out of that, I believe that the economic positive benefits we are going to get out of this bill will more than make up for a lot of the revenue costs we are assuming.

They assume no one makes a change if their taxes are changed. They assume no positive economic growth is derived from a lowering of marginal income tax rates or repeal of the estate tax. They just assume it is a loss of revenue to the government.

So even though we now can point out that the loss of revenue according to our budget keepers is minuscule in comparison to the size of the surplus over the decade, they do not point out all of those positive economic benefits, the jobs that will be created, the investment that will be unleashed, by making certainty in this tax bill.

Mr. WELLER. Reclaiming my time, again I want to commend the gentleman from Missouri (Mr. HULSHOF) and the gentleman from Wisconsin (Mr. RYAN) for their leadership on making permanent what we call the Bush tax cut and what the real impact is on families.

When we think about it, voting against permanency is a tax increase. It is a tax increase on millions of Americans. The Bush tax cut actually provides help for 100 million Americans who benefited from the Bush tax cuts: across-the-board rate reductions, which helped everyone who pays taxes; elimination of the marriage tax penalty; elimination of the death tax; doubling the child tax credit; increased opportunity for retirement savings and saving for education.

If you vote against making it permanent, you are really voting to put the marriage tax penalty back on Jose and Magdalene Castillo, or Shad and Michelle Hallihan and 28 million other married working couples across America who pay higher taxes, or the hundreds of thousands of small businesses and family farms that are in jeopardy of moving on to the next generation because of the death tax; and if we fail to make permanent the elimination of the death tax, we put it back in place, jeopardizing the future of the family farm and the family business.

If you care about retirement savings, well, if you vote against making permanent the Bush tax cut, you better save every dime that you are capable of doing right now, because in 2011 you will go back to $500, versus the $2,000 for education savings accounts, or $2,000 versus $5,000 for your IRA. Those are tax increases.

Some are going to argue that we should not make it permanent because they want to spend the money. They think it is better that we collect that money and reimpose those taxes and collect that money and spend it here in Washington, because Washington can better spend the folks back home's hard-earned dollars better than they can.

I was so proud of the leadership of President Bush, and I was so proud of the leadership of Speaker HASTERT and the Republican majority in this House and moving through the Bush tax cut, because, similar to the Kennedy and Reagan tax cuts, this tax cut is meaningful. One hundred million Americans benefit.

Again, let me share those statistics of who benefits from the Bush tax cut and our efforts to make it permanent. Again, 100 million individuals and families pay lower taxes because of the Bush tax cut. If we fail to make it permanent, their taxes go up.

Forty-three million married couples see their taxes reduced on average by more than $1,700 a year. If you vote against making the Bush tax cut term permanent, you are reimposing a marriage tax penalties on Jose and Magdalene Castillo, who right now save about $1,125 a year because of marriage tax penalty relief.

Thirty-eight million families a year with children, Jose and Magdalene are an example here with Eduardo and Carolina, they benefit from the child tax credit as well. If you fail to make the Bush tax cut permanent, you take that away from them and raise their taxes on their kids. That is wrong.

I have a note that 13 million senior citizens have seen their taxes reduced under the Bush tax cut on average by $920, and 3.9 million taxpayers, including 3 million taxpayers with children, had their tax liability to the Federal Government completely, completely wiped out.

Mr. RYAN of Wisconsin. If the gentleman will yield on that point, what was that number again?

Mr. WELLER. Three million families with children no longer pay Federal income taxes because of the Bush tax cut.

Mr. RYAN of Wisconsin. Under the Bush tax cut, over 3 million families are being taken off the Federal income tax roles and would be put back on, they would have new taxes reimposed back on them, if this tax bill is not made permanent?

Mr. WELLER. Reclaiming my time, the gentleman from Wisconsin is absolutely right. Three million families with children would be placed back on the tax rolls, and 3.9 million taxpayers would be placed back on the tax rolls.

Mr. RYAN of Wisconsin. Three million families hit with a new tax in the year 2011.

Mr. WELLER. Yes. The gentleman from Wisconsin is absolutely correct. If you think about it, who are those families? Who are those individuals? They are low-income Americans. The biggest beneficiaries of the Bush tax cut, what we passed this past year, were low-income families, because low-income families saw the biggest portion of their taxes wiped out. If you think about it, 3 million Americans with children who previously had paid taxes no longer pay Federal taxes. That is total simplification of their taxes. They no longer have to pay taxes.

What happens to the money that would have come to Washington? They can spend it back home in Janesville, Wisconsin, and Morris, Illinois, and Columbia, Missouri, fine communities, where there are hard-working people who can better spend their hard-earned dollars better than we can for them and take care of their families' needs, and maybe buy some new clothes for the kids to go to school, or make an addition on to the family house, build an extra bedroom for the children. They have all been bunking together, and they are getting older and they want to put an addition on the house. So they can afford to do it with the Bush tax cut. But if you vote against permanency, you are reimposing that and hurting those 3.9 million families who no longer pay taxes because of the Bush tax cut.

I would like to ask the gentleman from Missouri, and be happy to yield, you have also been one of the leaders on retirement savings. Of course, the Bush tax cut built upon a lot of the work done by our colleague, the gentleman from Ohio (Mr. PORTMAN), and many others who have worked so hard to increase the opportunity for small businesses to offer additional retirement savings opportunities for their workers, and also for individuals to be able to set aside money in their IRAs.

I would be happy to yield to the gentleman to explain that portion of the Bush tax cut.

Mr. HULSHOF. I appreciate the gentleman yielding.

What is interesting about our Tax Code is it really does punish those who wish to save and invest. There are so many other nations that have a higher savings rate than the United States of America because we have built into our code, in fact, I am so familiar again with my 1040, having just spent so much time with it, line 8 of your 1040 says what was your interest income, put that here, because we are going to tax it. A lot of nations do not do that.

So we have tried in various ways to help American families, especially as they look way down the road at retirement. We have a vexing problem ahead of us as far as the baby boomers retiring and the future solvency of Social Security. That is an issue for another day.

But what we have done over the course of Congress, since 1997, as the gentleman recalls the significant tax relief that we passed back in 1997, that was actually signed into law by then President Clinton, we created some additional savings vehicles and tried to expand the opportunities for families to put money aside in 401(k) plans, or, as the gentleman knows, really a pet issue of mine, to help parents save for their childrens' education. Back in 1997, the idea was created of an education savings accounts. Now we have the ability, because of last summer's tax cut, the Bush tax cut, as the gentleman has referred to it, we have now given more flexibility to families to put money, or even neighbors or churches or businesses, to put money into a family's education account in the name of their child.

It used to be pretty strict as to what that education account could be used for. Now we have some flexibility. Not only can you contribute more money into it, up to $2,000 a year, but it is not just for those students, those children who go to public college. It could be used for any educational expense for any child. It could be K through 12. It could be a tutor at school if you are having trouble with 4th grade math. It could be a computer program, it could be a foreign language skill or some help in that regard. It can be anything to help educate our kids.

So this was a tremendous change, a positive change. We called it the Coverdell account in honor of the late Senator from Georgia who had first created this idea back in 1997 of putting aside money and letting the interest that is built up be tax free.

I hesitate to think, I shudder to think, that if we do not make this tax cut permanent, that that flexibility is gone, the ability to contribute money into that education account, up to $2,000 a year, is gone.

So the number of positive tax changes that we have helped create, in a bipartisan way, friends across the aisle have helped vote for it, worked for some of these items, those items would be no longer in the Tax Code. That positive tax relief would be obliterated if this House and Congress do not act to make the tax cut permanent.

Mr. WELLER. Reclaiming my time, again, I salute the gentleman from Missouri for his leadership in helping expand education savings accounts. I think of thousands of families in the district that I represent, the South Side of Chicago and the south suburbs, who now have the opportunity, thanks to your leadership, to be able to set aside money for elementary and secondary education, schools of their choice, or else for other expenses affecting their child's education.

In the past it was only for college and you could only set aside $500; but under the gentleman's leadership, you can set aside up to $2,000. Think about that. When a child turns 18, if you could only set aside $500, that is $9,000. Well, we all know what college costs today, and that would not go very far at a year's tuition at most universities across this country.

But thanks to the gentleman's leadership, now they would be able to set aside $2,000 a year and potentially have up to $36,000 that they could save and set aside for college, if they do not spend any of that for elementary or secondary education.

So I commend the gentleman for his leadership. That means a lot to the people of the south suburbs, towns in Joliet and elsewhere.

We have been joined by my other seatmate on the Committee on Ways and Means, a classmate of mine. I remember when the gentleman from Arizona (Mr. HAYWORTH) and I were elected to Congress. Of course, we were working on the Contract with America, and a key part of the Contract with America was lowering taxes for families. Of course, part of Contract with America was eliminating the marriage tax penalty, creating a new adoption tax credit, creating a new child tax credit.

Thanks to the leadership of many, and particularly the gentleman from Arizona, we created that new adoption tax credit. Of course, we expand it in the Bush tax cut and make it bigger. And we created the child tax credit as part of the Contract with America, and we have doubled that under the Bush tax cut. If we fail to make it permanent, we lose it. It is taken away.

I would be happy to yield to the gentleman from Arizona (Mr. HAYWORTH).

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Illinois, Mr. Speaker; and I thank my other colleagues the Committee on Ways and Means, the gentleman from Missouri and the gentleman from Wisconsin, for joining us this evening.

In listening to my friend from Missouri speak about the different opportunities, I was struck by really two themes running through his discourse. One is the notion of flexibility and freedom, and the other a basic philosophy that we really need to change, and we have played a great role in changing it, and that is the notion that people should not be punished for succeeding; that they should have the possibilities economically to deal with whatever challenges confront them in life.

My friend from Missouri talked about educational tax credits, and certainly our heart goes out not only to those who are planning for college, but children with special needs, the opportunity to help parents of a Down's Syndrome child, provide educational opportunities through the Tax Code to enhance their options and flexibility, not to wait upon the largesse of government, but to utilize their own money for their own legitimate interests and their own timetable.

That is really what it comes down to, to transfer money, power and influence out of the hands of a bureaucracy, an impersonal bureaucracy in Washington, D.C. and understand that the money utilized does not belong to the Federal Government.

I look and I see my friend from Arizona serving tonight as Speaker pro tem. Last night we were at the State Capital in Phoenix discussing the realization that the money people gave voluntarily April 15 is their money.

□ 2045

They give to the Federal Government "voluntarily." When we allow people to have more of their own money to save, spend, and invest as they see fit, things work better for them, and government actually works better.

The other thing that my colleagues have talked about tonight is the bipartisan nature of this historically. Think back to recent history. Four decades ago it was Jack Kennedy who said, let us reduce the marginal tax rates; in his words, "a rising tide lifts all boats." Two decades ago it was President Ronald Reagan who suggested the same thing, and then just last year, working with our current President, George W. Bush, we were able to again enact marginal rate reductions.

Now, here is something, and this is one of the things I lament in the way Washington works. Given the arcana of the budget and the way we predict things here, it is very Washington-centric. We take a look at what is called a static model. We fail to take into account growth in revenues to the Federal Government. It is a historical fact that under Jack Kennedy and under Ronald Reagan, when we reduced the tax rates, revenues actually increased to the Federal Government.

The gentleman from Arizona in the Chair tonight made the point last night at the State capital. And, we recall this as members of the Committee on Ways and Means in 1997 when we, through cheerful persistence, persuaded a reluctant President to join us in a reduction in the top rate of capital gains taxation, especially for primary residences that cost less than $600,000, and what that meant to housing starts and new home sales and just a change in the real estate market.

But it was very interesting; the gentleman from Arizona, the Speaker pro tempore tonight, made the point that the forecasters, the estimators said that that capital gains rate reduction was going to cost the Federal Government. Yet, the reality is in terms of revenue accrued, it has been a triple-digit winner. Revenue has been produced. Why? Because it is a simple notion, regardless of party affiliation. The simple fact that the budgeteers do not want to recognize is this: reduction in tax rates leads to economic activity, leads to job creation, especially when we reduce the capital gains rate, leads to capital formation and the use of capital, putting it to work. When we do that in an economy, a people prosper. Indeed, one magazine in town asked our friends on the left if they were really concerned about revenues to the government, perhaps they should join us in asking for tax reductions because overall revenues increase, based on economic activity.

So it is simple self-interest, not selfishness, but a chance just as President Kennedy said in the 1960s, that a rising tide lifts all the boats, and as President Reagan said in the 1980s, that people can save, spend, and invest their money as they see fit, rather than keeping Washington in charge, or as President Bush said in Iowa yesterday: expand the recovery, take the lesson that we learned in the economic downturn, and even in the wake of the dark days, in the aftermath of 9–11 and the uncertainty we confronted then, and move to make the marginal tax relief and the other provisions that my colleagues have discussed tonight, Mr. Speaker, move to make that permanent so that we can continue to grow this economy and people will have the freedom and the flexibility to choose what is right for them, and they will not wait upon government programs for improvement, with educational opportunities, especially for those children with special needs, with the purchase of a home, with the starting of a business, with the raising of a family; indeed, every facet of American life, give people the freedom to recognize the money belongs to them.

Mr. Speaker, we made substantive changes in the Tax Code and it is a start, but we need to follow the call of our Commander in Chief who asks now that we finish the job, that we make these rate reductions permanent, so that the economic renaissance and the rebuilding and the restoration of our economic conditions toward greatness can continue. I thank the gentleman.

Mr. WELLER. Mr. Speaker, I would be happy to yield some additional time to the gentleman from Arizona, and I would like to ask the gentleman from Arizona a question. We have been noting in our conversation here about the 100 million Americans who benefit from what we call the Bush tax cut and that, of course, is the fact that there are 3 million Americans who, under the Bush tax cut, no longer pay Federal taxes, low-income families. Of course, if we fail to make it permanent, those low-income families are taxed once again, and that 79 percent of those who benefit from the top rate reduction are small business entrepreneurs. I am happy to yield the remaining time to the gentleman from Arizona.

Mr. HAYWORTH. Mr. Speaker, one fact which we should remember and which should give every Member of this House pause, if we fail to make these tax cuts permanent, then a decade hence, we will see the largest tax increase in American history eclipsing what we saw in 1993 under former President Clinton.

Mr. WELLER. Mr. Speaker, in closing, again, we have a very important vote on Thursday. Thursday morning this House of Representatives is going to cast a vote on whether or not to make what we call the Bush tax cut permanent. A vote against permanency is a vote for the biggest tax increase in the history of our Nation, or do we continue to help those 100 million Americans who benefit from the Bush tax cut who see their rates reduced, 3 million Americans who no longer pay taxes, couples such as Jose and Magdalene Castillo who will no longer pay the marriage tax penalty, but if the tax cut expires, they will once again, because people like the Castillos from Joliette, Illinois will once again pay the marriage tax penalty. Let us make it permanent. Let us do the right thing. Let us prevent the world's largest tax increase.

RAISING THE FEDERAL DEBT LIMIT

The SPEAKER pro tempore (Mr. JOHNSON of Illinois). Under the Speaker's announced policy of January 3, 2001, the gentleman from Indiana (Mr. HILL) is recognized for 60 minutes as the designee of the minority leader.

Mr. HILL. Mr. Speaker, this evening the Blue Dog Coalition will once again be discussing the administration's request that Congress raise the Federal debt limit, and that is what we want to talk about this evening. The Blue Dog Coalition, for those who are listening, is a group of about 30 Democrats who believe it is important for the Federal Government to be fiscally responsible; in other words, not to spend more money than it takes in. I think the American people, with their families, try to practice their own home budgets in the same way, and the Blue Dog Democrats have adopted this principle. Balancing our budgets helps us keep interest rates lower so that businesses and families can borrow money at lower interest rates. It is the only right and common sense thing to do. The Blue Dogs tonight want to talk about some problems that are going on with our present Federal budget that I think the American people need to hear.

This past August, Secretary of the Treasury O'Neill wrote the first of three letters to Congress requesting an increase in the debt limit. In these letters, he asked for a $750 billion increase. None of these letters, however, mentioned how long $750 billion would keep the Federal Government in the clear. More important, none of the letters recognized the irresponsibility inherent in asking Congress to hand the administration a three-quarters of a trillion dollar blank check without also requiring it to explain how we are going to get back to balanced budgets and a Social Security surplus that is off limits.

Many of my Blue Dog colleagues have pointed out on past Tuesdays that the Federal debt limit is a lot like the credit limit on any credit card used by any American. The difference in this example is that the administration has hit its credit limit at $5.95 trillion dollars, but not indicated a willingness to examine its own fiscal policies. Few things in life are certain, but I feel confident in saying that the average family in southern Indiana, if faced with a maxed out credit card, would step back for a moment and figure out how he is going to pay it off.

In early April, Secretary O'Neill sent another letter to Congress. This time he was writing to inform Senate and House leaders that he was tapping Federal Government retiree accounts, let me repeat that again, that he was tapping Federal Government retiree accounts in order to give the Federal Government the breathing room it needs to continue to meet its spending obligations.

Now, Mr. Speaker, in the private world, if a business tried to raid its pension fund and was found guilty of doing that, they would go to jail, but here we are doing a similar thing with government retiree accounts in order to give the government the breathing room it needs to continue to meet its spending obligations.

Six years ago, 225 members of the majority party voted to reprimand and prohibit then-Secretary of the Treasury, Robert Rubin, from taking these same actions. Now, one could argue that the old saying, what is good for the goose is good for the gander is in order here. Even if one-quarter of the 147 who remain in the House had been moved to action by Secretary O'Neill's recent maneuver, there is little doubt in my mind that together we would have already sat down to discuss some kind of compromise, a plan to, one, raise the debt limit enough to get the government through this fiscal year; and two, to get our budget back in balance without relying on Social Security surpluses.

Historically, partisan squabbling has characterized the debate over whether to increase the Federal debt limit. There are many Blue Dogs, however,