organize the committees, let us appoint the chairmen, and we can talk about the funding later. We can agree that we will go forward. Since the appropriations bills have not been passed and the legislative branch is operating on the 2002 budget, let's go forward and organize, and we can deal with the money later. That is what I ask.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. FRIST. Mr. President, I just want to close and say that we have worked together, both sides of the aisle, aggressively over the last week. I do believe it is time for us to, as much as possible, bring this to a close, at least in terms of getting our committees set up and running.

I am ready to close unless my colleague has anything to add.

Mr. REID. I would just briefly say to the leader—I appreciate his courtesy in allowing me to speak—we waited 6 weeks last time. I was part of the wait. I understand how long it took. It may have been over blue slips or something else, but still the organizational resolution was held up for 6 weeks. I hope that isn't the case this time. I hope we can work it out more quickly. There has been a lot of debate on both sides. It has clearly been spread on the record of the Senate what the respective positions of both sides are.

Mr. FRIST. Mr. President, in closing, we have a lot of work to do. We got off to a good start last week with the unemployment insurance. We are making progress in terms of negotiations. But—and I mentioned this a few moments ago—the two issues that we have to address, as we look forward to this potential recess 8 or 9 days from now, are: The basic organization of the Senate, simply getting the committee assignments made; second, appropriations: And if we do not complete them, we will be back during the week, after the holiday.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. In the last Congress Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred October 25, 2001 in Dumfries, VA. Two Afghan-American teenagers were beaten by a group of attackers. Police said that April Scruggs, 42, and her son, Jarvis Berkley Wilhoit, 19, had been taunting the victims for more than a month prior to the beating. Wilhoit and a group of friends approached the victims, who are brothers ages 16 and 17, and began hitting them. Scruggs joined the fight and hit the 17-year-old in the head with a wrench.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

INVESTORS ARE KEY TO ECONOMIC GROWTH

Mr. KYL. Mr. President, on January 7, I reintroduced the ''Contract with Investors,'' which proposes a number of changes to the tax code to spur investment and encourage economic growth and job creation.

Investment, especially by individuals, is the lifeblood of the U.S. economic system. They key to fostering robust economic growth, rather than the anemic growth we are seeing right now, is to eliminate the disincentives, the high tax rates, that discourage individuals from investing. Once individual investors return to the stock markets, or are encouraged to start up, or invest in existing, small businesses, we will get the growth that creates new, good jobs.

The first element of my proposal repeals from the 2001 tax-relief law the sunset provision that was required by arcane Senate budget rules. The prospect of taxes reverting back to their 2001 levels in 2011 sends a signal to businesses and investors that tax increases are in their future, and this dampens investment. Furthermore, a dramatic tax increase in 2011 will devastate our economy.

Next, I propose to accelerate the remaining marginal rate reductions from the 2001 law, moving the 2004 rate reductions to this year and the 2006 reductions to 2004. Lowering these rates benefits all taxpayers, and is the key to encouraging individuals to invest and take the economic risks that will create jobs. In our progressive income tax system, the marginal rate is the rate at which a person's last dollar of income is taxed. This means that a person who works harder and longer and earns more has those additional earnings taxed at the highest rate for which he or she qualifies. Reducing marginal rates encourages taxpayers to work harder and longer because they will not be taxed as much on that extra income. On the same principle, it makes sense to accelerate the planned tax-rate reductions. Phased-in reductions give taxpayers an incentive to put off income-producing activity into the future, when rates are scheduled to be lower. Accelerating the reductions gives taxpayers the incentive to engage in that income-producing activity immediately.

This also gives quicker relief to small businesses, which are typically taxed not at corporate, but at individual rates. Small businesses account for most new jobs and half of the output of our economy. Currently, the maximum income tax rate for C corporations is 35 percent; once the individual rate cuts are fully implemented, the top tax rate for individuals will also be 35 percent, instead of the current 38.6 percent. This will eliminate a penalty unfairly imposed on small businesses and enable them to expand and employ more workers.

The next element of my plan accelerates to 2005 repeal of the death tax, the estate and generation-skipping transfer taxes. The death tax is unfair and counterproductive and it must be permanently eliminated. A 1998 study by the Joint Economic Committee concluded that the existence of the death tax during the last century has reduced the amount of investors' capital in the economy by nearly half a trillion dollars. The same study estimates that, by repealing the death tax and putting those resources to better use, as many as 240,000 jobs could have been created over seven years and Americans would have had an additional $24.4 billion in disposable personal income.

In 2001 testimony before the Senate Finance Committee, Dr. Wilbur Steger, the president of Consad Research Corporation and a professor at Carnegie Mellon University, testified that immediate repeal of the death tax would provide a $40 billion automatic stimulus to the economy, based on estimates of the amount of net unrealized capital gains that would be ''unlocked.'' Many Americans choose to hold on to their assets until death in order to obtain for their heirs a ''step-up'' in basis. Getting rid of the death tax will encourage Americans to sell assets before death, hence my term ''unlocking.'' Repeal also removes the strongest disincentive to business investment and expansion that faces older business owners. After all, why would people in their golden years expand their businesses, when the federal government is poised to confiscate a large share upon their death?

Under current law, the death tax will go down to zero in 2010 but reappear thereafter, at exorbitant 2001 levels, thus adding significant complexity to future death tax planning, increasing costs that are a drag on economic activity, and retreating from a principled rejection of this unfair tax. This is unacceptable. Until the death tax is gone, family business, farms and ranches must still pay for expensive life insurance policies, death tax planners, and tax attorneys. These expenses, wasted resources that could be put to much more productive use, total more than $12 billion a year, according to Consad Research Corporation. My bill would, as I said, permanently repeal the death tax in 2005, thus allowing all Americans two years to plan for a future in which the federal government no longer taxes the death of its citizens.

The Contract with Investors also addresses capital gains. It provides for maximum taxation of individual capital gains at a rate of 10 percent, which is half the current rate. Ideally, this

tax should go the way of the death tax. The capital gains tax is a form of double taxation that penalizes risk-taking and entrepreneurship. Short of eliminating this tax, a solution endorsed by many economists, including Federal Reserve Chairman Alan Greenspan, Congress must enact a substantial and permanent reduction in the capital gains tax rate to stimulate new investment and more productive use of resources for both the short-term health of our economy.

According to a recent study by the American Council for Capital Formation, American taxpayers face capital gains tax rates that are 35 percent higher than those paid by average investors in other countries. Furthermore, the United States is one of a small number of countries that requires a holding period for an investment to qualify for preferential capital gains treatment. Reducing the capital gains rate will promote the type of productive business investment that fosters growth and creates high-paying jobs. Lowering rates will aid entrepreneurs in their effort to make advances in products, technologies, and services that people want and need.

The fifth component of the Contract with Investors modernizes the capital loss limitation of the tax code by increasing the amount of capital loss an individual may deduct against ordinary income from the current $3,000 to $10,000, and by indexing this amount for inflation. The capital loss limitation was set arbitrarily more than 25 years ago, and would have grown to $10,000 if it had been indexed for inflation when enacted. Modernizing this provision will allow investors to move out of unproductive assets or unfavorable investments, and use the profits to reinvest, save, or spend, as they choose.

My bill also encourages savings. It accelerates the increase in amounts that may be contributed to certain tax-qualified retirement savings plans, and raises the age at which mandatory distributions must begin. Increasing the annual, maximum individual retirement account, IRA, contribution to $5,000 and the annual, maximum 401(k) plan contribution to $15,000 will enable American workers to save more for the future by investing in businesses. Increasing from 70.5 to 75 the age at which seniors must begin making annual withdrawals from this tax-deferred retirement accounts will allow seniors who are approaching this arbitrary age to choose whether to maintain their investments, rather than being forced to divest.

Finally, the Contract with Investors eliminates the double taxation of dividends by excluding from gross income 100 percent of dividends received by individuals. Currently, corporations pay income taxes on their profits. Their investors are forced to pay income tax at the highest marginal rate applicable on amounts that corporations distribute to them in the form of dividends. The National Center for Policy Analysis has calculated that the combined tax rate on corporate profits is approximately 60 percent.

My bill will eliminate the tax imposed on individuals receiving dividends from domestic C corporations, which will produce higher returns on dividend-yielding equity investments. It will also remove the disincentive for corporations to pay dividends and put equity financing on the same tax-footing as debt financing. Eliminating the tax bias against equity will improve corporate governance at a time when the public is demanding better practices at American firms. It will reassure investors who may be concerned about companies taking on too much debt or making unwise or unnecessary investments with excess cash. Eliminating the double taxation of dividends will, like the other elements of my plan, encourage investment and foster economic expansion.

Finally, I have included five provisions under ''Sense of the Senate'' language. I believe that the Senate must act on these issues and I stand ready and willing to assist my colleagues in solving these problems.

First, Congress should pass legislation to safeguard American workers' pension and retirement accounts. Last Congress, the Finance Committee unanimously passed out of committee such a bill. The Senate and the House of Representatives should act quickly to pass similar legislation as soon as possible.

Second, Congress should modernize this country's international tax provisions to permit U.S. companies to better compete internationally. Our tax code places U.S. companies and the investors who own them at a distinct competitive disadvantage. Congress must modernize these provisions and move towards ending the current practice of taxing profits earned outside the boundaries of the United States.

Third, Congress must take the trouble to purge redundant, outdated, and unscientific regulatory burdens on investors and U.S. companies. Congress is quick to pass onerous new laws but slow to repeal them. This is an abdication of our responsibility as legislators. Before placing new burdens on investors and businesses, Congress should be required to perform a cost-benefit analysis and institute performance criteria to evaluate these new burdens on U.S. businesses and investors.

Fourth, Congress should enact meaningful tort reform as soon as possible.

Finally, Congress should enact meaning tax reform that simplifies the Internal Revenue Code and reduces the depreciation recovery periods that businesses are forced to use to recover the cost of capital investments.

Now is the time for bold action. A ''Contract with Investors'' is long overdue. I have laid out my principles. I look forward to future hearings and discussions with my colleagues. It's time to get working.

ADDITIONAL STATEMENTS

RETIREMENT OF GUY COATES

• Ms. LANDRIEU. Mr. President, I rise today on behalf of myself, Senator BREAUX, and the entire State of Louisiana to pay tribute to a real Louisiana legend, Guy Coates.

For the better part of 40 years, Guy Coates has reported on all aspects of Louisiana politics and State news. Guy Coates started his journalistic career as a reporter for KNOE–TV in Monroe and KSLA–TV in Shreveport. He joined the AP in 1968 in the New Orleans Bureau and moved to Baton Rouge in 1973. Guy became the bureau chief in Baton Rouge in 1991. He is currently the dean of Baton Rouge Press Corps.

Mr. Coates has a long and distinguished career as one of Louisiana's finest reporters. Guy covered his first governor, Jimmie Davis, in 1962 at a ground-breaking for Toledo Bend Lake. He covered his first legislative session in 1965 when John McKeithen was governor. For the AP, Coates has been involved in coverage of the New Orleans sniper; the 1973 constitutional convention; the Luling ferry disaster; various racial demonstrations; the big '73 flood; every statewide political campaign and election since 1968; GOP and Democratic National Conventions; Apollo 14; the Louisiana visit of Poe John Paul II; executions at Angola; the Oakdale prison riots; and he was the only reporter invited to the marriage of Edwin Edwards and Candy Picou. Guy served as a witness to history for all of us when he was the only AP reporter on the Gulf Coast during the landfall of Hurricane Camille in 1969.

Guy was perhaps best known for his alter ego, Jethro. As one reporter and colleague of Guy put it, Guy ''was unique among AP writers for his political column, which included the homespun, irreverent observation of his fictional friend, Jethro.'' In Guy's final column, today, he writes, ''So, it's time to join my old column soul mate, Jethro Rotheschild, who retired to our make believe world in the garage a few years ago.'' The entire State of Louisiana is going to miss the poignant insights into the political arena that made his opinion invaluable in any Louisiana political discourse.

I know that my colleague, Senator BREAUX joins me in wishing Guy and his wife Jonica McDaniel many happy years together in whatever endeavors they choose to pursue. Louisiana is losing one of our finest reporters, and we are better off having had him report on our State, Nation and the world.•

HONORING DON COOK

• Mr. JOHNSON. Mr. President, I am saddened to report the passing of one of South Dakota's most exceptional public leaders, Don Cook.

Don Cook was a widely respected representative, political strategist, and long time leader in the South Dakota