answered ''present'' 1, not voting 9, as follows:

[Roll No. 286]

AYES—365

Abercrombie
Ackerman
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baker
Ballance
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bell
Bereuter
Berkley
Berman
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Boyd
Bradley (NH)
Brady (TX)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Cardin
Cardoza
Carson (OK)
Carter
Case
Castle
Chabot
Chocola
Clyburn
Coble
Cole
Collins
Cooper
Cox
Cramer
Crenshaw
Crowley
Cubin
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeGette
Delahunt
DeLauro
DeLay
DeMint
Deutsch
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Dooley (CA)
Doolittle
Doyle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emanuel
Emerson
Engel
Eshoo
Etheridge
Everett
Farr
Fattah
Feeney
Ferguson
Flake
Fletcher
Foley
Forbes
Frank (MA)
Franks (AZ)
Frelinghuysen
Frost
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (TX)
Green (WI)
Greenwood
Grijalva
Hall
Harman
Harris
Hart
Hastings (WA)
Hayes
Hayworth
Hensarling
Herger
Hill
Hinojosa
Hobson
Hoeffel
Hoekstra
Holden
Honda
Hooley (OR)
Hostettler
Houghton
Hoyer
Hunter
Hyde
Inslee
Isakson
Israel
Issa
Istook
Jackson (IL)
Jackson-Lee (TX)
Janklow
Jenkins
John
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (NC)
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kildee
Kilpatrick
Kind
King (IA)
King (NY)
Kingston
Kirk
Kleczka
Kline
Knollenberg
Kolbe
LaHood
Lampson
Langevin
Lantos
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (GA)
Lewis (KY)
Linder
Lipinski
Lowey
Lucas (KY)
Lucas (OK)
Lynch
Majette
Maloney
Manzullo
Markey
Marshall
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McCotter
McCrery
McHugh
McInnis
McIntyre
McKeon
Meehan
Meek (FL)
Meeks (NY)
Menendez
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Mollohan
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Obey
Ortiz
Osborne
Ose
Otter
Owens
Oxley
Pallone
Pascrell
Pastor
Paul
Payne
Pearce
Pelosi
Pence
Petri
Pickering
Pitts
Platts
Pombo
Pomeroy
Porter
Portman
Price (NC)
Pryce (OH)
Putnam
Quinn
Radanovich
Rahall
Rangel
Regula
Rehberg
Renzi
Reyes
Reynolds
Rodriguez
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Saxton
Schiff
Schrock
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Snyder
Solis
Souder
Spratt
Stearns
Sullivan
Tanner
Tauzin
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Tierney
Toomey
Turner (OH)
Turner (TX)
Upton
Van Hollen
Velazquez
Vitter
Walden (OR)
Walsh
Wamp
Watson
Watt
Waxman
Weldon (FL)
Weldon (PA)
Wexler
Whitfield
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wynn
Young (AK)
Young (FL)

NOES—59

Aderholt
Baird
Baldwin
Berry
Brady (PA)
Brown (OH)
Capuano
Clay
Conyers
Costello
Crane
DeFazio
English
Evans
Filner
Ford
Fossella
Gillmor
Gutierrez
Gutknecht
Hastings (FL)
Hefley
Holt
Hulshof
Jefferson
Kennedy (MN)
Kennedy (RI)
Kucinich
Larsen (WA)
LoBiondo
Matheson
McDermott
McGovern
McNulty
Miller, George
Moore
Oberstar
Olver
Peterson (MN)
Ramstad
Sabo
Schakowsky
Shadegg
Slaughter
Stark
Stenholm
Strickland
Sweeney
Tauscher
Thompson (CA)
Thompson (MS)
Towns
Udall (CO)
Udall (NM)
Visclosky
Waters
Weller
Wicker
Wu

ANSWERED ''PRESENT''—1

Tancredo

NOT VOTING—9

Carson (IN)
Doggett
Gephardt
Hinchey
Lofgren
Peterson (PA)
Smith (WA)
Stupak
Weiner

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are reminded there are 2 minutes remaining on this vote.

□ 1215

So the Journal was approved.

The result of the vote was announced as above recorded.

□ 1215

DEATH TAX REPEAL PERMANENCY ACT OF 2003

Ms. DUNN. Mr. Speaker, pursuant to House Resolution 281, I call up the bill (H.R. 8) to make the repeal of the estate tax permanent, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Pursuant to House Resolution 281, the bill is considered read for amendment.

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

H.R. 8

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Death Tax Repeal Permanency Act of 2003''.

SEC. 2. ESTATE TAX REPEAL MADE PERMANENT.

Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V of such Act.

The SPEAKER pro tempore. After 1 hour of debate on the bill, it shall be in order to consider the amendment printed in House Report 108–157, if offered by the gentleman from North Dakota (Mr. POMEROY) or his designee, which shall be considered read and shall be debatable for 1 hour, equally divided and controlled by a proponent and an opponent.

The gentlewoman from Washington (Ms. DUNN) and the gentleman from California (Mr. STARK) each will control 30 minutes of debate on the bill.

The Chair recognizes the gentlewoman from Washington (Ms. DUNN).

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

I rise in support of H.R. 8, the Death Tax Repeal Permanency Act of 2003.

The bill before us has been cosponsored by over 200 Members of the House from both sides of the aisle. This approach is simple. It makes elimination of the death tax permanent. Although the bill is only one short sentence, it will have a powerful impact on the millions of people we represent.

Two years ago, Congress voted to phase out and repeal the death tax. Due to the Byrd rule, however, the tax will come back in full force January 1, 2011, imposing a maximum tax of 55 percent on estates. In the last Congress, a majority of the House voted on three occasions to remove this sunset in the law and make repeal permanent. We are here today to complete this unfinished business.

I have no doubt we will hear a great deal of rhetoric from those who want to keep the death tax alive. Repeal only helps the wealthy, they will say. It will reduce charitable giving; it will increase the deficit; it will jeopardize Social Security. Time and again these arguments have been raised. The simple truth is none of them holds water.

Does repeal of the death tax help only the wealthy? The Joint Economic Committee in 1998 underscored how repeal of the death tax will help minority-owned businesses. Both the National Black Chamber of Commerce and the United States Hispanic Chamber of Commerce support repeal of the death tax.

Robert Johnson, the founder of Black Entertainment Television, said in 2001 that ''elimination of the estate tax will help close the wealth gap in this Nation between African American families and white families.''

Supporters of the estate tax say that it does not really affect rural communities or farmers. Mr. Speaker, I represent rural communities and timber landowners. Earlier this year experts at the United States Forest Service published findings on just how devastating the tax affected rural communities.

Over a 10-year period, 36 percent of forest estates owed the Federal estate tax. In 40 percent of the cases where a Federal estate tax was due, timber or land had to bo sold to pay part or all of that tax. The amount of forest land harvested to pay the Federal estate tax was approximately 2.6 million acres every year. Forest land sold was nearly 1.3 million acres per year; and roughly 29 percent of the land sold was developed, or it was turned into subdivisions or converted to other uses.

Supporters of the tax say just lift the exemption amount, but that does not solve the problem. As inflation erodes the value of the exemption level, it will just mean more acres will be sold or harvested or developed. This is not the answer.

They say repeal of the estate tax will reduce charitable giving. In ''The CPA Journal'' of August 2001, Arthur Schmidt said, ''Philanthropy will likely increase as a result of the repeal of the estate tax, both at death because of the greater net resources available, or during the lifetime of the taxpayer as a result of the remaining tax efficiency of the charitable income tax deduction. In either case, the net present value of philanthropy will likely increase.''

Does the estate tax really promote charitable giving? IRS statistics show that in four out of five cases of taxable estates no bequest is made. No bequest is made in four out of five cases.

Would estate tax repeal jeopardize Social Security benefits? Federal receipts as a result of the death tax represent less than 1.5 of all total revenues. None of that money goes to Social Security for the trust funds, and eliminating the tax will in no way affect Social Security benefits, not one bit.

The death tax does not prevent accumulation of wealth. It does not promote charitable giving. It does not lead to increased economic growth. It is not a tax on sin. It is a tax on virtuous activities like savings and investment, activities we should be encouraging.

It increases the cost of capital for small businesses. It affects rural communities. It imposes financial burdens on minority businessmen and -women. In sum, the case for the death tax has been made, and it has been over and over again in this House thoroughly rejected.

Woodrow Wilson signed the death tax into law in 1916, and the time has come to get rid of it for once and for all. I urge my colleagues to join me in supporting H.R. 8 and opposing the substitute amendment and providing small businessmen and -women, family farmers and minorities with the capital they will need to expand, to create jobs and grow the economy.

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

Mr. STARK. Mr. Speaker, I yield myself 6 minutes.

I rise today to oppose this repeal of the estate tax. In the very same week that the Republicans are willing, as they did last night, to shortchange seniors on a Medicare prescription drug benefit, they are willing to go out and spend $60 billion a year on a tax cut for the richest 1 percent. Kind of a new form of shock and awe, along with the same kind of truth that they use in weapons of mass destruction.

This bill before us cost $163 billion. It occurs only in the last 3 years of the 10-year budget window, and it is on top of the $1.3 trillion tax cuts signed into law in 2001 and the recent $350 billion, or trillion bucks when we strip away all the accounting gimmicks.

The gentlewoman from Washington misspoke. Only 642 or 1.4 percent of taxable estates had farm assets making up half or more of the gross estate in the last reported statistics; 776 or 1.6 percent of taxable estates had business or partnership assets comprising half or more of their gross estate. One percent of small businesses and farms, one percent, of those estates would have been forced to liquidate any assets at all to pay the current level of estate tax.

So here they are responding, as the Republicans will, to the Mars family who spent $1 million lobbying already to get this through and the Connell Company and the Koch Industries, Incorporated, Hallmark Cards. So they have got a few very, very rich people who would like to get away without paying their fair share of what it keeps to make America great.

I suspect that what is really troubling the Republicans is they are worried about the efficacy and ability of their children to succeed. That is understandable. If one is raised and coddled by rich parents and never have to work, they probably need some protection. Most of the money that they are sucking out of our Federal revenues is money that we are taking out of programs like Head Start, Leave No Child Behind, Medicare, health insurance for children, things that will make healthy and strong families.

Warren Buffett who earned some money on his own, something that my Republicans do not seem to understand, most of the people opposing this bill worked at the public trough all their lives, never had a job in free enterprise or else they inherited their money. So if they listen to somebody like Warren Buffett who said we come closer to a true meritocracy than anywhere else around the world, we have mobility so people with talents can be put to the best use. Without the estate tax, we in effect will have an aristocracy of wealth which means we pass down the ability to command the resources of the Nation based on heredity rather than merit. I suppose that is something the Republicans need to keep themselves in office.

He likened the tax repeal to choosing the 2020 Olympic team by picking the eldest son of gold medal winners in the 2000 Olympics. We would regard that as absolute folly in athletic competition. Yet my colleagues on the other side of the aisle, having been seduced by, I guess, they had 1,200 folks last night raise 3 or $4 million for the President, but they are worried about every one of them, but not about the 40 million seniors who they denied decent Medicare prescription drug benefits last night because they felt they did not have the money.

The reason they do not have the money is they are giving it away to less than 10,000 people a year. So as they help 10,000 people, who I might add, make that the kids who are going to inherit this, that is, 40,000 a year, so they are going to give away $60 billion to 40,000 rich kids every year, and they are going to deny 40 million senior citizens the health care they deserve in their old age; and some of my colleagues may snicker about that, but those are mostly you do not have anything left to leave and so I say that it is the same old same old: Republicans pandering to the rich to entrench themselves here and people whose children cannot make it on their own trying to figure out how to support them in an era where they should be learning to make it on their own if they had the right kind of education, which again the Republicans are denying us.

So it is very clear, it is the same old message over and over. Billions of dollars to a few very rich people, turn your back on those who need the help they should be getting from society.

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

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

I want to remind the gentleman from California, whose State is in very financial straits, that in the year 2002 his State and estates in that State sent to the Federal Government $4,201,408. Actually that is $4,201,408,000 to the Federal Government, which I am sure his State could have made use of.

Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. SAM JOHNSON), a great member of the Committee on Ways and Means and very much in touch with his constituents on repealing the death tax.

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

□ 1230

Mr. SAM JOHNSON of Texas. Mr. Speaker, I thank the gentlewoman from Washington (Ms. DUNN) for yielding me this time.

I think sometimes the Members on the other side forget that this is a Nation built on free enterprise. Free enterprise means you start with nothing and you make something out of it. And guess what? It's great that you can turn it over to your kids when you die.

A great bill this is for America. I strongly support the bill to permanently repeal the death tax. Members of this House have overwhelmingly voted to repeal these destructive taxes that can wipe out a lifetime of work. For many businesses, small businesses

especially, death taxes loom over their very future existence. These taxes have driven far too many business decisions for far too long. Whether it is purchasing extra life insurance that benefits only the tax man or structuring the form of a company ownership so that a small business is not wiped out on the death of a key employee, the death tax has been in the driver's seat of too many small business decisions.

Two years ago, we voted to repeal this tax and let the small business owners get on with making their businesses successful instead of planning for their own demise. But like the arcade game ''Whack a Mole,'' this tax keeps popping up and rearing its ugly head. Many of our Democrat colleagues are arguing for something less than full repeal of the death tax. Class warfare does not work on this issue.

Americans strive to be successful and then share the fruits of their labor with their children. Americans support full repeal of the death tax. They do not want a toll booth on the road to after life. Mr. Speaker, just as you cannot be a little bit dead, this tax cannot be a little bit repealed. Imposing taxes on the value of a lifetime of work is just wrong and we must end this tax permanently.

Mr. STARK. Mr. Speaker, I am happy to yield 4 minutes to the gentleman from Michigan (Mr. LEVIN), a senior member of the Committee on Ways and Means, who, with his brother, understands that hard work and education can lead to a successful career without inheriting a lot of money.

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

Mr. LEVIN. Well, so let us look at the facts, Mr. Speaker. The latest year for which we have exact data shows this: Of all of the taxable estates, only 1 percent would be considered family farms, not the millions that the gentlewoman from Washington (Ms. DUNN) mentioned, but hundreds. That amounts to about 400 people in the entire United States.

As to family-owned businesses in that year for which we have exact data, of the 2.3 million deaths, only 776 decedents had taxable estates. So when you add up the small businesses and family farms, 1.6 of all the estates paid the estate tax.

So what is going on here? We are talking about, at the most, thousands. A few thousand. The Pomeroy substitute would increase the exclusion and, as a result, 99.65 percent of all estates would not be subject to an estate tax. So that means two-fifths of 1 percent would be subject to the estate tax.

So why, in view of that, take away $162 billion the last 3 years of this 10-year cycle and $800 billion out of Federal revenues the next 10 years? Eight hundred billion dollars. Well, the main reason is cited today in an article by David Broder based on an article, an op-ed, a week before by Grover Norquist, where he said the Republicans can't do this all at once. They are now doing it step by step. This is David Broder's analysis, and it is so correct: ''The consequence of this is a massive rollback in Federal revenue,'' ''and what he (Grover Norquist) regards as a desirable shrinkage of Federal services and benefits. In short, the goal is a system of government wiped clean, on both the revenue and spending side, of almost a century's accumulation of social programs designed to provide a safety net beneath the private economy.''

That is what is at stake here. There is class warfare against everybody except, in this case, one-quarter of 1 percent of the population. And when you take into account all the other tax cuts, it is a class warfare against all but the very, very wealthy.

Last night we tried to add to the Medicare benefit $400 billion to $500 billion and the Republicans said no. They traded $400 billion to $500 billion in Medicare benefits that we wanted to add that would make it real for the seniors of this country, for a tax cut for a few hundred, maybe a few thousand people. Not millions. Not hundreds of thousands. Not even tens of thousands. But a few hundred, or several hundreds of people. That is the Republican value system. That is their option.

So I wish they would not bring up this smoke screen of family farms and small businesses. What they are trying to do is to end this effort to provide a safety net and a step up, a hand up. Not a hand out, but a hand up the ladder for people in the middle-income and low-income groups of America.

That is where my Republican colleagues stand. Let us today show where we stand and vote for the Pomeroy amendment and against this unfortunate and not at all defensible repeal.

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

I think the gentleman has created not just a near miss, but a big, big miss when we speaks about family farms. Families own 99 percent of the Nation's farms and ranches, and they are capital intensive businesses. Their assets are not liquid, and so for that reason they are very much at risk at having to pay very large estate taxes. Nearly 20 percent of farmers have paid Federal estate taxes in the previous 5 years. Seventy-seven percent of farmers report that they spent money each year on estate planning.

Not only are we hitting the family farms and the people who are employed by them, but we are also wasting dollars that go into this economy not for the purpose of stimulating this economy, but to pay for life insurance policies, estate planning, and everything else that is there when there is unpredictability and they need to provide for the future of their business and the business that employs so many people throughout the United States.

Mr. Speaker, I yield 3 minutes to the gentleman from Arizona (Mr. HAYWORTH), a very strong member of the Committee on Ways and Means who has been close to his folks at home on this issue and who has done a great job for us on codifying the issue in the State of Arizona.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Washington State for yielding me this time and for the recognition.

It is interesting to hear the rhetoric so far and the lectures that come from the left and the far left on this matter. They seek to find logic in their illogic. On one hand they tell us that this only affects a very few people. Glaringly omitted from their diatribe against accomplishment is the fact that those very few people, when we take this tax in totality and look at it, account for a little more than 1 percent of total revenues to the Federal Government in any given year.

So understand that the impact here would not tear asunder the safety net as merchants of fear would have us believe. Quite the contrary. Indeed, rather than resorting to the politics of fear, why not embrace the initiatives of opportunity. Stop and think about the small businesses across America that are family owned, the people they employ. Indeed, we know in rural communities that rural areas are affected disproportionately by this.

And though my friend talks about a small percentage of family farms, I think it is safe to say that those family farms impact other businesses, such as farm machinery businesses in their town, grocery stores in their town, and other opportunities for economic advancement. There is a multiplier effect.

Indeed, as we take a look at this, the real life experiences of two Arizonans come to mind: One, a lady living down in Tucson who stopped me and said, you know, my dad had a job, and it was not that of a high-falutin tycoon. He was a milkman in Southern California. After his days in World War II he came home. She said her mom passed away, and her dad made some wise investments. He was thrifty. Then her dad found out he had a terminal illness. He had not spent years in estate planning. He was just the kind of guy for whom thrift and initiative was a byword, and his estate had accumulated to over $6 million. And now, as he had passed away from this terminal illness, this lady and her siblings were confronted with giving over half of her father's estate to the government.

Or take the example of the 1994 Democratic nominee for Governor in the State of Arizona, Eddie Basha, a proponent of eliminating the death tax. Why? Because he is in the grocery business. The grocery business is capital intensive. He wants to pass the business on to his children. Small wonder that my friend Eddie has left the Democratic party and now is a registered Independent.

But, friends, whether you are a Republican, Democrat, Independent, Libertarian, or Vegetarian, you understand this: There should be no taxation without respiration. The fact is, those who work hard and save and pass their businesses down, whether in the minority community, the Hispanic community, the African American community, those respective of Chambers of Commerce embrace this idea. Because by getting the wealth down intergenerationally, we can, in fact, encourage jobs and investments. Vote ''yes'' on this measure. Put the death tax to death.

Mr. STARK. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Washington (Mr. MCDERMOTT).

Mr. MCDERMOTT. Mr. Speaker, I guess we are all in touch with our constituents. Mine was quoted today. Bill Gates, Sr. lives in my district, and he said the principal issue is the growing budget deficit. You cannot run a $400 billion deficit year after year and go around repealing taxes at the same time.

Now, I learned in Sunday school, and it may surprise some of you, but I went to Sunday school, and I learned that you cannot take anything with you when you die. But it is not fair to heap $800 billion of additional debt on your kids as you go out of sight.

This argument we are having here today is an old one in this society. We made the decision between John Adams and Thomas Jefferson that we were not going to have primogeniture in this country; that you could not pass everything on to your eldest son and that was it. We said everybody ought to start with an even shot, men and women. We have come a long way using that. But now we are saying that somebody who inherited from his father or his mother, millions and millions and millions of dollars, should get it just because he was born lucky.

Now, I have read the Bible and I have looked around and I do not find that anywhere, that if you are born lucky, as they say, some guys were born on third base and they think they hit a triple, but this is not something where you have a God-given right to that. You have a God-given right in this country to have an equal shot.

As for the farmers, I listened to my colleague from Washington go on and on and on about the farmers. I have a letter here from the National Farmers Union dated 16 June. ''I write on behalf of 300,000 farmers with the National Farmers Union. There is no evidence that the estate tax has forced the liquidation of any farms, and existing estate tax provisions already exempt 98 percent of all farms and ranches.'' By increasing the level of the estate tax, as we will get an opportunity with the Pomeroy substitute, to $4 million per individual, 99.5 percent of America's agricultural producers would be exempt from any State liability.

Now, if the farmers are who we are arguing about here, 300,000 of them just spoke, and they say this is baloney. In fact, the letter goes on to say that, ''we need that money for crop supports and conservation and all the other things that government provides.'' So they understand that having a government that can provide services is important.

□ 1245

Mr. Speaker, if we give away all of the money, we are going to come back here next year and say we cannot do conservation, we cannot do crop subsidies, we cannot do anything because we do not have the money. These farmers are not stupid. They understand. I think we ought to vote for the Pomeroy amendment.

Ms. DUNN. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. MANZULLO), the chairman of the Committee on Small Business.

Mr. MANZULLO. Mr. Speaker, the death tax falls most heavily on small businesses because they are asset rich but cash poor. This bill allows small businesses to be passed from one generation to the next without having to sell assets to pay the punitive tax. This bill is not about Bill Gates. It is not about Warren Buffett. If they have problems with repealing the death tax, let them write a check to the government.

This bill is about the Beuth family of Winnebago, Illinois, and the Hall family of Ogle County, Illinois, who live in my congressional district. Richard and Judy Beuth of Seward almost lost the family farm several years ago when Richard's father died and the IRS hit them with a $185,000 death tax bill. Factual, not philosophical, factual. Not Warren Buffett, not Bill Gates, but Richard and Judy Beuth of Seward, Illinois. Gary Hall and his four sisters of Lindenwood had to sell equipment, had to sell part of their land, and take out huge loans to pay a $2.7 million death tax bill they received shortly after their father died in 1996. Real live people, real live farmers, my constituents, forced to go out of business because of the capital-intensive farming operations that they have to make their living.

This tax is immoral. It has devastated too many family farms and mom and pop businesses. These families worked hard all their lives to put food on the dinner tables, and this is about giving that family farm, that family business on to succeeding generations. Of all of the small businesses in this country, fewer than 30 percent are passed on to succeeding generations and fewer than 13 percent make it to the third generation. I urge that this bill to repeal the death tax be made permanent.

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

Mr. Speaker, I would inquire of the gentleman from Illinois (Mr. MANZULLO) if he would be willing to engage with me for a moment. The two constituents mentioned, would they not have been covered under the Pomeroy amendment?

Mr. MANZULLO. Mr. Speaker, will the gentleman yield?

Mr. STARK. I yield to the gentleman from Illinois.

Mr. MANZULLO. No, because the estates would have been more than that.

Mr. STARK. The estate on which they paid $185,000 in tax, how much was the farm worth?

Mr. MANZULLO. It was probably worth more than the $3 million.

Mr. STARK. Reclaiming my time, so it would be covered by the Pomeroy amendment. I just suggest that many of these horror stories of people who are quite fortunate would be covered under the Pomeroy amendment.

Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. KLECZKA).

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

Mr. KLECZKA. Mr. Speaker, the previous gentleman who spoke indicated that the estate tax is immoral. Do Members know what is more immoral? Giving this tax relief to the wealthiest individuals in this country and passing it on through national debt to our children and our grandchildren.

The action we take today, which will cost over $800 billion in the next 10 years after fully effective, will be put on the national debt of the country to be paid back by our kids and grandkids. Boy, are we generous. Mr. Speaker, the only good thing about today's bill to repeal the estate tax for the billionaires of this country is that it is dead in the Senate, so all of the talk and debate today and the vote we will have later is for naught because the Senate is going to kill it. That is the good news. But let us see what we have done in this House and Congress over the last couple of years.

Last week we provided a tax cut of some $82 billion. The country is broke. We have a $400 billion deficit this year. The kids are going to pay that because that is part of the debt now. A month before that we passed another tax bill. This one totaled $350 billion, of which the wealthiest Americans would get about $92,000. The average taxpayer in my district would get about $400. We had no money for that one either. The real problem with that bill is once we total it up, that costs $1 trillion but that is a secret, so do not say anything. Quiet.

Now 2001 we passed another tax bill. How much did that one cost? That one cost $1.3 trillion. Again, the surplus is gone. The country is broke. We have a deficit. What the heck are we doing around here? When is this idiocy going to stop?

Today the estate tax has an exemption of $2 million. It covers everyone in my district. Well, we are going to have an option later today which would raise that to $7 million and that would take care of 99 percent of all small businesses and farmers in this country. But that is not good enough. That is

not good enough for the Republicans because that is not who they are trying to help. The people they are trying to help are the Hallmark Card people and the Mars candy bar people, who over the last couple of years have spent millions of dollars hiring lobbyists in D.C. and giving campaign contributions, and today they want their due.

Mr. Speaker, I include for the RECORD a Washington Post article of this morning by Jonathan Weisman entitled, ''Estate Tax Compromise Sought.'' What we are doing today is sheer nonsense.

Let me say to my Republican colleagues, we have already voted on this proposition three times; and under the campaign finance law if we vote for an item three times and it does not pass, you are still entitled to the campaign contribution, okay. So Members are still going to get the money from Hallmark and the campaign contributions from the Mars candy bar people; but for God's sake, save the taxpayers of this country.

[From the Washington Post, June 18, 2003]

ESTATE TAX COMPROMISE SOUGHT

HOUSE SET TO PASS REPEAL, BUT SUPPORTERS KNOW SENATE VOTES AREN'T THERE

(By Jonathan Weisman)

When a coalition of wealthy families, small-business groups and farm interests won temporary repeal of the estate tax two years ago, they immediately resumed their campaign for permanent repeal. Now, even as the House is expected to vote today for just that, some in the alliance have second thoughts.

It's not that they have backed off their vehement opposition to the tax on large inheritances. Rather, as the Federal budget deficit grows and their patriarchs and matriarchs age, they are losing faith that permanent repeal will ever happen and are considering compromises that were unthinkable two years ago.

The House is expected to vote today to permanently repeal the estate tax after 2010, when it is set to expire after being in effect for only one year. But no one expects the Senate to pass the bill, leading some proponents to believe that the vote and the distant temporary repeal date are more political gamesmanship than a serious legislative attack on the tax.

So some of the affluent families who have bankrolled the repeal movement are exploring estate tax changes short of repeal that could be implemented sooner.

''There is some real concern that 2010 is not soon enough,'' said a lobbyist working on the issue, referring to the deficit and the uncomfortable fact that some affluent benefactors may not live until 2010. Grover Connell of privately held Connell Co., for example, is 85. The matriarchs and patriarch of the Hallmark greeting-card fortune are in their seventies.

For more than a decade, the coalition has rejected overtures for compromise and declared it will accept nothing short of ''death tax'' repeal.

The simplicity of their demand, the strength of the small-business coalition and the money of the families financing the effort combined to turn an obscure tax affecting very few Americans into a powerful rallying point, especially for Republicans.

The movement culminated in 2001 with the 10-year, $1.35 trillion tax cut, which repeals the estate tax in 2010. But the tax is to return in 2011 when the entire tax cut expires.

For the past two years, the repeal coalition has tried, and failed, to gather the 60 Senate votes needed to make the repeal permanent. One lobbyist working on the estate tax said the appeal of the issue may have ''plateaued.''

And just as the surging Federal budget deficit is beginning to shake up the Bush administration's plans for more tax cuts, it is starting to change the politics of estate tax repeal. Repeal supporters worry that the growing deficit will make it more difficult to eliminate the tax, particularly by 2010, when the vanguard of the baby boom will retire.

The Treasury Department said repeal of the estate tax in 2011 through 2013 would cost the government $115 billion in revenue. In 2014 through 2023, repeal would cost about $820 billion, according to the Center on Budget and Policy Priorities.

''The principal issue is the growing federal budget deficit,'' said William Gates Sr., father of the Microsoft Corp. founder, who opposes repeal of the estate tax. ''You can't run a $400 billion deficit year after year and go around repealing taxes at the same time.''

Even if Bush is reelected in 2004, a new president, who could be far less friendly to repeal, will be elected in 2008. And the broad appeal of the anti-estate-tax movement that caught fire in the 1990s may be dissipating simply because people are not feeling so rich anymore, one lobbyist said.

Even at the height of the stock market boom, the estate tax affected very few families because estates worth up to a certain amount are exempt. That amount is currently $1 million for a single person or as much as $2 million for a couple. In 2000, the most recent year for which statistics are available, more than 2.4 million adults died in the United States, but only about 52,000 left taxable estates.

The strength of the repeal movement always came from people's fear that their estates would be hit with a huge tax bill. If that fear dissipates in a sluggish economy, so will the movement, lobbyists said.

''I think some of [coalition members] are coming around to 'Let's get a common-sense solution that can work now instead of just talking about this for eons,'" said Sen. Blanche Lincoln (D-Ark.), a past repeal supporter who is floating a less expensive alternative.

With all those factors in mind, some of the biggest names in the estate tax coalition are looking to compromise. The candy-making Mars family of McLean gave more than $1 million to lobbying powerhouse Patton Boggs LLP last year, in part to explore ''estate and gift tax reform,'' according to lobbying disclosure forms.

Koch Industries Inc., a family-run energy, ranching and finance conglomerate, paid Hogan & Hartson LLP $40,000 last year, while spending $500.000 on in-house lobbying on the estate tax. The Connell Co. hired Washington Council Ernst & Young for $120,000 to lobby for ''estate and income tax relief,'' while Hallmark Cards Inc. spent $60,000 to hire Capitol Tax Partners LLP.

Stephen Moore, a conservative tax-cutting activist with the Club for Growth, and Mark A. Bloomfield, president of the business-backed American Council for Capital Formation, proposed taxing estates at the current capital gains rate of 15 percent. Taxable estates are subject to a 49 percent tax.

''There are Republicans who want this debate to last forever, keep the [campaign] money flowing in, keep the Democrats off guard,'' Moore said. ''Mark Bloomfield and I have been on crusade to get this done, to break the logjam.''

If that proposal cannot be passed, another lobbyist suggested taxing inheritances at income tax rates, which are at most 35 percent. A stream of lobbyists has passed through Lincoln's office to discuss her proposal to immediately repeal the estate tax for family-owned businesses and farms.

The public faces of the repeal movement remain resolute. ''We are 100 percent united behind permanent repeal in 2010,'' said Patricia Soldano, a Southern California financial planner who, in 1992, helped launch the repeal movement with funding from the Mars family and the Gallo wine heirs, among others.

Dena Battle, the National Federation of Independent Business's lobbyist on the issue, conceded that the budget deficit ''certainly changes the dynamics of the debate.''

''But,'' she said, ''you're talking about something that takes place 10 years from now. There's no way we can know what the economy is going to look like then. That's not an excuse to vote against this.''

There is little doubt that the House will vote today to repeal the tax, but lobbyists said they will look closely at the tally. If past repeal supporters—especially Democrats—vote against it this time, the fledgling movement toward compromise will pick up steam quickly, a lobbyist for one of the rich families predicted.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ADERHOLT). The Chair must remind Members to avoid improper references to the Senate. Remarks in debate may not characterize, nor urge, nor predict actions of the Senate.

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

Mr. Speaker, I would just remind the gentleman from Wisconsin that we did vote three times on this legislation last year in different forms; and, in fact, the legislation passed each of the times by a bipartisan majority. It also passed in the other body by a bipartisan majority. But, unfortunately, because of their strange rule system, it required a 60-vote margin to pass in that body.

Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. PUTNAM), a very prominent member of our sophomore class.

Mr. PUTNAM. Mr. Speaker, I thank the gentlewoman for her leadership on this issue.

I am from a farm family in a rapidly growing part of the State of Florida. I have seen what the death tax does to destroy families and destroy pieces of property that have been in the same family's hands for generations, that have cared for that land and have been steward of that land, and the environmental benefits that come from that. When the death of the grandfather or the great grandfather or the father comes along, it is busted up into half-acre ranchettes, and the environmental and agricultural benefits are lost. The food security issues are lost forever. We cannot unpave a parking lot, we cannot bring those families back together again, you cannot put agriculture back into practice. It is lost forever because of a quirk in our tax law which is purely redistribution of wealth.

Now the Johnny-come-lately deficit hawks on the other side would have us believe that we cannot afford to do this

in this particular economic environment. But they did not believe we should do it when we were projecting trillion-dollar surpluses either. The bottom line is that they do not support the repeal of this immoral tax. They continue to support the redistribution of wealth, the penalty on ambition, the penalty on thrift, the penalty on holding those family operations together again. Despite their best planning efforts, 70 percent of small and family-owned businesses do not survive the second generation and 87 percent do not survive the third.

Mr. Speaker, 90 percent of those failed owners say the death tax was a contributing factor to the loss of that business. It is time for the death tax to die. It is an immoral tax. It sends the wrong philosophical message to the next generation of Americans who are looking for incentives to work hard and create wealth and jobs and build businesses and farms. I urge support of H.R. 8.

Mr. STARK. Mr. Speaker, I yield 3 minutes to the gentleman from California (Mr. BECERRA).

Mr. BECERRA. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, anecdotes are indispensable when the facts speak to the contrary, and perhaps we have to remind Members what the facts are once again. These are not our figures, these are not made-up figures, these are figures provided by the Federal Government, the Bush administration.

In 1999, roughly 2.3 million Americans died. Of those 2.3 million Americans who died, less than 1.3 percent, some 33,000 Americans, paid estate taxes. That is the 1.3 wealthiest Americans in our country who paid estate taxes. So 98.7 percent of the rest of Americans who passed away in 1999 paid zero estate taxes. So when we talk about repealing the estate tax, eliminating the estate tax, we are giving a tax break not for Americans but the 1.3 percent richest Americans in this country.

It is easy with anecdotes to hide behind family farms and family businesses which constitute less than 1 percent of the estates that are paying estate taxes. And it is real easy to hide behind the fact that in legislation like this we are back-loading the costs. We are phasing in the repeal so slowly, so gradually that when we start to add up the real cost of the repeal of the estate tax to the wealthiest 1.3 percent of Americans, when we fully phase it in when it is gone completely, it totals about $80 billion a year starting in 2014 when this takes full effect. $80 billion a year in revenues will be lost to the Federal Treasury, more than $800 billion over the decade from 2014 to 2023.

Now, perhaps it would not be so bad to give the wealthiest 1 percent of Americans a tax cut that 99 percent of Americans would not get at a cost of $800 billion over the next 10 years from 2014 to 2023 if not for the fact that today every Member knows that we have a budget deficit for the year of over $400 billion, the largest deficit this country has ever faced in any year; and we are told that it is probably going to rise to half a trillion dollars, $500 billion next year. And that is after 2 years ago when the President took office and he said we are going to have for the next 10 years surpluses totaling over $5.6 trillion.

□ 1300

We have seen a reversal from surpluses of $5.6 trillion to now projections of a $3.6 trillion debt over the next 10 years. How can we talk about giving $800 billion to the 1.3 percent wealthiest Americans? We spend more in tax cuts than we spend in all our educational programs that the Federal Government spends on all our schools combined.

Let us defeat this. Vote for the Pomeroy substitute.

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

I want to remind the gentleman from California that his State, in the year 2002, sent $4,201,408,000 to the Federal Government. And you can about double that for the cost of complying with the death tax. That is what comes out of the economy. And so his figure of $80 billion, just take that and double it and that is what has been taken out of the economy.

Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska (Mr. OSBORNE), a wonderful contributing sophomore Member.

Mr. OSBORNE. Mr. Speaker, I rise in support of H.R. 2143. Mr. Speaker, I do come from a rural area. We have 52,000 farmers and ranchers in Nebraska. I heard some figures that were unbelievable to me, that maybe only 400 farmers in this country would benefit from the repeal of the death tax. I would say out of 52,000 farmers in Nebraska, that we would look at probably somewhere between 15 and 20,000 that would benefit tremendously and will probably not be able to pass their farm on without some repeal of the death tax.

Let me give Members an example. A small ranch in Nebraska is 12,000 acres. That will support about 300 cows and that will support one family. That probably started out at $25 an acre, it is now worth $300 an acre, so it was maybe worth $100,000 when the farmer started out roughly 30 years ago. So it has increased in value. If they have two children and the last surviving parent dies in 2010, that ranch, which is worth $5 million today, would go on to those two children and they would pay no tax. But in 2011, their tax bill would be $2 million. They cannot pay that tax. They have to sell the ranch. That is an actual example of an average to small-sized ranch in Nebraska.

The Coble family in Mullen, Nebraska, had that happen to them. And who bought the ranch? Ted Turner bought the ranch. Ted Turner owns several hundred thousand acres in Nebraska today, most of which has been bought because people could not afford to keep the ranch because of the inheritance tax. And so that drives hundreds if not thousands of young people off the land. They cannot afford to ranch or farm. Of course, the same thing is true with small businesses. The only way to preserve family ownership is through insurance. And so maybe only 1 percent of inheritance taxes is the issue, but lots of people have to pay insurance in order to hang on.

I urge the support of this bill.

Mr. STARK. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. PASCRELL).

Mr. PASCRELL. Mr. Speaker, we ought to tell to all of America as well as those people assembled in this room, what are we going to benefit from this legislation? They have attempted, the other side, from the very beginning of this debate, to say that they are for something and we are against. The Democratic amendment this afternoon covers most of the people, 99.3 percent of everybody on both amendments. You are talking about the exclusiveness of that very, very small percentage of people.

Who are those people? Those are the people that are multimillionaires. Those are people who do not need us. The gentlewoman from Washington has suggested that this is what this State could send back, this is what that State could send back. Does she know they would put a $100 billion hole in the Federal budget? What are they going to cut? Where is that money going to come from? It is wonderful to say we are going to send all of these inheritance taxes back to the people. How are they going to fill that hole? They must tell the American people where they are going to come up with that money so that they can get this money back in their pockets.

Ms. DUNN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. COX), the chairman of the Policy Committee, a cosponsor of this bill, and a longtime supporter and leader on this bill.

Mr. COX. I thank the gentlewoman for yielding me this time.

Mr. Speaker, I will just make a few observations about the death tax. First, notwithstanding much of what is in the air here, it does not raise any material amount of money for the Federal Government. Nominally, about 1 percent. But, in fact, when we take into account the 65 cents on the dollar in compliance costs and the nearly $10 billion a year that is sucked out of the economy paid to lawyers and accountants and life insurance experts for compliance, it is a wash. Some estimates say it actually costs more than it raises. Second, it is not an income tax. You do not have to have any income to pay it, even though it is part of the Income Tax Code, 88 pages of it. Instead, it is a property tax and is meant to be confiscatory. These are confiscatory rates, well over half, and the purpose is

to break up large concentrations of wealth. But the tax does not do that, either. In fact, it concentrates wealth because family farms, ranches and small businesses that are liquidated to pay the tax man are absorbed by larger conglomerates. We have seen farmland turned into condos all over America for this reason. The rich do not pay it. They hire expensive lawyers and accountants to design trusts and foundations to avoid the tax so that only small business, family farms and people without cash who have to liquidate assets to pay the tax man pay it.

Lastly, if you work in a small business, this is all about you, because the biggest burden of this tax is borne by those who are laid off. The tax rate on you, the guy who sweeps up the floor after your small business contracts when the founder dies, is 100 percent. When you lose your job, that is the toughest tax that you can pay. That is why making this death tax repeal permanent is so important for everyone in this country.

It is time for the death tax to die, and today we are going to drive a stake through its heart.

Mr. STARK. Mr. Speaker, I am delighted to yield 1 minute to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, I want to begin by commending my colleague from California. I think he raised a number of good points, which is why I strongly have supported reform of the estate tax. We need to do it to support small farms and small business. The question is, how do we go about it? My belief is that the majority party proposal here will benefit the extremely wealthy but will not necessarily help the small businesses and farmers who would benefit more, quite frankly, from the Pomeroy substitute. We need to remember, and it is caveat emptor here, that the Republican bill does not allow for a step-up in basis and there will be many people who think this is a great thing when it passes today, but who will suffer.

Secondly, the gentlewoman from Washington has repeatedly reminded us how much money has left various States. I would remind her with great courtesy that $500 million a year leaves her own State because Washington State, like six others, is not allowed to deduct the sales tax. She has focused on a tax reform that will benefit 2 percent of the population or less, neglecting a reform that will benefit 47 percent of the population. $500 million leaves Washington State every single year. We should reform that first and establish justice through that mechanism.

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

I remind the gentlewoman from Washington State that his State in the year 2001 sent back $578 million to Washington, D.C., with about an equal amount for compliance with that law. Also as a representative of a forested district, 36 percent of forest estates owe the Federal estate tax, 29 percent of the land was sold or developed or converted to subdivisions, and 1.3 million acres per year of forestland in this Nation were sold. The amount harvested to pay the estate tax was about 2.6 million acres every single year. I respect his point of view on this particular bill, but I think that there are many people who will be affected if he does not vote for this bill.

Mr. BAIRD. Mr. Speaker, will the gentlewoman yield?

Ms. DUNN. I yield to the gentleman from Washington.

Mr. BAIRD. Mr. Speaker, the gentlewoman raises a perfectly legitimate point about the family foresters. The bulk of the family foresters in my district would be perfectly well covered under the $6 million exemption. I have met with them. I meet with their association. They would be covered under the Pomeroy exemption. What they would not be covered under is any relief from sales tax which is unjust. And the gentlewoman ought to join me in that effort and fix that.

Ms. DUNN. As the gentleman knows, retaking my time, I have already cosponsored that measure and supported it in the committee. We have worked very hard on that and will continue to do so. It affects a number of States. It is important to get rid of it.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Florida (Ms. HARRIS), a very active member of the freshman class.

Ms. HARRIS. Mr. Speaker, I rise in support of H.R. 8, which will finally free America's hardworking farmers, small business owners and their families from the specter of the death tax. Benjamin Franklin said, ''In this world nothing is certain but death and taxes.'' This observation notwithstanding, I doubt that even the imaginative Mr. Franklin foresaw the taxation of death itself.

Americans are taxed when they earn money. They are taxed once again when they spend what is left. And at last, not even the cold head of death can stay the grasping hands of the tax collector. By pursuing taxpayers beyond the grave, government visits devastating consequences upon their grieving relatives, forcing some to sell the family business or the family farm just to pay the taxes. The National Federation of Independent Businesses has estimated that the death tax will compel one-third of small business owners today to sell some or all of their business. Moreover, according to the Family Business Estate Tax Coalition, simply planning for the death tax costs small businesses an average of $125,000 over 5 years. Worse yet, mainstream economists of all political stripes have concluded that the death tax stifles the creation of jobs and opportunity.

Economist Allen Sinai, a consultant for presidential administrations of both parties, has concluded that the permanent repeal of the death tax could create 160,000 new jobs and an increase in GDP of over $10 billion.

Mr. Speaker, the opponents of H.R. 8 cannot provide any economic justification for the continued existence of this useless relic. It may even cost more in compliance and to collect this onerous tax than it generates in revenue while it punishes thrift, deters investment and diverts capital to unproductive activities such as tax avoidance.

Mr. STARK. Mr. Speaker, I am delighted to yield 3 minutes to the gentleman from Maryland (Mr. HOYER), the distinguished minority whip.

Mr. HOYER. Beware, working men and women of America. The Republicans from Washington are in town and they are here to help you. Beware.

Mr. Speaker, our Republican friends may think they are burying the estate tax today but they actually are burying our children under a mountain of debt. They see a problem. We Democrats see a problem. We solve a problem without burying our children under a mountain of debt. The GOP bill would create a fiscal Frankenstein that would haunt this Nation for decades to come. The Joint Committee on Taxation estimates this bill will cost $162 billion. The young people of America are going to pick up that bill. The Center for Budget and Policy Priorities projects that its costs will explode to more than $800 billion in the decade after that. So if you are about 15, watch out.

Our Nation will run a record budget deficit of more than $400 billion this year. At the same time the Republican majority has acceded to the largest increase in the debt limit in American history, $950 billion-plus in 1 year, which was what the deficit was in its entirety in 1980.

So what does the GOP propose today? Legislation that would drive us even deeper into debt. For whom? For three-tenths of 1 percent of the decedents in America. 99.7 percent of the decedents in America who owe estate tax would be exempted under our option without blowing a hole in the deficit. The fact is repealing the estate tax would only benefit the wealthiest three-tenths of 1 percent of the estates in America. Think of that. For three-tenths we are going to blow a continuing hole in the deficit.

Let us remember, it was Republican President Theodore Roosevelt who called for an inheritance tax in 1906 saying, and I want to quote this Republican President.

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''There is every reason why . . . the national government should impose a graduated inheritance tax.'' Teddy Roosevelt himself, a man of great means, explained: ''The prime object should be to put a constantly increasing burden on the inheritance of those swollen fortunes which it is certainly of no benefit to this country to perpetuate.'' Warren Buffett, one of the wealthiest people in the world, agrees

totally with that. The bill has nothing to do with tax fairness or stimulating the economy. It has everything to do with paying homage to the GOP's reckless tax cut theology and misplaced priorities.

Today, the GOP genuflects at the tax cut alter, but the rest of us ought to be the ones saying a prayer. I urge my colleagues to vote for the Democratic alternative. We talk about personal responsibility. Be personally responsible today.

Ms. DUNN. Mr. Speaker, I yield 1½ minutes to the gentleman from New York (Mr. HOUGHTON), a great member of our committee.

Mr. HOUGHTON. Mr. Speaker, in reply to my friend on the Democratic side, I am a Republican and I am aware and I am old, but I do not quite remember Teddy Roosevelt.

What I would like to do is just to talk a little bit about this whole issue of eliminating the death tax. I do not know where this is going. I do not know whether it has got momentum, but I assume it has.

It sounds appealing. One pays taxes all their life and then why when one should be honored in more does the IRS is swoop in and take another bite of out of their estate? But if we look at the great estate taxes from a different angle, I have a sense of what this country is all about, that democracies are not where one gets a free ride and stand on another's shoulders forever.

I have two specific worries. One, the corrosive effect this tax would have an a subsequent generation who no longer has to work or earn. That has all been taken care of, and I have seen this effect on other countries where there is an establishment of a landed gentry, a privileged entitled class, and that is not good, and that is not what has made the United States what it is today.

The second issue I have is the first question one asks in planning an estate is what flexibility do I have? What should I protect so the bulk of what I have earned will not be siphoned off by the Government? It is at this great point that the great philanthropic gifts are considered. So, believe me, absent a death tax, the question would not even be raised. So I can see nothing bad from this bill. The assets we have, the ability we have, the motivation to give less, anyway, I do not think it is a great bill, and I hope people vote against it.

Assets we have—the ability, the motivation, to give to those less fortunate than we. This is not a good bill. It should be defeated.

Increase the exclusion dramatically. Protect the family farm or business. But do not wipe out and make permanent the repeal of the estate taxes.

Mr. STARK. Mr. Speaker, I reserve the balance of my time until just before the gentlewoman closes.

Ms. DUNN. Mr. Speaker, I yield 1½ minutes to the gentleman from Texas (Mr. HENSARLING), freshman member of our class who has been one of the most active on the repeal of the death taxes.

Mr. HENSARLING. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, I believe, as do most Americans, that it is simply unconscionable that anybody would have to visit the undertaker and the IRS agent on the same day. It is unconscionable; it ought to be illegal.

The death tax is nothing more than a tax on the American dream. Americans work hard all their lives to build farms and small businesses in hopes that maybe one day they can pass them along to their families, but after payroll taxes and income taxes and sales taxes and property taxes, all of which the left is so fond, many family businesses do not make it, and those that do, the Government can step in and take over half of what someone worked their entire life to build.

A while back I heard from a rancher in my district who spent 30 years building a cattle ranch, almost lost it once or twice to drought. His hope was to leave that ranch to his family. It was his greatest dream, but with sadness in his voice, he told me when the Government takes their share, there is just not enough to go around.

People on the other side of the aisle want to talk about fairness. Where is the fairness in taking this ranch away? Where is the fairness in taxing Americans twice on the same income? Where is the fairness in having Uncle Sam have an inheritance of 55 percent of a family farm, business, or nest egg?

Mr. Speaker, it is time to reject the politics of class warfare and envy and support the permanent repeal of the death tax. And by ending the death tax, we can help resurrect the American dream.

Mr. STARK. Mr. Speaker, I yield myself the balance of my time.

There are two issues with this bill. One is fairness. And the other is lost opportunity. Let me give the Members a hypothetical. Let us take a young man, young woman, who started out after school and never worked anyplace but for the Government, and suddenly early in their youth in their career as a Government worker, they are going to inherit $40 million. They never had a job outside of public service in their lives. And they might pay $20 million in tax, be left with $20 million, to which they contributed nothing but it is nice to get.

The question of fairness is why should my children, who went to school and worked hard to become lawyers and teachers and contribute to society, why should they have to pay the $20 million for this kid who is going to inherit the $40 million? That is not fair. They are not asking for a handout. They are probably grumping at their father for fighting against this bill, but they are content. They have got a leg up. They got to go to school, and now they are making their own way. And if, when I pass away, they have to pay some tax, they are going to be proud to do it, and they are proud of me for suggesting that they pay their fair share instead of asking me to give them a free ride. That is the fairness issue.

The lost opportunity is this: For those of us who are wealthy enough to pay the tax, my good friend from New York I think senses this. This bill is going to cost 60 billion bucks a year. We just got a release from the Institute of Medicine that shows that with the 41 million uninsured in this country, for about $69 billion a year we could provide them with health services. Do my colleagues know what? That would save us another $130 billion a year that we are paying in lost costs by having them go to hospitals without insurance. What is more important? To give a few thousand rich kids an exemption from paying their fair share and denying 40 million people health care in this country? That is the issue. Yes, it is divisive. Yes, we are talking about separating the rich and the poor. But I think those of us who are fortunate enough to be successful in this country ought to give something back and ought to help those who are less fortunate, and I just think it is crummy, it is anti-Christian, it is cheap, it is obscene to sit and say we have got ours, we are going to give tax breaks to our wealthiest contributors and to hell with the people who do not have health insurance. That is what the Republicans are saying with this bill, and I urge them late in life to come to do what is fair, to help 40 million Americans get health insurance rather than 4,000 get a tax break that will do none of us any good.

Mr. Speaker, I yield back the balance of my time.

Ms. DUNN. Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. FOLEY), who has been with us from the beginning, who is a strong advocate and a member of the Committee on Ways and Means.

Mr. FOLEY. Mr. Speaker, let me commend the gentlewoman from Washington (Ms. DUNN) for her excellent work on this important bill.

It is a little disingenuous to use the deficit as a reason not to pass this bill. When we inherited this Congress in 1994, they had racked up $5.7 trillion worth of debt. So let us not start blaming the national debt on this bill or the Republicans. Now they are holding up the Gates family as a paragon of virtue on this issue; yet 2 years ago the Clinton Administration was pursuing the same Gates family for monopolistic practices. Now they use Warren Buffett. Now Warren Buffett, of all people, has billions of dollars. He can step up to the voluntary tax payment window if he so chooses.

The people we are talking about today have paid excise taxes, property taxes, capital gains taxes, income taxes. It is being described here as they are getting an unfair or free ride. These are the hard-working Americans. We learned in our youth to strive to struggle and make something of our life and maybe we could pass on those virtues and values to the next generation.

The rich know how to shelter their income. They are very good at creating trust and remainderman trust. In fact, one of the premier families in America, the Kennedy family, has 40 or 60 or 80 trusts that were established to pass the money into different hands to avoid, I am sure, the estate tax liability. These are families that have properly prepared, but it has been expensive. It has been time consuming, and it is complicated.

We can have a debate and pick sides. The Democrats are obviously offering a $7 million package in a minute; so I do not know the difference between a $7 million estate or a $10 million estate, but somehow they reconciled that $7 million may not be rich. They keep claiming today in this debate they are for the little guy. If they are little and have worked hard and have earned some money, there is a penalty box for them under their plan. They take away what they have earned. They give it and redistribute it to someone else.

This is about fairness. This is about family farms. This is about a lot of people. But to sit here and speculate somehow we are going to implode or explode the deficit is simply wrong.

Mr. FARR. Mr. Speaker, I have long been a strong advocate that tax policy ought to be consistent with good land use policy. Inheritance tax is neither. California has seen the break-up of agricultural real estate holdings, and the dissolution of small businesses to pay inheritance taxes. Although repeal of the tax at this time is not good fiscal policy, we have no choice with this up or down vote but to support good land policy. Agricultural land should not be subdivided merely for tax purposes.

It has been argued that the repeal of the estate tax will only benefit a few Americans. This is certainly not the case for Californians. The estate tax affects the lives of many of my constituents, whether they are families trying to hold onto their farms, small businesses working to keep their doors open, or children protecting the legacy of their parents.

Having said this, I regret that the repeal of the estate tax comes at a time when the Republican-led Congress is driving this country further and further into debt. Republicans in Washington have turned a $5.6 trillion surplus, left by the Clinton administration, into a $3.6 trillion deficit, a total loss of $9 trillion for Americans and their families.

I also regret that the Republican-dominated House does not allow Democrats to offer sensible, bi-partisan alternatives. I, like other Democratic Californians, support an alternative where family farms and businesses would be subject to capital gains tax if they decided to sell their farm or business. I am confident that we could have agreed on a sensible compromise, such as this one, if the Republican leadership had allowed members a full and open debate.

In the final analysis, however, repealing the estate tax will help family farms stay in the family. It will help California maintain a policy of sensible growth and curb the sprawl that comes with subdivision of property. It will help small businesses stay afloat and survive the passing of generations. Nevertheless, we should all keep in mind that if we are concerned for future generations, we should be very wary about increasing the public debt. We need to act in a fiscally responsible way if we want to leave a prosperous future for our children.

Mr. WELDON of Florida. Mr. Speaker, I rise in strong support of H.R. 8, the Death Tax Repeal Permanency Act of 2003. I am a proud cosponsor of this bill. I am pleased that the House approved my bill last year to accomplish this very same goal. Unfortunately, we were unable to garner the votes in the Senate to enact this into law.

The Death Tax Needs to Die. Along with the marriage penalty, the death tax is perhaps the most disgraceful tax levied by the Federal Government and it should be repealed. The death tax is double taxation. Small business owners and family farmers pay taxes throughout their lifetime, then at the time of death they are assessed another tax on the value of the property on which they have already paid taxes.

Critics claim that we can't afford to eliminate the death tax. They are wrong. We can't afford not to permanently repeal the death tax. Family businesses spend nearly $14.2 billion a year on estate planning and insurance costs largely to avoid the death tax. Studies indicate the cost of compliance with the death tax equals the amount of death taxes received. Thus, the ''real'' cost of the death tax to business is double the tax burden.

During the debate last year on my bill to permanently repeal the death tax, I asked a constituent of mine. Danny Sexton of Kissimmee, FL and owner of Kissimmee Florist, to come to Washington and share his ''death tax'' experience.

Mr. Sexton, who comes from a family of florists, inherited his uncle's flower shop and was faced with paying almost $160,000 in estate taxes. This forced him to have to liquidate all of the assets, lay off staff, but salaries, and take out a loan just to pay the death tax. He also had to establish a line of credit just to keep the operation running.

Danny Sexton is the face of the death tax. The death tax isn't a tax for the rich, it is a tax that hurts family owned businesses—family owned businesses that are the back-bone of this great Nation. The folks that worked in Danny's florist were not rich, but they lost their jobs because of the death tax.

According to the National Federation of Independent Business more than 70 percent of family businesses do not survive the second generation and 87 percent of family businesses do not make it to the third generation. Sixty percent of small business owners report that they would create new jobs over the coming year if death taxes were eliminated.

For the sake of future generations, Congress must take responsibility, do the right thing, and permanently repeal the estate tax. I urge my colleagues to vote for H.R. 8, the Death Tax Repeal Permanency Act of 2003.

Mr. UDALL of Colorado. Mr. Speaker, I support reform of the estate tax—that is why I voted for the substitute. But I do not support repeal of the estate tax—and so I cannot vote for this bill as it stands. For me, this is not a partisan issue. Instead, it is an issue of reasonableness, fairness, and fiscal responsibility.

In 2001, I did not vote for the bill that included changes in the estate tax. However, there were parts of that bill that I think should be made permanent, including the elimination of the ''marriage penalty'' and the provisions related to the adoption credit and the exclusion from tax of restitution to Holocaust survivors. And, as I said, I support reform of the estate tax. I definitely think we should act to make it easier for people to pass their estates—including lands and businesses—on to future generations. This is important for the whole country, of course, but it is particularly important for Coloradans who want to help keep ranch lands in open, undeveloped condition by reducing the pressure to sell them to pay estate taxes.

Since I have been in Congress, I have been working toward that goal. I am convinced that it is something that can be achieved—but it should be done in a reasonable, fiscally responsible way in a way that deserves broad bipartisan support. That means it should be done in a better way than by enacting this bill, and the substitute would have done that. That alternative would have provided real, effective relief without the excesses of the Republican bill. It would have raised the estate tax's special exclusion to $3 million for each and every person's estate—meaning to $6 million for a couple—and would have done so immediately. So, under that alternative, a married couple—including but not limited to the owners of a ranch or small business—with an estate worth up to $6 million could pass it on intact with no estate tax whatsoever. And since, under the alternative that permanent change would take effect on January 1st of next year—not in 2011, like the bill before us—it clearly would be much more helpful to everyone who might be affected by the estate tax. At the same time, the alternative was much more fiscally responsible. It would not run the same risks of weakening our ability to do what is needed to maintain and strengthen Social Security and Medicare, provide a prescription drug benefit for seniors, invest in our schools and communities, and pay down the public debt.

The 2001 tax cut bill included complete repeal of the estate tax for only one year, 2010, but contained language that sunsets all of the tax cuts, including changes in the estate tax after 2001. This bill would exempt repeal of the estate tax from the general sunset provisions. Between now and 2013 it would reduce the Federal revenue available to meet necessary expenses by $162 billion. I think this is simply irresponsible as we face the decade between 2013 and 2022—the time when the baby boomers will be retiring.

Also, we all know, the budget outlook has changed dramatically since 2001. Trillions of dollars of budget surpluses that were projected have disappeared—because of the combination of the recession, the costs of fighting terrorism and paying for homeland defense, and the enactment of tax legislation. And now the proposal is to make the budgetary outlook even more difficult, making it that much harder to meet our national commitments—all in order to provide a tax break for less than 0.4 percent of all estates. I do not think this is responsible, and I cannot support it.

And, as if that were not bad enough, this bill does nothing to correct one of the worst aspects of the estate-tax provisions in the 2001 bill—the hidden tax increase on estates whose value has increased by more than $1.3 million, beginning in 2010, due to the capital gains tax. Currently, once an asset, such as a farm or business, has gone through an estate, whether any estate tax is paid or not, the

value to the heirs is ''stepped up'' for future capital gains tax calculations. However, last year's bill—now enacted into law—provides for replacing this with a ''carryover basis'' system in which the original value is the basis when heirs dispose of inherited assets. That means they will have to comply with new record-keeping requirements, and most small business will end up paying more in taxes. That cries out for reform, but this bill does not provide it.

Mr. Speaker, I am very disappointed with the evident determination of the Republican leadership to insist on bringing this bill forward. Just as they have done in the past, they have rejected any attempt to shape a bill that could be supported by all Members. Since I was first elected, I have sought to work with our colleagues on both sides of the aisle on this issue to achieve realistic and responsible reform of the estate tax. But this bill does not meet that test, and I cannot support it.

Mr. LANGEVIN. Mr. Speaker, I rise in support of the Pomeroy substitute to H.R. 8, the Estate Tax Repeal Permanency Act, and in opposition to the underlying bill. As the son of a small business owner, I know firsthand the tax burden placed on entrepreneurs and working families, and I support efforts to responsibly protect small business owners.

The Pomeroy substitute provides needed relief by eliminating estate taxes for assets totaling $3 million per individual or $6 million per married couple. Increasing the exemption to this level means that 99.65 percent of all estates will not pay a single penny of the estate tax beginning in 2004. The substitute provides relief sooner than the Republican bill, which does not take full effect until 2011 and has an exemption of only $1.5 million for 2004. Small businesses and farm owners should not be penalized for their success, nor should they need to worry about their ability to pass the family business on to future generations, and the substitute addresses these concerns.

H.R. 8 goes far beyond providing fair tax relief to small businesses and family farms that are in greatest need of assistance. Besides benefiting just a few thousand American families per year, H.R. 8 would also have a devastating impact on charities, foundations, universities and other philanthropic organizations because the estate tax provides a powerful tax incentive to donate money to these groups. The Department of Treasury estimates a decrease of up to 12 percent per year in charitable giving, or more than $1 billion annually, should full repeal occur.

The Republicans' call for repealing the estate tax comes at a time when our Government is already in fiscal crisis. The 2001 estate tax provision will reduce revenues by more than $192 billion over ten years, and over the second decade, the costs will be a whopping $820 billion. With a $400 billion deficit for fiscal year 2003, now is not the time to add $1 trillion in debt to the tab that future generations must pay. These added costs also come as Congress prepares to pass a prescription drug program and baby boomers near retirement. We must work to meet our obligation to our Nation's seniors rather than cutting taxes for the wealthiest families in America.

Based on Internal Revenue Service data for 2002, out of approximately 10,000 deaths in my home State, only 426 Rhode Island decedents filed estate tax returns. This number would be much lower with the $3 million exemption under the Pomeroy substitute. Under our Democratic alternative, those eligible middle-income families, small business owners and family farmers truly in need would receive estate tax relief.

I urge my colleagues to join me in supporting permanent reform of the estate tax, but not irresponsibly repealing it. Our small business owners are in need of relief, and we must provide it without leaving future generations to pay the bill.

Mr. BEREUTER. Mr. Speaker, as stated on the record many times, this Member continues his strong opposition to the permanent, total elimination of the estate tax on the super-rich. The reasons for this Member's opposition to this perfectly terrible idea have been publicly explained on numerous occasions, including past statements in the CONGRESSIONAL RECORD.

It must also be noted, however, that this Member is strongly in favor of substantially raising the estate tax exemption level and reducing the rate of taxation on all levels of taxable estates, and that today he has re-introduced legislation to this effect. This same bill, H.R. 42 was introduced in the previous 107th Congress by this Member—the only change in the bill introduced today is that the highest individual income tax is now 35 percent.

This Member believes that the only way to ensure that his Nebraska and all American small business, farm and ranch families and individuals benefit from estate tax reform is to dramatically and immediately increase the Federal inheritance tax exemption level, such as provided in this Member's newly re-introduced measure.

This Member's bill would provide immediate, essential Federal estate tax relief by immediately increasing the Federal estate tax exclusion to $10 million effective upon enactment. With some estate planning, a married couple could double the value of this exclusion to $20 million. As a comparison, for tax year 2002, the estate tax exclusion was only $675,000. In addition, this Member's re-introduced bill would adjust this $10 million exclusion for inflation thereafter. The legislation also would decrease the highest Federal estate tax rate from 55 percent to the ''highest individual income tax rate'' that corresponds to that specific tax year—the highest individual income tax rate will be going down to 35 percent in stages.

Finally, this Member's re-introduced bill would continue to apply the stepped-up capital gains basis to the estate, which is provided in current law. In fact, this Member has said on many occasions that he would be willing to raise the estate tax exclusion level to $15 million.

Since this Member believes that his bill or similar legislation is the only responsible way to provide true estate tax reduction for our Nation's small business, farm and ranch families, this Member must use this opportunity to reiterate the following reasons for his opposition to the total elimination of the Federal estate tax.

First, to totally eliminate the estate tax on billionaires and mega-millionaires would be very much contrary to the national interest. It is not in America's interest that absolutely huge estates should be passed from generations to generations—getting ever larger. The establishment of a permanent privileged class, re-enforced every generation, is too much like the situation in many European countries from which immigrants fled from hopelessness from the total domination of a small feudal class.

Second, the elimination of the estate tax also would have a very negative impact upon the continuance of very large charitable contributions for colleges and universities and other worthy institutions in our country.

Finally, and fortunately, this Member believes that actually the Federal estate tax will never be eliminated in the year 2010. Reason will ultimately prevail and this effort to totally eliminate the estate tax on the super-rich will be seen as the very counterproductive step that it would be.

At this point, this Member notes that under the previously enacted estate tax legislation (e.g., the Economic Growth and Tax Relief Reconciliation Act), beginning in 2011, the ''stepped-up basis'' is eliminated, with two exceptions, such that the value of inherited assets would be ''carried-over'' from the deceased. Therefore, as noted previously by this Member, the Economic Growth and Tax Relief Reconciliation Act could result in unfortunate tax consequences for some heirs as the heirs would have to pay capital gains taxes on any increase in the value of the property from the time the asset was acquired by the deceased until it was sold by the heirs—resulting in a higher capital gain and larger tax liability for the heirs than under the current ''stepped-up'' basis law.

In closing, Mr. Speaker, while this Member is strongly supportive of legislation to substantially raise the estate tax exemption level and to reduce the rate of taxation on all levels of taxable estates, and as such today re-introduced his legislation to this effect, this Member cannot in good conscience support the permanent total elimination of the inheritance tax on the super-rich.

Mr. KNOLLENBERG. Mr. Speaker, today we have a key vote in front of this House on one of the most unfair and unjustifiable taxes in our Nation today.

Today we can permanently repeal the estate tax otherwise known as the death tax, to save millions of hard-working Americans from the ordeal of losing a family business at the same time as a family member. Unfortunately this is a prospect that is all too real for many small businesses.

Americans for Tax Reform says that 70 percent of small businesses do not survive the second generation as a result of the death tax. With our current economic uncertainty, we need to make it easier for our small businesses to survive, not harder. We can take a big step toward that end here today by passing a permanent repeal of the death tax.

I urge the House to vote this most unfair and unreasonable of taxes out of existence permanently.

Ms. MAJETTE. Mr. Speaker, as I have said many times in the past: I support tax relief, and I support repeal of the estate and gift tax. But, I also support tax relief that is fair and responsible. House Resolution 8, the Estate Tax Repeal Permanency Act is neither at this time.

That's why I today I voted for the Pomeroy substitute, which would exclude estates worth $3 million—$6 million per couple—from the estate tax beginning in 2004. This provides relief sooner than under current law, and sooner than under H.R. 8. The Pomeroy substitute would repeal permanently the estate tax for 99.65 percent of all taxable estates.

The Democratic alternative is effective and would provide immediate relief. Small and family businesses, which are the backbone of our economy, would be protected.

Most important, it is the fiscally responsible thing to do.

This vote comes against the backdrop of huge surpluses that have turned into record-breaking deficits. This year alone, our Nation will incur a record budget deficit of more than $400 billion. This Congress, the House has already passed over $425 billion in tax cuts, including the Republican tax cuts, the increased child tax credit action of last week, and the cuts provided for in the Energy bill from earlier in the spring.

It has been estimated that the Republican estate tax repeal bill would cost $162 billion through 2013, and the Center for Budget and Policy Priorities projects that its costs would explode to more than $800 billion in the decade after that. Add this bill to the $425 billion in tax cuts already passed and it will take the total to at least $1.387 trillion of revenues lost over the next 20 years. That's $1.387 trillion in debt reduction that could have been achieved.

The revenue decrease from the estate tax repeal would come just when baby-boomers are beginning to retire and will bring increased demands on Social Security and Medicare programs, not to mention the cost of the war in Iraq and our continued involvement overseas.

I am in favor of reducing the tax burden in ways that will stimulate the economy and put money into the hands of those who need it most, but not at the expense of the long term health of this Nation, and not in a way that will burden our children and grandchildren for the rest of their lives.

Our economy is still sputtering. We cannot continue to cut revenues when it does nothing to stimulate the economy. We are already making severe cuts in much needed services, and not expanding programs that are proven investments in our future and our children's future.

As an example of the flawed priorities of this Congress, this week in committee the Republicans voted not to spend $12 billion to fully fund Head Start, yet a few short weeks ago they voted to give relief to people who do not need it in the form of huge tax cuts. Adding to our national deficit again today will continue to make it more difficult for the Federal Government to address other pressing social needs, including education, health care, and home land security.

Long-term success in this country depends on high-quality education, stable and high-paying jobs and access to quality health care, and we must invest in these things to secure our children's future.

What we need today is a renewed commitment to fiscal responsibility. What we need today is a new direction and an emphasis on the future, not on the past.

I support repealing the estate tax, and have voted to do so today in a responsible manner, by supporting the Pomeroy substitute.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition to H.R. 8, the ''Death Tax Repeal Permanency Act of 2003,'' and in support of the substitute amendment proposed by my colleague from North Dakota, the Honorable Mr. POMEROY.

I support granting relief to the many Americans in our farming community and small business community through the repeal of the death tax. Presently, only 2 percent of the estates of persons who die each year are taxed, and this number will fall in coming years as the exemption level for the estate tax rises. Of the estates that are subject to the estate tax, very few include family-owned businesses or farms. For example, in 1998, family-owned businesses or farms comprised the majority of the taxable estates in just 1,418 of the approximately 2.3 million people who died that year—or 6 out of every 10,000 people who died. Taken together, all farms and family businesses account for less than 3 percent of the assets in taxable estates valued at less than $5 million.

Family farms and businesses are already recipients of special treatment under existing law. For instances, estates that contain family farms and businesses may use special valuation significantly reduce or eliminate estate tax liability. In addition, when the enterprise accounts for at least one-third of an estate, tax payment can be deferred for up to 14 years. Furthermore, relief for family farms and businesses can be provided without repealing the estate tax.

If, hypothetically, the estate tax were extended at its 2009 level with a $3.5 million exemption and an upper echelon of 45 percent only 10,000 estates nationwide would be subject to taxation in the year 2010. That amounts to less than one half of one percent of the projected 2.6 million deaths for that year. For every 1,000 deaths, 995 people would be completely exempt from estate taxes. The remaining five individuals would pay significantly less in tax because of higher exemption and lower rate.

The United States Treasury Department analyzed the estate tax and found that raising the estate tax exemption level for family-owned farms and businesses to $4 million for individuals and $8 million for married couples, as proposed in 2000, would have exempted practically all of the family-owned farms and reduced the already small number of family businesses subject to the tax by nearly three-quarters.

The estate tax is also beneficial for charitable giving efforts. The very existence of the estate tax creates a powerful incentive for charitable giving. A recent study found that if the estate tax were eliminated charitable giving would have been reduced by approximately $10 billion in 2001. This amount is equal to the total grants currently made by the largest 100 foundations in the United States.

The estate tax increases the amount of charitable contributions among the largest estates by making these contributions tax deductible and thus act to reduce estate taxes. In 2001, for example, the latest year for which these IRS data are available, estates contributed $16.2 billion to charities. Taxable estates of more than $20 million gave $6.8 billion of this total, averaging $23 million in donations per estate.

Giving the trying economic times America is facing, this Chamber cannot afford to pass another financially imprudent bill. Beneficial programs like Head Start are being altered and Leave No Child Behind is being restricted. Medicare is under attack. The war in Iraq cost Americans billions of dollars, and the deficit is ballooning out of control. The repeal of the estate tax is a step in the wrong direction.

Mr. Speaker, the death tax should be repealed. I support the Pomeroy substitute that features offsets that close the corporate tax loophole to pay for the estate tax repeal proposal.

The SPEAKER pro tempore (Mr. PUTNAM). All time for debate on the bill has expired.

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

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

The CHAIRMAN. The Clerk will designate the amendment in the nature of a substitute.

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

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

Strike all after the enacting clause and insert the following:

SECTION 1. RESTORATION OF ESTATE TAX; REPEAL OF CARRYOVER BASIS.

(a) IN GENERAL.—Subtitles A and E of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subtitles, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subtitles, and amendments, had never been enacted.

(b) SUNSET NOT TO APPLY.—

(1) Subsection (a) of section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''this Act'' and all that follows and inserting ''this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010.''.

(2) Subsection (b) of such section 901 is amended by striking '', estates, gifts, and transfers''.

(c) CONFORMING AMENDMENTS.—Subsections (d) and (e) of section 511 of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such subsections, are hereby repealed; and the Internal Revenue Code of 1986 shall be applied as if such subsections, and amendments, had never been enacted.

SEC. 2. MODIFICATIONS TO ESTATE TAX.

(a) INCREASE IN EXCLUSION EQUIVALENT OF UNIFIED CREDIT TO $3,000,000.—Subsection (c) of section 2010 of the Internal Revenue Code of 1986 (relating to applicable credit amount) is amended by striking all that follows ''the applicable exclusion amount'' and inserting ''. For purposes of the preceding sentence, the applicable exclusion amount is $3,000,000.''.

(b) MAXIMUM ESTATE TAX RATE TO REMAIN AT 49 PERCENT; RESTORATION OF PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—

(1) Paragraph (1) of section 2001(c) of such Code is amended by striking the last 2 items in the table and inserting the following new item:

''Over $2,000,000	$780,800, plus 49% of the excess over $2,000,000.''.

(2) Paragraph (2) of section 2001(c) of such Code is amended to read as follows:

''(2) PHASEOUT OF GRADUATED RATES AND UNIFIED CREDIT.—The tentative tax determined under paragraph (1) shall be increased by an amount equal to 5 percent of so much of the amount (with respect to which the tentative tax is to be computed) as exceeds $10,000,000. The amount of the increase under the preceding sentence shall not exceed the sum of the applicable credit amount under section 2010(c) and $199,200.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, and gifts made, after December 31, 2003.

SEC. 3. VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS; LIMITATION ON MINORITY DISCOUNTS.

(a) IN GENERAL.—Section 2031 of the Internal Revenue Code of 1986 (relating to definition of gross estate) is amended by redesignating subsection (d) as subsection (f) and by inserting after subsection (c) the following new subsections:

''(d) VALUATION RULES FOR CERTAIN TRANSFERS OF NONBUSINESS ASSETS.—For purposes of this chapter and chapter 12—

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

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

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

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

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

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

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

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

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

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

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

''(A) cash or cash equivalents,

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

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

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

''(E) annuity,

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

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

''(H) commodity,

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

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

''(4) LOOK-THRU RULES.—

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

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

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

''(ii) in the case of an interest in a partnership, ownership of at least 10 percent of the capital or profits interest in the partnership, and

''(iii) in any other case, ownership of at least 10 percent of the beneficial interests in the entity.

''(5) COORDINATION WITH SUBSECTION (b).—Subsection (b) shall apply after the application of this subsection.

''(e) LIMITATION ON MINORITY DISCOUNTS.—For purposes of this chapter and chapter 12, in the case of the transfer of any interest in an entity other than an interest which is actively traded (within the meaning of section 1092), no discount shall be allowed by reason of the fact that the transferee does not have control of such entity if the transferee and members of the family (as defined in section 2032A(e)(2)) of the transferee have control of such entity.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers after the date of the enactment of this Act.

Amend the title so as to read: ''A bill to amend the Internal Revenue Code of 1986 to restore the estate tax, to limit its applicability to estates of over $3,000,000, and for other purposes.''

The SPEAKER pro tempore. Pursuant to House Resolution 281, the gentleman from North Dakota (Mr. POMEROY) and the gentlewoman from Washington (Ms. DUNN) each will control 30 minutes.

The Chair recognizes the gentleman from North Dakota (Mr. POMEROY).

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

Mr. Speaker, as we begin consideration of the substitute, I would like us to focus on something pretty central to the fundamentals of legislating. We ought to do as a Congress that which we can do. The substitute I bring forward will take effect during the tenure of this Congress. It is effective January 1, 2004. The majority proposal before us does nothing during the sitting of this Congress, nothing during the sitting of the next Congress, the Congress after that, the Congress after that, the Congress after that, or the Congress after that. Nothing until January 1, 2011.

We have heard so much from the other side. We have heard so much about how they care about all the problems, how mean of us to oppose their addressing the problems. And yet now when it comes to the substitute, this is where the rubber meets the road because we want to do something now and something meaningful and they do nothing. Nothing about their bill.

□ 1330

Not one whit of their bill applies during the sitting of this Congress or until the year 2011.

Again, I referenced earlier the heart-wrenching examples we have heard from the majority about family farmers. Let us talk for a minute about family farmers. I know something about family farmers. In representing the State of North Dakota, I probably represent more production acreage than any other Members of this House. The family farmers who have estate tax problems, and I am happy to tell my colleagues most of them do not, but of those that do, let us get after it. Let us get them relief and get them relief now.

The substitute I have advanced would give family farm couples $6 million in exclusion from estate tax. Any farmer in operation up to $6 million, no estate taxes. One hundred percent repeal, effective January 1. That is very meaningful relief and it is going to go right to the heart of the farm families that they are talking about.

Now, what do they offer by way of an alternative, this Congress, for dealing with these farm families? Absolutely nothing. In 2004, under their proposal, family farm estates over $3 million will be subject to estate tax; over $3 million. Family farm estates per couple in our situation: $6 million. We provide double the relief immediately. And so really, what they are offering these people is a total sham, because under their proposal, nobody gets anything until the very wealthiest, a tiny number of estates in this country, are taken care of.

Mr. Speaker, where I come from, a bird in the hand is worth two in the bush, and that is especially true when we consider prospects that this year 2011 will actually offer the kind of relief that they proclaim so loudly. Five Congresses from now are going to be looking at a very different budget situation, because the cost of their proposal absolutely explodes in the very decade baby boomers retire.

Consider the chart here. Mr. Speaker, $162 billion of revenue loss in the first 10 years. It ramps up slowly, and then really clobbers you: A $500 million loss in '04; a $31 billion loss in the year 2011; $57 billion loss in 2012; $63 billion loss in 2013. You catch my drift. This thing explodes in its consequence in the budget. Mr. Speaker, $840 billion worth of revenue loss in the next decade, just as baby boomers retire and want their Medicare and want their Social Security.

Now, what do my colleagues think is likely? We are going to say, no, baby boomers, we have this estate tax we repealed some time ago, and we are going to stick with it. I do not think so. I think the prospects are overwhelming that this distant repeal will never arrive.

Finally, I think that it just makes it very, very clear what this is all about. To look at the relief we offer in each of the next 5 years being vastly superior to theirs, because they do not want, in any way, to lose some of the momentum behind total repeal. So they will leave family farmers in the lurch through the year 2011; they will leave the small businesses they talk about in

the lurch in the year 2011. Again, look at this: estates $6 million and under; no tax under our proposal in 2004; $3 million and under taxed under their proposal. In 2005, the same situation. Again, we are superior in 2006, 2007 and 2008.

Now, if this Congress has before it the opportunity to give over each of the next 5 years meaningful relief to people that need it, why in the world do we not do it? That is exactly what this substitute is all about.

There is one final feature that I would discuss briefly; it is a feature that I was surprised to hear my friend, the gentlewoman from Washington, tout before the Committee on Rules yesterday, and that is, this notion of who is going to have capital gains tax on inherited property? Because under our proposal, when you inherit the property, the only capital gains tax on the appreciated value of that property you are going to have is between the time you inherited it and the time you sell it. Under their proposal, you are going to face capital gains taxes from the time it was purchased originally, whoever purchased it that ultimately bequeathed it to you in the inheritance.

And so in the family farm context, you have an awful lot of farmland coming into families in the 1930s, in the 1940s at just nominal value, which now has significant value. And when the heir goes to sell it, you are going to have capital gains on all capital appreciation over $1.3 million. We are going to have an awful lot of the family farmers that they are touting so much on this debate that right now do not have estate tax problems, and surely would not have estate tax problems under our bill, that are going to find themselves with walloping capital gains taxes, because they take this stepped up in basis and throw it out for carry-over so that they can help the wealthiest tiny few in this country.

Mr. Speaker, we have a proposal in my substitute to take care of 99.65 percent of the estates in this country. My gosh, that is pretty darn close to perfect, 99.7. But they do not want that relief to move forward, because it is the three-tenths of 1 percent of their wealthiest benefactors that they are most worried about. Well, I say let us deal with this straight up, take what we can get now, provide meaningful relief effective in 2004, pass the Pomeroy substitute, and get this on the road toward exactly what we need: estate tax relief now for America's families.

Mr. Speaker, I ask unanimous consent to have my friend and colleague, the gentleman from Maryland (Mr. CARDIN), assist in the management of the time.

The SPEAKER pro tempore (Mr. PUTNAM). Is there objection to the request of the gentleman from North Dakota?

There was no objection.

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

Mr. Speaker, I am strongly opposed to this amendment, and I want my colleagues to look at it very closely and be very clear about what this amendment would do. It establishes a permanent death tax. It is a huge tax increase on small business and family farms.

This amendment would increase taxes on farmers, on timber growers, on small businessmen and small business women, and it would not only take money from their pockets and send it to Washington, D.C.; it would practically force them to take more money from their pockets to pay lawyers, insurance salesmen, and estate planners. And why? So they will not have to send their money to Washington, D.C. to comply with this permanent death tax.

There are people who think this is a good thing. I do not understand it; I do not question their intent, I simply acknowledge that that is the case.

We have already debated the issue surrounding the death tax, but let us look closely at the impact of this amendment, because I think it puts on display the philosophy of those who want to keep the death tax.

Under current law, the tax rate for estates is due to fall in 2004, in 2005, 2006, and 2007. For 2 years, the rate would remain at 45 percent and then be totally repealed in 2010. This amendment eviscerates that tax relief.

Some estates may benefit under this amendment. If you are unlucky enough that your business is not doing well and you fall below the $3 million threshold that is in this amendment, you benefit. But what this amendment tells you is this: do not be successful. Do not save your money. Do not invest your money. Do not grow your business.

Instead, it encourages you to spend it now, sit back, consume that estate, because the government is going to take half of that estate anyway, and everybody knows how wisely the government spends our money. Because the more successful you are and the harder and the more you work, the more expensive it will be for you to hand that business on to your children.

Does the amendment promote charitable giving? No, it does not. Does it redistribute the money it raises to those who are less wealthy? No, it does not. Does it equalize income among different layers of society? No, it does not do that. Does it help pay Social Security benefits? No.

Opponents of death tax repeal make all of those charges, but when they bring forth their own proposal, we can see it for what it really is: a tax increase, pure and simple. A way to put money in the pockets of the Federal Government. And because the exemption level is not indexed, there will be free money to the Treasury. Inflation grows, but the exemption stays just the same. As the economy improves, as businesses grow, as people invest and work hard, they will be penalized, because someone in Washington, D.C. said you can only be so successful, an arbitrary limit, and then you pay.

That is what this amendment is about and that is why it ought to be voted down.

Mr. Speaker, we hear time and again the arguments of those who want to keep the death tax. We hear about equality, about Social Security, about charitable giving, about enormous concentrations of wealth. But when it comes right down to it, it is about money.

Mr. Speaker, this approach is the wrong approach. This policy has outlived its day. This philosophy is not what made our Nation great, and I urge a ''no'' vote on this substitute.

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

Mr. CARDIN. Mr. Speaker, it is my pleasure to yield 2 minutes to the distinguished democratic whip, the gentleman from Maryland (Mr. HOYER).

Mr. HOYER. Mr. Speaker, I say to my friend from Washington State, what we hear over here is enmity, enmity towards the common wheel. I do not mean towards government, I mean towards us coming together as a people to invest in America, to invest in our children, to leave no child behind, to make sure our environment is clean, to make sure that we have the resources to invest in national defense.

Now, those of you who go to work every day and work for a living and get a salary check and have deductions from that salary check, to help your government have a national defense, have the programs for education and health care and NIH research to make our society better, hear me now. Those of you who work every day, let me tell you what the objective of this provision is.

First, we are going to exempt three-tenths of a percent; not exempt 99.7 which the Pomeroy bill does, and it speaks to those small farmers and those small business people who have grown America, who we want to exempt. We are for that. But what it does not do is add gargantuan amounts to the debt and then, let me tell my colleagues what this does. I have $100 million that I inherited from my dad, hooray for me. I will never, ever pay taxes again under the Republican program.

Never, unless it happens to be a sales tax or an excise tax. I will not pay income tax, because this is inherited dollars, and I will have it invested in corporate or savings accounts, and the Republicans want to exempt both dividends from taxation and interest on savings from taxation. So I will never pay taxes again. And, by the way, they also want to exempt capital gains.

Now, if you get most of your income from capital gains, or you get most of your income from dividends, or you get most of your income from interest, you may be for this. But if, however, you are like the overwhelming majority of Americans who get up every day, play

by the rules, work hard, and get a salary check, this undermines you, your children, and your families.

Vote for the Pomeroy substitute.

Ms. DUNN. Mr. Speaker, I yield 3½ minutes to the gentleman from Missouri (Mr. HULSHOF), a very valuable member of the Committee on Ways and Means, a gentleman who knows what he is talking about because he has been through it personally.

Mr. HULSHOF. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, I have been listening to the discussion and the debate and the rhetoric, and I have been a bit disappointed by some of the arguments that have been made; not surprised by the arguments, but nonetheless disappointed. There have been some of my colleagues on the other side who have talked about hypotheticals. Let me allow my colleagues a little glimpse into a very personal story.

On November 22 of last year, my father collapsed and died at our family's home in Southeast Missouri. He was 68. On his first trip to Washington, D.C., he sat right up there in the gallery to watch his son take the first oath of office. He died without an estate plan. In fact, I wish my colleagues could have met my dad, because if they had shaken his hand, they would have immediately noticed the callouses from 4 decades of working our family's farm down in the district of the gentlewoman from Missouri (Mrs. EMERSON).

One of the necessities, of course, of having that painful experience is that my mom and I, as the surviving members of the family, had to conduct an inventory. And I do not mind telling my colleagues, a 493-acre farm, a number of irrigation systems, farm equipment, grain trucks, the modest home where I grew up, modest savings and, thankfully, because of Congress's actions a number of years ago, my mom was not required to pay the tax. Yet, she has vowed to put together an estate plan in order to pass on the legacy that my father built.

□ 1345

So she has been forced to spend thousands of dollars to accountants, to lawyers to create these legal contortions that are required by the very existence of the estate tax. Can anybody give me a compelling reason why she should have to spend her limited resources in order to preserve my father's legacy? Can anyone?

As long as the estate tax laws remain on the books, surviving family members across this country will have to shell out hard-earned dollars to ensure that the long reach of the death tax does not force them to sell off assets in the family business.

The gentleman from North Dakota is my friend. I applaud his intent. One of the charts that he mentioned, at the bottom, it says only 400 farms would actually be subject to the estate tax. I think that is what it says on the bottom of it, and I will let my colleagues look at the exhibit; and yet what the chart does not say is that every farm or every family business has to file an estate tax form and a return, perhaps a simple exercise, but in every instance where a family business has been accumulating assets, a return has to be filed, which means again hours of meetings with accountants and lawyers and, again, a cost of compliance.

So it is not just the number of estates that would be subject to the tax. It is this huge cost that as long as the estate tax, the inheritance tax remains on the laws of our books there will be this cost of compliance to all family businesses across the country.

Simply, the death of a family member should never be a taxable event.

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

Let me say to my friend we all, of course, offer our deepest condolences as we did to his family. I am afraid, though, that the bill without the Pomeroy substitute is going to offer no help whatsoever for a decade to people who may find themselves in this same position.

One of the principal advantages of the substitute is that not only does it provide immediate help starting in 2004, exempting those estates $3 million, $6 million on a couple, and by the way, those gross estates would not have to file forms. They do not even have to file an information form if their gross value is below $3 million. So I think we would provide immediate help to a significant number, to the overwhelming majority of people who would find themselves in the same position that my colleague's family found itself in.

But there is a second reason that I think family farms, which go through a similar situation, would benefit much more from the substitute than the underlying bill, and this is predictability. I dare say that if the bill that the Republicans are bringing forward were to pass, very few individuals who had estates of 3, 4, 5, 6, $7 million would change their estate plan based upon the predictability of Congress to keep this policy in effect for the next decade, so that the relief would eventually come.

Predictability is very important in estate planning. The Pomeroy substitute gives us that predictability, a policy that will stand, a policy that exempts 99.6 percent of the estates in our country today. Those individuals would be able to make estate changes in order to deal with the new realities of a law that makes sense.

There is a third reason in addition to the fact that we provide immediate relief and it is predictable. The third reason we have heard over and over again, and it is an important reason, and this is affordability, what we can afford as a Nation.

Next week we are going to be debating whether we can afford a prescription drug plan for our seniors. We make choices. We set priorities by what we think is important. The Joint Economic Committee on Taxation, not this Member but our objective professionals, tell us that this bill will lose, when fully implemented in the next decade, $850 billion. Our prescription drug plan that will be on the floor next week is $400 billion. Those of us who say can we not find a little bit more money for the millions of seniors who do not have health insurance, can we not throw a few more dollars in that program, we are told we do not have the money.

Yet we have the money for relief that affects only a few thousand estates in this country, and that is all it is. It is not the wholesale farm. It is the farms of a very few. In fact, they are wealthy farms that are going to be affected, estates of a very few, very wealthy people in this Nation that are impacted by maintaining an estate tax for the very, very wealthy individuals. And as my friend, the gentleman from Maryland (Mr. HOYER), pointed out, the reason why the underlying bill will never become law and if it becomes law it will never be sustained is that Americans would not tolerate multibillionaires passing their estates tax free and their income not being taxed. It will not be sustained.

Vote for the underlying substitute. It will affect policy today. It will take care of the problems we have heard before.

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

Ms. DUNN. Mr. Speaker, I yield 12 minutes to the gentleman from Georgia (Mr. BURNS) for the purposes of control, a gentleman who has been very involved in the development of our legislation and very much a supporter of it as he has come to Congress as a freshman Member. He will present differing points of views from people who come from all over the country who are members of the freshman class.

The SPEAKER pro tempore (Mr. PUTNAM). Is there objection to the request of the gentlewoman from Washington?

There was no objection.

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

I thank the gentlewoman from Washington for yielding me the time; and Mr. Speaker, I rise today in support of H.R. 8, as introduced by the gentlewoman from Washington (Ms. DUNN) and in opposition to the Pomeroy substitute amendment.

In 2001, Congress repealed the death tax temporarily. It is scheduled to resurface and haunt farmers and small business owners again in 2011. My constituents in the 12th district of Georgia are not rich; but they own farms, they own small businesses, where family ownership still means a great deal.

H.R. 8 helps to ensure their survival. The underlying bill that I am proud to cosponsor is good for small businesses. It is good for family ownership. It is good for family farms.

The amendment crafted by the opponents of H.R. 8 would gut the bill and would reinstitute the double taxation of a person's earnings over a lifetime. This is a veiled attempt to increase the taxation burden on our small businesses and family farms. Do not be deceived.

The death tax stifles economic growth. It is counterproductive to the American Dream, and it is an unfair and immoral tax on our small and minority business owners.

The substitute amendment reinstates the death tax and ensures its hindrance on the family businesses and the farmers. We must vote ''no'' on the substitute.

H.R. 8 does just the opposite. It kills the death tax permanently. I encourage my colleagues to vote against the substitute amendment and to vote for the underlying bill that ensures the viability of our small businesses and our family farms.

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

Mr. CARDIN. Mr. Speaker, it is now my pleasure to yield 2 minutes to the gentleman from Illinois (Mr. EMANUEL).

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

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

I was moved by my colleague's story who remembers his father here when he got sworn in. Just 5 months ago, my father sat up there and watched me get sworn in, and he came to this country in 1959. So whatever happens in his life and my life, I will always have that time that he was able to see, having coming to this country, his son get sworn in.

Now that I am a father of three children, I am reminded of what Mark Twain once said: ''At 12 I concluded my father was a fool. By 16 I was shocked what he could learn in only 4 years.'' I say that because I am going to provide for my children the same values that my father taught me and my mother. They are going to get love, education and a good kick out the front door so they can earn their way around this world the way I have.

The truth is, what we should be doing instead of helping wealthy people protect their wealth, we should help people build wealth. I had an amendment that is not allowed today on the floor that would support the Pomeroy substitute and give us estate tax relief where it should be provided for our farm and small business owners, but also provide a deduction for college tuition education for all families who are trying to send their children to college: $4,000 they are allowed to deduct for college education; families, up to $100,000. That deduction ends in 2005.

College costs have gone up by 20, 30 percent over the last couple of years. It is continuing to go up. Yet in 2005 that deduction for a middle-class family to send their kids to college is eliminated. It ends. That is about creating wealth. That is about our common shared values. So we can have an estate tax and help create wealth by making sure everybody gets access to that ticket to the middle-class dream, a college education.

That deduction is eliminated in 2005. I offered an amendment to extend it to 2013 so we can have estate tax reform and college education. What we should do is be in the position of not having an either/or policy, a tax reform on the estate tax and provide middle-class families the opportunity to give their children a college education, not go broke doing it, and make sure that the American Dream stays alive for generations to come.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Georgia (Mr. GINGREY).

Mr. GINGREY. Mr. Speaker, I thank the gentleman from Georgia (Mr. BURNS) for yielding me the time.

Mr. Speaker, as I listen to this debate, of course I stand here fully in favor of H.R. 8 and against the Pomeroy amendment because it is really not about who has received and who has not this double taxation, this so-called death tax.

The other side says that there is a $3 million exemption under the Pomeroy substitute, that 99.6 percent of estates would be exempted from the death tax. I personally do not need that $3 million exemption or even the $600,000 exemption. I would probably be fine with a $300,000 exemption; but the point is, it is a double taxation and it is wrong. It is wrong to tax anybody twice on the same income.

These people, no matter what their net worth, they have paid taxes. They have paid at the highest marginal tax rate; and it is totally wrong, as the gentleman from Missouri (Mr. HULSHOF) said, to have to worry about paying taxes after death.

Mr. CARDIN. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. Mr. Speaker, in the Oregon legislature some years ago, I actually led, as Chair of a tax committee, a reform of the estate tax. I thought I understood some of the principles; but after listening to the rhetoric regarding this issue, looking at the facts since I have been a Member of Congress, I thought maybe I would go back and check to see if there was something I was missing.

I invited a number of tax professionals in my community, CPAs, tax attorneys, financial planners, to come down and talk to me about how the effect of this proposal actually works. It was fascinating, giving these people a grant of immunity, and I urge any of my colleagues to do the same with tax professionals in their community.

They said, number one, under existing law anybody who could not shield at least $5 million of an estate was really guilty of malpractice.

Number two, they said it was not the estate tax that broke up small business. It was idiot sons, and they said in their experience when they watch great inherited wealth after three generations, it looks like it becomes a genetic defect. It was fascinating what they told me, people who in the main were Republicans who work in this every day.

They pointed out that huge wealth, which would be tax free under the Republican proposal today, huge wealth often was not even taxed once. One does not become a billionaire based on their W–2s.

□ 1400

It is capital appreciation. And the clever approach of eliminating the inheritance tax, eliminating dividends from taxation means that you will be able to manipulate it, while people with great means will not be paying any tax at all if they do not want to.

If my colleagues truly wanted to help protect the family farm and small business, they would join together with the vast bipartisan consensus in this Chamber to index the inheritance tax to be able to deal with the Pomeroy amendment, which actually would help the mother of the gentleman from Missouri (Mr. HULSHOF), not the proposal that he is going to vote for.

Mr. Speaker, I strongly urge that we approve the Pomeroy amendment.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Florida (Mr. FEENEY).

Mr. FEENEY. Mr. Speaker, I thank the gentleman from Georgia for yielding me this time.

I am not surprised that some tax planners oppose this act, because what this does is to simplify the Tax Code. What the substitute amendment does is to make a 40,000-plus page Tax Code longer and more complicated. It is understandable that a few tax planners do not like this.

But there is something inherently unfair about taxing people when they die. My motto is: No taxation without respiration. When a person quits breathing, we ought to leave them alone. And the notion we are going to make a complicated Tax Code even more complicated with this ceiling under the Pomeroy amendment, this creates a ceiling on growth and prosperity and success. This is a ceiling on the future.

The bottom line is that we have more people in America engaged in the preparation and collection of taxes than we do in the growing of food and agriculture. That is wrong. We need actually to have fewer tax planners and estate planners. We need to let family farmers, we need to let small businesses, automobile dealers and other businesses in our communities plan for their future without the need of expensive lawyers and tax planners.

Again, my colleagues, let us abolish the death tax. No taxation without respiration.

Mr. CARDIN. Mr. Speaker, could I inquire as to the amount of time that remains on both sides?

The SPEAKER pro tempore (Mr. PUTNAM). The gentleman from Maryland (Mr. CARDIN) has 13 minutes remaining, the gentlewoman from Washington (Ms. DUNN) has 11 minutes remaining, and the gentleman from Georgia (Mr. BURNS) has 8½ minutes remaining.

Mr. CARDIN. Mr. Speaker, I ask unanimous consent that the rightful sponsor of the substitute, the gentleman from North Dakota (Mr. POMEROY), be allowed to control the remaining time on this side.

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

There was no objection.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas (Mr. CARTER).

Mr. CARTER. Mr. Speaker, I thank the gentleman from Georgia for yielding me this time.

Mr. Speaker, I stand in support of H.R. 8 and totally opposed to the substitute. It is time we kill the death tax once and for all and forever. This is critical. Across the street from my church is a 400-acre farm. The second generation of farmers are farming that farm. But because of the growth in our county, the value of that farm, which these people intend to farm, is now over $2.50 a square foot because of development growth. Those people will be killed by this tax. We have got to eliminate it so that those people, their children, can continue to farm.

I ran into a good friend of mine in New Mexico. After years in college, I just assumed he would be continuing to ranch in Clayton, New Mexico. But, no, he is not in the ranching business. Why? Because the inheritance tax wiped out a ranch that they fought for and died for in Northern New Mexico. And now he is not there anymore. We have to protect those people and kill this tax.

Mr. POMEROY. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN).

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

Mr. LEVIN. Mr. Speaker, the Pomeroy amendment would exclude 99.65 percent of all estates from estate tax. So what is going on here? Why would the Republicans want to abolish the estate tax on this two-fifths of 1 percent? And, by the way, almost none of the 99.65 have to file a return. I think the answer is pretty clear: It is not only that my Republican colleagues are trying to protect the very, very, very wealthiest. That they are doing. And maybe that is their instinct. But what is really happening is my colleagues are taking $50 billion a year out of the Treasury of the United States. That is the difference between the Pomeroy bill and the total repeal.

That $50 billion a year would make up about one-third of the shortfall of Social Security. It would also provide other programs, like education, that are not only a safety net but are a rung up the ladder for middle- and lower-income families, and, yes, a lot of higher-income families. So that is what the Republicans are trying to do. They say it is only 1 percent of the totals revenues of this country. But they chipping away, chip by chip, block by block at the revenue in-flow into the Treasury of the U.S. and starving the programs that are needed for the vast majority.

What the Republicans are doing is to help a teeny tiny minority, a small number, hundreds, only hundreds of farmers and small business. The rest do not pay any estate tax. What the Republicans are trying to do is to help that small, small minority, and they are hurting 99 percent of the American people.

Vote for Pomeroy and vote against the basic bill.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Minnesota (Mr. KLINE).

Mr. KLINE. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise today in strong support of H.R. 8, a measure that frees men and women from being penalized for their hard work and their success. The Death Repeal Permanency Act of 2003 would eliminate the death tax, eliminate it, and that is the key, once and for all.

Mr. Speaker, Congress has already voted to get rid of the tax. We should never ever let it come back. The estate tax discourages the very values we prize most highly in our Nation. It is a tax on hard work and savings, on sacrifice, and on success.

In Minnesota, the family farm is an important part of our commerce, an important part of our industry. It is part of the fabric of Minnesota. The family farm epitomizes the values that we hold most dear. We should never ever let this tax creep back in and put those farms in jeopardy.

We cannot allow this unjust penalty to harm any of our family farmers, whether they are a small farm, like my wife's family farm, or a big farm. The estate tax is immoral. The death of an individual's father, mother, father-in-law or mother-in-law should not be a taxable event. Not now, not ever.

Let us support H.R. 8 and not the Pomeroy substitute.

Mr. POMEROY. Mr. Speaker, I yield 1 minute to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, I thank the gentleman for yielding me this time.

Let us be clear what this is about. This is not about saving the family farm. This is not about protecting small business. This is about over a 10-year period giving $160 billion in tax relief to the richest 2 percent of the population. Ninety-eight percent of the people get nothing.

What these folks are trying to do by running up huge deficits and a huge national debt is to end up cutting back disastrously on Medicare, Medicaid, education, and veterans' protection. No money to ease the waiting lines at VA hospitals all over America, but $180 billion for the richest 2 percent of the population.

This is an insult to the middle class and to the working families of this country. It should be defeated.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Indiana (Mr. CHOCOLA).

Mr. CHOCOLA. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in support of H.R. 8 and opposed to the amendment.

The bottom line, although we hear a lot of discussion, the bottom line is anybody who spends their whole life building a business or growing a farm should never have to sell that business or that farm to pay death taxes. The American dream is based on the principles of hard work and the celebration of self-reliance and individual responsibility.

People can reap the rewards of their own success, and they should be encouraged to share that success with others. The death tax and this amendment violates every single one of those principles of the American Dream. Mr. Speaker, it is not only the heirs that are punished by this unfair tax, it is the employees of those companies and those farms, and it is the customers, and it is most of all the communities that those farms and those businesses operate in.

Mr. Speaker, it is past time for Congress to repeal the death tax permanently, and I encourage all of my colleagues to support H.R. 8 and vote against this amendment.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Pennsylvania (Mr. GERLACH).

Mr. GERLACH. Mr. Speaker, I thank the gentleman for yielding me this time. I appreciate the opportunity to speak on this matter. I rise today to oppose the substitute amendment and to support the underlying bill. The initial repeal of the death tax was designed to benefit an important sector in our economy: Family-owned and small businesses.

Many of these businesses hold nonliquid assets and, thus, upon the passing of an elder, many families finds they must liquidate a portion or all of their family business in order to pay the obligations imposed upon them by the estate tax. Often these businesses are generations old, and when they liquidate not only does the family suffer but the economy and the community suffers as well.

Small businesses are among the strongest participants in our economy, yet their continued viability is the most vulnerable to unfair and excessive taxes, such as the death tax, which may tax up to 55 percent of a business' full value. Permanently repealing the death tax will not only provide much-needed tax relief to personal estates passed to individuals, but will also insulate this business sector so vital to our fledgling economic recovery.

Additionally, if we do not address this issue by a permanent repeal of the estate tax, it will automatically be reinstated in 2011. Individuals and small businesses would again face the looming specter of the return of the death tax. I urge opposition to the substitute amendment and for support of the underlying bill.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Texas (Mr. BURGESS).

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

Mr. BURGESS. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise today in strong support of H.R. 8, against the substitute amendment, and in favor of the repeal of the death tax.

Hardworking men and women toil every day to provide for their families and make their children's lives better. That is the American dream. Today that dream is being threatened by the death tax. Upon death, heirs are often forced to sell the family farm or small business to pay the Federal estate tax because a large share of their wealth is held in assets such as lands, buildings, plant and equipment. That is not right, that is not fair, and that is not the American way.

It is not fair because that property has already been taxed once, and in some cases twice. Two weeks ago, we passed the President's economic stimulus plan, which puts tax dollars back in the hands of people who make our economy go. We cannot continue to punish those who work hard, take risks, and are successful. We need their success. We need their success for the economy to recover. We need their success to create jobs.

The next step towards getting our economy moving is to repeal the unfair and unjust death tax. It is for that reason I am a strong supporter of permanently abolishing the death tax.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Alabama (Mr. BONNER).

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

Mr. BONNER. Mr. Speaker, I rise in strong support of H.R. 8 and in opposition to this substitute. I firmly believe that this is every bit as important a piece of legislation as the President's tax cut was just a few weeks ago, and I am very proud to be a cosponsor.

The death tax is fundamentally un-American. We should all aspire to be successful. And if we are fortunate enough to accumulate a little wealth, we should be able to leave that to our children, to our grandchildren, to our universities, our churches, our synagogues, or whomever we choose, not whom the government chooses. This unfair and punitive tax is killing America's small businessmen and women and our family farmers.

Congress understood this in 2001 and acted to gradually repeal the estate tax. But the repeal will sunset in 2010. It simply makes no sense whatsoever to expect taxpayers to time their deaths so as to qualify for more favorable tax treatment. The House recognized this problem, and we have twice voted to make this repeal permanent.

My district in Alabama is largely rural, with small landowners. Estate planning is extremely difficult and expensive. This is just wrong to make these people not only be doubly taxed but triple taxed. I again urge my colleagues to oppose the substitute and support the underlying bill.

□ 1415

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

Mr. Speaker, I find it curious that the preceding speakers each making their eloquent speeches on behalf of their family farm constituents, their small business constituents, will oppose the amendment that I have offered that will bring them meaningful relief right now, January 1, 2004.

Mr. Speaker, let me just go through the comparison. If a couple's estate is worth $6 million or less on January 1, 2004, no estate tax under our proposal. Under their proposal, these farms and small businesses with valuations in excess of over $3 million, they are going to have tax under their proposal in 2004, 2005, 2006, 2007, and 2008. There is more relief under our proposal than their proposal.

If they want to protect these estates, they should pass the substitute today; and next year if they want to go ahead and try to pass the repeal, they can go ahead and try. There is no harm in that, take what you can get now and come back and take some more later. That is how we function in this Congress a lot. But they have done something quite different. They say nobody gets any relief until 2011 because at that time the wealthiest three-tenths of 1 percent get to participate fully in the relief as well.

If that is what this is about, let us talk about the three-tenths of 1 percent. But do not put this on family farms or small businesses; or as an earlier speaker said, this estate tax repeal is really about the guy pushing the broom. I do not know too many guys pushing brooms that have estate tax problems. It goes to show really the overblown rhetoric on the other side of the aisle unmatched by any reasonable effort to help now address the estate tax problems they speak so compellingly about.

Mr. Speaker, I yield 3 minutes to the gentleman from Seattle, Washington (Mr. MCDERMOTT).

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

Mr. MCDERMOTT. Mr. Speaker, I think the gentleman from North Dakota, who comes from a big farming district, has a great amendment here.

Mr. Speaker, I will include for the RECORD a letter from the National Farmers Union dated June 16, 2003. The letter says there is no evidence that the estate tax has forced the liquidation of any farms, and existing estate tax provisions already exempt 98 percent of all farmers and ranchers. This is a letter on behalf of 300,000 farmers and ranchers. By increasing the level of estate exemption to $4 million per individual, which is what the Pomeroy amendment does, 99.5 percent of American agricultural producers would be exempted from any estate tax liability. It goes on to say the 20-year Federal cost of Federal estate tax repeal is estimated to be nearly $1 trillion. For farmers and ranchers, such a loss in Federal revenues will reduce our ability to fund a wide range of commodity, conservation, rural development, research and trade programs important to family farms.

Why are we doing this? Well, we are in the rubber-stamp Congress. We have an amendment out here that makes sense, but the Republicans will not consider it because ''I approve of everything George Bush does,'' and they are out here to rubber stamp another amendment.

In spite of the fact that last night we created a bill in the Committee on Ways and Means to deal with pharmaceutical benefits, we said to people, we are going to cover you from zero up to $2,000 and then there is going to be this big gap up to $4,900 people do not get a thing. They have to keep paying their premium, but they are not going to get anything out of it. From $2,000 to $4,900 in your bill is not a tax benefit that covers the pharmaceutical needs of people.

Now we could fix that simply with the money we have here today that we are passing out the back door, not to farmers; this is not a farmer issue. This is a bunch of very, very rich people hiding behind farmers. They are sort of sneaking behind the combine waiting until this bill gets through, and then they are going to stand up and take all their money. This is not for farmers. The farmers say that.

So who is it for? It is the President of the United States who had a fund-raiser last night, and he said give me $2,000 a plate, sit down; and I am going to rubber-stamp another bill.

Mr. Speaker, we have rubber-stamped one bill after another. A Member on the other side of the aisle said this is equally important with the other tax bill we did. Hey, there is $900 billion still laying in the Committee on Ways and Means. It is going to be brought out here, and we will rubber-stamp it. How big is the debt? Nobody cares. Our kids can pay for that, except for the kids of rich people; they do not pay taxes.

NATIONAL FARMERS UNION,
June 16, 2003.

House of Representatives,
Washington, DC.

DEAR MEMBER OF CONGRESS: I write on behalf of the 300,000 farmer and rancher members of the National Farmers Union to urge you to vote against H.R. 8, legislation that

would repeal the federal estate tax when it comes to the floor of the U.S. House of Representatives.

Repeal proponents have characterized this issue as critical to the future sustainability of America's family farms and ranches because it is a primary cause of farm liquidations. This argument is without merit. There is no evidence that the estate tax has forced the liquidation of any farms, and existing estate tax provisions already exempt 98 percent of all farms and ranches. By increasing the level of the estate tax exemption to $4 million per individual, 99.5 percent of America's agricultural producers would be exempt from any estate tax liability.

We believe estate tax laws should be reformed, not repealed. An immediate increase in the level of the exemption utilized to calculate estate tax liability, and simplification of the rules and procedures governing the filing and payment of estate taxes, represents a more rational and beneficial approach for farmers, ranchers and small business owners than full repeal.

The tax reform approach will minimize the loss of revenue for both the federal and state governments that will result from full repeal at a time when budget deficits and declining public revenues are severely stressing our capacity to maintain and expand priority programs important to the American people. The twenty-year federal cost of full estate tax repeal is estimated to be nearly $1 trillion. For farmers and ranchers, such a loss in federal revenues will reduce our ability to fund a wide range of commodity, conservation, rural development, research and trade programs important to the farm economy. These programs are much more critical to retaining a family farm oriented production agriculture system than the limited savings resulting from estate tax repeal that will only accrue to the nation's wealthiest individuals.

Estate tax reform will provide much needed certainty to those engaged in planning for the future while ensuring that individuals are not subjecting their heirs to a capital gains tax liability resulting from the potential loss of the stepped-up basis provisions contained in current law. If this occurs, the result will amount to a substantial tax increase for those of more modest means and smaller accumulations of wealth.

We look forward to working with you to develop and adopt an estate tax reform proposal that is both fair and fiscally responsible. Thank you for your consideration of these issues and for your vote against repeal of the federal estate tax.

Sincerely,

DAVID J. FREDERICKSON,
President.

Mr. BURNS. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. MURPHY).

Mr. MURPHY. Mr. Speaker, I would like to add one other thing to this discussion, that is, many a small business owner has a lot of money tied up in assets, but very little in cash by comparisons. They will spend perhaps hundreds of thousands a year paying for insurance, lawyers' fees and accountants to make sure that upon their death, the insurance picks up the tab.

This money that they spend each year could be spent on employees' wages and benefits and expanding their businesses. Some of the smaller farmers do not have the money to pay for this. I just want to make sure that we keep that in perspective, that there is a lot of money that is spent every year by small businesses that otherwise could be going to help employees. Insurance is what pays it anyway, and that is not the way we should be thinking about it. They should be thinking about ways to keep the money in their business now and after their death so they can continue to have people employed.

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

Mr. Speaker, I would like to summarize what we have heard from the new Members of Congress. The death tax as we know it is wrong. It is immoral. It is something that we must repeal permanently. My colleagues on the other side of the aisle would like to suggest that the substitute is the better approach, but it establishes a permanent death tax. The farmers and ranchers and the small business people of America are opposed to any death tax. I would remind Members that the American Farm Bureau is supportive of the repeal of the death tax permanently, as are numerous other organizations that recognize how onerous this burden is to America.

I would like to add my support to the underlying bill, H.R. 8. Let us kill the death tax today. Let us make it permanent. Let us ensure the future of our children and grandchildren.

Mr. Speaker, I ask unanimous consent to yield the balance of my time to the gentlewoman from Washington (Ms. DUNN) and that she may control that time.

The SPEAKER pro tempore (Mr. SIMPSON). Is there objection to the request of the gentleman from Georgia?

There was no objection.

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

Mr. Speaker, I want to make a couple of points in response to things I heard during the debate, and I appreciate the participation of the freshmen Members of Congress. Their viewpoint is very energetic and fresh. It is very valuable to hear what they have to say.

There has been mention in the past of the National Farmers Union, and I want to assure people listening to this debate that the American Farm Bureau, which has 5 million members, supports permanent repeal of the death tax, as do the Agricultural Retailers Association, the Alabama Farmers Federation, the American Society of Farm Managers, the Rural Appraisers, the American Soybean Association, the American Nursery and Landscape Association, the Farm Credit Bureau. I could go on and on. There is a list of 25 organizations here that support the permanent repeal of the death tax.

Why is that? The reason is they want predictability. One of the previous speakers talked about unpredictability because the act will not go into effect until 2010, 7 years from now. These farmers support permanent repeal because they do not want to have to bet on the fact that their farm will be within $3 million, which is the limit in the Pomeroy amendment. We hear talk about $6 million, and that is for two members of a family. They do not want to put those dollars into providing for estate planning and purchasing life insurance policies so liquidity will be there when the time comes that they are taken from this vale of tears and their children have to pay for the inheritance of their estate. They want to use those dollars and put that capital into their businesses and farms and into their equipment and land and into the employment of many, many people who will lose their jobs once farms close down.

Mr. Speaker, we have another speaker who would like to speak about the death tax. He is a long-time Member and very active in this debate through the years.

Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina (Mr. COBLE).

Mr. COBLE. Mr. Speaker, I am pleased to cosponsor H.R. 8, and I commend the gentlewoman from Washington (Ms. DUNN) for the diligent work that she has performed regarding this issue.

I was proud to support the Economic Growth and Tax Relief Reconciliation Act of 2001, which included a permanent repeal of the death tax. Unfortunately, due to arcane rules of the other body, this much-needed relief for working Americans is scheduled to sunset at the conclusion of 2010. Since then my colleagues, many of my colleagues, and I have voted twice to make this repeal permanent. I am hopeful that this Congress, both the House and the other body, will finally agree to permanently repeal the death tax and send it to the President for his signature.

Unless we pass H.R. 8, it is my belief that some of my constituents in the Sixth Congressional District of North Carolina will once again be subject to the death tax in 2011. Further, the sunsetting of this tax makes it difficult for business owners to make strategic planning and investment decisions which could have a major impact on the future of their business and loved ones.

Finally, I do not believe we should punish American families who have worked diligently to provide for themselves and their families and want to pass along the fruits of this success to their children and grandchildren. The death tax is a threat to the American Dream as we know it. It is my belief that this tax is the most onerous in the code. Conceptually and in practice, it reduces personal incentive to remain industrious, a disincentive to save, to invest.

Eliminating the death tax, coupled with the recent Jobs and Growth Relief and Reconciliation Act, will greatly assist in restoring consumer confidence, spurring capital investment, and creating new jobs which are critical components of economic viability and growth, particularly in the small business community. I urge passage of H.R. 8.

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

I want to speak for a moment on the question of where rural America is on my amendment. I believe if we ask the farmers of this country today, and I represent a whole lot of farmers in North Dakota, if they would take a proposition where they get $6 million per farm couple estate tax relief, no estate tax if their farm is $6 million or under, or no relief at all until 2011 under the majority proposal, leaving them with exposure over $3 million under their proposal as opposed to $6 million with our proposal, I would be interested in a show of hands on that one.

I have a strong feeling that most would support relief now. In addition to that, we are not used to the notion of capital gains on inherited estates, but I heard the gentlewoman from Washington (Ms. DUNN) talk about the new capital gains feature that is part of their proposal and that it is going to be a good thing because it means you are going to have to keep farming or running that small business because if you sell it, you are going to have capital gains exposure. I do not think that it is a good thing that we suddenly impose capital gains exposure on inherited assets. That is why the stepped-up basis feature of our bill is so important.

□ 1430

Mr. Speaker, I yield 1 minute to the distinguished gentlewoman from California (Ms. PELOSI), our leader. I am so proud of her and so proud she joins the debate on my amendment.

Ms. PELOSI. Mr. Speaker, I thank the distinguished gentleman for yielding me this time and I thank him for his very great leadership in shaping and bringing this alternative to the floor. It simply makes sense. It recognizes that family farmers, small businesses, hardworking Americans would like some relief from estate taxes so they can pass on the fruit of their labor to the next generation. What his substitute will do will cover 99.6 percent of all estates in America. It is reasonable. He would like to have paid for it, but we were told that it was against the rules of the House to pay for it by closing corporate tax shelters. It is against the rules of the House to eliminate corporate tax shelters. But his proposal as he presented it was fiscally sound and paid for, reasonable, and covered the estates of 99.6 percent of America's estates. I thank and congratulation the gentleman from North Dakota for his leadership.

Mr. Speaker, every one of us in this body, and we know this and are reminded of it on a daily basis, takes an oath to protect and defend the Constitution of the United States every time we are sworn in to a new term. In the Preamble to the Constitution, it says our first responsibilities are to provide for the common defense, to promote the general welfare and to provide the blessings of liberty for ourselves and our posterity. Let us look at that in light of what is happening on the floor today. The Republicans are bringing a continuation of their reckless tax-cutting binge that they are on to undermine the fiscal soundness of our country. They do it on a weekly basis, without any sense of what it does to plunge our children into indebtedness rather than investing in our future, and here they are again today.

Provide for the common defense. Those men and women in uniform who provide for the common defense deserve for us to make a future worthy of their potential sacrifice. That future must be one that is better for everyone in America. Those who have provided for our common defense, some of whom of an earlier generation, have been called the greatest generation. Yet a tax cut of this nature that is on the floor today will benefit fewer than 10,000 estates in our country and for that cost we could give 100 percent of Americans a prescription drug benefit. Those members of the greatest generation would benefit from that. Instead, we have again another piece to the reckless binge that the Republicans are on. Pretty soon the country will tilt from the imbalance of all of this recklessness.

And provide the blessings of liberty for our and our posterity. Every child in America is an heir to that legacy, is part of that posterity. Instead of investing in their future, and in fact, what we could have done earlier this week and we could do any minute here, to give them an expansion of a tax credit, instead we are plunging them into debt again rather than investing in their future. We have to see this goodie that is on the floor today, not only for itself, but what it is part of and how dangerous that is to our posterity and to our children's future, if that is the way you want to describe that.

The Republicans' intentions are clear. They want to unravel the social compact that we have with the American people. The role of government, to educate the public, to invest in our infrastructure, to protect the American people, to reward our senior citizens who have built our country. Instead, and they speak of it with great arrogance now, they are proud of the shrinking of government that they have that is part of their design, and critical to it is to reduce the tax base; to reduce the tax base. Some of these people that have talked about previous tax cuts will be paying, those who have unearned income, whose income is dividend income, will not pay any taxes on the dividend and now they will not pay any taxes on the estate. I am talking about all of those people above a $6 million for a couple, $3 million for an individual estate.

One of the values that the American people hold dear is the value of fairness. We are a country of fairness. How could it be fair to say we are going to give the wealthiest 10,000 families in America a bonanza instead of giving every senior citizen in America a prescription drug benefit? How could it be a sense of fairness to say to the children of the wealthiest families in America, we're concerned about your posterity, you are heirs and heiresses, but ignore the fact that every child in America, as I said before, is an heir and heiress to the great legacy that is our great country, a country of opportunity, opportunity that will be diminished by these tax cuts, opportunity that is diminished by the cutting back and investments in our children's health and their education and the economic security of their families by creating jobs instead of indebting us into the future with an impact of the deficits on long-term interest rates to be a drag on investment in our economy to create jobs.

We have to look at all of this as one. In the same week, within a matter of days that we have deprived the children of minimum-wage earners of the expansion of the tax credit, which they could have in a matter of weeks if the Republicans in the House would act responsibly, in the same week that we, over and over, again honor our men and women in uniform, which they deserve, we bring dishonor to them by saying their children, 250,000 of them, are not worthy of the expansion of the tax credit. At the same time, as we do all of this, we are not building a future worthy of the sacrifice of our men and women in uniform. We are not honoring our oath of office to provide the blessings of liberty for ourselves and our posterity, our children, to promote the general welfare. Where is that in the vision of this bill except that it is another part of the reckless binge that the Republicans are on, a fiscal unsoundness that has been a failure for the first 2½ years, losing 3.1 million jobs, and now they want to heap more on to it.

That is why I am so pleased that the gentleman from North Dakota took the lead on this. His standing on issues relating to America's family farmers is impeccable. He has been their champion in issues relating to economic security, education, rural education, rural health, rural housing, rural transportation in every possible way. He brings great credibility to this debate for his concern for the people that he represents with such dignity. And he gives this body an opportunity to immediately give tax relief to estates of $3 million for an individual or $6 million for a couple instead of squandering our children's future for the top 10,000 or fewer estates in our country at the expense of so much else.

The trade-offs are appalling. We have a responsibility in this body. We are elected for a reason. We are not here just to give tax cuts that do not create jobs, that do not grow the economy and are not fair and plunge us into debt. I urge my colleagues to honor your

oaths of office. I urge you to do the responsible thing. I urge you to vote ''yes'' on the Pomeroy substitute.

Ms. DUNN. Mr. Speaker, I yield 30 seconds to the gentleman from Michigan (Mr. SMITH).

(Mr. SMITH of Michigan asked and was given permission to revise and extend his remarks.)

Mr. SMITH of Michigan. Mr. Speaker, let me just say that as a farmer, the value of farmland has increased dramatically. That means an average 500-acre farm in many of the Midwest areas is now worth more than the $3 million allowed in this substitute. That means that a farm family has to sell off part of the farm to pay off the death tax debt to the Federal Government. $3 million is too low and means losing the farm for many farmers.

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

I think Members have a good idea of what we are going through here today. We have been through this issue before. Each time I am very happy to say that the House of Representatives has stood up to get rid of the death tax repeal permanently. Three times in the last Congress the House voted to repeal the death tax. We are here today only for one reason and that is that the rules of the other body have stymied this tax relief for small business people and for family farms.

Some of my colleagues would say we should throw in the towel. They say the Senate will never pass this legislation, so why not compromise? Why even take up the permanent repeal piece of legislation? That is the statement made by the Pomeroy substitute. We faced similar arguments not very long ago when we considered an economic growth package, but the House did not throw in the towel and the legislation that is now law reflects to a very deep degree the policy decisions that were written right here on the floor of this House of Representatives. Thanks to the tenacity and the leadership of the chairman of the Committee on Ways and Means, the will of the House prevailed. Frankly, I am very optimistic that we will ultimately prevail on permanently repealing the death tax.

I hope Members will not be swayed by the rhetoric and the hyperbole on the other side because we have heard lots of it today. On this issue, the opposition rhetoric and reality have very little in common. Why should Members vote against this amendment? Let me tell you why. Number one, it will be a retreat from the tax relief this body voted 2 years ago. In fact, it would reinstate a permanent death tax. Number two, we need to permanently repeal the death tax so that small businesses and family farmers can plan their future and invest in their businesses. We do not need to make them spend the fruits of their labor on estate lawyers and accountants and insurance policies. Number three, this is a direct vote against the President's proposal to repeal this tax permanently and that is based on 80 percent of the American people who think that the death tax is an unfair tax.

We need to inject greater fairness into the Tax Code. Do not be swayed by the arguments of those who say this is about a tax break for the wealthy. This is a relief from a burden that takes money from middle-income people who run their small businesses and their family farms. The wealthy people can afford to hire lawyers and accountants to avoid the burden of the estate tax. This is not about charitable giving and it is not about the wealthy. It is about people who are trying to raise money for the Federal Treasury and using an abhorrently unfair, misguided tax to do that. When people argue in favor of keeping the death tax, I am reminded of a story about Samuel Johnson, the English literary critic. An acquaintance of Johnson's had been unhappily married for a long time, and when the man's wife died he almost immediately remarried. Dr. Johnson said, ''That's an example of the triumph of hope over experience.'' That is what this is about, Mr. Speaker. It is about people who are wedded to misguided hope over experience.

Mr. Speaker, I think we have had enough experience with the death tax, nearly 90 years worth since 1916, and that is why we should reject this amendment. I urge my colleagues to vote ''no.''

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

Mr. POMEROY. Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The gentleman from North Dakota is recognized for 2½ minutes.

Mr. POMEROY. Mr. Speaker, I am very pleased that our leader was able to participate in the debate, and am pleased to have the participation of the Speaker of the House in closing for the majority, because I think the issue is of that importance.

The esteemed Speaker of the House, a gentleman I admire greatly, representing the State of Illinois, I reckon is going to tell us something about how we have to do this for family farmers and the small businesses of this country. I think that it is time that family farmers and small businesses have estate tax relief and that is why I have put forward this amendment which brings them estate tax relief effective January 1 of 2004. Again, let us put the rhetoric aside and just look at the facts.

□ 1445

In 2004, these families that they have been talking about, 3 million and over, estate tax liability attaches. A couple, in our side, 6 million liability of taxes. Meaningful relief now, 2004, 2005, 2006, 2007, 2008. We provide meaningful relief in each of those years beyond what the majority proposes.

I also expect that the Speaker of the House is going to talk a little bit about how we need to do this to get the economy moving again. Let us consider that one because something that takes effect in 2004 is much more related to getting the economy moving again than something that has no effect whatsoever until the year 2011. Consider this date, 2011, which, again, is the first time the majority proposal has any effect. That is five Congresses from now and into the third Presidential term from now. There is nothing we can do to bind action at that time, nothing in the world. We might kid ourselves about it, but what this Congress can do is attend to that in the here and now. That is why I believe it is time we move estate tax relief forward, do it in a meaningful way, do it in a way to provide couples 6 million and under complete freedom from ever having to worry about estate tax again, and if we attach at that number, we will address completely the estate tax concerns of 99.65 percent of the people in this country.

I do not know the definition of universal, but that is getting mighty darn close; and it beats by a mile, in my opinion, leaving people with the estate tax exposure they have until the year 2011.

Here is the danger that we will never get to 2011. This is the cost of the proposal the first 10 years; this is the cost in the next 10 years. I believe there is significant risk 2011 will never be allowed to occur under the majority bill. Let us get relief now. Please vote for my amendment.

Ms. DUNN. Mr. Speaker, I yield the remainder of my time to the gentleman from Illinois (Mr. HASTERT), the Speaker of the House.

Mr. HASTERT. Mr. Speaker, I thank the gentlewoman from the State of Washington for yielding me this time. I thank her for her leadership on this issue.

We have been talking about this for a long, long time. I am somewhat amused in hearing some of the rhetoric here on the floor this afternoon. I hear words like ''reckless'' and ''abominable'' and big words; but when we talk about this, I do not hear the word ''fairness'' very often. We got into a long discussion about other tax bills. And child tax credits, that we should vote for them. We did vote for them. Not only did we extend them just a little bit just like our other friends on the other side of the aisle wanted to extend them, to the year 2005, but we extended them clear out to the year 2010. On top of that we said that those folks who may be a fireman or may be a teacher and earn over $110,000 a year maybe ought to get some of this tax break as well, and we have added that on. So that issue is off the table. That is not an argument that we talk about this afternoon.

And when we talk about other tax bills out there, our veterans and other issues, we had that in that bill as well, so veterans can get a tax break and families that lose their loved ones can

get a tax break. But we have passed it. Let us just get it done.

What we are talking about here is fairness to families. We have talked over and over again about small businesses, the family farm, the orchard, the little ranch, some folks who have pulled together all their resources for a little business, a small manufacturing, might have been a real estate firm. But I grew up in one of those small businesses. My family owned a retail store. We were a farm service business; and in the 1950's the stockyards moved away from Chicago, and we lost that business. The feeders moved away. But families learn how to start over again. So we went from the feed business to the food business, started a restaurant business. But I will tell the Members all my life and my family's in those businesses, we did not take vacations. The kids stayed and worked in that business. We did not know what a paycheck was until we were 18 or 19 years old. We were paid $5 at a time, put a little gas in the car, go buy lunch, and that was how we got paid.

Families sacrifice to make small businesses work. Families sacrifice to make small farms better. They pay taxes all the time. People say this is a big tax break for people who made these businesses, but they paid the income taxes. They pay them every year. They pay real estate taxes. They pay sales taxes. They have been taxed to death; but yet they have made that sacrifice to make that business work, and now we are simply saying that as the years of those people who found those businesses are ending, they ought to have the comfort and relief to pass that business on to the next generation, to their children and to their grandchildren. And this is not just for rich people. This is for everybody who shares in the American Dream.

The largest beginning group of people who start small businesses in my district are Hispanics. They are minorities. Do the Members not think they ought to have the same break for themselves and their children if they want to pass it on to the next generation? Sure, they should. So why are we denying it?

We need to pass this piece of legislation so that we can keep this American heritage of families working, of families creating wealth, of families owning businesses because when they sell their business, who buys it? Some foreign company maybe, maybe a Fortune 500. That family loses that grasp in being able to carry that business forward.

This is a plain and simple bill. We have had it on the floor under the leadership of the gentlewoman from Washington three times before. It is time that we pass it. It is time that we make it law. It is time that the other body understands what we are trying to do and to come along and make it law with us. The American people deserve this legislation. Let us move forward and pass it today.

Mr. NEAL of Massachusetts. Mr. Speaker, I rise in opposition to yet another budget-busting bill. The Republican estate tax repeal that we are considering today will cost $1 trillion over the next two decades, and will kick into high gear just at the time the baby boomers retire.

The Democratic substitute, however, provides immediate and greater estate tax relief to more families this decade than the Republican bill. And, the Democratic substitute would have no effect on the Federal budget, had the Republican leadership not refused the revenue offsets in the substitute.

Our Republican colleagues say this substitute doesn't do enough, but the substitute would provide that 99.65 percent of decedents would not have to pay estate taxes. Who is in this less-than-one-percent group that the Republican majority is so intent on protecting?

Well, the Washington Post today reports about some of these wealthy patrons in the shadows: ''So some of the affluent families who have bankrolled the repeal movement,'' including the heirs of the Hallmark greeting card company and the candy-making Mars family, ''are exploring estate tax changes short of repeal that could be implemented sooner.'' In fact, the Post reports, the heirs of Hallmark spent $60,000 while the Mars' heirs spent $1 million on professional Washington lobbyists to push their views on estate tax relief. That may be money well spent, considering the reckless drive to repeal in the face of exploding deficits.

But, as one of the lobbyists in Washington argues to the Post, don't let exploding deficits dissuade you. It is not certain to happen, she argues, so feel free voting for $1 trillion in estate tax relief to that half-of-one-percent group. While the heirs are ready to cut a deal, the lobbyists hold strong.

Mr. Speaker, I urge my colleagues to vote down this irresponsible Republican bill.

Mr. KIND. Mr. Speaker, I rise today in strong support for making estate tax relief permanent so that family-owned farms and businesses can be passed down from generation to generation. The estate tax should be updated and modernized to reflect both the economic growth so many Americans have experienced in recent years, and the hard work of millions of entrepreneurs and those just trying to make a living. These businesses should not be punished for being successful or for simply having their owners pass away.

The United States is the land of opportunity, encouraging free enterprise and rewarding entrepreneurs. The estate tax should be modified to protect family-owned small businesses and family farms from the threat of having to be sold just to pay the tax.

But, Mr. Speaker, H.R. 8 would fully repeal the estate tax for all Americans at a time when the administration is running record deficits that threaten the futures of our children's children. As we all know, the estate tax applies to fewer than 2 percent of all estates, about 50,000 a year. This bill would initially cost the Nation's treasury $161 billion over 11 years, and $840 billion over the following 10 years.

Mr. Speaker, the majority's policies have turned a projected $5.3 trillion surplus into an estimated $3 trillion deficit over 10 years. This year alone, our budget deficit will reach a record $400 billion and will likely exceed $500 billion next year. However, even with these record deficits, we are debating yet another tax cut on top of the fiscally irresponsible $350 billion tax cut package this House recently passed.

With the majority's policies leading our Nation toward a fiscal train wreck, we should not be talking about totally repealing the death tax and instead talk about doing something about the debt tax, which falls upon all Americans. The growing amount of taxes needed to pay interest on the national debt will double under the Republican budget, costing the average family of four $8,453 in 2013. That is $8,000 a year that the average family will have to pay in taxes that will not go to provide better schools, national defense, or other government services. With the staggering budget shortfalls facing our country, Mr. Speaker, complete repeal of the estate tax is simply not an option I can support.

Therefore, I am supporting the substitute being offered by my good friend Mr. POMEROY. His legislation will immediately help the small businesses and family farms by increasing the estate tax exemption to $3 million for individuals and $6 million for couples. This meaningful, commensense bill will exempt 99.65 percent of all estates from the estate tax.

Mr. Speaker, it is our responsibility to avoid towering deficits and reduce the debt future generations will inherit. We must give them the capability and flexibility to meet whatever problems or needs they face. I cannot, in good faith, support legislation that will put our country further into deficit spending with a tax cut that will hurt future generations for the unforeseeable future.

The SPEAKER pro tempore (Mr. SIMPSON). All time for debate on the amendment in the nature of a substitute has expired.

Pursuant to House Resolution 281, the previous question is ordered on the bill and on the amendment in the nature of a substitute offered by the gentleman from North Dakota (Mr. POMEROY).

The question is on the amendment in the nature of a substitute offered by the gentleman from North Dakota (Mr. POMEROY).

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. POMEROY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 188, nays 239, not voting 8, as follows:

[Roll No. 287]

YEAS—188

Ackerman	Brady (PA)	Davis (FL)
Alexander	Brown (OH)	Davis (IL)
Allen	Brown, Corrine	Davis (TN)
Baca	Capps	DeFazio
Baird	Capuano	DeGette
Baldwin	Cardin	Delahunt
Ballance	Case	DeLauro
Berkley	Castle	Deutsch
Berman	Clay	Dicks
Berry	Clyburn	Dingell
Bishop (GA)	Cooper	Doyle
Bishop (NY)	Costello	Edwards
Blumenauer	Crowley	Emanuel
Boswell	Cummings	Engel
Boucher	Davis (AL)	Eshoo
Boyd	Davis (CA)	Etheridge

Evans
Farr
Fattah
Filner
Ford
Frank (MA)
Frost
Gonzalez
Gordon
Green (TX)
Grijalva
Gutierrez
Harman
Hastings (FL)
Hill
Hinchey
Hinojosa
Hoeffel
Holden
Holt
Honda
Hooley (OR)
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
John
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Lampson
Langevin
Lantos
Larsen (WA)
Larson (CT)
Leach
Lee
Levin
Lewis (GA)
Lowey
Lucas (KY)
Lynch
Majette
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy (MO)
McCarthy (NY)
McCollum
McDermott
McGovern
McIntyre
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Murtha
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Reyes
Rodriguez
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Sandlin
Schakowsky
Schiff
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tanner
Tauscher
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—239

Abercrombie
Aderholt
Akin
Andrews
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Becerra
Bell
Bereuter
Biggert
Bilirakis
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Cardoza
Carson (OK)
Carter
Chabot
Chocola
Coble
Cole
Collins
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Doggett
Dooley (CA)
Doolittle
Dreier
Duncan
Dunn
Ehlers
Emerson
English
Everett
Feeney
Ferguson
Flake
Fletcher
Foley
Forbes
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Houghton
Hunter
Hyde
Isakson
Issa
Istook
Janklow
Jenkins
Johnson (CT)
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
Lipinski
LoBiondo
Lucas (OK)
Manzullo
McCotter
McCrery
McHugh
McInnis
McKeon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Radanovich
Ramstad
Rangel
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schrock
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Sweeney
Tancredo
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Tiahrt
Tiberi
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—8

Carson (IN)
Conyers
Gephardt
Hulshof
Lofgren
Nadler
Smith (WA)
Taylor (MS)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON) (during the vote). Members are reminded there are 2 minutes remaining on this vote.

□ 1514

Messrs. TERRY, RANGEL, and HALL changed their vote from ''yea'' to ''nay.''

Mr. HILL, Mr. STARK, Mrs. CAPPS and Ms. SOLIS changed their vote from ''nay'' to ''yea.''

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

Stated against:

Mr. HULSHOF. Mr. Speaker, on rollcall No. 287 I was inadvertently detained. Had I been present, I would have voted "nay."

The SPEAKER pro tempore (Mr. LATOURETTE). The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Ms. DUNN. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 15-minute vote.

The vote was taken by electronic device, and there were—ayes 264, noes 163, not voting 8, as follows:

[Roll No. 288]

AYES—264

Abercrombie
Aderholt
Akin
Alexander
Bachus
Baker
Ballenger
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Bell
Berkley
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (UT)
Blackburn
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boswell
Boucher
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burns
Burr
Burton (IN)
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Cardoza
Carson (OK)
Carter
Castle
Chabot
Chocola
Clay
Coble
Cole
Collins
Costello
Cox
Cramer
Crane
Crenshaw
Cubin
Culberson
Cunningham
Davis (TN)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeLay
DeMint
Diaz-Balart, L.
Diaz-Balart, M.
Dooley (CA)
Doolittle
Dreier
Duncan
Dunn
Edwards
Ehlers
Emerson
English
Everett
Farr
Feeney
Ferguson
Flake
Fletcher
Foley
Forbes
Ford
Fossella
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Gordon
Goss
Granger
Graves
Green (WI)
Greenwood
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hinojosa
Hobson
Hoekstra
Hooley (OR)
Hostettler
Hulshof
Hunter
Hyde
Isakson
Israel
Issa
Istook
Janklow
Jenkins
John
Johnson (IL)
Johnson, Sam
Jones (NC)
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
LaHood
Lampson
Larsen (WA)
Latham
LaTourette
Lewis (CA)
Lewis (KY)
Linder
LoBiondo
Lucas (KY)
Lucas (OK)
Manzullo
Matheson
McCarthy (NY)
McCotter
McCrery
McHugh
McInnis
McIntyre
McKeon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Nethercutt
Neugebauer
Ney
Northup
Norwood
Nunes
Nussle
Osborne
Ose
Otter
Oxley
Paul
Pearce
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Portman
Pryce (OH)
Putnam
Quinn
Rahall
Ramstad
Regula
Rehberg
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Royce
Ruppersberger
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sandlin
Saxton
Schrock
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Smith (MI)
Smith (NJ)
Smith (TX)
Souder
Stearns
Sullivan
Sweeney
Tancredo
Tanner
Tauzin
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thornberry
Tiahrt
Toomey
Turner (OH)
Upton
Vitter
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wynn
Young (AK)
Young (FL)

NOES—163

Ackerman
Allen
Andrews
Baca
Baird
Baldwin
Ballance
Becerra
Bereuter
Berman
Bishop (NY)
Blumenauer
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Capps
Capuano
Cardin
Case
Clyburn
Cooper
Crowley
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Deutsch
Dicks
Dingell
Doggett
Doyle
Emanuel
Engel

Eshoo
Etheridge
Evans
Fattah
Filner
Frank (MA)
Frost
Gonzalez
Green (TX)
Grijalva
Gutierrez
Harman
Hastings (FL)
Hill
Hinchey
Hoeffel
Holden
Holt
Honda
Houghton
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson (CT)
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick
Kind
Kleczka
Kucinich
Langevin
Lantos
Larson (CT)
Leach
Lee
Levin
Lewis (GA)
Lipinski
Lowey
Lynch
Majette
Maloney
Markey
Marshall
Matsui
McCarthy (MO)
McCollum
McDermott
McGovern
McNulty
Meehan
Meek (FL)
Meeks (NY)
Menendez
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore
Moran (VA)
Murtha
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Payne
Pelosi
Pomeroy
Price (NC)
Rangel
Reyes
Rodriguez
Rothman
Roybal-Allard
Rush
Sabo
Sanchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Scott (VA)
Serrano
Sherman
Slaughter
Snyder
Solis
Spratt
Stark
Stenholm
Strickland
Stupak
Tauscher
Taylor (MS)
Thompson (MS)
Tierney
Towns
Turner (TX)
Udall (CO)
Udall (NM)
Van Hollen
Velazquez
Visclosky
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu

NOT VOTING—8

Carson (IN)
Conyers
Gephardt
Lofgren
Nadler
Radanovich
Smith (WA)
Tiberi

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. LATOURETTE) (during the vote). Members are advised 2 minutes are remaining in this vote.

□ 1531

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. TIBERI. Mr. Speaker, on rollcall 288, The Death Tax Repeal Permanency Act, I was detained in the U.S. Capitol and unable to cast my vote. Had I been able, I would have voted ''aye'' on H.R. 8, The Death Tax Repeal Permanency Act.

Mr. RADANOVICH. Mr. Speaker, I missed the vote on passage of H.R. 8, but would like to state that I would have voted ''aye'' on final passage.

MAKING IN ORDER DURING CONSIDERATION OF H.R. 1528, TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT OF 2003, POSTPONEMENT OF FURTHER CONSIDERATION UNTIL A TIME DESIGNATED BY THE SPEAKER

Mr. BLUNT. Mr. Speaker, I ask unanimous consent that during consideration of H.R. 1528 pursuant to House Resolution 282, notwithstanding the ordering of the previous question, it may be in order at any time for the Chair to postpone further consideration of the bill until a later time to be designated by the Speaker.

The SPEAKER pro tempore (Mr. LATOURETTE). Is there objection to the request of the gentleman from Missouri?

There was no objection.

EXPLANATION OF PURPOSE OF POSTPONEMENT OF FURTHER CONSIDERATION OF H.R. 1528, TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT OF 2003

(Mr. BLUNT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BLUNT. Mr. Speaker, the purpose of this request to postpone votes or further consideration of the bill until a later time to be designated by the Speaker is just simply to allow the Members, and families that are in town and intend to go with them, to go to the picnic at the White House this evening. By moving these votes until tomorrow, we allow that to happen, and I hope that allows the family members who are here and intending to go to this event with Members to have as much of the evening as they anticipated having.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 660, SMALL BUSINESS HEALTH FAIRNESS ACT OF 2003

Mr. LINCOLN DIAZ-BALART of Florida, from the Committee on Rules, submitted a privileged report (Rept. No. 108–160) on the resolution (H. Res. 283) providing for consideration of the bill (H.R. 660) to amend title I of the Employee Retirement Income Security Act of 1974 to improve access and choice for entrepreneurs with small businesses with respect to medical care for their employees, which was referred to the House Calendar and ordered to be printed.

TAXPAYER PROTECTION AND IRS ACCOUNTABILITY ACT OF 2003

Mr. MCCRERY. Mr. Speaker, pursuant to House Resolution 282, I call up the bill (H.R. 1528) to amend the Internal Revenue Code of 1986 to protect taxpayers and ensure accountability of the Internal Revenue Service, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 282, the bill is considered read for amendment.

The text of H.R. 1528 is as follows:

H.R. 1528

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

SECTION 1. SHORT TITLE; ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Taxpayer Protection and IRS Accountability Act of 2003''.

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

(c) TABLE OF CONTENTS.—

Sec. 1. Short title; etc.

TITLE I—PENALTY AND INTEREST REFORMS

Sec. 101. Failure to pay estimated tax penalty converted to interest charge on accumulated unpaid balance.
Sec. 102. Exclusion from gross income for interest on overpayments of income tax by individuals.
Sec. 103. Abatement of interest.
Sec. 104. Deposits made to suspend running of interest on potential underpayments.
Sec. 105. Expansion of interest netting for individuals.
Sec. 106. Waiver of certain penalties for first-time unintentional minor errors.
Sec. 107. Frivolous tax submissions.
Sec. 108. Clarification of application of Federal tax deposit penalty.

TITLE II—FAIRNESS OF COLLECTION PROCEDURES

Sec. 201. Partial payment of tax liability in installment agreements.
Sec. 202. Extension of time for return of property.
Sec. 203. Individuals held harmless on wrongful levy, etc., on individual retirement plan.
Sec. 204. Seven-day threshold on tolling of statute of limitations during tax review.
Sec. 205. Study of liens and levies.

TITLE III—TAX ADMINISTRATION REFORMS

Sec. 301. Revisions relating to termination of employment of Internal Revenue Service employees for misconduct.
Sec. 302. Confirmation of authority of tax court to apply doctrine of equitable recoupment.
Sec. 303. Jurisdiction of tax court over collection due process cases.
Sec. 304. Office of Chief Counsel review of offers in compromise.
Sec. 305. 15-day delay in due date for electronically filed individual income tax returns.
Sec. 306. Access of National Taxpayer Advocate to independent legal counsel.
Sec. 307. Payment of motor fuel excise tax refunds by direct deposit.
Sec. 308. Family business tax simplification.
Sec. 309. Health insurance costs of eligible individuals.
Sec. 310. Suspension of tax-exempt status of terrorist organizations.

TITLE IV—CONFIDENTIALITY AND DISCLOSURE

Sec. 401. Collection activities with respect to joint return disclosable to either spouse based on oral request.
Sec. 402. Taxpayer representatives not subject to examination on sole basis of representation of taxpayers.
Sec. 403. Disclosure in judicial or administrative tax proceedings of return and return information of persons who are not party to such proceedings.
Sec. 404. Prohibition of disclosure of taxpayer identification information with respect to disclosure of accepted offers-in-compromise.