legislation, thanks to the leadership of Senator BAUCUS and Senator GRASSLEY and other members of the Finance Committee who have worked on this issue so hard.

Let me, in conclusion, say once again, I have come to the floor to speak about the farm bill because it is something we can easily do. We have 2½ weeks before Christmas. This is legislation we have worked on for a very long time. Under the leadership of Senator CHAMBLISS, several years ago, he held hearings on reforms to the farm bill all over this country. Under the leadership of Chairman HARKIN, this year, the first hearing on the farm bill was held in my State in Brighton, CO, in Adams County, one of the largest agricultural counties in my State. The effort has yielded a farm bill which is a good farm bill which should allow us to move forward to have a final farm bill coming out of the Senate.

Now we have seen, again, Senator REID come to this floor, and he has said to the Republican leadership: We want to move forward on the farm bill. Senator REID has said: We will take 10 Republican amendments to 5 Democratic amendments. Let's have a debate on those. Let's set up some time constraints on that debate, and let's get down to the point where we can have a final vote on this very important bill. Yet the answer is: We object—on the other side—to anything happening here on this farm bill.

I am hopeful the champions of rural America, the champions of agriculture on the Republican side, come over to join us to help us move this farm bill forward.

I hope the people of America put pressure on the Members of the Senate to move forward to bring us to a conclusion on this 2007 farm bill so at the end of the session we can go home for Christmas and we can say we have done something good for the food security of our Nation.

We ought to remember that sign on my desk that says: ''No Farms, No Food.'' ''No Farms, No Food.'' Every American eats. This farm bill is essential to make sure we maintain the independence and the food security we have had with food in America.

I am very hopeful we are able to move forward with this farm bill.

PAYING FOR THE ALTERNATIVE MINIMUM TAX

Mr. LEVIN. Madam President, I rise today to urge my colleagues to support fairness in our Tax Code and fiscal responsibility in our budgets and appropriations.

Sometime in the next 2 weeks, the Senate will likely be asked to vote on legislation to fix the alternative minimum tax—what we call the AMT. The issue before us is not whether the AMT ought to be fixed. Fixing it is the only fair thing to do for America's middle-class families. The real issue is whether we are going to fix it in a way that is fiscally responsible, so that we do not leave our children and our children's children to foot the bill—yet again—for our spending.

After 6 years of runaway deficits and Tax Code revisions that have disproportionately benefited the wealthiest among us, Democrats committed during the 2006 election that we would reinstitute fiscal responsibility. We pledged to play it straight with taxpayers: we said we will not run up deficits with the cost of new legislation; we will pay for what we legislate. That pledge applied to program increases, to new programs, and to tax cuts. The Democrats' fiscally responsible, pay-as-you-go pledge is the only way we have been able to temper deficit spending that has once again become the norm in Washington over the past 7 years.

So far we have held firm on the so-called ''pay-go'' commitment. But fixing the AMT carries a cost of $51 billion, and pressure is mounting on the Senate to break that commitment and add to the record $9 trillion national debt that is already threatening future generations. In the name of fairness and fiscal responsibility, the Senate should resist that pressure.

President Bush has recently used the rhetoric of fiscal responsibility.

President Bush said, ''You have to have some fiscal discipline if you want to balance the federal budget.''

The distinguished minority leader, Senator MCCONNELL added that it is time ''to get us out of the business of political theater and back to the business of governing in a fiscally responsible way.''

I agree with those sentiments even if they are 6 years too late. But being fiscally responsible as we fix the AMT will require the Senate to do more than talk the talk about fiscal discipline; it will require the Senate to walk the walk by paying for any tax reductions, and not paying for them by increasing the national debt.

Unfortunately, some of our Republican colleagues have a blind spot: they call for fiscal discipline when Congress wants to pay for an earmark or a new program, but when tax cuts are on the line, fiscal discipline is suddenly tossed into the legislative trash can. True fiscal discipline means we have to look at the bottom line for taxpayers no matter what kind of legislation we are debating, including a fix for the AMT.

The AMT was intended, when adopted in 1969, to ensure that every American with significant income contributes at least some taxes to this great country. It was designed to stop the highest income taxpayers from using tax loopholes to escape contributing one thin dime to Uncle Sam, ensuring that they shoulder their fair share of the tax burden.

The AMT included exemptions to make sure that middle class Americans were not forced to pay higher AMT taxes instead of their normal tax burden. But in recent years the AMT has gone wrong. The problem is that the AMT's exemptions protecting the middle class have not been adjusted for inflation, and the AMT is now loading additional taxes onto the backs of working families who already pay their fair share.

In 2006, 4 million taxpayers had to pay higher taxes due to the AMT. In 2007, with no fix, 23 million Americans will have their taxes increased because of the AMT. That includes 830,000 taxpayers in Michigan, which is 18 percent of all the taxpayers in the State. Only a few of these Michigan taxpayers are upper income, and most are not taking advantage of unfair tax loopholes. But if they are caught by the AMT, all 830,000 Michiganders could be hammered with hundreds or even thousands of dollars in additional taxes.

There is a consensus in Washington that the AMT exemptions ought to be expanded so that the AMT impacts only upper income Americans, and not middle class Americans already working hard just to get by. The only issue is whether we are going to pay for it.

Protecting the middle class from AMT taxes in 2007 will cost the Treasury about $51 billion over 10 years. Faced with this cost, the House has taken the fiscally responsible course of action. It has sent us a bill, H.R. 3996, which would protect the middle class from the AMT sledgehammer in a way that is revenue neutral and does not add to our national debt.

The House bill includes three fiscally responsible provisions that would raise $52 billion to pay for the AMT fix. These measures would ensure fairness in the taxes levied on stock profits and in the taxes paid by hedge fund managers. Each provision represents an important tax reform in its own right that merits our support as a matter of tax fairness.

The first of the House measures would require stock brokers to start reporting the cost basis of the securities they sell for their clients on the 1099 forms that brokers already send to those clients and to the Internal Revenue Service, IRS. Reporting the cost basis on these forms is a simple way to help ensure that the stock owners accurately report to the IRS any profits earned from the sales of the stock, and it enjoys broad, bipartisan support. It is expected to generate about $3.4 billion in added tax revenues over the next 10 years.

The next two House provisions would affect the income taxes paid by hedge fund managers, a small group of investment advisers who are among the wealthiest in America today.

Hedge funds are private investment funds accessible only to wealthy individuals and large institutional investors. The experts who decide how to invest these dollars are typically called hedge fund managers. In 2006, there were about 2,500 hedge funds registered with the Securities and Exchange Commission, SEC. Hedge funds take money only from sophisticated investors such as pension funds, university endowments, and individuals who have at least $5 million in investments. By taking investment dollars only from sophisticated investors, hedge funds can avoid complying with SEC regulations that apply to mutual funds and other investment funds available to the general public.

Last year, press reports indicate that the top U.S. hedge fund manager made $1.7 billion in compensation. That's billion. The average compensation for the top 25 hedge fund managers was around $570 million. Each. Think about that. For comparison, the 2006 median income for U.S. households was less than $49,000, which is less than one ten thousandth of the income collected by those top hedge fund managers.

Hedge fund managers make their money by charging their clients a management fee equal to 2 percent of the funds provided to the hedge fund for investment and, in addition, by taking 20 percent of the profits earned from those investments. The 20 percent share of the investment returns from hedge funds is known as ''carried interest.'' Under current law, most hedge fund managers claim that this carried interest qualifies as capital gains subject to a maximum tax rate of 15 percent, rather than as ordinary income subject to a maximum tax rate of 35 percent.

When hedge fund managers take 20 percent of their clients' investment returns, they are being compensated for managing those client funds; they are not collecting profits from investing their own money. Characterizing this compensation as capital gains is a tax dodge that has been allowed to go on for too long. This tax loophole allows hedge fund managers to pay a 15-percent capital gains rate on millions—or even billions—of dollars in income. Meanwhile, a receptionist in the same office receiving a $50,000 salary pays at a regular tax rate. Making a salaried worker pay a higher tax rate than the managers who are making hundreds of millions of dollars is a tax travesty, and it has got to stop.

The House bill would restore fairness by putting an end to this tax loophole. The second provision of the House bill would make it clear that the 20 percent carried interest is, in fact, taxable as ordinary income, making hedge fund managers pay the same income tax rates as ordinary Americans. If enacted, it would raise about $25.6 billion over 10 years, half the cost of fixing the AMT.

The third provision in the House bill would address a smaller group of hedge fund managers—those routing their compensation through offshore corporations located in tax havens.

The hedge fund managers participating in this tax dodge typically don't live or work in the tax haven where the offshore corporation is incorporated. The offshore corporation often doesn't have any physical presence in the tax haven either—it functions as a shell company with no full-time employees or physical office. The whole arrangement is a phony setup to enable the hedge fund manager to appear to get paid outside the United States, direct the offshore corporation to place the compensation in an offshore retirement plan, and defer payment of any U.S. taxes on that compensation until sometime in the future. In the meantime, the offshore corporation can invest the funds tax free and accumulate investment returns for the hedge fund manager. The result of all this tricky maneuvering is that hedge fund managers are able to defer U.S. income taxes and circumvent parts of the U.S. Tax Code that limit tax free contributions to retirement plans. Some are able to defer paying taxes on hundreds of millions of dollars of annual income.

The House bill would put an end to this offshore tax dodge by requiring hedge fund managers to pay taxes on any earnings from their deferred offshore compensation, as those earnings accrue. The tax-free ride would be over. If enacted, this provision would raise $23.8 billion over 10 years.

Requiring accurate reporting of stock profits, applying the same tax rates to carried interest as to the income of ordinary Americans, and taxing deferred offshore investment income are provisions that promote tax fairness and make a lot of sense. Together, these three House provisions would raise more than $52 billion over 10 years, enough to pay for the entire $51 billion AMT fix so that we can protect middle class Americans from the AMT sledgehammer without running up the national debt.

So why is the Senate hesitating to enact the House bill?

Some claim that forcing hedge fund managers to pay their fair share of taxes would somehow put an end to the capitalist spirit in America. Whatever the merits of the argument for lower taxes on capital gains, those arguments certainly do not make any sense when applied to income earned for servicing and managing other peoples' capital. Surely the person who earned $1.7 billion would have had that same capitalist spirit and zeal for investing whether his take home pay was $1.7 billion or $1.1 billion.

Some of my colleagues argue that the Senate just should add the $51 billion cost of the AMT fix to the deficit and leave it at that. But when some taxpayers are given a free ride, the rest will inevitably be asked to make up the difference, whether it is through increased debt or higher taxes down the road. We all know that there is no free lunch, and there is no free tax cut, and history shows that when upper income groups avoid paying taxes, the middle income groups end up footing the tax bill. Unfortunately, some continue to grasp onto the fiscally irresponsible attitude that, in just the last 7 years, has added $3.5 trillion to the $9 trillion debt ditch already threatening the economic well-being of the next generation. And they would dig that debt ditch deeper—instead of paying for the AMT tax cut—primarily to protect hedge fund managers from paying their fair share of taxes.

I don't understand how some can claim that the deficit matters when the debate is over $22 billion in appropriations for health, education or veterans, but not when the issue is $51 billion in tax benefits for the wealthiest Americans.

The bottom line is that the House found the political will to impose tax fairness on hedge funds when they passed H.R. 3996. The Senate can and should do the same. If we don't—if we give in to the pressure to break the pay-as-you-go rules that have so far held firm in the Senate—it will be that much easier to break the rules again in the future. Giving up on pay-go would let down American taxpayers who are counting on us to act responsibly and pay for what we legislate.

If the Republican filibuster continues and succeeds, and if we cannot muster 60 votes to break it, we would then be forced with the choice of raising taxes on 23 million working families or violating our pay-as-you-go rules. I would protect my constituents at the expense of an even deeper national debt. But we don't have to go that way, and we shouldn't. With the House bill we can protect our constituents from unintended tax increases, we can ensure fairness in the tax code, and we can avoid increasing the Federal deficit.

I urge my colleagues, Republicans and Democrats, to take a look at the tradeoffs presented in the House bill. The House bill will allow us to fix the AMT for a year, and at the same time ensure that the wealthiest among us contribute their fair share to this great country. I urge my colleagues to take seriously Congress's commitment to fiscal responsibility as well as fairness, and to pass H.R. 3996.

I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CONCLUSION OF MORNING BUSINESS

Mr. REID. Madam President, I ask unanimous consent that morning business be terminated.

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

Morning business is closed.

TEMPORARY TAX RELIEF ACT OF 2007—MOTION TO PROCEED

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the motion to