

and tissue there is an intense search for alternatives because of pressure from the pro-life lobby, the opposition of President George W. Bush and ever present concerns about cloning babies.

Prof. Wilmut's decision signals the lack of progress in extending his team's pioneering work on Dolly to humans.

The hurdles seem to have been overcome a few years ago by a team led by Prof. Hwang Woo-Suk in South Korea, with whom he set up a collaboration.

Then it was discovered Prof. Hwang's work was fraudulent. "We spent a long time talking to him before discovering it was all a fraud," he said. "I never really got started again after that."

And Prof. Wilmut believes there is still a long way to go for therapeutic cloning to work, despite the headlines greeting this week's announcement in *Nature* by Dr. Shoukhrat Mitalipov and colleagues at Oregon Health & Science University, Beaverton, that they cloned primate embryos.

In all Dr. Mitalipov used 304 eggs from 14 rhesus monkeys to make two lines of embryonic stem cells, one of which was chromosomally abnormal. Dr. Mitalipov himself admits the efficiency is low and, though his work is a "proof of principle" and the efficiency of his methods has improved, he admits it is not yet a cost effective medical option.

Cloning is still too wasteful of precious human eggs, which are in great demand for fertility treatments, to consider for creating embryonic stem cells. "It is a nice success but a bit limited," commented Prof. Wilmut. "Given the low efficiency, you wonder just how long nuclear transfer will have a useful life."

Nor is it clear, he said, why the Oregon team was successful, which will hamper attempts to improve their methods. Instead, Prof. Wilmut is backing direct reprogramming or "de-differentiation", the embryo free route pursued by Prof. Yamanaka, which he finds "100 times more interesting."

"The odds are that by the time we make nuclear transfer work in humans, direct reprogramming will work too."

I am anticipating that before too long we will be able to use the Yamanaka approach to achieve the same, without making human embryos. I have no doubt that in the long term, direct reprogramming will be more productive, though we can't be sure exactly when, next year or five years into the future."

Prof. Yamanaka's work suggests the dream of converting adult cells into those that can grow into many different types can be realized remarkably easily.

When his team used a virus to add four genes (called Oct4, Sox2, c-Myc and Klf4) into adult mouse fibroblast cells they found they could find resulting embryo-like cells by sifting the result for the one in 10,000 cells that make proteins Nanog or Oct4, both typical markers of embryonic cells.

When they studied how genes are used in these reprogrammed cells, "called induced pluripotent stem (iPS) cells", they were typical of the activity seen in an embryo. In the test tube, the new cells look and grow like embryonic stem cells.

And they were also able to generate viable chimaeras from the cells, where the embryo cells created by the new method could be mixed with those of a mouse embryo to grow into a viable adult which could pass on the DNA of the reprogrammed cells to the next generation.

Nonetheless, there will have to be much work to establish that they behave like embryo cells, let alone see if they are safe enough to use in the body. Even so, in the short term they will offer an invaluable way

to create lines of cells from people with serious diseases, such as motor neuron disease, to shed light on the mechanisms.

Given the history of fraud in this field, the Oregon research was reproduced by Dr. David Cram and colleagues at Monash University, Melbourne. "At this stage, nuclear transfer to create pluripotent stem cell lines remains an inefficient process," said Dr. Cram.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. SALAZAR). Without objection, it is so ordered.

Mr. CRAIG. Mr. President, let me inquire, we are in morning business?

The PRESIDING OFFICER. The Senator is correct.

ALTERNATIVE MINIMUM TAX AND 3-PERCENT WITHHOLDING

Mr. CRAIG. Mr. President, I come to the floor of the Senate today to speak about two very important issues to America's taxpayers.

The first, of course, is the alternative minimum tax on which we had a cloture vote this morning. That is a very serious matter. I voted against a motion to proceed because I do not believe the best way to prevent a tax increase on 25 million taxpayers is to raise taxes elsewhere by about \$80 billion. There is an old phrase out there saying that you are going to rob Peter to pay Paul. Obviously, Peter feels his pocket has been picked, but Paul might feel pretty good about it. And that is the scheme that was played out here. It is a switch game that goes on. The alternative minimum tax is important, but you don't do what they are doing. How can you give a tax break that is already going out somewhere else and raising taxes to give it? That is the issue at hand. I hope the majority is serious about protecting millions of middle-class taxpayers by bringing realistic, bipartisan legislation to fix the AMT, something both sides of the aisle can and, in all fairness, should support.

Even though I did not support how this legislation was crafted, there is a provision in the tax extender package that I wish to highlight because it is very important to taxpayers.

The bill we just voted on contained a provision to delay for 1 year a Federal mandate that requires every level of government—Federal, State, and local—to deduct and withhold a 3-percent tax on all payments of goods and services if that government spends \$100 million or more for those goods and services. Oh, yes, that is a shuffle game that has been going on in the Finance Committees in the House and the Senate for some time, and it was slipped in as a way to grab some money. I saw that coming early on and began to object to it and began to look at the fig-

ures on it when others of us were saying: Well, gee, I thought that was an ability to raise some more money. I was pleased this issue was finally addressed, but what we need is full repeal of this terrible tax policy, not just a 1-year delay, although I must say a 1-year delay is going to awaken a lot of my colleagues because their State, county, and city governments are going to be calling, if they haven't already, saying: Wake up, you are putting a substantial tax on top of us.

I have come to the floor of the Senate today to renew a promise I made over a year ago. The same day this Senate provided tax relief for millions of Americans by passing the Tax Increase Prevention and Reconciliation Act of 2005, for which I voted, I pledged to do all I could to remove this terrible provision I just talked about that was quietly slipped into the conference report as a last-minute revenue raiser. So I stand here today to renew that pledge.

Last year, I told Members of the Senate this provision would not go unnoticed, and I was right. Once taxpayers learned what this Congress had done in the middle of the night when somebody wasn't watching, they began to react. Angry taxpayers from across the Nation are joining forces, organizing coalitions, and rallying grassroots support to fix this unjust tax policy. I applaud them for their efforts, and I am here to help them.

Let me take a couple of minutes to share what hundreds of angry taxpayers shared with me. I want every Member of the Senate to listen carefully. I want them to understand how this 3-percent tax withholding will affect each and every one of their constituents. I want them to understand why this mandatory 3-percent withholding tax is so bad.

First, 3-percent withholding was justified in the name of closing a tax gap. Proponents argued it would improve compliance. I will show a chart. They say it will improve tax compliance by approximately \$7 billion over 5 years. I do not agree, and neither do the numbers.

These numbers are based on the Joint Tax Committee's original estimates. These numbers are simply slightly different when we take the 1-year delay that was in the provision that was on the floor this morning into account. But these numbers tell the story of why this is such a terrible provision.

In 2011, the first year this provision goes into effect, this 3-percent withholding tax accounts for about \$6.79 billion in new revenue—boom, a big chunk of new revenue. Can't you see the spenders on the floor of the Senate salivating as they factor that into their budgets and bring down their deficit margins? However, each year after this provision only brings in about \$200 million. Why is that? I will tell you. Because about \$5.8 billion will be rightfully returned to the taxpayers each year

thereafter. So it is a big bubble once, but then it is a constant tax.

Proponents argue that 3-percent withholding will improve tax compliance by \$7 billion over 5 years. It is simply not true. The real value of increased tax compliance is only about \$200 million. The bulk of these revenues, \$5.8 billion, are not found. It is not real money. They are accelerated tax receipts. Contemplate that into any private or public budget or revenue and my guess is an accountant would say you are cooking the books; you can't get away with that; that is not real money.

Many of our taxpayers are already skeptical of what we do around here and would suggest we are not dealing in the real world in our desire to spend money and pay for it in some way. That is exactly what is happening. The finance committees in the conference that put this in cooked the books. As the pressure builds, that is why, well, we better push this back for 1 year.

Now, even though these estimates say you are bringing in \$200 million in new revenue, which is a good thing, I guess, I am here to argue that the harmful consequence of withholding 3 percent on all payments of goods and services—and when I said that, the presiding officer brought his head up. The reason he did, and the reason any of us do when we hear about these things is, wait a minute, you are taxing goods and services of counties and cities and State government. Why are you doing that? This is going to far and away exceed the benefit we gain from additional tax revenue because somehow it makes its way through, obviously, to the constituent at the local level.

Not only are their numbers misleading you, but the unintended consequence of this tax withholding are very serious. Who is going to bear the burden of enforcement and implementation—the IRS? The Federal Government? Oh, no. The burden is going to be borne by State and local governments—your cities, my cities, our counties, our States, and companies large and small that do business with our Government are going to have to reach into their pockets in advance. The magical threshold is \$100 million. Well, we say that is only for big business. Well, a lot of our cities out there today and a lot of our counties out there today and certainly all of our States fit into that category.

Let me give an idea of what I am talking about. The State comptroller's office in my State of Idaho, an office that would oversee compliance of all State agencies with this new tax-withholding requirement, conservatively estimates it would cost that office, that office alone, about \$358,000 to implement and about \$78,000 a year to carry it on. Now, remember this is a State of 1.5 million people. This is not 10 million or 12 million or 14 million people. Those are real dollars. That is one office in a small State. When you add all the other Idaho State agencies

and offices that must also comply, those numbers will go up. So it is not overstating the case to say.

That tax withholding will collectively cost my State of Idaho millions of dollars to implement.

Now, think of what it would cost the State of Colorado, substantially larger than the State of Idaho, or the State of California, Florida or Texas. The numbers get big, and the numbers get staggering. What about our city and county governments? They will have to comply as well if they spend \$100 million a year. That is the threshold.

Most counties and cities don't even know what is about to hit them, but there is one that does, and they figured out how much it is going to cost them. Let me talk about Miami, Dade County, FL. They expect withholding provisions to cost them \$27 million. Let me say it again. The new tax withholding will cost Dade County, FL, \$27 million. Now, if it costs them that, what do they do? They pay it. Do they cut services to their constituents or do they go out and raise taxes to offset it so they don't have to cut services? Because they are going to be forced to pay it by the Federal Government.

It is not a stretch to say this is going to cost our States, our counties, and our city governments millions and millions of dollars a year. That cost, as I said a few moments ago, has to be moved somewhere else. You either cut the services that the counties or the cities provide or you raise taxes to offset. The unsuspecting victim ultimately then has to be the taxpayer. Either the services they expect from their government are gone or they take a little more out of their back pocket.

Proponents of the 3 percent withholding tax are saying this is the best way to make sure everybody pays their fair share of taxes. Well, it is a new tax. I disagree. I don't think this is the best way to do it. I believe all citizens ought to pay their taxes. I think you and I would agree with that. I also believe our taxes should be straightforward, transparent, and fair. This new withholding tax is not straightforward, it is not transparent, and I suggest it isn't very fair. It is simply another way for the Feds to get their hands in the hip pocket of every level of government below them and into the poor taxpayer's pocket, ultimately.

The new withholding tax, ultimately, will devastate businesses and their customers across the Nation. Let me explain about businesses now. It isn't just governments that are going to have to be paying this. If you own a business and you have a contract to provide goods and services to the cities or the State, or the Federal Government for that matter, then the Government will not pay you in full. Oh, my goodness. You cut a contract with the Federal Government for "X" hundreds of millions of dollars to provide goods and services and they withhold 3 percent before they send you the money. So how are you going to deal with that

one? Because that is exactly what will happen.

Competitive contracting? Very tight. We hope the margins are tight. We want the margins to be tight. So they will keep your money for 12 to 15 months because it is withheld. So where do you go then to get the money to provide the goods and services? You go borrow it. That endless circle goes on. Doing business with the Federal Government will be more costly, and, ironically, it will cost the Federal Government more if we expect private contractors to deal with our Government.

Here is the problem with that. It will impact nearly every industry in our Nation and it will negatively affect nearly every business or organization in America that contracts with a government entity to provide goods and services. Many industries, especially health care and construction, and most small businesses will be particularly hard hit, because a 3-percent withholding is actually larger than, in many instances, the entire profit on a contract. Think that one through. If the tax withheld is larger than the profit, why would you want to engage in business with the Government? This will seriously impede cash flow, which for small businesses can mean deciding between meeting a payroll, expanding a company or buying needed equipment. We leave small businesses with only two options: They either pass the cost along to their consumer and the price of business goes up, or they borrow money from the bank and make up the shortfall. Of course, when you borrow money from a bank, it is going to cost you a little money to do it, and so down goes the margin of profit, down goes the viability, and down goes the strength and the ability of a small business to compete.

It is ironic we are forcing these small businesses to take out a loan to pay for our mistakes while the Federal Government is essentially getting an interest-free loan from the taxpayer. That is not right.

I am on the floor of the Senate today honoring a commitment I made 1 year ago to speak out and to help shape coalitions to make America aware of what had been slipped into a conference in the dark of night that was going to impact them directly. Well, it is working. Slowly but surely America is awakening to this phantom gain our tax writers thought they could get for our tax spenders.

I sponsored legislation to repeal the 3-percent withholding. I have not yet won that fight, but to all who are listening, the tax writers are starting to blink. That is why the 1-year extension was stuck into this AMT provision, because all of a sudden the pressure is beginning to build and those politicians who raise your taxes are slightly feeling the pressure. We have to keep it on because a 1-year extension simply is not good enough. A full repeal is what we must ask for, unless we want to pass all of this through to our cities, to

our counties, to our States, to the business and industry that does business with our governments, and ultimately to you, the taxpayer, who always pays the bill in the end no matter who writes the check.

So it is important. I hope we can work out the differences we have across the aisle on the AMT. I hope when we do that, the 1-year extension will be in there because we will have had one step down a road toward victory in getting the 3-percent withholding tax repealed.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. NELSON of Nebraska). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Ms. KLOBUCHAR). Without objection, it is so ordered.

THE FARM BILL

Mrs. MURRAY. Madam President, I come to the floor this afternoon to talk about why it is so important that we pass the 2007 farm bill. When a lot of people think of my home State of Washington, they think about Seattle and Boeing and Microsoft, and all those important things, but farming is an incredibly important part of Washington State's economy. We happen to be the eleventh largest farm State in the Nation and we are the third largest producer of fruits and vegetables, which are also known around here as specialty crops. This farm bill is very important to my home State because it will keep our State healthy and strong.

In fact, farming has been an important part of my own personal life. My grandfather moved to the Tri-Cities in central Washington to take a job with Welch's Grape Juice factory a long time ago, in the early 1900s, and my own dad grew up picking asparagus in central Washington. My hometown of Bothell, WA, where I grew up—a small town of about 1,000 people, now backyard to Microsoft—when I was growing up there, we were surrounded by berry farms. We grew up with a very clear understanding of how important family farms are to Washington State's economy. So I know personally that passing the farm legislation before us is absolutely critical for our farmers, who grow apples or cherries, peaches or grapes, asparagus, potatoes, and many of the other important products to Washington State.

I know this is not a perfect bill, this farm bill, but it is the best farm bill in years for my home State farmers, largely because of what it does for those specialty crops I talked about. My home State and our Nation cannot be strong unless our farmers are doing well, and this farm bill helps them stay strong by investing in programs that

help them find markets for their crops both here in the United States and abroad. Importantly, this bill will help fund research to ensure that our farmers have a healthy and safe crop in the future.

The Senate now has an opportunity to move forward a very good farm bill. Unfortunately, as we all are aware now, we have become bogged down because the Republicans are now insisting on unrelated amendments that threaten to kill the help our farmers need and deserve today. So I want to be clear about what is happening here. Republicans have been complaining for the last several days about the need to move forward legislation of any kind, but here they are blocking this bill.

I hope we can eventually make progress, but I want to talk this afternoon about what this farm bill can do and what we are losing if we don't move it forward. The biggest victory in this farm bill for Washington State is the \$2.2 billion that will help our specialty crop farmers. This is the very first time in this Nation we have addressed these specialty crops in a comprehensive and meaningful way. The money in this bill will help carry out programs I have been pushing very hard for in the last several years.

In this bill, we have \$270 million in block grants. Those block grants will help our local growers increase the competitiveness of their crops. We have \$15 million in badly needed aid for our asparagus farmers, who have been struggling to compete in this global marketplace they are required to be in, because we have been seeing a flood of cheap asparagus coming in from Peru.

This bill also helps our farmers compete in what we all know is an increasingly global marketplace and to find new markets abroad for their crops. We know South America and China and other countries are aggressively pursuing selling their crops in many of these very important nations overseas. We have to remain competitive and we have to give our farmers the ability to get out there and let other people know what we have so we can be competitive in that market.

This farm bill, importantly, increases funding for technical assistance for the specialty crop programs that will help our farmers overcome some of the barriers that threaten their ability to export their crops today. This is so important to my home State. I actually was out in our State last week, as many of us were after the Thanksgiving holiday. I was in Yakima, WA, where I had a listening session with some of our farmers, and there were some cherry farmers there who are working very hard to develop a new program in Japan. They were talking about how this technical assistance will help them help the Japanese understand how important this is so we can open an entire new market that will help my farmers locally but certainly help our Nation be competitive in this global marketplace.

Another thing this bill will do will be to help ensure that nurseries can continue to have access to safe and virus-free plant materials. This is extremely important. Apples, peaches, and grapes are very vulnerable to viruses. A single plant or a single grapevine can infect and wipe out an entire established orchard or vineyard. Washington State University at Prosser is doing some national research on this topic and they are going to be an incredibly important part of this national clean plant network.

I also wish to talk about a part of this bill that gets neglected way too often as we talk about it, and that is the nutritional programs. I think very few people realize that over half of the farm bill goes to these important nutritional programs. Those are the programs that will help our kids in our schools get access to fresh fruits and vegetables in their school lunches. We hear all these reports about obesity. I read this morning that the life expectancy of the younger generation is going to be, for the first time, less than our generation because of obesity. We have to make sure our kids, at the very youngest ages, are getting access to the best nutrition possible. This farm bill helps to do that, to make sure fruits and vegetables are part of a nutritious lunch and are accessible at an early age when they are beginning to understand, to learn, and to eat the right things so we don't have obesity which, as we all know, leads to a lot of the health care problems in this Nation today.

The farm bill also is helpful in terms of the nutritional programs for people who get food stamps and other assistance, so they also get access to fresh, nutritious food. The bill will help end the benefit erosion we have seen in the food stamp program over the years, and that is especially important today for our low-income families. Our low-income families are struggling today with gas prices rising, health care access, and all the other things that impact them, just as much if not more than most of the rest of our families. Making sure they have access to a food stamp program that makes sure they have adequate nutrition is especially keen and especially important right now. To use an old cliché, I see this as a win-win. These nutritional programs help our children and adults fight obesity and, at the same time, it helps our specialty crop growers.

Finally, I wish we had been able to include important improvements to the safety net that is so critical to the wheat farmers in my State. I have been working for a number of years now with the wheat farmers in Washington State to help improve the countercyclical payment program so it will actually work for them. Unfortunately, we could not make significant changes in this bill, but I am happy the bill holds them harmless, and that was important.

None of us get everything we want in this bill. I am not out here on the floor