

tax cuts. Regardless of whether that surplus actually arises, pay it out, lock it into the law. That could be regarded as fiscally irresponsible by many of us on the Democratic side of the aisle.

□ 2320

And of course, there are many partisans who would recognize that if we do not use the opportunity to pay off the debt now while the baby-boomers are in their peak earning years, that when the baby-boomers retire, there will not be any capacity to use general fund revenues to help make Social Security last through its most challenging demographic era and that as a result we will hear the cries at the first economic hiccup for cuts in Social Security or increases to FICA taxes.

Yes, indeed, with all that fiscal irresponsibility and all that risk to the Social Security system, some Democrats decry the bill in the most partisan terms. But do my colleagues know, we should not just decry the bill. Because as a tax lawyer, I was just amazed by it as I read each provision.

How is it that they could write a tax bill giving 45 percent of the benefit to only one percent of the people in the country? We should not decry the bill. We should be impressed by its draftsmanship.

Let us talk about some of the amazing provisions of this bill. This is a bill that turns to 50 million Americans at the base of our economic pyramid and says they get a tax cut of 8 cents per day per family. Split it up at the breakfast table, all 8 cents a day. Of course, a tax cut of over \$54,000 a year to each family in the top one percent.

So how are they able to achieve such a dramatic result? One example, they take and give to American companies that shift jobs overseas 60 times the benefits that they provide to 50 million Americans. They do this by changing the interest allocation rules so that those companies that make equity investments abroad, that is to say build factories in other countries and while perhaps closing them down in the United States, benefit. They get huge tax breaks.

Whereas, it is 8 cents a day for the working poor and for the lower middle class in the United States.

But when we get to the details, there are some other provisions that are almost as striking. For example, there is a list of special deals for the oil companies, such as allowing a 5-year carry-back of NOLs while the rest of the business world only gets a 3-year carry-back, suspending the 65 percent taxable income limitation on the use of percentage depletion, allowing geological and geophysical cost to be deducted current, while good accounting practice calls for those costs to be capitalized; allowing delay rentals to be deducted currently, when the proper accounting for them is to be capitalized;

and modifying the refining threshold in section 613(d)(4) so that integrated oil companies can get the benefits previously reserved for independent oil companies and wildcatters.

And here is a special deal for oil where they get twice the benefit of all of the benefits that we give to 50 million Americans goes to just a few American oil companies and that they get a tax credit for the money they pay to Saudi Arabia and Kuwait for taking the oil out of those desert sands. They get reimbursed for what they spend for the oil that they then sell to us.

Mr. Speaker, as 20 years as a CPA and 2 years as a tax judge, I know tax fraud when I see it; and this Republican tax bill indeed is tax fraud. It is a giant shift of wealth to the wealthiest one percent of Americans. We should reject it.

SCHOOL CONSTRUCTION IN AMERICA

The SPEAKER pro tempore (Mr. SWEENEY). Under the Speaker's announced policy of January 6, 1999, the gentleman from North Carolina (Mr. ETHERIDGE) is recognized for half the time until midnight as the designee of the minority leader.

Mr. ETHERIDGE. Mr. Speaker, I want to thank my Democratic colleagues for joining me this evening as we take some time in this very late hour to talk about a very important issue, school construction and the companies that we are sending our children back to across this country.

Because across America this week and next week and in the next several weeks to come, depending on where one might live, summer vacations are coming to a close, parents are shopping back-to-school sales, and teachers and students are gearing up for the coming year.

In my home county and State, a lot of the schools have already opened and they are going to school. Unfortunately, in many of those schools, it is very hot, they are not air-conditioned the way they should be. But children are in school.

In some communities, we find that children are not going to school in schools. They are in trailers. They are in closets. They are in basements. They are in hallways. And they are in any place that we can get children into because the crowding is so bad.

Unfortunately, this Congress has failed to act to provide our local communities with any assistance with quality facilities for our children.

I could not help but think earlier today we have passed foreign aid bills, we have passed emergency aid bills that we send overseas for foreign children to have decent places to go to school in in some communities; and yet, for our own children here in America, Members of the majority say it is

not Congress's responsibility to get involved.

It seems like I remember reading in my history books that that was not the responsibility of Congress when we needed water, sewer, rural electric power, and a whole host of long lists. And ultimately we got involved and provided electricity for rural America, the one thing that changed it. And the list goes on.

Mr. Speaker, our schools are bursting at the seams. The communities throughout my district and throughout this country, the flood of student enrollments are swamping our ability and the ability of local communities and local taxpayers to meet the needs.

It is time for this Congress to stop arguing and start acting. I have written legislation, H.R. 996, that will provide \$7.2 billion in school construction bonds. On the Democratic side today we lined up to sign a discharge petition to bring the school construction bills to the floor so that we could take action and help children.

I will talk more about that in a minute, but at this point let me yield to one of my colleagues from California, who is a real leader in this Congress on educational issues. Before she came to Congress, she was a school nurse. She knows about the issues teachers face every day, the issues children face.

Mr. Speaker, I yield to the gentlewoman from California (Mrs. CAPPS) for comments on this issue as it relates to California and her district.

Mrs. CAPPS. Mr. Speaker, I am honored to have my colleague yield time to me, particularly with his strong background in education. Being a former State superintendent, it is a pleasure to work with a professional in support of our Nation's schools.

I believe so strongly that we must come together in the House of Representatives in a bipartisan way to support legislation that will truly improve the quality of education for our children, improve the schools in our local communities and across this country. The future of our children depend on this.

I am so aware that we are the beneficiaries of a generation that instituted the GI Bill of Rights. Many of our parents and our community members and our relatives got the benefit of a country that came together around public schools like nothing before its time. Many of us attended wonderful school buildings.

Unfortunately, these same school buildings have not been improved much since that time, and that is what we are here to discuss this evening.

□ 2330

Mr. Speaker, I will discuss our school system as I experienced it firsthand on the central coast of California where, as my colleague has mentioned, I was

privileged, really honored, to be a school nurse in Santa Barbara School System for over 20 years, and I have seen firsthand the damage that deteriorating schools can do. I have been with students as they have attended classes held in hallways, in teachers' lounges, in utility rooms and in auditoriums. I know that students, we all know that students, cannot thrive academically if they are learning in overcrowded and crumbling classrooms.

I want to pay particular attention to a phenomenon that occurs in many of our growing communities where school buildings are exploding, literally exploding, and when this has happened, it did in the 1950s and 1960s and 1970s in California and across much of the population in the West and throughout the country really, and so portable classrooms were brought in. These portable classrooms were designed for temporary housing of students. Thirty years ago these same buildings with very little improvement are still in use today. It is incredible that we expect our children to learn, hot in the summer, cold and musty and mildewy throughout the year. These classrooms are what our young people are having to attend.

I want to just, and then I will yield back because we have other colleagues here as well, but I want to highlight one particular school district in my central coast district. The Santa Maria Bonita School District which lies at the heart of my district is in such desperate need of funds for school construction. This district was built to house 6,700 students, and currently enrollments are at 10,500. To accommodate the growth 12 of the district's 14 schools have converted to a four-track, year-round school schedule, and 175 portables have been added. To add these buildings means cutting down on valuable playground space. They are stretched to the limit and need funding to build better facilities. This Santa Maria School District has tried twice in the past year to pass bond measures to receive State money to help build new schools. In our State a two-thirds majority is required. By a very small number these measures have failed both times.

To me this is a failure to our children, and we have the opportunity here in Congress to make it easier for our local school districts to obtain the funding that they need to pass their local bond issues. We want the bond issues to be local, we want the support for schools to be local, and yet we have a role we can play here in the Federal Government.

That is why I am so pleased that it is the bill of the gentleman from North Carolina (Mr. ETHERIDGE), his school construction bill, that I have cosponsored and also the gentleman from New York (Mr. RANGEL's) school modernization bill. Both of these bills offer viable

solutions to this serious problem, yet we had to march down and make sure and try to sign to get a discussion of this legislation on the floor.

Today we are preparing students for jobs in the new economy. This is not a laughing matter, this is not a simple or a slight thing. This is a huge challenge that we have before us, to find that the framework and the setting for which this technology can be transferred to the next generation. It is about our economy, it is about the future of our country, and it is about our democracy surviving. To do this students have to have facilities that are big enough, well equipped enough and up to date in every way.

Districts like the one I described, Santa Maria Bonita School District, cannot keep up with these demands, and we have to step up to the plate. We cannot turn the other way any longer.

Mr. ETHERIDGE. Mr. Speaker, I thank the gentlewoman for her remarks, and let me just say to her that one of the things, without dwelling on it as we talk about school construction and the overcrowding and the problems, if we see it in the workplace for businesses, then we know what happens there. Defects of the product goes up. We have problems and a whole host of things happen; as my colleagues know, problems with the employees; and yet we hear people on this very floor clamor about why schools do not do better, why we cannot get better. They want to blame the teachers, they want to blame the system, and yet they turn their backs when it comes time when we can help.

We just had pre-filed a tax bill for just a trillion dollars over the next 10 years, exploding to \$3 trillion over 20 years when we could use some money, when a time we have resources to take care of Social Security and Medicare, and pay down the debt and make sure our children have a safe, secure and good environment in which to learn, and you talk about those trailers that are true all across this country, and one thing we need to remember, that when it rains those children get wet going to and from. They go to too small a cafeteria, too small a library, and then we wonder why they do not learn and education is not important to them. We sent a pretty powerful signal that it is not important to us when they do not spend the resources.

Now let me yield to my colleague from California also (Mr. SHERMAN) who certainly has been a leader on this floor in working for education. He understands the tax consequences of when you do not spend your money wisely how you are going to pay a real price in the future.

Mr. SHERMAN. I thank the gentleman from North Carolina. It is an honor to be with him and with the gentlewoman from California (Mrs. CAPPS) because you understand what is most

important to the people in my district, which is education, but you understand how we can make it work.

One thing that is obvious to me is that we are going to have smaller classes. At least in California the people have taxed themselves to provide for smaller classes, smaller class sizes. But that means you need more classrooms, and as you have explained and as the gentlewoman from California (Mrs. CAPPS) explained quite eloquently, we need to build new school facilities.

In fact, and this is odd, both parties have agreed in concept that the Federal Government needs to help out, and while I do not match the gentleman's expertise or the gentlewoman's expertise in education, it is perhaps surprising to some people back home that the way that Congress has agreed to try to help schools is through the tax law, and here is where there is a tremendous divergence.

You see, the Democrats had a relatively small tax bill, and yet we found room in that bill to provide real help to school districts. Santa Maria was not able to pass its school bonds, and I can understand that, because people would have to not only pay back the bonds, they have to pay the interest on the bonds, and what the Democratic tax bill did is it funded interest on school bonds across this country. It provided \$9 billion of Federal revenue to pay the interest on \$22 billion of school bonds. So when Santa Maria dealt with those school bonds, people can say: We will go that far for our kids, we will tax ourselves to pay the principle, and thank God Congress has done something to pay the interest.

But then the Republican bill comes to the floor, and I know the conference report was just introduced. We do not know what is in it. We will read it late tonight, tomorrow morning, but I think what is in it is what was in the House bill that passed a couple weeks ago. And there lurking was a provision supposedly there to help schools issue school bonds under the title of arbitrage.

What is arbitrage? Gambling.

What the Republican bill does, instead of providing real money to pay the interest on the bonds, is it turns to every school district and says: Go ahead and issue the bonds, and you will have to pay the interest on the bonds.

But in the past you had to use the school bonds to build schools pretty quickly. Do not do that.

□ 2340

Issue the bonds, do not build schools, delay the schools. Kids do not need schools, according to the Republican bill. Take the money to Las Vegas or Wall Street and take that school bond money and invest in debentures, invest in interest futures. Invest, if you want, in pork bellies. Then you get to keep the profits.

The Republican bill, desperate to spend no money helping schools but to fool the American public into thinking it helps schools, does nothing more than provide a free airplane ticket to Las Vegas for every school board member in the country so that they can take the school bond money to Vegas and see whether they can beat the odds. If they beat the odds, they can keep the profits for the kids.

Oh, if they lose the money, well, that is what Orange County, California, did, the county to the south of Lois and myself. They tried to play this arbitrage game, and they went bankrupt.

Mr. ETHERIDGE. I thank the gentleman. On that note, let me remind him and those who happen to be watching this evening that as school opens this fall, we will have showing up at the schoolhouse doors across America in the public schools more children than have ever been to public schools in America's history. Last year, as you remember, the secretary released his report on the baby-boom echo, which means all those baby-boomers after World War II now are having children and they are showing up.

Tonight I can report to Members we have talked with the Department today, we do not have the report on the numbers, but there is one thing we can say from what we have heard, that what we saw last year was a ripple compared to what we are going to see when the report comes out very shortly, because those numbers are just absolutely exploding all across America.

In my district, as an example, the baby-boom echoes, we have counties that are in double digits. You say well, there has to be a lot of economic growth there. Unfortunately, they happen to be counties adjacent to an urban center where they are getting a lot of residential growth, not a lot of economic-commercial growth.

For instance, one county, Franklin, had 19.6 percent growth over the last 8 years. My home county, 18.9; Lee County, 17.1, Nash, 17.3. They are all rural counties in transition and property taxes are under a burden. Wade County, the capital county, right at 30 percent. They are welcoming anywhere from 4,000 to 6,000 students this fall, and they have done it for the last several years. That is true across America. The pressure is getting so great out there, and this is a way we can be a help.

Mr. Speaker, the Republican leadership is putting the final touch, and as we heard already, has already put their touches on the final tax bill. We will find out tomorrow morning if they really care about making sure the children in this country have an opportunity for a decent place to go to school. Because if you are in a cold environment in the winter and a hot environment in the summer, and the building roofs leak and the wind blows

through the walls, you can talk all you want to about quality education, and then we wonder why we cannot recruit teachers and retain teachers. You do not have to be very bright to figure that out. Business figured that out a long time ago. They provide a good environment for their employees and quality training.

We can do something about it. It is within our goal. We stood in line today to sign the Rangel bill to make sure we got a discharge petition. Today my colleagues are working on it.

Mr. Speaker, I know our time is about to expire. Let me thank my two colleagues from California for joining me this evening. On behalf of the children of America, who only have us to speak for them, because they do not vote, and some of their parents do not take the opportunity to vote, I thank you for coming this evening and sharing and getting into the record the importance of school construction and opportunities for our children.

RECESS

The SPEAKER pro tempore (Mr. SWEENEY). Pursuant to clause 12 of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 11 o'clock and 44 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 0038

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. DREIER) at 12 o'clock and 38 minutes a.m.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H.R. 2488, THE TAXPAYER REFUND AND RELIEF ACT OF 1999

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 106-291) on the resolution (H. Res. 274) waiving points of order against the conference report to accompany the bill (H.R. 2488) to amend the Internal Revenue Code of 1986 to reduce individual income tax rates, to provide marriage penalty relief, to reduce taxes on savings and investments, to provide estate and gift tax relief, to provide incentives for education savings and health care, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2684, DEPARTMENT OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS BILL, 2000

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 106-292) on the resolution (H. Res. 275) providing for consideration of the bill (H.R. 2684) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 2000, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF S. 1467, EXTENDING THE FUNDING LEVELS FOR AVIATION PROGRAMS FOR 60 DAYS

Mr. LINDER, from the Committee on Rules, submitted a privileged report (Rept. No. 106-293) on the resolution (H. Res. 276) providing for consideration of the Senate bill (S. 1467) to extend the funding levels for aviation programs for 60 days, which was referred to the House Calendar and ordered to be printed.

CONFERENCE REPORT ON H.R. 1905

Mr. TAYLOR of North Carolina submitted the following conference report and statement on the bill (H.R. 1905) making appropriations for the legislative branch for the fiscal year ending September 30, 2000, and for other purposes:

CONFERENCE REPORT (H. REPT. 106-290)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1905) "making appropriations for the Legislative Branch for the fiscal year ending September 30, 2000, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the matter proposed, insert:

SENATE

EXPENSE ALLOWANCES

For expense allowances of the Vice President, \$10,000; the President Pro Tempore of the Senate, \$10,000; Majority Leader of the Senate, \$10,000; Minority Leader of the Senate, \$10,000; Majority Whip of the Senate, \$5,000; Minority Whip of the Senate, \$5,000; and Chairmen of the Majority and Minority Conference Committees, \$3,000 for each Chairman; in all, \$56,000.

REPRESENTATION ALLOWANCES FOR THE MAJORITY AND MINORITY LEADERS

For representation allowances of the Majority and Minority Leaders of the Senate, \$15,000 for each such Leader; in all, \$30,000.