

S. 187 has received strong support from leading consumer and privacy advocate groups. This is an issue that is high on the President's agenda. Just this week, the President unveiled a plan for financial privacy and consumer protection in the 21st century. This plan would require institutions to inform consumers of plans to share or sell their financial information and give the consumer the power to stop it. In his radio address, the President said he was "working to give you the right to control all the information on whom you write checks to, what you buy on your credit card and how you invest. We want to prevent anyone from encroaching on your privacy for their profit."

In conclusion on this issue, first of all, let me again indicate my strong support for the provision that is before the Senate which seeks to stop the use of fraud to obtain a consumer's confidential financial information. That provision was in the bill we brought out last year. It was in the alternative which was offered earlier. We welcome the chairman's willingness to place it in the bill that is before the Senate.

However, I do want to note that this very limited amendment does not solve the serious problem of customers not knowing what is happening with their account balances, CD maturity dates and other transaction and experience information, and not having a choice as to whether this sensitive personal financial information is circulated to other companies.

This issue has the potential of being a controversial issue. I also think it has the potential on which a consensus can be worked out between protecting the consumer interest and the assertions which the financial institutions are making with respect to the burdens that might be placed upon them or how it would inhibit them from conducting legitimate financial activities.

That is something which needs to be carefully worked through, so I particularly welcome the indication by the chairman that we will hold hearings on these very important issues and undertake to develop real solutions to the growing problem of financial privacy. I think it is extremely important that we undertake that task. It is helpful this morning to have this indication and this commitment that the committee will do so.

Mr. President, I had indications earlier there were some Members on this side who wanted to address this privacy question, and I think we would give them a brief period to follow through on that indication of interest. If not, I would be prepared to move to a vote on this amendment.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, we have a Kosovo briefing at 11:30. To try to accommodate our colleagues, since they

are all going to be coming over here anyway, I ask unanimous consent that a vote occur on the pending amendment No. 308 at 11:30 this morning and the time until 11:30 be equally divided in the usual form. I further ask consent that no amendment be in order to the amendment.

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

Mr. GRAMM. Mr. President, let me say, if we have more Members on one side who want to speak than the other, I would have no concern about yielding more time to Senator SARBANES' side if they have people who want to come over to speak on the general issue itself.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

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

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

Mr. GRAMM. Mr. President, I yield 15 minutes to the distinguished Senator from Florida, Senator MACK, so he might speak on an unrelated subject as in morning business.

The PRESIDING OFFICER. Without objection, the Senator from Florida is recognized.

MACK TAX PLAN

Mr. MACK. Mr. President, I thank Senator GRAMM for providing this time to me to make a statement with regard to a tax cut proposal that I have.

Mr. President, my job as chairman of the Joint Economic Committee is to help Congress stay focused on the right policies to keep the U.S. economy energized. What that comes down to is finding ways to make sure Washington does less of what today it does most—tax, spend, and regulate—in order to let the American people do more of what they do best—which is to build, create and innovate.

With that in mind, I instructed the JEC staff to focus on creating a tax plan that would accomplish three goals: first, provide tax relief for all American income taxpayers; second, promote even stronger economic growth; and third, ensure continued technological leadership in the 21st century. The plan I would like to talk about today accomplishes these three goals, and does so within the parameters of the on-budget surplus as estimated in this year's budget resolution. It does not use one penny from the Social Security surplus.

As Ronald Reagan once said, when he was defining a taxpayer—"that's someone who works for the Federal Government but doesn't have to take a civil service examination." This comment really gets to the heart of how the size

and scope of the Federal Government affects the way we live our lives. Americans are spending more and more time working to give more and more of their hard-earned dollars in taxes every year to the Federal Government.

According to the non-partisan Tax Foundation, the average dual-income family will work until May 11 this year to pay their federal state and local taxes. So, as of today, the average American family has not even finished working to pay off their taxes for 1999.

This year, the Federal Government will collect more tax revenue as a share of GDP than at any time since 1944. This is the highest level in peacetime history—20.7 percent of GDP consumed by the Federal Government.

Since 1993, federal tax revenues have grown 52 percent faster than personal income growth. Last year alone, federal revenues grew 80 percent faster than personal income.

We have a balanced budget in 1999 and we've got balanced budgets as far as the eye can see. Soon, we'll have a federal surplus as far as the eye can see.

Our challenge now is to deal with that surplus. And, I think it's easy to see what will happen to this overpayment by the American taxpayer—if we leave it in Washington's hands. There will be numerous new government programs and they will be paid for by the Federal surplus.

We have to change the terms of debate—and we have to do it now before the surplus is spent. First, let's not forget that the American economy does not exist to feed the Federal budget. Now that the budget is balanced, we have to get our priorities straight.

To begin with: there is no such thing as "public money." Every dollar of the Federal surplus was paid into the U.S. Treasury by American taxpayers. If we have a persistent surplus, we have to give the money back.

For years, my fellow Republicans and I argued that it was wrong for the Government to spend more than it took in. We were right. But now, it is equally wrong for the Government to take in more than it spends.

Yes, we should cut taxes so that people can keep more of what they earn. Yes, we should cut taxes because lower taxes spur economic growth. But the real rationale for lowering taxes—the reason tax cuts are an article of faith in the Republican Party—is that high taxes trespass on our freedom—our freedom to work, our freedom to invest, our freedom to support our families.

So in my mind, it is not a matter of if we cut, but how much, and how can we maximize the pro-growth impact of whatever tax cuts we decide to enact.

With these thoughts in mind, I would like to focus on what they Joint Economic Committee staff has come up with as a way to give the American income taxpayer meaningful tax relief,

promote savings and economic growth, and ensure the United States remains a technological leader in the 21st century. And, Mr. President, I would like to elaborate on how this plan will accomplish each of these goals.

The first goal is tax cuts for all American income taxpayers.

Under this plan we would double the standard deduction to \$14,400 for married filers and raise the standard deduction for single filers to \$7,200. Increasing the standard deduction would provide much-needed relief to all low-income taxpayers. Moreover, this provision would significantly reduce the much-discussed marriage penalty and simplify the Tax Code. Nearly three-quarters of all taxpayers use the standard deduction and would benefit from this increase.

In addition, our plan would repeal the 1993 Clinton tax increase on Social Security benefits. In 1993, President Clinton imposed this tax increase on the elderly's benefits because he said it was needed to eliminate the budget deficit. Since there is no longer a deficit, we no longer need this tax. It is time to repeal this unnecessary surcharge on Social Security recipients.

The second goal is economic growth.

The U.S. economy is enjoying unprecedented prosperity. In fact, our economy has grown for more than 16 years with only 9 months of recession. That is the longest period with only 9 months of recession since at least the 1850s! But while my Washington colleagues and I may be able to take pride in the performance of the economy, we really cannot take credit. The credit for the strength of our economy belongs to the American people—because the strength of our economy is a tribute to every American who uses his or her freedom to turn work into reward. To every individual who turns energy into a business plan—an idea into a new product.

These are the heroes of the American economy—the entrepreneurs and innovators who are creating economic growth, generating trillions in new wealth and reordering the global economy. We must provide pro-growth tax cuts that will ensure the continued strength of our economy and allow our entrepreneurs and innovators to flourish.

My plan would provide pro-growth tax cuts that would spur economic growth in four ways: by cutting capital gains tax rates 25 percent to 7.5 percent and 15 percent and indexing them for inflation; by cutting dividend taxes to 7.5 percent and 15 percent, making them uniform with capital gains tax rates; by repealing estate and gift taxes; and by indexing the individual AMT exemption amount.

Lowering capital gains tax rates will stimulate greater investment and keep the economy humming. Indexing capital gains for inflation will end the

Government's unfair practice of taxing people on phantom gains due to inflation.

Currently, people earning dividends face among the highest tax rates in the Tax Code—as high as 60 percent—because they are double-taxed. Many investors, particularly the elderly, count on their dividends as a major source of income during their retirement years. Therefore, this change would have a significant, positive impact on their standard of living. Furthermore, the Tax Code would no longer encourage companies to hold onto locked-in earnings that investors could use more wisely. By making the dividend and capital gains rate uniform, this plan eliminates the current bias against dividend income, making investing a more level playing field.

Another major problem with the Tax Code concerns the alternative minimum tax, AMT. The AMT was designed to ensure that all taxpayers paid their fair share of taxes, but in recent years it has become an additional tax burden on middle income taxpayers for whom it was never intended. Since the AMT exemption amount was never indexed for inflation, each year more and more taxpayers are subject to it. My plan would stop this AMT creep by indexing the exemption amount for inflation, and relieve the unintended consequences of this counterproductive tax that undermines other tax relief already provided in the Tax Code.

My plan also calls for the elimination of the estate and gift tax, sometimes referred to as the death tax. Death and taxes may be inevitable, but they should never be simultaneous. Death taxes are among the worst provisions in the Tax Code, imposing tax rates as high as 55 percent. After paying taxes all your life—surely people shouldn't have to pay even more taxes upon their death. That is just not fair, and this tax should be abolished.

The third goal is to maintain U.S. technological leadership in the 21st century.

Last, but definitely not least, my plan recognizes the importance of the technology industry to the success and continued growth of the U.S. economy. We need to maintain policies that give the strongest possible support to innovation, and my plan seeks to do this in two ways: by making the research and development tax credit permanent, and by raising the capital expensing limit from \$25,000 to \$500,000, indexed for inflation.

Studies have shown that the R&D tax credit creates \$2 of research and development for every one dollar of credit. It more than pays for itself, and we need to quit playing games with it. Our current practice—extending it one year at a time, letting it expire and then bringing it back to life—is completely counterproductive. No company can plan and invest for the long-term

against a policy that changes every 12 months. This inefficiency impedes innovation and will make it more difficult for the United States to maintain its technological edge in the 21st century.

Especially in high technology industries, rapid innovations are rendering equipment obsolete within a year. We are all familiar with this phenomenon regarding computers. But, the same problems arise with medical, telecommunications and other high-tech equipment. Under current law, companies are required to spread these costs over time periods of five or more years. Under my plan, the capital expensing limit would be raised from \$25,000 to \$500,000 so companies would be able to keep pace with ever-changing technology. This will particularly stimulate investment in small firms.

Mr. President, to sum up my tax plan, it would provide \$140 billion in tax relief over the next 5 years and \$755 billion over 10 years—well within the estimated \$800 billion surplus in this year's budget proposal.

I think it is important to take a minute to look at who would benefit from the majority of the cuts I discussed today. In the context of my plan, I think it's important to stress that over one-half of the tax relief associated with the individual tax cuts would flow to households earning less than \$75,000 a year. In addition, nearly one-third of my tax plan would go to people with incomes under \$50,000, who currently pay 22 percent of taxes. So, in addition to providing cuts for economic growth and ensuring the U.S. remains a technological leader, my plan provides substantial relief for all American income taxpayers, and simplifies our burdensome Tax Code.

Mr. President, we are living in a new economy. And right now, the world is playing America's game. We can outperform, out-produce, out-compete, and out-create anyone in the world. We need to ensure the United States keeps its status as an economic powerhouse in the 21st century. The Federal Government's role in ensuring this happens is to get out of the way and give the American people freedom—the freedom to work, the freedom to invest, the freedom to support our families, and the freedom to continue strengthening our economy. Our plan does just that—cuts taxes and gets the Government out of the way to give the American people the freedom to pursue their own dream—not Washington's.

Mr. President, I yield the floor.

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

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

**FINANCIAL SERVICES
MODERNIZATION ACT OF 1999**

The Senate continued with the consideration of the bill.

Mr. GRAMM. Mr. President, I ask unanimous consent that following the 11:30 vote, Senator Johnson be recognized to offer an amendment related to thrifts, and, further, the time on the Johnson thrift amendment—this is the unitary thrift amendment, for those who want to engage in the debate—that time on the Johnson thrift amendment, prior to the motion to table, be limited to 60 minutes, equally divided, and no amendment be in order prior to the motion to table.

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

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

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

Mr. BROWNBAC. Mr. President, I rise to make a few remarks concerning Senate Amendment 308 to S. 900, the Financial Services Modernization bill. Unfortunately, I was unable to vote on this amendment because I was out in Wichita with Vice President GORE and FEMA director James Lee Witt surveying the enormous damage that was caused by the tragic tornadoes that passed through Kansas on Monday. These fatal tornadoes that swept through the Wichita area on Monday caused 5 Kansans to lose their lives and injured more than 70 people. More than 500 homes have been damaged or destroyed, leaving many people homeless and without power. In the town of Haysville, 27 businesses have been wiped out, virtually eliminating the business district of this Wichita suburb. I am pleased that federal relief for the Wichita area is on the way and I will continue to assist federal, state, and local authorities as they help the people of Wichita recover from this natural disaster.

I support Senate Amendment 308 and would have voted for it if I had been present. This amendment was passed in the Senate by a vote of 95-2 and I believe that it will strengthen an already strong financial modernization bill. The Financing Corporation bonds (FICO) provision in the Financial Modernization bill would require Savings Association Insurance Fund (SAIF) institutions, or thrifts, to pay premiums at a rate five times higher than that paid by banks in the Bank Insurance Fund (BIF) for three more years before

merging both funds. Under the Funds Act of 1996, these funds were supposed to merge on January 1, 2000 and all FDIC institutions were to pay an equal amount. This amendment would strike the FICO provisions in S. 900 and equalize the deposit insurance premiums of bank and thrift institutions.

I hope we now can move forward with the passage of the Financial Services Modernization bill. S. 900 would permit banking, securities, and insurance companies to exist within a single corporate structure. This could lead to greater competition and more innovative and consumer-responsive services. Competition would not only benefit consumers, but will help America's employers by making it easier and cheaper for them to raise the capital they need for growth.

I am especially pleased that S. 900 would modernize the Federal Home Loan Bank System (FHLB) by banks. Under S. 900, the FHLB System would be easily accessible as an important source of liquidity for community lenders and would enable community banks to post different types of collateral for various kinds of lending.

Community banks are finding it increasingly tough to meet deposit and withdrawal demands as customers shift their deposits into higher-yielding investments like mutual funds. With less liquidity, there isn't as much money available for lending as the community demands. A reduction in community lending will hurt the economies of these small communities. This bill will facilitate more small business, agriculture, rural development, and low-income community development lending in rural communities.

Mr. GRAMM. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the amendment.

The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FITZGERALD (when his name was called). Present.

Mr. NICKLES. I announce that the Senator from Kansas (Mr. BROWNBAC) is necessarily absent.

Mr. REID. I announce that the Senator from Delaware (Mr. BIDEN) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 95, nays 2, as follows:

[Rollcall Vote No. 102 Leg.]

YEAS—95

| | | |
|---------|----------|--------|
| Abraham | Allard | Baucus |
| Akaka | Ashcroft | Bayh |

| | | |
|-----------|------------|-------------|
| Bennett | Graham | McConnell |
| Bingaman | Gramm | Mikulski |
| Bond | Grams | Moynihan |
| Boxer | Grassley | Murkowski |
| Breaux | Gregg | Murray |
| Bryan | Hagel | Reed |
| Bunning | Harkin | Reid |
| Burns | Hatch | Robb |
| Byrd | Helms | Roberts |
| Campbell | Hollings | Rockefeller |
| Chafee | Hutchinson | Roth |
| Cleland | Hutchison | Santorum |
| Cochran | Inhofe | Sarbanes |
| Collins | Inouye | Schumer |
| Conrad | Jeffords | Sessions |
| Coverdell | Johnson | Shelby |
| Craig | Kennedy | Smith (NH) |
| Crapo | Kerrey | Smith (OR) |
| Daschle | Kerry | Snowe |
| DeWine | Kohl | Specter |
| Dodd | Kyl | Stevens |
| Domenici | Landrieu | Thomas |
| Dorgan | Lautenberg | Thompson |
| Durbin | Leahy | Thurmond |
| Edwards | Levin | Torricelli |
| Enzi | Lieberman | Voinovich |
| Feingold | Lincoln | Warner |
| Feinstein | Lott | Wellstone |
| Frist | Lugar | Wyden |
| Gorton | McCain | |

ANSWERED "PRESENT"—1

Fitzgerald

NOT VOTING—2

Brownback Biden

The amendment (No. 308) was agreed to.

Mr. SANTORUM. Mr. President, I move to reconsider the vote, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senator from South Dakota is recognized.

AMENDMENT NO. 309

(Purpose: To make an amendment with respect to the Federal deposit insurance funds and unitary savings and loan holding companies)

Mr. JOHNSON. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative assistant read as follows:

The Senator from South Dakota (Mr. JOHNSON), for himself, Mr. THOMAS, Mr. KERREY, Mr. DASCHLE, Mr. DORGAN, Mr. KOHL, and Mrs. LINCOLN, proposes an amendment numbered 309.

Mr. JOHNSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 149, strike line 12 and all that follows through page 150, line 21 and insert the following:

SEC. 601. PREVENTION OF CREATION OF NEW S&L HOLDING COMPANIES WITH COMMERCIAL AFFILIATES.

(a) IN GENERAL.—Section 10(c) of the Home Owners' Loan Act (12 U.S.C. 1467a(c)) is amended by adding at the end the following new paragraph:

“(9) PREVENTION OF NEW AFFILIATIONS BETWEEN S&L HOLDING COMPANIES AND COMMERCIAL FIRMS.—