

bill creates a single phase out range for the adoption credit, the child credit, and the education credits, replacing the current three phase out ranges.

TITLE II—SIMPLIFICATION OF CAPITAL GAINS TAX

The second title of this bill is, essentially, Mr. Coyne's capital gains proposal from 1999. Under current law, there are 5 different tax rates for long term capital gains, and a 54 line tax form that must be endured. Moreover, this part of the tax code is already scheduled to get worse because additional rates will take effect under current law in 2006.

The solution is clear. Replace this jumble of rates and forms with a simple 38 percent exclusion. Not only will this result in tremendous simplification (eliminating 36 of the 54 lines), but more than 97 percent of individuals would be eligible for modest capital gains tax reductions.

TITLE III—REPEAL OF CERTAIN HIDDEN MARGINAL RATE INCREASES, AND OF THE INDIVIDUAL MINIMUM TAX

The third title of the bill repeals the hidden marginal rate increases in current law, and repeals the individual minimum tax. Most of my colleagues understand the phrases, PEP and Pease. Under current law, itemized deductions are gradually reduced by 3 percent of adjusted gross income above approximately \$124,000. This is known as the Pease provision. In addition, personal exemptions are phased out for incomes between approximately \$187,000 and \$309,000. This is PEP. If we did not hide the effect of these provisions of current law, more people would know that these provisions result in hidden marginal rate increases. These marginal rate increases begin at almost 1 percent for incomes above \$124,000, and increases for those with incomes above \$187,000 by about .78 percent for each dependent. The important point here is that current law has a hidden marginal rate increase, which gets worse as families grow larger. The most recently passed tax bill made some progress in this area, but not enough.

The second part of this title is a complete repeal of the individual minimum tax. The minimum tax was intended to make sure that wealthy individuals did not overuse certain tax benefits and unfairly reduce their tax burden. It no longer accomplishes that goal. Most of the significant business related provisions have already been repealed. Since the AMT is not adjusted for inflation, more and more middle and upper middle income taxpayers are falling into the AMT. This is not what was intended, especially when you note that what pushes taxpayers into the AMT now, more often than not, are state and local income and property taxes, personal exemptions, and the nonrefundable credits. I repeat, this is not what Congress was trying to accomplish when the AMT was passed.

My suggestion is to repeal it for individuals, and substitute a simple tax on adjusted gross income. The current hidden tax is dropped, and is paid for with an explicit tax on the same individuals. They get simplification, and we convert a deceptive practice into an open one.

In the last Congress, the replacement tax began at 1 percent for adjusted gross incomes in excess of \$120,000 on a joint return, and increased to 2.08 percent for income greater than \$150,000, which is where the minimum tax exemption begins to phase out. This year

I have given the Secretary of the Treasury the ability to set the rate so that this bill would be revenue neutral over ten years. The initial threshold amount and the second threshold amount remain the same—\$120,000 and \$150,000 in the cases of a joint return.

CONCLUSION

Ironically, this simplification proposal must be complex, because it mirrors our current law. I want, therefore, to focus on what is important.

This bill provides fairly dramatic simplification of the individual tax system.

It eliminates approximately 200 lines on tax forms, schedules and worksheets.

It is basically revenue neutral, so it can be accomplished during a year when there is no non-social security non-medicare budget surplus to fund tax cuts.

It does not attempt to shift money between income groups. The general philosophy behind the bill is that those who benefit from tax simplification of the current code should offset any revenue loss involved.

It is estimated that more than 50 percent of individuals use tax return preparers, and that more than 16 percent use computer software to prepare their return. Only about one-third of individuals actually fill out their own forms. There is no excuse for that reality, and we should do something about it. Given the lack of resources to write another major tax bill the priority for which is likely to be business tax breaks anyway, the reality that no one wants to pay for simplification no matter how much they support the goal, and the need to resolve the solvency issues surrounding social security and Medicare, I think the opportunity exists this year to solve some of the problems that bother all our constituents during this tax filing season in the manner that I have suggested. I am introducing this legislation to continue the discussion I began in the last Congress, and I hope it will be seriously considered by all parties.

MARKING THE FIFTH ANNIVERSARY OF THE TRAGEDY OF TWA FLIGHT #800

HON. FELIX J. GRUCCI, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 17, 2001

Mr. GRUCCI. Mr. Speaker, I rise today in recognition of the fifth anniversary of the tragedy of TWA Flight #800, remembering the passengers and crew who perished in that horrible event, and expressing our thoughts and sympathies to the families they left behind and those who participated in the rescue and recovery effort in the days following.

On the night of July 17, 1996, I was called and told that the unthinkable happened. A commercial jet, TWA Flight #800 bound from New York to Paris, had exploded in the skies over Long Island's South Shore.

There were no survivors.

As a locally elected official of the community closest to the crash site, I was one of the first people on the scene in the moments following the crash at the U.S. Coast Guard Facility in East Moriches, New York.

This tragedy has left an indelible memory that will last forever in the minds of all the residents of Long Island. They rallied to the aid of those who needed them when Flight #800 crashed off the shores of East Moriches.

I speak today to honor not only those who lost their lives that night, but the families and friends they left behind and those who worked so hard, day and night, in the recovery effort.

For so long after this tragedy, many of our residents wanted to know how they could help the families of the victims or those participating in the rescue effort. They came with donations of food, clothing, and eventually contributed to the construction of two separate memorials.

The Tragedy of TWA Flight #800 is an event that has changed all of us as a nation forever, and one we should never forget.

As the families of our lost neighbors and friends gather on the South Shore of Long Island in a candlelight vigil, Colleagues, please join me today in remembering and honoring the fifth anniversary of this tragedy with a moment of silence. Let us also recognize those who worked so hard in the rescue and recovery effort, and in expressing our sympathy and support to the families who lost a loved one that frightful night five years ago.

HONORING MR. ANTHONY F. CAROZZA FOR HIS OUTSTANDING CAREER IN THE RESTAURANT AND FOOD SERVICE INDUSTRY

HON. DAVID L. HOBSON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 17, 2001

Mr. HOBSON. Mr. Speaker, Whereas, Mr. Anthony F. Carozza, known as "Tony" by his friends and family, retired on the first day of May 2001, after more than 40 years of exemplary service in the restaurant industry; and

Whereas, Tony launched his career in 1960 with Gino's successfully assisting in the start up of many of these famous food chains, and

Whereas, in 1962, he desired a new challenge, and he opened three of his own pizza and sub shops, in Baltimore, MD, called Tony's Snack Shops; and

Whereas, in 1970, Tony Carozza and family grew tired of city life, and up and moved to Ocean City, Maryland, where Tony worked as pile driver in the frigid February waters before becoming a manager at Pappy's Pizza and Beer, and taking over Beefy's, the first real fast food restaurant in this resort town; and

Whereas, in a small community where all the locals know each other, Tony, his wife, Mary Pat, and their four young children ran the restaurant, with each family member making his/her own significant and sometimes humorous contribution to the business; and

Whereas, the Carozza home and Beefy's served as a "home away from home" for countless friends, neighbors, and family members who shared many fond and funny memories with the Carozza family including enjoying the famous upside down Christmas tree hanging from the rafters of Beefy's; and

Whereas, in 1980, Tony, a shrewd businessman who was known for being tough on