and spends all that money. No one sensibly would do that. We who have the privilege and responsibility of leading this country should not allow the American Government to do that.

A better framework, one truly reflective of our national values and priorities, would be to divide the projected surplus into parts: One part for deficit reduction, not only for deficit reduction but as a hedge against the possibility that the surplus projections do not materialize; another part for broad-based progressive tax cuts; and a final part for targeted investments in our future: in our defense, in our national security, in our education, and in our health care.

My own preference for that division would be to put half of the projected surplus for debt reduction in a rainy day fund, one-quarter for tax cuts, and one-quarter for targeted spending increases. Others would divide it in equal thirds. That is acceptable, certainly preferable to what the President is sending us today.

Our top priority must remain debt reduction. Let us not forget, as good as the times are now, we still have a national debt of more than $3.1 trillion which, if we do not act responsibly, will burden the future, not just of our Nation but of our children and our grandchildren.

Our economy is slowing down—it is still pretty healthy but slowing down—from the extraordinary rate of growth we have enjoyed for several years. Last week, it is important to note, the consumer confidence index reported a 20-percent decline from a year ago, falling to its lowest level in 4 years. Obviously, many consumers are getting nervous about the economy's slowing growth and what it portends for their future and our future as a nation.

That presents us with a warning about how we should act with this surplus, but it also gives us an opportunity. Washington can quickly rally consumer confidence, I think most importantly, by continued debt reduction, staying the course, because that means lower interest rates. That means lower interest payments on cars, homes, student loans, and credit card debt. Lower interest payments also mean greater purchasing power.

In short, continuing to pay down the debt and thereby keeping interest rates low amounts to an indirect tax cut and an economic stimulus now that will actually put more money into the pockets of more Americans more quickly than anything else we can do.

Let me talk about the opportunity for tax cuts, which we have if we do this responsibly and right. The American people have earned a tax cut. In fact, as good as the economy has been in recent years, there are millions and millions of Americans who need a tax cut to make the way for themselves and their families. The question we have to ask ourselves is, What is the most constructive and fair way to return part of the surplus to those who helped create it? After all, the surplus comes from the revenues that people pay our Government. The revenues that people pay our Government have gone up because the economy has improved. The economy has improved because of the investment and innovation and hard work of the American people.

The answer here is to construct and adopt a broad-based, progressive tax cut, one that is directed at the middle class, which is, after all, the backbone of our society and our economy. Let me suggest three possibilities to do this in a fiscally responsible way.

First, let us remember that almost three-quarters of all working Americans actually pay more in payroll taxes, have more taken out of their paychecks in payroll taxes, than they pay in income taxes. Why not help them by cutting that tax on work and thereby adopt a payroll tax credit? For instance, working families could receive an annual refundable income tax credit equal to a percentage of what they pay in Social Security taxes, without affecting what they have invested for retirement.

Another possibility that is being discussed is to use tax credits, or the money available to establish what, in effect, would be a national 401(k), by matching private retirement savings and encouraging actually depositing money for retirement beyond Social Security in special accounts for all working Americans. That would allow people to keep more of their own money while supplementing Social Security for their retirement.

A third reasonable, balanced, broad-based, progressive tax alternative is to give every American taxpayer a refund, a flat dollar amount, as a dividend, to reflect the growing budget surplus and the hard work that went into creating it.

Each of these three possible proposals—and you can only adopt one of them in a fiscally responsible way—would have a great impact on those who need tax relief the most.

Incidentally, if we do it right, there will be some money left over for tax cuts for business, tax cuts to encourage investment and innovation, tax cuts that can help small businesses, particularly, work their way into the new information age, high-tech economy. That might include another round of capital gains tax cuts.

Briefly, on the question of spending, because I think we have the opportunity to make some investments in a limited, restrained, and targeted way, none is more important than education. President Bush has made a very thoughtful proposal on education reform which is not tremendously unlike proposals that many of us have made.

We can talk about good ideas for education reform, but unless we have some money left over to actually invest in the education of our children, those ideas won't matter. The same is true of our national defense. Last year, then-Governor Bush quite often said that our military was strapped, it was becoming weak, and that help was on the way. He has now said more recently to the military: Don't expect an increase this year.

But more to the point, if we spend as much on his tax proposal, there is no way we will have the money we need to invest in strengthening our military and keeping our Nation secure over the next decade.

The bottom line is this: Fiscal discipline has played a critical role in the growth of our surplus. It would be foolish to forget that as quickly as these surpluses materialize, they can disappear. That is why we should follow a cautious approach to the surplus assumptions and projections and a balanced approach to the policies that are based on those assumptions.

The best way to keep America's prosperity going is with a balanced program in which we distribute this surplus the American people have earned to debt reduction, sensible broad-based tax cuts, and targeted spending increases.

That is the best way to secure America's future and improve the lives of the American people. I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Arkansas, Mr. HUTCHINSON.

THE PRESIDENT'S TAX CUT PROPOSAL

Mr. HUTCHINSON. Mr. President, I want to respond to my distinguished colleague on his always very insightful observations regarding the President's tax cut proposals. I want to strongly commend the President for coming out with a well-conceived tax program that will provide broad-based tax relief for the American people; for every American taxpayer will experience relief from the onerous burden placed upon them by this Tax Code and tax burden we have.

My distinguished colleague spoke of the need for investment. Too often when we talk about not giving tax relief because we have to ensure we have enough resources to invest in the Federal Government, what we are really talking about is: Let's make sure we don't give it back to the American people so we have it to spend as we see fit. So investment equates to big spending programs. That would be ill-advised.

If we do not enact broad-based tax relief, as the President has proposed, I can assure you that over the next 10 years the projected surplus will not go to debt reduction, as everybody would like to see, but it will, in fact, be spent by a Congress that enjoys spending all too much.

When Senator LIEBERMAN speaks about a cautious approach, I agree. What the President has done and proposed is cautious and prudent. He has proposed that we spend one-fourth of the projected surplus by returning to the American people tax relief. One quarter of every dollar out of the projected surplus would be returned to the American people who pay the bills.

As my friend Senator ENZI has often said, the surplus is a tax overcharge, and at least a quarter of it ought to go back to the American people.

EDUCATION SAVINGS ACCOUNTS

Mr. HUTCHINSON. Mr. President, I rise today to speak to a part of the President's tax program and part of his education program, which is the education savings accounts. My colleague, Senator TORRICELLI, spoke on this earlier today. I join him and am pleased to cosponsor the education savings accounts legislation with him. I am honored to take up this cause from its previous Republican sponsor, the Senator from Georgia, Paul Coverdell, and it is in his honor and memory that this legislation is named.

Senator Coverdell was an ardent supporter of education savings accounts. He worked for years to ensure that families and children across America had the best educational opportunities available to them. I, with all of my colleagues, am sad that Senator Coverdell is no longer here to continue his exemplary work on this issue. He believed education was one of the five pillars of freedom. Not only did he work tirelessly on this issue, but he coordinated the floor debate on the Elementary and Secondary Education Act last May. He was dedicated to the issue of education and its importance in shaping the future of our country.

While this legislation was passed several times by the Senate under the leadership of Senator Coverdell, I will work with Senator TORRICELLI to ensure that his dream of expanded, broader education savings accounts is not only passed this year but is signed into law.

This legislation, which we call the Coverdell Education Savings Accounts Act of 2001, allows parents, grandparents, or other scholarship sponsors to establish an education savings account to save for a child's education expenses. The Taxpayer Relief Act of 1997 allowed families to establish individual education accounts for higher education expenses, but it allowed contributions of only $500 per year. That is simply not enough. This legislation would build on that legislation by increasing the annual limit on contributions from the $500 to $2,000 per child per year. Furthermore, and equally as significant, it expands the account so that savings may be used for elementary and secondary education expenses, including tutoring, special needs services, books, home computers, and tuition.

Education savings accounts place the power of education in the hands of those who should be in control, and that is the parents. These accounts allow parents to invest their own money over time to plan for their children's future. Parents would have a real incentive to save for their children's education expenses, and as these accounts grow and accumulate interest, they build compound interest so parents can have significant resources to pay for many of the services associated with educating their child.

My colleagues, even public education is no longer free. Parents often have to pay for tutoring, for afterschool programs, for uniforms in many schools, home computers and software, and they pay that out of their own pockets. These accounts can help pay for that.

May I say, as an aside, public school teachers are going to be big beneficiaries of these Coverdell accounts. They are going to benefit because those who are hired to do tutoring, those who will provide additional help for children who need that special time are going to be the public school teachers who are going to see their incomes and limited salaries oftentimes supplemented by these education savings accounts.

In addition, this legislation would expand who can contribute to the education savings accounts so that corporations, charitable organizations, foundations, and labor unions can contribute to these education savings accounts in the name of a particular child. So I can certainly envision major employers deciding this would be an ideal benefit to employees and their children by establishing these education savings accounts, making contributions to them. I certainly can imagine labor unions being supportive of this and seeing this as a wonderful benefit for their members and ensuring that their members are going to have the resources necessary for their children's education and for their employees to have all of the options available as they look at what is best for their children.

So this proposal will inject billions of new dollars into education that would not have been spent previously. I think it is a wonderful opportunity for companies and unions to offer education savings accounts as benefits for their employees—a benefit particularly helpful to low- and middle-income families who otherwise could not save much.

According to a previous analysis by the Joint Committee on Taxation, 70 percent of the families expected to take advantage of this legislation have incomes of $75,000 or less. These accounts are only available to taxpayers making less than $95,000 or $190,000 jointly. The Joint Committee on Taxation also estimated that 75 percent of all families using these accounts will have children enrolled in public elementary or secondary schools. That means public schools aren't the losers; they are the winners under education savings accounts.

The injection of billions of dollars, 75 percent of which is going to be benefiting families with children in public schools, is a tremendous boon to public education. So education savings accounts benefit low- and middle-income families who currently struggle to meet the education needs of their children, and they benefit families not only of lower income but those who are enrolled in public schools.

One of the arguments against these savings accounts is that you are going to take the cream of the crop out of the public schools because in their education savings accounts, they can save the resources for private school tuition. Yes, they could, but the fact is, this legislation is really targeting low- and middle-income families, those who otherwise don't even have those choices. An affluent family can look at private schools, parochial schools, all kinds of options. They can afford tutors. It is the low- and middle-income families who heretofore have not had those options, but with education savings accounts they can look at these options.

Public schools, private schools, and parochial schools are all enhanced by that competitive atmosphere. This legislation leaves public money in public schools. Only private resources could ever be used for tuition in a private school.

We are going to have a healthy debate about the ''V'' word—vouchers—this year, and I commend the President for his portability provision on title I so disadvantaged children don't have to remain in a failing school, trapped in a school not meeting their needs, and parents will be able to take a portion of Federal money out of title I and move to another school. We are going to have a heated debate on that. There are Republicans for and against it, and some Democrats are for and against it. This is something Republicans and Democrats, provoucher and antivoucher forces, can agree upon because it is only private money that would be utilized in going to other public schools, and only public money would go to the public schools. Instead of creating a new Federal education program, should we not allow parents to realize a maximum return on their savings by allowing for these accounts?

It is estimated that education savings accounts will infuse more than $12 billion of additional funding into education. That far outweighs the cost of the bill. What better way to stress the importance of education than by allowing parents the opportunity to make their dollars count.

I look forward to working on this bill with the original cosponsors—Senators GREGG, FRIST, ENZI, SESSIONS, THOMPSON, HAGEL, BROWNBACK, SANTORUM, and BREAUX—as well as the chief cosponsor, Senator TORRICELLI of New Jersey, who has fought this fight and who has been on the floor with Senator Coverdell in past years and has taken a courageous step for something that in the time since it began was controversial. I commend him and look forward to working with him as we move this legislation forward.

Parents deserve this chance of empowerment to provide a better education for their children.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Missouri, Mr. BOND.

Mr. BOND. Thank you very much, Mr. President. I rise today to discuss some of the benefits of the tax plan that President Bush has sent to Congress. I believe everybody is beginning to understand the significant benefit families would receive under this tax reduction plan.

A family of four living in my State—St. Louis, Kansas City, Sedalia, Moberly, Maryville, or Kennett—if they earn $35,000, would have all their taxes eliminated, a 100-percent tax cut. That has to be good news.

A family of four making $50,000 a year would receive a 50-percent tax cut—at least $1,600. That could be a downpayment on a new van or a car or buy several weeks of summer camp for the kids or several weeks of groceries.

President Bush's plan doubles the child tax credit to $1,000, bringing it more in line with the actual cost of raising a kid. It is a news flash for those of us inside the beltway. Kids are expensive. Those of us who have kids know they are life's greatest blessing, but they do not come cheap.

I commend the President for recognizing this.

I believe it is also very important that President Bush's plan expands the charitable tax deduction. We ought to be encouraging more people to contribute to the Salvation Army, Red Cross, Catholic Charities, or any of the myriad wonderful private agencies that are doing very important work helping those who need help.

I want to speak today specifically about the impact these tax reductions would have on small business.

As chairman of the Senate Committee on Small Business, I hear from small businesses every day that are the dynamic engine growing this economy. These are the businesses that create the new jobs. As larger and larger businesses cut back and lay off employees, they are finding jobs. They are finding good opportunities in small business.

Small businesses represent about 99 percent of all employers. They employ 53 percent of the private workforce and create about 75 percent of the new jobs in this country. As you are looking to see where jobs can be provided to those who are coming off welfare and those entering the workforce for the first time, small businesses are the ones giving them the opportunities.

Under the Bush tax plan, small businesses will get a huge benefit from collapsing the tax brackets from 5 to 4—giving marginal rate reductions. This is extremely important for these small businesses. Why? You may think businesses and individuals are different. But according to IRS statistics on income—most recent data available—about 20.7 million tax returns filed by small businesses were sole proprietorships, partnerships, and S corporations with business assets less than $1 million. Those are significant numbers of small businesses that are taxed on the individual tax rates. The income of the business is passed through, and it is applied to their tax returns.

On the other hand, there are about 2¾ million corporations, or regular C corporations, that are taxed under the business rates. Almost 10 times as many businesses, much smaller, of course, are taxed on individual tax returns. Eighty-eight percent of the businesses with receipts under $1 million are passthrough entities—businesses taxed only at the individual owner level.

The rate reduction proposed by the President will cut the taxes paid by farmers, retail shop owners, small businesses, startup businesses that are formed as sole proprietorship, partnerships, and S corporations. What are they going to do with it?

We have seen in the past when they have the taxes reduced—and we are reducing the taxes because we have a tax surplus; we are taxing them too much; too much money is being taken out of families' pockets and out of businesses' pockets—they will use those dollars left in their pockets to invest in new equipment, in new technologies, hire more workers, and pay better wages. They will be able to expand the product lines and the services they offer. Most importantly, they will contribute to the economic growth of their hometowns.

Week before last, we had a fascinating discussion with Chairman Alan Greenspan of the Federal Reserve. Chairman Greenspan, many people believe, has been one of the real economic gurus whose good economic policies have allowed this economy to grow. He has talked in the past about the need to reduce the huge national debt run up over past years.

But do you know something. This time Chairman Greenspan said it is time for a tax reduction. Why? Because we are running surpluses. There is a projected $5.6 trillion surplus over the next 10 years. That means we would pay off all the debt we could pay off. Then the Federal Government would be left in the position of what to do with the extra money after they pay down the debt.

One of the most dangerous things he said they could do would be to have the Federal Government accumulating private assets. That is ''economic speak'' for buying up businesses, buying up shares of the stock market, or getting the Federal Government into socializing the economy. We don't need to go that direction. We don't need to have the Federal Government as the major shareholder in our economy.

Reducing high tax rates now is the best way to make sure we don't put the Federal Government into the business of buying up businesses. That is very dangerous. That is not where we want to go.

In addition, I asked Chairman Greenspan about what nature of tax cut would most benefit the economy. He said as an economist that clearly the most important thing we can do is lower the marginal rates.

With tax reform in the 1980s, we got the top rate down to about 80 percent. Most people think if the Federal Government is taking over a quarter of every dollar earned, that is as much as it should take. But right now we have the rates on the books of 39.6 percent. But with all the phaseouts and others, sometimes that tax rate is 44 percent—almost half of every dollar.

When you take that much money out of the system, and when you take that much money out of the new dollars coming into a business, for example, you discourage investment. From the economist's standpoint, the best thing we can do is reduce those high marginal rates so that small businesses will have the incentive to put more money into technology and into equipment.

We have had a phenomenal growth in productivity. Because there has been investment in new technology, information technology, the information age has revolutionized the way businesses work. Businesses are able to be more productive. What does that mean? It doesn't just mean the businesses are more profitable. It means you and I as consumers get better products at lower prices. It means they can hire more workers. It means they can pay workers better salaries.

These are the benefits that come about from a marginal tax rate reduction.

In addition, the President calls for repealing the death tax.

This will be a tremendous benefit to small business. I have a lot of farmers in my State who are very worried that when they die the Federal Government is going to come in with a confiscatory Federal death tax and take away the farm, take away the small business that has been built up over the years that the business owner or the farmer would like to leave to his or her children.

Repealing the death tax will make a significant difference in assuring that we continue jobs and economic activity. Thousands of small businesses in this country waste millions of dollars each year on estate planning and insurance costs just to keep the doors open if the owners die.

A good friend of mine farms along the Missouri River in western Missouri. When his father died they paid almost $100,000 in accounting and legal fees to figure out how they could keep his farms from being broken up. Death ought not be a taxable event. It is bad enough to have the undertaker arrive at your door. You don't want to have the tax man arrive at the same time.

The money we pay to accountants, to lawyers, and to insurance companies to try to get around this estate tax could be much more productively employed in investing in new equipment, in providing new jobs and better wages.

Many times the tax at death ends a small business; it has to be sold. It is a job killer. I think the days of the death tax should be numbered, not the days of the business owned by an older business owner or farmer who is reaching the end.

It should come as no surprise if the economy slows, as clearly it is, small businesses will be first to feel the pain. Capital dries up, sales will fall, and possibly business productivity will diminish. As we focus on the need for immediate tax relief and the merits of it in the Bush tax plan, we cannot ignore the plight of America's small enterprises in the growing economy.

Taxes are not supposed to be countercyclical. This is a long-term investment in the productivity of our country. When we cut the capital gains rate in the last decade, the money made available from the tax reductions helped spur the investments in productivity that kept our economy growing. Incidentally, that increased activity actually brought more revenue to the Federal Government.

I think the Bush plan, in addition to holding tremendous benefits for families, for individuals struggling to make ends meet, will have a tremendous benefit for small business. The rate cut, the estate tax repeal, and the other features of the President's proposal will directly help the hard-working women and men who dedicate their lives to creating small businesses, to taking the risks in the marketplace that will allow this country to be healthier, and to allow themselves, their families, and their workers to be productive, contributing members of the economy.

When small businesses win, we all win. I think President Bush's tax plan is one of the best hopes we have for ensuring that our economy continues to grow.

I yield the floor.

The PRESIDING OFFICER (Mr. THOMAS). The Senator from Arizona, Mr. KYL.

Mr. KYL. Mr. President, first, I commend the Senator from Missouri for a fine statement. I certainly associate myself with those comments. In particular, his reference to the effective tax cuts on the small businesses in our country, something he has worked on literally all of his career. I appreciate very much his emphasis on that.

The President, of course, sends us his bill today. The essential feature, as the Senator from Missouri said, is the reduction in marginal rates. Reducing the marginal rates is the best thing we can do for all taxpayers, as well as for strengthening the economy itself.

I note that the low- and middle-class taxpayers are the biggest winners under this plan. For example, a family of four making $50,000 a year would receive a 50-percent cut, a $1,600 reduction average on their tax bill. If that is not considered important by people, just think about how much that would do for the average family. It pays the entire average home mortgage for that family of four, a year of tuition at a lot of community colleges, and so on.

The size of the cut is also modest by any standard. I know some of our colleagues on the left have said it is too big. Frankly, it is not nearly enough, in my view. I subscribe to the view of those in the House of Representatives yesterday who said it could be much larger, and it should be larger. I support at least this modest effort and urge my colleagues who say it is too much to recognize that it is only half the size of the tax cuts of the John F. Kennedy administration and one-third the size of the tax cuts of the Ronald Reagan administration. So I don't think one could say that this tax cut is too large, when all economists agree that the tax cuts of the Kennedy and Reagan eras were the primary cause of the great economic growths that occurred during those periods of time.

Moreover, for those who contend that we don't have enough money to accommodate this tax, I say, first of all, that is very much the wrong standard to apply. This is not a Government expenditure. This has to do with taking money from American workers. Recall that during the Reagan era we had huge Federal debt and very large annual deficits, yet we reduced taxes. As I said, this tax cut being proposed by President Bush is only a third the size of those Reagan tax cuts.

The goal, first of all, should be to relieve the burden on American taxpayers, enabling them to contribute to the great economic engine of this country. We do not need to be worried about how much money is going to be left over for this Congress to spend. Everyone here knows that if we leave it on the table in the Congress, it will get spent. That is why we believe there is another reason to support this tax cut, not just to improve the economy and help American families but so the money will not be spent by the Congress inappropriately.

Surpluses are proof of the fact that taxpayers are being overcharged. They deserve some of their money back. The fact that the economy is weakening at this point simply makes the point that this tax cut and the case for this tax cut is undeniable.

I will focus my remaining comments on one specific feature of the President's proposal; that is, the repeal of the estate tax, the so-called death tax. Yesterday, I introduced legislation similar to that introduced last year. Senators BREAUX, GRAMM, and LINCOLN are cosponsors. We all serve on the Finance Committee. It is balanced between Democrats and Republicans. This is the bipartisan approach that passed both the House and the Senate last year, only to be vetoed by President Clinton.

The essence of the bill is to replace the Federal estate tax with a tax on capital gains earned from inherited assets due when those assets are sold. As I said, this is the approach that passed both Houses of Congress, and it rests on the notion that death should be taken entirely out of the equation.

Death should not be a taxable event. If people want to sell assets at some point, they make an economic calculation knowing, among other things, what kind of tax would pertain. They can make that decision on their own. That is the only time there should be any kind of a tax. At that point, it should be a capital gains tax, not a tax that is more than twice the capital gains rate, which is what the death tax is.

As I said, the beauty of this approach is it removes death as a trigger for a tax. Death neither confers a benefit nor results in a punitive, confiscatory state. Small estates would be unaffected by the basic changes we are making. For them, the estate tax would be eliminated and a limited step-up in basis would be preserved. Each person under our proposal has a $2.8 million automatic step-up in basis. So for a couple, there is no chance that an estate that is not taxed under the estate tax today would be taxed under our proposal.

This measure would not allow unrealized appreciation on inherited assets, however. I know that is a concern for some of our friends on the other side. Beyond this limited step-up in basis, all assets would be taxed as in any other situation if and when they are ever sold. Friends who own small businesses who never want to sell the small business or farm, that is fine. You never pay a tax. The tax only pertains if and when the business is sold.

This is a very fair proposal. In fact, the American people, even though most of them realize they are not liable for an estate tax, understand the fairness of this and support it.

A Gallup poll not too long ago found that 60 percent of the American people support repeal of the death tax, even though about three-fourths of them do not think they will ever have to pay the death tax themselves. They are right, although many Americans have to go through the expense of paying for insurance or estate planning.

As a matter of fact, about 3 years ago, coincidentally, the Government collected about the same amount in estate tax—I think it was around $23 billion—that other Americans paid to avoid paying the estate tax. So it is actually a double tax. A lot of people who do not actually pay it end up paying as much through the estate tax lawyers' fees, accountants' fees, insurance, and so on. So I think most American people understand it is not a good tax to have, even though they themselves may not be liable for it.

Also this last year, in the last election, voters in two States approved referenda to repeal their own estate tax: South Dakota, by a vote of 79–21, and Montana, 68 to 32 percent. Clearly, repeal of this confiscatory tax is an idea whose time has come, both in the State and at the Federal level.

I conclude by reiterating the significant majorities in the House and Senate who voted for repeal last year means we have finally found the formula for taxing inherited assets in a fair and commonsense way. I hope, as this process unfolds and the tax legislation comes before the Senate and the House, our colleagues will recognize the validity of this approach, the fairness, the place in which the death tax repeal fits into the overall tax program, and that we can pass tax relief for hard-working American families.

It is the most sure way not only to do right by them but to ensure a strong economy for the United States of America.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. ALLEN. Mr. President, I rise to state that Americans need tax relief and I believe they need it now. Despite record economic growth for the last several years, and huge budgeted surpluses in the last few years and in the future, I think these surpluses simply represent overtaxation of the American taxpayers. Americans, in recent years, have been repeatedly denied tax relief despite these surpluses because there were not enough Senators to override the President's veto—the previous President's veto.

Excessive taxation limits the individual freedom of hard-working Americans, their families, and their enterprises. I agree very much with the previous remarks made by the Senator from Arizona, Mr. KYL, and the Senator from Missouri, Mr. BOND.

The fact is, Americans are paying more in taxes as a proportion of the gross domestic product than at any time since World War II. In fact, for this fiscal year, the Federal Government will pull out $1 of every $5 in the economy—20 percent of the economy is being taken by the Federal Government, even though there is a non-Social Security budget surplus in this year that is going to top $125 billion, and it is going to exceed $3.1 trillion over the next decade.

I believe we must assure that Americans can keep more of their hard-earned dollars in their pockets. Previously, the Senator from Connecticut paraphrased a song to slow down tax cuts in this surplus. I think there is a more apt country western song to reference this gold mine surplus that is created by the work of the taxpayers. What has been suggested by the opponents is that the Government gets the gold mines and the taxpayers get the shaft.

I think the taxpayers deserve better. It is simply common sense that, rather than continuing down the path of excessive Government spending in Washington, Americans ought to be allowed more money to invest in their priorities for their families, for their homes: saving for retirement or the purchase of a computer for their children. It is common sense—trusting families, trusting people. They know better than the Federal Government about what they need and how to make their earnings work for themselves, their families, and their enterprises.

Overall, for the economic success and jobs in America, I believe the Federal Reserve needs to rapidly reduce interest rates much more, and soon; we must pass tax relief soon to help bolster consumer confidence. When you look at these surpluses, I believe they ought to be handled the same way a well-managed business would handle surpluses. A business would first put funds into retirement or pension funds. Then they would look at their priorities as a company and invest in them. And then they would look for a dividend to the shareholders.

As the Federal Government, I think we ought to look at it the same way a business would. Certainly a business would not be raiding, at times of surplus—or at any time for that matter—pension funds or retirement funds. That is why I think as a Government we need to protect Social Security. Put Social Security in a lockbox. Hopefully, with this spirit of bipartisanship, that will change and we can pass legislation necessary to protect Social Security so future retirement funds are not raided for more Government spending.

The advantage of the Social Security lockbox is not only protection of retirement funds; it also helps pay down the national debt. Implementing the Social Security lockbox and allowing those surpluses to be used only for addressing the long-term solvency of Social Security helps us reduce the national debt, and we can effectively eliminate the publicly held debt in the next 10 years with that fiscal discipline.

Then I believe we need to look at the non-Social Security surpluses and, again, handle it the same way a well-run business would. What would a well-run business do with the nonretirement surpluses? They would address priorities, research and development, workforce training, maybe investment in ideas to be more competitive, or increase their market share. In the Federal Government, even after we save and protect the Social Security surpluses and pay down the national debt, the Federal Government still will be collecting $3.1 trillion more in taxes than is needed at the current levels of spending, on top of the current level of spending inflationary increases. So it is $3.1 trillion. That is over $10,000 of excess taxation of every man, woman, and child in this country.

There are legitimate national responsibilities we need to address and in which we need to invest. We must provide that out of this $3.1 trillion surplus. There are new investments we need to consider in education. We must also act quickly, making sure we are improving the preparedness of our national defense and our Armed Forces. We need to invest in new technological and scientific research. We need to shore up the Medicare system, as well as investing in our national transportation infrastructure.

But once we take care of these priority responsibilities in education, national defense, scientific research, and combating illegal drug trade, we should again operate as a business. Then what would a business do after you take care of priorities? They would declare a dividend. That is what I think we ought to do is declare a dividend for the shareholders, the owners of this Government who are the taxpayers of America.

Surely, out of the $3.1 trillion surplus, I do not think the $1.6 trillion the Bush administration is proposing is an excessive amount to return to our taxpayers. It is a minimal amount we ought to be returning to the taxpayers. In fact, when you compare this proposal to previous major tax cuts, history shows we can dedicate even 50 percent of the current non-Social Security surplus to tax relief measures and still barely make a blip on the radar screen of our national economy.

For example, in 1963 President Kennedy's tax cut reduced tax collections by 12 percent. That is this chart here, the Kennedy administration; it was 12.6 percent.

The Reagan administration 1981 tax cut reduced tax collections by 18.7 percent—nearly 19 percent.

The tax collections proposed by the Bush administration would return just over one-half of the excess tax collections to American taxpayers, and the tax collections would be reduced by 6.2 percent—much less than the Kennedy and much less than the Reagan administrations. In fact, according to the National Taxpayers' Union, as part of our gross domestic product, when you compare the Kennedy tax cut, it was 2 percent of the gross domestic product—the Bush proposal of taxes being reduced by $1.6 trillion is a mere 1.2 percent of the gross domestic product.

You might recall the great growth in our economy in the 1960s was occasioned by the tax cuts of the Kennedy administration. So this is merely one-half of the revenue impact of the Kennedy tax cut.

I say to my colleagues in the Senate, if we cannot cut taxes in the times of these surpluses, when will we be able to give tax relief and reduce the tax burden on the people of America?

This is the time to make the Federal Tax Code more fair and less burdensome. This is the time to get rid of this illogical marriage penalty tax which imposes a penalty on men and women just because they are married. This is the time to eliminate the death tax which is a very unfair tax, especially on family farms and small businesses. This is the time to make sure that individuals and small business owners get 100-percent tax deductibility for health insurance. And there are many other things we can do. This is the time to act for the people of America.

I hope my Senate colleagues will seize this opportunity to exercise fiscal discipline and restraint and realize that the owners of this country deserves tax relief, and they deserve it now.

I thank the Chair. I yield back the remainder of my time.

The PRESIDING OFFICER (Mr. ALLARD). The majority leader is recognized.

Mr. LOTT. I thank the Chair.

Mr. President, I want to acknowledge the very fine statement made by the junior Senator from Virginia, certainly a very experienced leader, having served in the House of Representatives and having been Governor of the Commonwealth of Virginia, and already a very active participant in what is happening in the Senate and in our Government.

I had a feeling he would probably be suggesting tax relief is a good idea. Virginia has a strong opinion on that going back just a few years. I thank him very much for his statement.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

Under the previous order, the majority leader is recognized.

TRIBUTE TO LORETTA F. SYMMS

Mr. LOTT. Mr. President, I rise today to pay tribute to the outstanding accomplishments of Loretta Fuller Symms. There she is, looking quite natural in the front of this Chamber. This week, she will be retiring after over 20 years of congressional service. Has it been that long? For 14 of those years, she has served in the Senate.

I first met Loretta 20 years ago when I was a Member of the House of Representatives and she was working in the office of then-Congressman Steve Symms of Idaho. She would tell you—Steve and I were first elected in 1972 and came 1973—Steve and I have a common bond philosophically but also fraternally in that we were close friends, and that is where I first met Loretta.

She moved to the Washington area from Coeur d'Alene, ID, a beautiful area. What a sacrifice to move from Coeur d'Alene, ID, to come to Washington. Thank goodness she did, and we have all been much better off because of her outstanding congressional career.

In 1987, the very wise Senator Bob Dole, my predecessor as Republican leader, chose Loretta to be the Republican representative in the Sergeant at Arms Office. Over the next 9 years, she filled a number of roles within that organization. It was during that time that I was first elected to the Senate, and Loretta was very helpful to me and my staff in opening my offices here in Washington and in Mississippi.

I remember she had a post, more or less, in the back of the Chamber, and I quite often would stop by to ask her what in the world was happening because the rules here are quite different from what I had been used to in the House. Of course, I was concerned about a number of things that I found difficult to manage and to deal with over here, but she was very helpful.

She has always brought professional business practices to the Senate operations. As director of Capitol facilities, she restructured the department establishing career ladders, formalizing job descriptions, instituting reading programs, and starting computer classes and other training programs for our employees.

Working with the Secretary of the Senate, she contributed to the management and oversight of the Senate page program, serving as adviser, mentor, and sometime surrogate parent to the high school students who participate in the program.

She was a driving force in the opening of Webster Hall, the building that functions both as a dormitory and as a site for the Senate page school.

I was pleased to appoint Loretta as Deputy Sergeant at Arms in 1996, the post she will serve until Friday. In that role, she has done a magnificent job. In fact, I was not sure I could give these remarks this morning because I still would like to ask her to change her mind: don't do this; at least stay until we complete the new extension on the east front of the Capitol. It wouldn't be but another 2 or 3 years perhaps. Steve would understand. I have made that plea to no avail. I guess, come Friday, she will be moving on to a different and exciting life, I am sure.

She has demonstrated an unmatched dedication to the institution of the Senate and its traditions. She understands them. She helps them and protects them. She contributed in large part to the restoration of the Senate Chamber in its current majesty, an area I have felt strongly about, but she made sure we paid attention to history and that it was done with good taste. The Chamber looks better today than it did 5 years ago.

Loretta has ably handled the huge and demanding responsibility of overseeing the daily operations of the Sergeant at Arms organization and its 750 employees. I know our Sergeant at Arms, Jim Ziglar, has been worried about this Friday and this day and how she would ever be replaced. A good choice has been made as a successor, but still I do not think we could ever truly replace Loretta and the job she has done.

In her duties as a representative of the Senate, Loretta has assisted Presidents, Vice Presidents, and foreign heads of state as they made official visits here. She has led the Senate as we walked through the Capitol Building over to the House side for joint sessions. I always thought we got more than our due share of notice, probably because Loretta was leading the pack.

We will surely notice her absence next week and for a long time to come, but I know Loretta is happy to exchange foreign dignitaries' visits for more visits with her 10 grandchildren. It is hard to believe she has 10, and here I am working only on my second one.

We are sad when one of our Senate family leaves us, but at the same time, we could not be happier for her. I know her husband, Steve Symms, is going to be happier, too.

As Loretta moves on to new challenges, I say thank you on the Senate's behalf and on my own behalf. The words are inadequate to express our appreciation for the kind of person you are and the job you have done. We all wish you the very best in your next career as grandmother and as keeper of Steve Symms, which will be a challenge. We all appreciate you.

Mr. President, I yield the floor and 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. McCAIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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