

Ms. Gonzalez was a Saddleback College English student, was killed one week shy of her 21st birthday. Her friends and family have spoken about Ms. Gonzalez's high spirit and boundless energy. They spoke of a young woman who, with huge ambitions, urged smaller kids to reach for the stars and have hope in her small acts of kindness like soothing the ache of a burn victim, helping to stucco houses in Mexico and of her passion for helping the children in her community.

I say to my colleagues I call on this Congress to pass the gun safety lock bill that I introduced in the 105th Congress and the 106th Congress. We can ill-afford to have another gun violence victim in this Nation.

DISADVANTAGES OF ESTATE TAX BILL

The SPEAKER pro tempore (Mr. GARY MILLER of California). Under a previous order of the House, the gentleman from California (Mr. SHERMAN) is recognized for 5 minutes.

Mr. SHERMAN. Mr. Speaker, on Friday, we are going to take up a bill to abolish the estate tax, a bill that has about as much merit as the prediction of the gentleman from Indiana (Mr. BURTON) that the Pacers will defeat the Lakers in the upcoming series.

Let us first put this tax in context. Only 2 percent of American families pay a single penny of estate tax. This is because the tax is designed so that a husband and wife can leave their first \$2 million, first \$2 million to their heirs without paying a penny in tax. So this tax is for those who are asked, do you want to be a millionaire, and literally became millionaires, \$2 million. Literally millionaire, that word meaning someone who inherits a million dollars.

The tax, of course, does not fall upon the decedent but rather on their heirs. The tax falls exclusively on billionaires by definition. The tax is an obnoxious tax as all taxes are obnoxious. But if we are going to start to abolish taxes, we ought to start abolishing the ones that hit working families the hardest.

This is a tax that falls exclusively, not on the fruits of the effort of the person paying the tax, but on the fruits of inheritance instead.

Now, we are told that this tax represents double taxation. Let us put one thing in context. When someone makes an investment, buys some stock for \$1,000, holds that stock until the stock is worth \$1 million and leaves it to their children, there is no tax on that \$999,000 profit.

The reason is that there is an estate tax on those assets. Those who propose to abolish the estate tax while continuing the current provision that provides a step up in the basis of assets received from a decedent are not arguing to abolish double taxation, they are arguing to abolish single taxation. In fact, the amount of revenue that the Federal Government gives up through

allowing that step up in basis is quite significant, even when compared to the total revenue generated by the estate tax.

I would point out that, if we want to abolish double taxation, let us start by providing a credit for every working family equal to the sales tax that they have to pay, so that somebody who is trying to make it on 6 bucks an hour or 9 bucks an hour goes out and buys goods in their State, goes out and buys food and clothing, that we care for that working American first and worry about that double taxation where somebody makes 6 bucks an hour, makes a certain amount, loses a chunk due to Federal taxation, and then sees a portion of that net pay going in State sales tax.

We are told that many businesses are not continued in family ownership and that somehow that is terrible for the employees. But we are given only the statistic that the heirs of small businesses choose not to continue those businesses. We are not told why. Does the son or daughter of a farmer want to be a farmer? Sometimes yes, sometimes no. If they choose not to be in agriculture, is that traceable to the estate tax? Only by a few stories, a few analyses, no statistics.

We are told that family businesses are sold and that is bad for the employees of those businesses. Are we given any statistics as to what happens when those family businesses are sold? No. Nor are we told whether those family businesses are sold because there is a Federal estate tax or for some other reason.

In fact, we have special provisions in the estate tax law designed to minimize and delay the effect of the estate tax on those whose inheritance is made up chiefly of a farm or chiefly of a closely held business. Those tax provisions are availed of, I believe, roughly 6 percent of the time. That means we are abolishing a tax that 94 percent of those paying the tax have nothing to do with small business, or at least nothing to do with those provisions.

Mr. Speaker, I regret only that 5 minutes does not allow me to even scratch the surface of the disadvantages of this bill. I look forward to the debate on Friday.

NATIONAL EMPLOYMENT DISPUTE RESOLUTION ACT OF 2000

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mrs. CLAYTON) is recognized for 5 minutes.

Mrs. CLAYTON. Mr. Speaker, I am today introducing the National Employment Dispute Resolution Act of 2000. This bill will build on H.R. 3528, the Alternative Dispute Resolution Act of 1998, which we passed last Congress. The goal of this initiative is to establish alternative avenues for the resolution of disputes.

The bill I introduced today will amend five current statutes, Title VII

of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans With Disabilities Act of 1990, the Vocational Rehabilitation Act of 1973, and the Civil Rights Act of 1991.

Essentially, the bill mandates mediation as an alternative to litigation of employee claim under these statutes.

Alternative dispute resolution is commonly referred to as ADR. ADR includes a range of procedures, such as mediation, and it also includes arbitration, peer panels and ombudsmen.

Traditional dispute resolution in America almost always involves a plaintiff and a defendant battling each other in a court before a judge or jury to prove that one is wrong and one is right. It is time consuming, it is expensive, too expensive for most wage earners to afford, and often too time consuming to be of much practical use.

In addition, as one writer has observed, a process that has to pronounce "winners and losers necessarily destroys almost any preexisting relationship between the people involved" and "it is virtually impossible to maintain the civil relationship once people have confronted one another across a courtroom."

The National Employment Dispute Resolution Act of 2000 requires all Federal agencies and private employers to establish a volunteer alternative dispute resolution program.

The purpose of the bill is to guarantee that all litigants have another way to resolve their differences short of a full trial.

Mediation is a volunteer process in which a neutral party, a mediator, assists disputants in reaching a negotiated settlement of their differences.

The process allows the principal parties to vent and diffuse feelings, clear misunderstandings, find areas of agreement, and incorporate these areas of agreement into solutions that the parties themselves construct.

The process is quick, efficient, and economical. It also facilitates the lasting relationship between disputants.

A recent survey by the General Accounting Office showed that mediation is the ADR technique of choice among the five Federal agencies and five private corporations that were surveyed.

The report stated, "Most of the organizations we studied had data to show that their ADR processes, especially mediation, resolved a high proportion of disputes, thereby helping them to avoid formal redress processes and litigation."

In a taped message during a recent Law Day Ceremony, Attorney General Janet Reno said, "Our lawyers are using mediation . . . to resolve employment cases. I have directed that all of our attorneys in civil practice receive training in mediation advocacy."

On that same day, President Clinton issued a memorandum creating a Federal interagency committee to promote the use of alternative dispute resolution methods within the Federal Government pursuant to the Administrative Dispute Resolution Act of 1996.

In addition, the Civil Rights Act of 1991 encourages the use of mediation and other alternative means of resolving disputes that arise under the act or provisions of Federal laws amended by the title. In 1995, the Equal Employment Opportunity Commission promulgated its policy on ADR which encourages the use of ADR in appropriate circumstances.

Mr. Speaker, thus the bill that I introduce today is but another step in the fabric we must weave to ease the burden on our courts and provide an expeditious response to disputants who wish to resolve their claims and differences.

I urge all of my colleagues to take a close look at the National Employment Dispute Resolution Act of 2000.

□ 2045

ELIMINATING THE ESTATE TAX

The SPEAKER pro tempore (Mr. GARY MILLER of California). Under the Speaker's announced policy of January 6, 1999, the gentleman from Illinois (Mr. CRANE) is recognized for 60 minutes as the designee of the majority leader.

Mr. CRANE. Mr. Speaker, I rise today to address the tax that is one of the most obscene, unfair, and immoral of all taxes. The estate tax, or what is commonly referred to as the death tax, since it is generally triggered only by one's removal from productive life, has outlived its usefulness. Later this week, this body will be voting on legislation to eliminate the death tax, and I think it is past time to bury the death tax once and for all.

Mr. Speaker, I am submitting for the RECORD an article by William Beach from the Heritage Foundation entitled "Time to Eliminate the Costly Death Tax."

TIME TO ELIMINATE THE COSTLY DEATH TAX
(Published by William W. Beach, the
Heritage Foundation)

The U.S. House of Representatives is once again poised to vote on repealing the federal death tax. In view of the strong support that death tax repeal receives from the general public, the House debate should be firmly grounded in what an increasingly large percentage of voters already know: Death taxes adversely affect many times the number of people who pay the tax collector. The Death Tax Elimination Act (H.R. 8), sponsored by Representatives Jennifer Dunn (R-WA) and John Tanner (D-TN), is a response to this growing understanding and offers the House its second opportunity in an many years to eliminate this onerous tax.

Death taxes most often burden the very people that tax policy is intended to help. For example:

Women and minorities are very often owners of small and medium-sized businesses. After sacrificing daily to build their businesses by reinvesting their profits, they soon realize that the financial legacy of their hard work, which they hoped to pass on to their children, instead will fall victim to confiscatory taxation and liquidation.

Farmers often face losing their farms, but this is not so much because of competition from wealthy agribusinesses or capitalist

"robber barons." More often, it is because the federal government heavily taxes the estates of people who invested most of their earnings back into their farms and had only meager liquid savings.

Workers suffer when they lose their jobs because many small and medium-sized businesses are liquidated to pay death taxes and because high capital costs depress the number of new businesses that could offer them a job.

Low-income people are harmed—not only because the general economy is weakened by the death tax's rapacious appetite for family-owned businesses, but also because the death tax discourages savings by encouraging consumption.

Specifically:

Death taxes hurt small businesses. Investing in a business is one of the many ways to save for the future. For most small firms, every available dollar goes into the business—the dry cleaning firm, the restaurant, the trucking company—to ensure that it sustains an income for the owners's family and is an asset to pass on to children. Women with children often find self-employment to be the only entry-level work available. Minorities, many of whom wish to raise their families in ethnic communities, understand well the virtues and promises of self-employment. Yet the financial security that family-owned and small businesses provide these Americans is put at risk if the owner dies with a taxable estate.

In an important 1995 study of how minority business owners perceive the estate tax, Joseph Astrachan and Craig Aronoff, economists of Kennesaw State University in Georgia, found that:

Some 90 percent of the surveyed minority businesses know they might be subject to the federal estate tax;

Although 67 percent of these businesses have taken steps (gifts of stock, restructuring ownership, purchasing life insurance, and buy-sell agreements) to shelter their assets from estate taxes, over 50 percent of them indicate that they would not have taken these steps had there been no estate tax; and

Some 58 percent of all respondents in the survey anticipate business failure or great difficulty maintaining the business after their death.

Death taxes are more "affordable" as income rises. Taxpayers who cannot pay tax-planning fees frequently lose more of their estates to death taxes. Thus, what appears to be a progressive tax contains a regressive dimension. Experts on the death tax continually are struck by the number of taxpayers who are insufficiently prepared to pay the death tax and by the high correlation of these types of people with those who have not had the benefit of high-priced legal and accounting advice. Indeed, legal avoidance of high death tax liabilities is closely related to the amount of fees taxpayers are able to pay for expensive tax-planning advice.

Death taxes undermine savings and investment. Not only do death taxes reduce potential employment opportunities and undermine the promise that hard, honest labor will be rewarded, but they also encourage consumption and undermine savings. What can be said generally about income taxes can be stated emphatically about death taxes: Accumulation of more wealth will lead to more taxes, while consumption of income will result in relatively lighter taxation. In other words, it makes more tax-planning sense to buy vacations in Colorado or a painting by Rubens than to invest in new production equipment or expand a business.

Death taxes are costly to collect. The economic effects of the disincentive to save and invest are striking, especially in light of the

relatively small amount of federal revenue raised by death taxes. A 1996 Heritage Foundation analysis of death taxes using the WEFA Group U.S. Macroeconomic Model and the Washington University Macro Model, for example, found that, if the estate tax had been repealed in 1996, then over the next nine years: The U.S. economy would average as much as \$11 billion per year in extra output; an average of 145,000 additional new jobs could be created; personal income could rise by an average of \$8 billion per year above current projections; and the extra tax revenue generated by extra growth would more than compensate for the meager revenue losses stemming from the repeal.

The death tax is not even a good value for the government. Federal death taxes probably are the most expensive taxes to pay and collect. Death taxes raise just slightly more than 1 percent of total federal revenues, but according to one 1994 analysis, total compliance costs (including economic disincentives) amount to about 65 cents for every dollar collected. Other studies, which subtract disincentives and examine only direct outlays by taxpayers to comply with estate tax law, put the compliance cost at about 31 cents per dollar. This additional cost means that the \$27.8 billion collected in federal death taxes last year actually cost taxpayers \$36.4 billion.

Mr. CRANE. Mr. Speaker, I would now yield to our distinguished colleague, the gentleman from Arizona (Mr. HAYWORTH), a member of the Committee on Ways and Means.

Mr. HAYWORTH. Mr. Speaker, I thank my colleague, the gentleman from Illinois (Mr. CRANE), the distinguished chairman of the Subcommittee on Trade of the Committee on Ways and Means here in the House of Representatives.

Mr. Speaker, later this week we will come to this floor to vote on putting at long last the death tax to death, and we will be offered a clear choice. Some in this chamber will embrace the politics of envy, but, Mr. Speaker, I believe a bipartisan majority will embrace the principles of fairness, hope and opportunity, for that is what we seek.

As my good friend from Illinois just pointed out, there is no tax more unfair than this death tax. Stop and think about it. Think back to the very foundations of our Nation, to one of our founders, Benjamin Franklin, who had a gifted and diverse career, who indeed won much public acclaim and a fair amount of his fortune as a social commentator in Poor Richard's Almanac when he observed, "There are only two certainties in life, death and taxes." But even Dr. Franklin, with all his wisdom, with his ability to seemingly see into the future, not even a person as impressive as Dr. Franklin do I believe would realize that one day the constitutional republic that he helped to found would literally tax its citizens upon the day of their death.

The rallying cry is simple, my colleagues. The American people instinctively understand it. No taxation without respiration. And here is why. This vast Federal Government, accumulating revenue in much the same way as I, before I went on my diet, would go to a buffet line kind of piling it up,