

dream: save, invest, and hope that your kids can have a better opportunity than you had. That is the American dream. And the estate tax, or the death tax, just cuts that right to the quick and says: We want half of everything you earned during your lifetime. And, by the way, if you have to sell your business to pay us the money, that is tough. We want to spend it back in Washington.

This is a perverse tax policy. The good thing about the version of the repeal that Senator GRAMM and I have proposed is that it does not let anybody off the hook in terms of paying taxes to Uncle Sam. They already paid the taxes on the income. What we say is when Brad Eiffert inherits his father's business, the Boone County Lumber Company, he does not pay a tax when his dad dies—that is perverse—but if he ever sells the Boone County Lumber Company, then he pays a capital gains tax, and he pays it based on what his dad paid for the original company.

So Uncle Sam is going to get the full take. We will get all the money we need here to spend in Washington, but it is when he decides to sell the business; that is the taxable event. Death should not be a taxable event.

So I hope my colleagues will join Senator GRAMM and me later today when we have an opportunity to finally repeal this perverse tax and replace it with a capital gains tax. We are not letting anybody off the hook. We are substituting one tax for the other, but we are substituting a tax that is fair because it says if you make a decision, knowing the tax consequences, to sell the asset, you pay Uncle Sam. If you don't, you don't. But that is your decision. It replaces a tax on the event of death which is more perverse and unfair.

The U.S. Government should not have that as a policy for the people of the United States of America. I urge my colleagues to reject the alternatives. There is only one real repeal, and that is the Gramm-Kyl repeal of the death tax.

I yield the floor.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

#### JOINT MEETING OF THE TWO HOUSES—ADDRESS BY THE PRIME MINISTER OF AUSTRALIA

The PRESIDING OFFICER. Pursuant to the order of the Senate, the following Senators are appointed to escort the Prime Minister of Australia into the House Chamber: The Senator from South Dakota (Mr. DASCHLE), the

Senator from Florida (Mr. NELSON), the Senator from Mississippi (Mr. LOTT), the Senator from Oklahoma (Mr. NICKLES), the Senator from Texas (Mrs. HUTCHISON), the Senator from Idaho (Mr. CRAIG), and the Senator from Indiana (Mr. LUGAR).

Without objection, in accordance with the previous notice, the Senate will now stand in recess for the purpose of attending a joint meeting with the House of Representatives to hear the very distinguished Prime Minister of Australia, John Howard.

Thereupon, the Senate, at 10:46 a.m., took a recess and the Senate, preceded by its Secretary, Jeri Thomson, proceeded to the Hall of the House of Representatives to hear an address delivered by the Honorable John Howard, Prime Minister of Australia.

(For the address delivered by the Prime Minister of Australia, see today's proceedings of the House of Representatives.)

At 12:30 p.m., the Senate, having returned to its Chamber, reassembled and was called to order by the Presiding Officer (Mrs. CLINTON).

#### DEATH TAX ELIMINATION ACT OF 2001

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 8, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 8) to amend the Internal Revenue Code of 1986 to phaseout the estate gift taxes over a 10-year period, and for other purposes.

Pending:

Conrad amendment No. 3831, in the nature of a substitute.

#### AMENDMENT NO. 3831

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. Madam President, what is the issue before the Senate?

The PRESIDING OFFICER. The Conrad amendment No. 3831.

#### AMENDMENT NO. 3832 TO AMENDMENT NO. 3831

Mr. REID. Madam President, on behalf of Senator DORGAN, I send an amendment to the desk.

The PRESIDING OFFICER. Without objection, the clerk will report.

The legislative clerk read as follows:

The Senator from Nevada [Mr. REID], for Mr. DORGAN, for himself, Mr. DURBIN, Mrs. CARNAHAN, and Mr. CORZINE, proposes an amendment numbered 3832 to amendment No. 3831.

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

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

The amendment is as follows:

(Purpose: To amend the Internal Revenue Code of 1986 to make permanent the estate tax in effect on December 31, 2009, to increase the exclusion amount to \$4,000,000 in 2009, and to provide a full family-owned business interest deduction in 2003)

In lieu of the matter proposed to be inserted, insert the following:

#### SECTION 1. ESTATE TAX WITH FULL TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTERESTS.

(a) ELIMINATION OF ESTATE TAX REPEAL.—(1) IN GENERAL.—Subtitle A of title V, sections 511(d), 511(e), and 521(b)(2), and subtitle E of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001 are repealed.

(2) CONFORMING AMENDMENTS.—

(A) The table contained in section 2001(c)(2)(B) of the Internal Revenue Code of 1986 is amended by striking “2007, 2008, and 2009” and inserting “2007 and thereafter”.

(B) The table contained in section 2010(c) of such Code is amended by striking “2009” and inserting “2009 and thereafter”.

(C) Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended—

(i) by striking “this Act” and all that follows through “2010.” in subsection (a) and inserting “this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010.”, and

(ii) by striking “, estates, gifts, and transfers” in subsection (b).

(b) INCREASE IN EXCLUSION AMOUNT.—The table contained in section 2010(c) of the Internal Revenue Code of 1986 (relating to applicable credit amount), as amended by subsection (a)(2)(B), is amended by striking “\$3,500,000” and inserting “\$4,000,000”.

(c) FULL TAX DEDUCTION FOR FAMILY-OWNED BUSINESS INTERESTS.—

(1) IN GENERAL.—Section 2057(a) (relating to deduction for family-owned business interests) is amended—

(A) by striking paragraphs (2) and (3), and

(B) by striking “GENERAL RULE.—” and all that follows through “For purposes” and inserting “ALLOWANCE OF DEDUCTION.—For purposes”.

(2) PERMANENT DEDUCTION.—Section 2057 is amended by striking subsection (j).

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to the estates of decedents dying, and gifts made, after December 31, 2002.

The PRESIDING OFFICER. Who yields time? If no one yields time, time shall be charged equally to both sides.

Mr. REID. Madam President, I suggest the absence of a quorum and I ask unanimous consent that time be charged equally against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GRAMM. Madam 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. Madam President, let me remind my colleagues where we are and what we are doing. Last year, we adopted a repeal of the death tax. Under that repeal, we phased up the exemption. We will soon start phasing down the rates, and in 2010 we will actually repeal the death tax. But because of a quirk in the rules of the Senate and the budget process, this death tax snaps back into full force in 2011.

Members of the Senate voted to repeal the death tax. They proclaimed they were repealing the death tax. We are here today to really finish that work by simply taking the provisions of law that are in place and in 2010—a