

AMENDMENT NO. 5 OFFERED BY MR. TANNER

Mr. TANNER. Mr. Chairman, I offer an amendment.

The Acting CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 5 printed in House Report 109-459 offered by Mr. TANNER:

At the end of subtitle D of title V (page 131, after line 20), add the following new section:  
**SEC. 534. REPORT ON USING SIX-MONTH DEPLOYMENTS FOR OPERATION ENDURING FREEDOM AND OPERATION IRAQI FREEDOM.**

(a) SENSE OF CONGRESS.—It is the sense of Congress that the Secretary of the Army should continue to further evaluate and consider—

(1) the potential benefits of converting to six-month overseas deployments for members of the Army, including members of the Army National Guard and the Army Reserve, in connection with Operation Enduring Freedom and Operation Iraqi Freedom; and

(2) the potential impacts of such reduced deployment periods on morale, recruiting, retention, readiness, and the conduct of military operations.

(b) REPORT REQUIRED.—Not later than 90 days after the date of the enactment of this Act, the Secretary of the Army shall submit to Congress a report containing—

(1) the results of any surveys conducted with soldiers and their dependents by the Department of the Army regarding the proposal to reduce deployment times for members of the Army in connection with Operation Enduring Freedom and Operation Iraqi Freedom to a maximum of six months;

(2) potential plans for the Department to implement such reduced deployment times;

(3) a discussion of potential benefits associated with implementation of such reduced deployment times, such as improved members and family morale and increased recruiting and retention; and

(4) a discussion of potential drawbacks associated with implementation of such reduced deployment times, such as impacts on readiness, the conduct of operations, and forecasted additional costs.

The Acting CHAIRMAN. Pursuant to House Resolution 806, the gentleman from Tennessee (Mr. TANNER) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Tennessee.

Mr. TANNER. Mr. Chairman, the Army has been talking about adjusting the length of deployment in some manner, and there has been ongoing discussions about that with the Army Chief of Staff and others, and this amendment merely asks the Secretary of the Army to give to the Congress a report on the relative pros and cons, what they are finding out and what they intend to do within I believe it is 90 days of the date this amendment passes.

Mr. Chairman, I would urge acceptance of this amendment.

Mr. Chairman, I reserve the balance of my time.

Mrs. DRAKE. Mr. Chairman, although I am not opposed to the amendment, I request unanimous consent to claim the time in opposition.

The Acting CHAIRMAN. Without objection, the gentlewoman's request is so ordered.

There was no objection.

Mrs. DRAKE. Mr. Chairman, I rise in support of the amendment. I thank the gentleman for his amendment and for the opportunity to evaluate the length of time served.

Mr. Chairman, I urge all of my colleagues to support the amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. TANNER. Mr. Chairman, I yield back the balance of my time.

The Acting CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee (Mr. TANNER).

The amendment was agreed to.

Mrs. DRAKE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. FRANKS of Arizona) having assumed the chair, Mr. CULBERSON, Acting Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 5122) to authorize appropriations for fiscal year 2007 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 2007, and for other purposes, had come to no resolution thereon.

CONFERENCE REPORT ON H.R. 4297,  
TAX INCREASE PREVENTION  
AND RECONCILIATION ACT OF  
2005

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 805, I call up the conference report on the bill (H.R. 4297) to provide for reconciliation pursuant to section 201(b) of the concurrent resolution on the budget for fiscal year 2006.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 805, the conference report is considered read.

(For conference report and statement, see proceedings of the House of May 9, 2006, at page H2209).

The SPEAKER pro tempore. The gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

The Chair recognizes the gentleman from California.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am pleased that the House is finally able to take up the conference report. The last time the House visited the Reconciliation Act of 2005 was in December of last year. The minority was very much concerned about dealing with the alternative minimum tax problem facing millions of American taxpayers.

We were also concerned, primarily on this side of the aisle, with making sure that the economy continued its robust growth. I am very pleased to announce today that there should be near unanimous support on the other side of the aisle for this reconciliation agreement.

When we offered the alternative minimum tax outside of reconciliation, we

got 414 votes for providing that alternative minimum tax relief outside of reconciliation.

Subsequent to the House passing the reconciliation measure, my friends on the other side of the aisle offered, not once but twice, motions to instruct to require the conference to place in the reconciliation measure alternative minimum tax repeal.

It is my pleasure to announce today that the wishes of my friends on the other side of the aisle have been granted. The alternative minimum tax, in the most comprehensive way ever offered, is part of this package; because it is so comprehensive, that more than 15 million Americans will not pay the alternative minimum tax once this bill becomes law in 2006, and that, in addition, more than 2 million taxpayers will not have any liability because of this bill. Because of its comprehensive nature, this is the only opportunity for Members of the House to vote to provide alternative minimum tax relief to taxpayers.

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And so I look forward to having my colleagues join me since we have provided in the reconciliation package what they have voted for and have asked for.

I am also pleased to announce to my friends on both side of the aisle that this measure also contains a provision which extends one of the primary stimulus factors in the economy, and that is the ability to pay only a 15 percent tax on dividends for investing in the economy and 15 percent on capital gains for taking a risk opportunity in the economy.

I will say for those items that were in both the House and the Senate bills that are not part of this package, we are working on an additional important tax relief package which will provide that opportunity. And I know my colleagues on the other sides of the aisle, especially those who represent the States that will see the greatest relief under the alternative minimum tax, those Members who represent the States of California, New York, Florida, Pennsylvania, Massachusetts, New Jersey, they will be pleased to note that a "yes" vote on this reconciliation measure provides the tax relief and, I might underscore, the only opportunity for tax relief on the alternative minimum tax measure.

I might say in the reverse, that if a Member does not vote for this measure, they are, in essence, then voting to raise taxes on more than 15 million Americans.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, well, the Republicans are coming. The Republicans are coming. The Republicans are coming with relief for the alternative minimum tax. It is the same way they were coming to give our older people prescription

drugs. Work through the maze, and at the end of it we will give you a penalty. The Republicans are coming in order to balance the budget, but we just have to borrow more money from China and around the world.

Just how gullible do you think that the American people can be? I can imagine now in November my colleagues, Republicans, running around with a sign, "I am from the Republican Congress. I am here to help you."

You cannot believe it. If you want the alternative minimum tax the way they are offering it, wherever the conference was, you have to swallow with that a tax bill, a tax cut bill that costs over \$40 billion. And this only would help a fraction of 1 percent of the wealthiest Americans in the world.

So if you want equity and fair play, which they refuse to give in the House for the alternative minimum tax, all you have to do is hold your nose and let them continue to give the tax cut to their rich friends and then tell you this is the last chance that the train of equity is coming through your neighborhood.

Well, it is not the last time, because we have a motion to recommit to tell the conferees to take care of those 81 million people that are caught up in this tax hookup which they should not be and to drop the rest of it and to let you try to do something with the deficit.

So let's focus not on the fact that this is the last train in town to help, but Democrats are on the way to really help by knocking off the tax cuts that no one is asking for except the administration and K Street, and concentrate on what we are here for.

And so it just seems to me that you should not frighten people to join some HMO and hold back their drugs and you should not frighten people that you are not going to get relief from the alternative minimum tax unless you buy the whole package, which is an additional \$50 billion of unfair, undeserved tax cuts for the wealthy.

Mr. Speaker, I reserve the balance of my time.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I do want to make a slight correction on a factual basis. The gentleman from New York knows full well, in the reconciliation package the single largest item is the alternative minimum tax relief.

Mr. Speaker, I yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), a member of the committee.

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, I think my colleague from California, the chairman of the Ways and Means Committee, for this time and as always, I listened with interest to my good friend from New York, and I think it illustrates some very real differences.

Tax relief should not be partisan. And part of what we actually do here in the people's House is practice the art of the possible. And so before this House today we have much-needed tax relief.

The alternative minimum tax, or AMT, has become Uncle Sam's ATM. Too much, too often have we seen the Federal Government reach into the pockets of middle-income taxpayers, and with this legislation today, we put a stop to using the AMT as Uncle Sam's ATM. That is something that the American people want to see.

And there is other thoughtful tax relief here because, in stark contrast to the bleak picture painted by my friends on the other side of the aisle, we understand that there is no reason to penalize people who succeed. By extending the 15 percent rate on dividend and capital gains taxes through 2010 and extending the increased small business expensing through 2009, we are not punishing people for succeeding. That is vital.

Is it important to Wall Street? Yeah, Mr. Speaker, it is important to Wall Street. But it is important to Main Street and it is important to your street, Mr. Speaker, every street in this Union, every neighborhood, because it helps to generate wealth and investment and that is what we are about here.

I ask the House to adopt this legislation.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. STARK), a senior member of the Ways and Means Committee and a hardworking member.

Mr. STARK. Mr. Speaker, I would like to thank the distinguished gentleman from New York for yielding me time.

This \$70 billion sham defrauds the working class to line the pockets of the super-wealthy friends of the Republican Party. Taxpayers with incomes of over \$10 million will have received on average \$500,000 from the Republican capital gains and dividend cuts, and hardworking Americans making under \$50,000 have average tax savings of \$10; \$500,000 if you are rich; \$10 if you are just getting along.

Capital gains and dividend tax breaks benefit the rich, not the working class. Here is a chart that indicates how this money is distributed: \$20 to the average middle-income household, \$42,000 to those making over a million bucks.

You can see here we have taken care, the Republicans have taken care, of Members of Congress, they gave us \$1,388, at least for those who are only working in the public trough. Not bad.

But this bill wastes \$70 billion on millionaires that could be used to improve people's lives. With that \$70 billion, \$39 billion in unnecessary cuts to Medicaid which hurts the health care of children, disabled and the poor could be restored. We could fund the President's great bragging rights to the No Child Left Behind with \$9 billion and

provide health insurance for every child in this country for \$20 billion, and there might even be a few bucks left over to decrease the deficit.

So you have here, amidst all the cute rhetoric on the other side, voodoo economics at its most ridiculous and radical extreme and moral reprehensibility that gives \$100,000 to millionaires, but takes health care away from families earning less than \$16,000 a year. Vote "no."

Mr. Speaker, I rise today in strong opposition to the Republican tax reconciliation conference report. I'd like to say it was an honor to sit on the conference committee, but this backroom deal was cut without any input from House Democratic conferees. The predictable result is a Republican agreement that benefits millionaires at the expense of working families.

You don't have to dig far into this bill to realize it helps the rich get richer, while doing little for hard working American families. The extended dividends and cap gains tax breaks didn't even expire until 2008, but Republicans wanted to reward their rich campaign donors before the November elections. As a result, people making over \$10 million get an average capital gains and dividends tax breaks of about \$500,000 a year. These cuts give families making under \$50,000 a whopping \$10 tax cut. It is clear where the Republican priorities lie.

Some will say that other tax cuts in this bill help the working class. The facts don't support that argument. Families struggling to get by on less than \$20,000 a year get only \$2 in average tax breaks from this bill. Average middle income households only get \$20. Where could all these tax cuts go? The answer is simple, those making over \$1.6 million—the top 0.1 percent of all taxpayers—get \$82,000 a year in tax breaks from President Bush and their Republican friends in Congress.

In sum, this tax reconciliation bill is a \$70 billion boondoggle for America's wealthiest taxpayers. Wouldn't it make a little more sense to spend this money to help people in need? We could easily eliminate the entire \$39 billion in cuts Republicans made last fall to programs like Medicaid, student loans and food stamps. That would leave us \$31 billion to fully fund Bush's No Child Left Behind education plan and provide every child in the country with health insurance. There might even be some money left over to help decrease the budget deficit mess Bush has gotten us in.

It is clear this bill benefits the rich at the expense of the working class, but that isn't the whole story. Just as Bush lied about weapons of mass destruction to lead us into the quagmire in Iraq, Congressional Republicans are lying about the true cost of this legislation. This bill pays for the tax cuts for the wealthy by actually raising some taxes in the short-term. Many of the so-called "revenue raisers" in the bill will actually end up being huge tax breaks in future years. One specific provision allows people to cash out traditional IRAs and convert them into Roth IRAs. This raises revenue in the first few years, but will cost up to \$1 billion dollars a year starting in 2013. Who benefits most from this future tax break? You guessed it . . . families making over \$150,000 a year.

Regardless of what some may say, tax cuts for the wealthy do not generate economic

growth, jobs or increased wages. The only people that win under the Republican reconciliation plan are the millionaires who receive all the tax breaks. It is immoral to give a millionaire an extra \$100,000 while we're taking Medicaid benefits away from a family of three making under \$15,750.

I urge all my colleagues to stand up for the working class and vote against these irresponsible and immoral tax breaks for the rich.

Mr. THOMAS. Mr. Speaker, I yield myself 1 minute.

What the gentleman just quoted was indeed on the front page of The Washington Post today and it comes from the Tax Policy Center. Of course, what he did not bother to do is tell you other material that has come from the very same Tax Policy Center.

Because in 2001 we took millions of people off of the tax rolls, and so for the first time many people making \$10,000 to \$20,000 do not pay any taxes. And what the Tax Policy Center said was, the top 50 percent pay 97 percent of all Federal income taxes.

We are good, but when we remove people from the tax rolls who do not pay any taxes, how would they expect to get money back? That is, of course, the other side of the story, and it comes from the very same center that the gentleman just quoted.

Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. HERGER), a valued member of the Ways and Means Committee.

Mr. HERGER. Mr. Speaker, I rise in strong support of the tax relief before us. Of the major provisions of the tax reconciliation, two particularly stand out as encouraging economic expansion and continued job creation: the 2-year extension of the current 5 percent capital gains and dividend rates and the continuation of section 179 expensing limits.

I have long supported enhanced small business expensing through legislation, and I am pleased this provision was included in the final bill. Studies show that a majority of small firms benefit from expensing, helping to speed up cost recovery on new investment, contributing to small business growth. Since small businesses provide roughly two-thirds of new job creation in the United States, such growth translates into new jobs for Americans.

I have also heard from northern California seniors about the importance of capital gains and dividends to their retirement income, and they are not alone. Future tax rates on investment earnings affect the decisions that families and businesses make today. Extending the lower rates for capital gains and dividends provides tax certainty, helping to boost investment. For proof, we need look no further than today's Dow Jones Industrial Average, again reaching historic highs.

According to a Wall Street Journal piece from a few days ago, capital gains tax Federal receipts rose 79 percent after the new rates went into effect in 2003; dividend tax receipts rose 35 percent. This is further evidence that the

lower rates actually produce increased revenues.

Mr. Speaker, I urge everyone's support.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman said the Wall Street Journal says we are doing well. The Main Street Journal says people are going into bankruptcy. They are losing their pensions; they are losing their health insurance. It depends on what paper you read.

Mr. Speaker, I yield 2 minutes to the gentleman from Michigan (Mr. LEVIN), an outstanding member of the Ways and Means Committee.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, two quick comments.

Mr. THOMAS, when you say that the people taken off the rolls a few years ago do not pay any taxes—you did, twice you said that.

Mr. THOMAS. Mr. Speaker, will the gentleman yield on my time?

Mr. LEVIN. Yes, Mr. Speaker.

Mr. THOMAS. If, in fact, I said taxes, I obviously meant income taxes, and I appreciate the gentleman's bringing that point to me. And I would like the record corrected to say, they do not pay income taxes.

Mr. LEVIN. Okay. I hope in the future Republicans who keep on saying they do not pay taxes will not say that anymore.

Mr. THOMAS. Mr. Speaker, will the gentleman yield on my time?

Mr. LEVIN. Yes, Mr. Speaker.

Mr. THOMAS. I do appreciate having you around making sure that everyone understands that what we did in 2001 was take millions of people off of the income tax rolls.

Mr. LEVIN. Right, and they continue to pay all kinds of taxes, and indeed they are paying taxes compared to what very wealthy people are not over-all paying.

Mr. THOMAS. Mr. Speaker, will the gentleman yield on my time?

Mr. LEVIN. Let me just finish.

Look, another point, we have voted, we Democrats, two or three times on the AMT. We voted two or three times. You are Johnnie-Come-Latelys. So now what you say is, vote for a bill that has that in it, but has these provisions on dividend and capital gains.

As Mr. STARK said, essentially you are bringing a tax bill here that has caviar for the very wealthy and mostly crumbs for most everybody else. That is what you are doing, and the chart shows it: a household, 50- to 75,000, \$110; a household from \$500,000 to \$1 million, \$5,500; and more than \$1 million, \$41,000.

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I read in an editorial a few days ago in the Post, "While the income of the families in the middle fifth of society has grown 12 percent since 1980, the income of the top 10 percent has grown 67

percent, and the income of the top 1 percent has more than doubled. In short, the rich have grown a whole lot richer."

So what you are doing here is giving this immense tax break to a relatively few very wealthy people, and you are combining it tomorrow with a budget bill, according to your own language, and I quote, "the debt limit will be increased from \$8.965 trillion to \$9.618 trillion in an increase of \$653 billion" under your proposal.

So you are saying give the very wealthy, making \$1 million or more, 45 percent of this tax bill, while you are increasing tomorrow the national debt by over \$653 billion.

If your great tax policies have brought such great economic growth, why is the debt limit being raised \$653 billion?

Mr. THOMAS. Mr. Speaker, how is the time distributed at this point?

The SPEAKER pro tempore (Mr. CULBERSON). The gentleman from California (Mr. THOMAS) has 20 minutes remaining, and the gentleman from New York (Mr. RANGEL) has 24 minutes remaining.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Maryland (Mr. CARDIN), a senior member, hardworking member, in the Ways and Means Committee.

(Mr. CARDIN asked and was given permission to revise and extend his remarks.)

Mr. CARDIN. Mr. Speaker, let me speak on behalf of our children and our grandchildren.

Mr. LEVIN pointed out our national debt, the actual debt now is \$8.3 trillion, \$28,000 per person in this country. What we have is a birth tax, and we are adding to that birth tax.

This bill, as advertised, adds another \$70 billion or \$69 billion to the debt, but when you look at it, it is much higher because we are using gimmicks again. We remove the income ceiling on Roth IRAs, and we count that as a revenue gain of \$6 billion when we know, in fact, it will lose revenue for the Treasury to the tune of \$1.3 trillion a year.

So we are using gimmicks and we are going deeper and deeper into debt. We are doing this for what? Why do we not have offsets?

You look at the extension of dividend exclusion, the dividend exclusion does not end until 2008. Why do we not work out a program to pay for these extensions?

We tell our students they have got to pay more for their college education, and that we are not going to provide the relief because we do not have the money.

We tell our veterans we cannot provide the health care that we promised them because we do not have the money in the budget; but the tax cuts, that do not expire until 2008, we can put in this bill, knowing full well it is going to add to the deficit of the Nation.

Where is fiscal responsibility? Why are we not looking after our children

and grandchildren? Why are we adding more debt to what they are going to have to pay? We could have a responsible bill that deals with the alternative minimum tax, that deals with selective inequity that we have in the Tax Code, and we could pay for every dime of that tax cut, as we should, so we do not add to the deficit of the Nation.

In the last 5 years, we have accumulated more debt held by foreign countries of U.S. debt than in the first 225-year history of America. It is a matter of national security that we pay our bills.

This bill moves in the wrong direction. I urge my colleagues to reject it.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2½ minutes to the gentleman from Pennsylvania (Mr. ENGLISH).

Mr. ENGLISH of Pennsylvania. Mr. Speaker, I thank the gentleman for his superb work in conference. I rise on behalf of this conference report because I stand here today on behalf of the next generation.

We have heard some rhetoric on the other side, but the fact remains, the next generation needs new jobs. The next generation needs economic growth, and it is fairly clear, contrary to the rhetoric on the other side, economic growth helps the working class. It is the key to social justice, and ultimately, it is the solution to our deficit.

We need to leave in place the current tax policies that are working, that have been so successful in creating the fastest growth in 20 years, 138,000 jobs created last month, 18 consecutive quarters of growth averaging 3.2 percent. Our trading partners for the most part cannot match that. We are doing it because we have put in place clear growth incentives, including the right rate on capital gains and the right tax treatment of dividends.

The other side wants to repeal those reforms. The other side wants, as usual, to raise taxes. The other side wants to talk about revenues that, if these tax rates went up, probably would not be realized. There is an absurdity to the tax policy as advocated on the other side that schedules a capital gains hike, that schedules a phase-out of the proper tax treatment of dividends, and puts in place all sorts of distortions that ultimately will reduce the effectiveness of the market.

What we need to do is continue our commitment to economic growth and send a clear message to national markets that we are going to continue the tax treatments, the tax policies, that have yielded these economic benefits.

Let us pass this legislation. Let us extend for 2 more years the tax treatment of capital gains. Let us continue our commitment to economic growth.

May I add, as I was listening to the comments of the speaker from Michigan, he was mentioning the other taxes that people pay, other than the income tax; and he should have noted that those are their Social Security and

Medicare contributions. For the most part, those taxes are a process of earning benefits.

It is fairly clear that the Republican majority has taken thousands of families off of the Federal income tax rolls to their permanent benefit.

Mr. RANGEL. Mr. Speaker, I yield myself such time as I may consume.

I do not know what kind of water they drink on the other side of the aisle, but back where I come from, you get a check that tells you how much you have earned and how much is deducted, and what is deducted is a tax and what you take home is net. So you can call it payroll, you can call it income tax, but a tax is a tax is a tax.

Mr. Speaker, I yield 2 minutes to the gentleman from the State of Washington (Mr. MCDERMOTT), an outstanding member of the Ways and Means Committee.

Mr. MCDERMOTT. Mr. Speaker, the Republican rubber-stamp Congress is in session. Republicans are going to rubber stamp the last act of the budget. The first act was in December when the Republicans took from the poor, the disadvantaged and the foster kids, the people on food stamps and students trying to get a student loan.

The Republicans emptied one Christmas stocking, but they thought it would be unseemly to immediately give it to the rich right in front of the poor. So they waited and they waited and they waited, and finally, today, they think the people have forgotten and gone to sleep. So they are going to give it to the rich.

The party of 1 percent is going to get a reward. The millionaires are going to get a windfall for which they did nothing except attend fund-raisers. Every millionaire will get a windfall of \$41,000. The average American makes exactly that during a year. He will get \$16. Millionaires, \$41,000; ordinary people, \$16.

Those are real numbers, no matter what they say, and that means it is reward the rich, ignore the poor. That is the Republican rubber stamp of the President's views on the world.

They say it will increase savings. The savings rate in this country is zero. In fact, it is less than zero. Ninety-nine percent of the people in this country are not better off, only the 1 percent who get the rubber stamp today; and the rest of America is forced to choose between filling the gas tank and putting food in the refrigerator.

Now, they all brought their rubber stamps today, but what they have not told you, and I will enter into the RECORD at this point the article from The Washington Post from May 9.

[From washingtonpost.com, May 9, 2006]

ANOTHER POSSIBLE BUMP TO THE DEBT  
CEILING

(By Jonathan Weisman and Shailagh Murray)

A \$2.7 trillion budget plan pending before the House would raise the federal debt ceiling to nearly \$10 trillion, less than two months after Congress last raised the federal government's borrowing limit.

The provision—buried on page 121 of the 151-page budget blueprint—serves as a backdrop to congressional action this week. House leaders hope to try once again to pass a budget plan for fiscal 2007, a month after a revolt by House Republican moderates and Appropriations Committee members forced leaders to pull the plan.

Leaders also hope to pass a package of tax-cut extensions that would cost the Treasury \$70 billion over the next five years. They would then turn Thursday to a \$513 billion defense policy bill that would block President Bush's request to raise health-care fees and co-payments for service members and their families.

In recent days, Congress has received some good news on the budget front. A surge of tax revenues this spring, sparked by economic growth, prompted the Congressional Budget Office last Thursday to revise its 2006 deficit forecast from around \$370 billion to as low as \$300 billion. But the federal debt keeps climbing because of continued deficit spending and the government's insatiable borrowing from the Social Security trust fund. With passage of the budget, the House will have raised the federal borrowing limit by an additional \$653 billion, to \$9.62 trillion. It would be the fifth debt-ceiling increase in recent years, after boosts of \$450 billion in 2002, a record \$984 billion in 2003, \$800 billion in 2004 and \$653 billion in March. When Bush took office, the statutory borrowing limit stood at \$5.95 trillion.

Democrats will harp on those statistics not only in the budget debate but also when the House takes up tax legislation expected to finally emerge from House-Senate negotiations today. The legislation would extend for two years the deep cuts to tax rates on dividends and capital gains that Congress approved in 2003. It would also slow for one year the expansion of the alternative minimum tax, a parallel income tax system designed to hit affluent but increasingly pinching the middle class.

Although the debate will be rancorous, the tax measure is expected to pass by a comfortable margin. The budget vote will be closer. House leaders had to pull the budget plan from the floor in April, after moderate Republicans balked at planned cuts to health and education programs and appropriators objected to limits on home district pet projects—known as earmarks—and a provision that would limit emergency spending for natural disasters to about \$14.3 billion a year.

Appropriators have come on board, Appropriations Committee spokesman John Scofield said. GOP leaders and committee chairman Jerry Lewis (R-Calif.) tried to win moderate support last week by cutting \$4 billion from the president's defense spending request and adding that money to labor, health and education programs. But some moderates are still holding out.

"I expect they do not have the votes right now," said Rep. Michael N. Castle (R-Del.), a leader of the balking moderates. "Could they get the votes by the end of the week? I'd give it a 50-50 chance."

#### GOP HEALTH-CARE REDUX

It's "health week" in the Senate, but don't expect any big policy cures. Republicans are seeking to pass legislation that would restrict malpractice awards and encourage insurance pools among small businesses. The three bills are GOP perennials that in the past have met with staunch opposition by Democrats and interest groups. Given the high stakes of the midterm election year, the prospects this week don't look any brighter. Two of the bills, both aimed at limiting medical malpractice jury awards, stalled in the Senate last night after failing

to gain enough votes to overcome Democratic-led procedural hurdles.

The first measure, sponsored by Sen. John Ensign (R-Nev.), would allow up to \$750,000 for non-economic damages and unlimited economic damages. A patient could recover up to \$250,000 from a health-care provider and up to two health-care institutions each for a total of \$750,000. The bill also would guarantee timely resolution of claims by mandating that health-care lawsuits are filed within three years of the date of injury, establish standards for expert witnesses and limit attorneys' fees. The second measure would target lawsuits against obstetric and gynecological providers and was sponsored by Sen. Rick Santorum (R-Pa.), whose wife won \$175,000 in damages in a malpractice case against a chiropractor. Democrats mocked the bills as a gimmick designed to rally conservative voters and appease doctors and insurance companies. "This is not a serious attempt," said Sen. Edward M. Kennedy (D-Mass.).

The third bill up this week, offered by Sen. Mike Enzi (R-Wyo.), would allow business and trade association to band their members together and offer group health coverage on a national or regional basis. Opponents warn that it would set the "barest of bare bones standards for benefits," as one Democratic press release put it, undercutting requirements to cover cancer screening, well-baby care, immunization, access to specialists and other services.

They are going to raise the debt limit as the icing on this cake. They are still giving it away faster than it is coming in.

So when they bring the budget out here, if they ever have the guts to bring a budget out here, we are 7 months into a new year and you have no budget, they are going to raise the debt limit. So watch them. Just remember, this is the rubber stamp and the President's view.

Vote "no."

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume.

I heard my colleague say a tax is a tax is a tax. Everyone knows a consumption tax buys you a fish for a day; an investment buys a fishing pole and bait, and you eat for a lifetime.

A tax is not a tax is not a tax. Capital gains, dividends are a fishing pole and bait. The kind of taxes they go for is a fish.

Eat for a day or eat for a lifetime. Our taxes provide a lifetime of benefits.

Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Colorado (Mr. BEAUPREZ), a valued member of the Ways and Means Committee.

Mr. BEAUPREZ. Mr. Speaker, I thank the chairman of the committee and applaud him for bringing this legislation to the floor. It has made a difference in real American lives and the folks that we all represent.

I want to talk about one of those, Mr. Speaker. Her name is Linda Jones. Linda Jones operates two rental facilities in Westminster, Colorado, called Area Rent-Alls, just little equipment rentals like we have in all of our neighborhoods back in our districts.

She utilized section 179 expensing that is so much a part of this legisla-

tion that we are bringing in today, and in 2003, she bought \$57,000 worth of new equipment. Somebody had to manufacture that equipment. Somebody had to retail that equipment. Somebody had to deliver it to a store. That is jobs.

From that, she saved \$7,360 in expense. She applied that \$7,360 to the health care costs for her employees. Health care costs were very much on the rise; she used the tax savings to benefit her workers in her shop.

The next year, she bought \$64,000 of additional equipment and used the savings for the same thing, to buy down the increase in health care costs that she experienced on behalf of her employees.

Here is what she says: "The availability of section 179 motivates me to continue to grow my business and is a key component within my business plan. My goal is to build my rental businesses of two more rental stores into one new location. The goal is achievable in a more reasonable time frame only because of the availability of section 179. It is a vital part of my planning for the future and ensuring a bright and profitable future for my rental business and my employees."

It works for real, live Americans. It creates jobs and makes those with jobs lives much better and more secure.

I thank the chairman again.

Mr. RANGEL. Mr. Speaker, I am glad to yield 2 minutes to the gentleman from Georgia (Mr. LEWIS), the conscience of the Congress, from the Ways and Means Committee.

Mr. LEWIS of Georgia. Mr. Speaker, there is a time when a politician must put politics aside. There is a time when we must stand up and meet our moral obligation as servants of the people.

Millions of Americans are struggling today. They work hard. They are just trying to make ends meet. They are trying to make a way out of no way, and they are looking to Congress for a little bit of light, a little bit of hope after a hard day's work.

They do not want a handout; they just want a fair shake. But with this tax bill, we have abandoned our responsibility to the people who elected us.

□ 1700

We have shut the door in their faces. We have told them there is no room in the inn.

In this bill, you cut off the orphaned, the old, the poor, the weak, and the sick. In this bill, you cut Medicaid, Medicare, veterans benefits and housing programs all in the name of financial discipline.

Then how can we in good conscience pass a tax bill that helps the rich get richer and drives millions of our citizens into financial despair? We are asking the poor and the middle class to sacrifice. Shouldn't the rich sacrifice, too?

Where is the mercy, where is the compassion, where is the fairness? Our tax policy should be fair.

I ask you, Mr. Speaker, is it right to have a tax bill that saves hardworking

American families only \$10 a year while millionaires save thousands and thousands? With \$10 you cannot even fill a tank full of gas. You can't pay the light bill. You can't put food on the table or clothes on your children's backs.

Mr. Speaker, this bill is not right. It is not fair. It is not just. It demonstrates shameful disregard for the people of this Nation. As a Nation and as a people and as a Congress, we must do better and we can do better. I ask my colleagues to vote against this tax bill.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois (Mr. WELLER), a member of the Ways and Means Committee.

Mr. WELLER. Mr. Speaker, this legislation is all about jobs. Two years ago, almost 3 years ago in 2003, this Congress worked with the President. We lowered taxes for Americans. We lowered taxes for small business. We knew it was time to encourage investment and creation of jobs. Frankly, it worked. Over 5 million new jobs were created. Unemployment today is at 4.7 percent, lower than the average of the 1970s, lower than the average of the 1980s, and lower than the average of the 1990s. This economy is growing.

My friends on the other side of the aisle say now is a good time to raise taxes. We should cut off that policy that was helping families and small business. So the question is who benefits when we put the breaks on the alternative minimum tax and cut capital gains and cut dividends? Small business does, 25 million small businesses; 28 million families benefit on average by reduction of almost \$990 under 2006 tax returns. And 8.5 million of those beneficiaries are seniors who are going to be able to keep \$1,144 on average. Think about that.

If the Democrats succeed in raising taxes, 28 million families will see an average increase on their taxes of \$990 this year, thanks to the Democrats' efforts to increase taxes. This policy has worked in creating jobs. This policy has worked to help regular people keep more of what they earn. While Democrats want to raise taxes, let us help working families and let us help small businesses by continuing to keep their tax burden lower than what the Democrats want. I urge an "aye" vote.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. NEAL), an outstanding member of the Ways and Means Committee.

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Mr. Speaker, the gentleman from Arizona said earlier we ought not to penalize success. What they are asking you to do today is to subsidize that success on the backs of working Americans. We are stuck in this situation because of what they did at the end of last year. Their own Members said their cuts

were too draconian and hurt too many families, but it allowed them to manipulate the rules so that we find ourselves back here today.

Let us talk about who gets what when this debate concludes. The average American family is going to get \$20 with the Republican tax cut. By the way, this is the sixth and seventh tax cut while we are fighting two wars. Where is your conscience when they do not have body armor, they do not have the equipment they need in Iraq where they serve us so honorably while you cut taxes for Wall Street at the expense of Main Street?

Let us talk about that \$42,000 that millionaires are going to get with the Republican tax cut and what it means. Think about what you could do with that for student aid, which they trimmed last year; as they cut Medicare, what you could do with that \$42,000. They are giving it back to the investors, and where I live \$42,000 is annual income for thousands of families. They are giving it back to millionaires with their tax cuts. And \$42,000 is what we pay an enlisted soldier with 3 years of experience, and they are giving the \$42,000 back to millionaires.

\$42,000 as they cut Medicaid, \$42,000 as they argue that it is okay to trim Medicare. It is \$20 for those of you who go to work every day in America. You know what that means with this administration and this Congress, that is 6 gallons of gasoline. Where does it all end with their tax cuts?

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentlewoman from Pennsylvania (Ms. HART), a very valued member of the Ways and Means Committee.

Ms. HART. Mr. Speaker, I thank the gentleman for the opportunity to speak in favor of H.R. 4297, the Tax Increase Prevention and Reconciliation Act. The title is exactly what this bill will do.

It is important for us to complete our work on this legislation today so we can keep our economy growing in the positive direction that it has been moving in since we cut taxes. Interesting enough, though, those opposed will also oppose reductions in our spending, making it very difficult to make sense in making their argument. They want to increase spending, and somehow I guess that means we are going to have to increase taxes. The results say we need to keep taxes low.

First, the extension of the enhanced expensing for small business will continue to provide incentives for small businesses to expand and create more jobs.

Second, extending the lower rates on capital gains and dividends for 2 more years will free up additional capital that fuels the economic growth that we have experienced over the last 3 years.

The American economy has rebounded strongly over the past 3 years with an average growth rate of 3.9 percent. In the first quarter of this year, the growth rate is nearly 5 percent.

This growth has translated into job creation, with over 5 million jobs created since August of 2003, and reducing the national unemployment rate to 4.7 percent.

Where I live in western Pennsylvania, we are always the last to see the economic growth, until recently. Recent articles in the Pittsburgh Post Gazette and our Democrat State Department of Labor have admitted that Pittsburghers are finding jobs. A Labor Department analyst, Michele Heister, called the latest trend encouraging, and we are showing signs of recovery.

The truth is we need to keep taxes low. The truth is we need to keep money in the hands of entrepreneurs who are the job creators. The truth is the policy that those on the other side of the aisle advocate will kill our economy and cause job loss. I encourage my colleagues to support the good, sound economic policy in this legislation.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from Maryland (Mr. HOYER), our outstanding minority whip.

Mr. HOYER. Mr. Speaker, the first plank of the Contract With America was fiscal responsibility. No political promise has ever been so broken as that one.

Mr. Speaker, this blatantly unfair and grossly irresponsible legislation represents the last gasp of the Republican Party's failed economic policies which have only caused greater disparity in America and driven our Nation into the fiscal ditch over the last 5½ years.

Today, our Republican friends are desperate to pass this conference report because they realize after November the party is over. Make no mistake, Mr. and Mrs. America, about what this legislation means to you. According to the Urban Institute-Brookings Institution Tax Policy Center, if you are among the 0.02 of households making \$1 million a year, you get a tax cut of \$42,000. If you are struggling to make ends meet, earning between \$10,000-\$20,000, you get \$2 a year. If you are firmly in the middle with household incomes between \$75,000-\$100,000, you get about \$400 a year, or \$4.75 per week, enough to purchase about 3 gallons of gasoline.

Yesterday Republican Senator OLYMPIA SNOWE of Maine stated, "The preponderance of these revenues will go to upper income people, people who make a million dollars or more. It is a question of priorities." Priorities, indeed.

Four months ago congressional Republicans slashed \$39 billion from student loans, Medicaid and Medicare and child support enforcement. And today, 5.4 million more Americans live in poverty than when President Bush took office, and 6 million more are without health insurance. Real median household incomes are down \$1,670, and still, Republicans want to give millionaires a new Lexus.

This conference report is a continuation of 5½ years of the most irrespon-

sible fiscal policies in the history of our country. I urge my colleagues to vote against this legislation. Stand up for our country, stand up for our children, stand up for our grandchildren. Vote "no."

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Florida (Mr. SHAW), a senior member of the Ways and Means Committee.

Mr. SHAW. Mr. Speaker, I think what we are seeing here is a basic difference between the two political parties.

Ten years ago almost to the date I stood in this well, as well as Members from the other side of the aisle coming to this floor to speak, and the subject at that time was welfare reform. And what split us at that time, what split us was because the Republicans had faith in the human spirit. We heard time after time, speaker after speaker came to that podium right over there to my right and said women and children were going to be sleeping on grates. The reason is you had no faith in the human spirit. You had no faith that those that were poor wanted to do better.

As a result, we created jobs. We created many, many jobs. Now you are showing that same skepticism with regard to what is going to happen if you let people keep more of their own money.

Nearly 60 percent of those who are going to benefit by the capital gains rate being at 15 percent and also the dividend, tax on dividends at 15 percent, almost 60 percent earn incomes under \$100,000. And what are these people doing, what is happening? They are reinvesting it in American business because they believe in the capitalistic system. It is working. We have one of the lowest unemployment rates in the entire world. The rate of 4.7 percent is lower than it was throughout the 1970s, 1980s and 1990s.

When I first came to Congress 26 years ago, we thought between 5 and 6 percent was a target for full employment. We have shattered that myth. Now it is 4.7. Why? Because we have faith in the system of capitalism which we embrace through this bill. People will reinvest their money. Where does it go? It creates jobs.

The gentleman from Georgia was talking about putting clothes on the backs of the children. Yes, is there any prouder way to do it than through a job? A real job? We have created a tremendous number of jobs through the tax rates that we have put in place.

This is a fair bill. This is a bill that is going to benefit all Americans. It will raise all ships.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. DOGGETT), a hardworking member of the Ways and Means Committee.

Mr. DOGGETT. Mr. Speaker, some folks really do get all of the breaks, and I am not talking about winning the lottery. The lobbyists are winning. The

very wealthiest few in this country continue to hit the jackpot with their Republican friends controlling Washington.

The tax breaks in this bill will ensure that the ever-growing gap between the rich and the poor in America continues growing.

□ 1715

And our deficit will keep growing, also, imposing a greater and greater burden on our children and on our grandchildren.

The Republicans say that further tax breaks are a necessity, and I guess they are right. With gas prices skyrocketing, the occupation of Iraq showing no end and poll numbers nosediving, more tax breaks for the wealthiest few are what Republican supporters view as a political necessity.

They are right. It is a jobs bill. It is their jobs that it is a bill about. They will pay any price with your children and grandchildren's tax dollars to cling to power up here.

The administration can't capture Osama Bin Laden. It can't meet the prescription needs of our seniors. It can't agree on what to do about immigrants. About the only issue around on which they can reach any agreement is more tax breaks for the privileged few.

Yes, President Clinton did sign an end to welfare as we know it, but corporate welfare has never had a better friend than this Republican caucus. Never mind that they have to borrow money from all to give tax breaks to a few. Never mind that this is the first time in recorded history that a country has embarked on a war by saying to some people, you must die for your country, and to others, you must stuff your pocket with more tax breaks. Some shared sacrifice.

A "no" vote today is a vote for fiscal responsibility. It is a vote for long-term stability over short-term gimmicks. A "no" vote is a step forward in freeing our children from the burdens of today's Republican excesses.

Mr. HOYER. Mr. Speaker, will the gentleman yield?

Mr. DOGGETT. I yield to the gentleman from Maryland.

Mr. HOYER. Our Republican friends have talked a lot about jobs. Under the Clinton administration, we created 216,000 jobs per month. Under the Bush plan we have created 21,000, on average, per month.

Mr. THOMAS. Mr. Speaker, I yield myself 30 seconds to engage in a colloquy with the gentlewoman from Florida (Ms. GINNY BROWN-WAITE).

Ms. GINNY BROWN-WAITE of Florida. Mr. Chairman, the deduction of State and local sales taxes is extremely important to my constituents and those in States that do not have an income tax.

Do you expect to present a bill to extend this crucial deduction soon?

Mr. THOMAS. I will tell my colleague that in my opening remarks I

indicated that there were provisions that passed both the House and the Senate in the reconciliation packages that are not part of this bill. We are working currently on this next bill. Clearly, the State and local tax deduction will be a part of it, and we will move it to the floor as soon as possible.

Mr. RANGEL. Yeah, that next bill will probably be \$100 billion.

Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY), an outstanding member of the Ways and Means Committee.

Mr. POMEROY. Mr. Speaker, the majority Members have said this is all about jobs. No, it's not. It's all about debt.

Let me tell you something that you are not going to hear from a single proponent for this tax cut. The passage of it is going to necessitate raising the borrowing limit for our country yet another time because we are spiraling into further red ink under their reckless fiscal policy.

Look at the record. June 2002, they raised the debt. May 2003, they raised the debt. November 2004, they raised the debt. March of this year, they raised the debt. And do you know what we have now discovered? In their budget documents that will be presented on this floor this week or next, they are going to raise the debt again. They just raised it in March, now they are going to raise it again.

The record of this President will be that 42 Presidents left this country with a debt of \$5.6 trillion, and under the watch of President George W. Bush, that debt will double.

This could not be happening at a worse time. Seventy-eight million Americans are going to retire next decade. The draw on Social Security and Medicare will begin. And yet we are saddling those that will follow in our country with this staggering debt even while we have the entitlement obligations to meet.

This feeding frenzy of more tax cuts, deeper fiscal imbalance, more borrowing, yet another borrowing, has got to stop. We are leaving our children with a legacy of debt they will never get out of.

Do you know any family whose approach to retirement is to blow everything they have got, expecting fully that the children are going to take care of their debts, pay their medical bills, give them income to live on in retirement? Of course not. Families take care of their children. This Congress is selling our children short by saddling them with unending debt.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 1 minute to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. Mr. Speaker, just today one leading national newspaper reported the Federal revenue has gone up 11.2 percent in the first 7 months of this fiscal year over last year, three times the rate of inflation. The tax cuts enacted under Chairman THOMAS' leadership have strengthened the econ-

omy so much that not only has Federal revenue gone way up, but growth was 4.8 percent the first quarter, and unemployment is at a very low 4.7 percent.

Now, as to the deficit and the debt that some on the other side have mentioned, they are too high. But those on the other side attack us continually for not spending enough on every program out there. Well, you can't have it both ways. You can't continually enact big increases in spending and lower the debt at the same time.

But the best way, the best thing we can do is to keep lowering taxes so we can keep improving our economy. And I commend Chairman THOMAS and his staff, and I thank the gentleman for giving me this time.

And I rise in strong support and urge support for this conference report.

Mr. RANGEL. Mr. Speaker, I yield 2 minutes to the gentlewoman from Ohio (Mrs. JONES), who makes outstanding contributions to the Ways and Means Committee.

Mrs. JONES of Ohio. Mr. Speaker, I thank the ranking member for the opportunity to be heard.

I was sitting in my chair over there, and people kept complimenting me today about this scarf that is about Save the Children. And I started thinking, you know, when I was a little girl we used to play this game called "What Time Is It, Mr. Wolf" And Mr. Wolf would say, "1:00."

And we would go on and you say, "Well, what time is it, Mr. Wolf?" And he would say, "2:00."

And then next was, "Well, what time is it, Mr. Wolf?" And then he would say, "It's time to eat you up."

And that is what I am thinking about with this legislation. What time is it?

It ought to be time for our children to know that we would expend money to improve opportunities for education.

It ought to be time for us to take money and tell seniors you don't have to sign up on May 15; you sign up when you get ready, but we are going to ensure you that you have a prescription drug benefit.

It ought to be time to tell children across the country that we are going to extend deductions for classroom expenses for teachers.

It ought to be time that we would extend deduction of tuition and related expenses for students.

It ought to be time that we tell companies that we are going to provide them an R&D, or research and development, tax credit.

It ought to be time for us to tell working families that we are going to cover the AMT and remove it from the situation.

But, instead, when we ask, "What time is it, Mr. Wolf?" his response is that we are going to make sure that the top 1 percent get a tax deduction.

And one of my colleagues said, "You ought to have faith in the human spirit." When I say, "What time is it, Mr. Wolf?" I am afraid that there is no human spirit left out here, because if

there was human spirit in the House of Representatives, we would not even be debating this issue today.

What time is it, Mr. Wolf?

Well, today we are going to deal with some tax reductions, and when we ask, Well, why not the AMT for a longer period of time? Oh, we are going to do that in the next tax bill. And the appearance they want to give to the world is that each month we are going to do a tax bill reduction.

Instead of "What time is it, Mr. Wolf?" I am going to take care of the children.

Mr. THOMAS. Mr. Speaker, I yield to the gentleman from Michigan (Mr. CAMP) for a revision and extension remark.

(Mr. CAMP of Michigan asked and was given permission to revise and extend his remarks.)

Mr. CAMP of Michigan. Mr. Speaker, I rise in favor of the Tax Increase Prevention and Reconciliation Act.

By approving this Conference Report, the House of Representatives is sending another strong signal to American taxpayers that Republicans want to lock in tax relief and continue the economic recovery. The U.S. economy has grown for 18 consecutive quarters and the unemployment rate is at 4.7 percent—a rate lower than the average of the 1960s, 1970s, 1980s, and 1990s. Workers are taking home more money with paychecks growing at 4.1 percent in the last 12 months, the fastest pace since 1998.

Despite high gas prices, disposable income has increased, business investment continues to advance, retail sales are up and consumer confidence is rising. Interestingly too, the U.S. unemployment rate is lower than that of Canada, France, Germany, Italy, and the United Kingdom. Congress must continue to pursue tax policies that are responsible for this outstanding economic activity. In my view, the tax cuts the Republicans have passed since 2001 are largely responsible for this economic expansion.

This bill could not have come at a better time. Extending the 15 percent rate on capital gains and dividends to 2010 is important to do today. Investors want assurances that their money will not be subject to large tax increases only a few years from now. By extending cap gains and dividend relief Congress is sending a strong signal to the markets that economic growth will continue into the next decade. For taxpayers, market growth means businesses will continue to spend and create jobs.

The Conference Report also shields millions of taxpayers from the onerous AMT, provides small businesses with enhanced expensing limits, and contains international tax provisions that aim to increase the competitiveness of U.S. firms. The Conference Report accomplishes all this while staying within our current budget limits.

The House should pass this measure now and protect millions of Americans from unfair tax increases.

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia (Mr. CANTOR).

Mr. CANTOR. Mr. Speaker, first of all, I would like to thank the chairman for his leadership in bringing this bill

to the floor. It is a monumental task, and I want to congratulate him on its completion.

I rise in support of the Tax Relief Extension and Reconciliation Act of 2005. And there is no question that today is a great day for American families, and despite how much Republican policies translate into a stronger economy, what we hear today from our friends on the other side of the aisle is continued talk of the tired language of tax and spend and their insistence on engaging in class warfare.

But let's take a look at the facts: 5.4 million jobs have been created since the enactment of these rate cuts; unemployment is at 4.7 percent. These cuts have spurred spectacular economic growth. And as far as the assertion that we are aggravating the debt limit, the facts are, revenues are up 14 percent this year and receipts this year have far outstripped the growth in outlays.

And what about those, and who are they, that benefit from these rate cuts? Sixty percent of American families who benefit from these cuts make under \$100,000 a year. So clearly, the assertion that there is some type of unfairness or a class-based argument is simply absurd. Wage payers and wage earners alike have benefited from these rate cuts.

And I would like to respond to one of the speakers on the other side who says, how dare Americans want to stuff their pockets with tax cuts.

I would ask, Mr. Speaker, whose money is it anyway? It is the taxpayers' money. It is their money that goes into their pockets.

We must act now, Mr. Speaker. We must not leave American families in limbo wondering whether their taxes will go up. Delaying the extension of these cuts only serves to punish taxpayers who count on us to provide certainty in fiscal policy and to respect the temptation to engage in class warfare.

Mr. RANGEL. Mr. Speaker, I yield 2½ minutes to the gentleman from Illinois (Mr. EMANUEL), an outstanding, valued member of our Ways and Means Committee.

Mr. EMANUEL. Mr. Speaker, it's *deja vu* all over again. Another windfall for the wealthy while everybody else gets to work for a living. By my count, this Congress has now financed three wars with four tax cuts. How else do you get \$300 billion in annual deficits, \$3 trillion in new debt accumulated in just 4 years and a budget that raises the debt ceiling to \$10 trillion?

Middle-class families care about gas prices. They care about the war in Iraq that has now cost \$450 billion. Health care costs are up 58 percent. College tuition, 38 percent. The median income in this country has dropped 2.3 percent.

So what's the number one priority for the Republican Congress? None of the above. The top 1 percent, whose average income is \$5.3 million, will save an average of \$82,000 under this bill.

Those who make \$1 million or more will get \$42,000 in tax cuts. But the middle-class families, who work hard and play by the rules in this country, will get \$20. That is the epitome of the wrong-headed priorities and fiscal insanity.

But there is more. This Congress has come up with yet another tax shelter for the wealthy when it comes to savings. The Wall Street Journal last week, here is their headline, "Wealthier Taxpayers to Gain." If you make a six-figure income, your retirement prospects may be getting a boost, while for 55 percent of the country, all they have is Social Security. But for the wealthiest people in this country, we are giving them a boost to help save, while other people have no retirement savings.

It is coming up to Mothers Day. Sometimes I wonder what your mother thinks you are doing here on the floor. People working, people dying in Iraq fighting for this country. And what do we do? We have three wars, one in Afghanistan, one in Iraq, good men and women of our country fighting. And we are going to give another tax cut to the wealthiest 1 percent.

Mr. Speaker, the defining characteristic of this Congress is its shameless devotion to the special interests. Instead of working to extend the middle-class AMT relief for another year, for more than just 1 year, they also snuck in a provision to exempt certain overseas income for active financing to businesses to the tune of \$5 billion.

What did we not do? Extension of key middle-class tax incentives for higher education, for hiring welfare recipients and for offsetting aggressive State and local sales taxes, not to mention the research and development, R&D, tax credit that is so critical for our innovation, our technology and manufacturing.

Mr. Speaker, to govern is to choose. And leadership is about priorities. This Congress has made the wrong choice. It is time for a new direction, a new set of priorities.

□ 1730

Mr. THOMAS. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. REYNOLDS), a member of the Ways and Means Committee.

(Mr. REYNOLDS asked and was given permission to revise and extend his remarks.)

Mr. REYNOLDS. Mr. Speaker, I had prepared remarks talking about the fact that so many people said we couldn't, absolutely couldn't do a middle class tax break for 2006 on AMT. We absolutely couldn't put that withholding the tax rates for 2 more years on capital gains and on dividends, and some might have even forgotten that expensing for small business section 179 allows an extension of the opportunity to have an additional 2 years of expensing of \$100,000 on small business.

So when I listened to my colleague from the other side of the aisle put

forth the politics of the party of “no,” what he failed to say and what we saw on the weekend talk shows, the Democratic Party stands for more taxes and bigger government. He was quick to outline the things he would like to see Federal Government spend, but he didn't tell you it is going to come from a tax increase.

There is no comparison. If you cannot support this legislation today to continue middle class tax cuts for the AMT and to help businesses continue the economy that has the strength that we have seen and strength for quarter after quarter after quarter, it was a clear message from the financial markets and Wall Street and businesses across Main Street U.S.A. today, give us continuity of knowing that we have the opportunity of having both dividends and capital gains as part of our planning. More importantly, fit in expenses so we can plan the small businesses that we can write 100 grand off.

Maybe the Democratic Party has been out of touch with mainstream businesses across our country because that is a clear message they asked us to get done. Chairman THOMAS and the conferees have completed that work. I urge passage of this legislation today because it is going to give a break to middle class America.

Mr. Speaker, as the lead sponsor of the House's middle-class AMT relief bill—which has been incorporated into the legislation before us today—I rise in strong support of this conference report.

For months now, we've heard our friends on the other side of the aisle tell us that we must choose between extending the lower rates on investments and the need to extend essential middle-class AMT relief. For months, they've said we can't do both. And for months, the party or no has offered no solutions and no fresh ideas—just slash and burn attacks on the Republican majority.

But today, Mr. Speaker, our majority is moving and with our positive agenda on behalf of America's hardworking taxpayers.

With regard to the AMT, many in this chamber will recall that the House passed my Stealth Tax Relief Act late last year by an overwhelming, bipartisan vote of 414 to 4. That legislation would prevent this stealth tax from sneaking up on millions of unsuspecting middle-class taxpayers by extending the temporary AMT relief for one additional year.

I would remind my colleagues that the stealth tax was never intended to hit the middle class. It was originally enacted in 1969 to prevent a small percentage of taxpayers with very high incomes from paying little or no Federal income tax. However, because the AMT was never adjusted for inflation, it is now threatening more and more middle class taxpayers each year as they climb the income ladder.

While Congress must certainly continue to work toward a permanent solution on this critical issue, our immediate task is clear. America's middle class deserves to have its temporary AMT relief extended, and I am very pleased that my legislation serves as a centerpiece of today's conference report.

I am also pleased that the conference agreement includes an extension of the lower

rates for capital gains and dividends. This is an important priority not just for the ever-growing investor class—which includes millions of seniors and other middle-class Americans—but for our economy as a whole.

Thanks in large part to these lower rates on investments, tax revenues have been streaming into the Federal Treasury at a record pace. And these lower rates—which are particularly important to the economy of my home state of New York—have helped keep our Nation's economy strong and our domestic job base growing.

Mr. Speaker, I commend Chairman THOMAS and the other conferees for their efforts to ensure that these critical priorities are addressed, and I urge my colleagues to support this much-needed tax relief with a strong, bipartisan vote.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, for those who say that we will not have an opportunity to vote for a fair alternative minimum tax, I would like to share with you that on the motion to recommit that we give instructions that we will have an opportunity to do that. Why are the Republicans so excited about enacting the cuts and interest rates and capital gains taxes for something that does not expire when 17 million, 18 million people need help? I don't know, but they want to give this \$50 billion tax cut to people who are not screaming for it.

Where are they going to get the money? They are going to borrow the money in order to give the tax cuts, so that on our motion to recommit we set aside these tax cuts for the rich and concentrate on the middle class. This is really where your vote should be counted. Do you want to deal where 50 percent of this tax cut is going to the top 1 percent of the country, or are you really concerned with the alternative minimum tax that we Democrats have been advocating for the last few years that these people were not supposed to be caught up in this, and so we don't want them caught up in this. We don't pay for it, we borrow money to do it. It is paid for.

It just seems to me that as we talk about the economy booming, that as we go home, I hope we talk with the people that worked in the factory. The increase that we have had in job creation, 50 percent of it has been an expansion in government jobs. I am certain that this is not what the other side is so proud of. But as you walk the street and ask the people that work every day that are concerned about their pensions, concerned about their health care, the Delta pilots on strike, our automobile industry in jeopardy, why don't you ask these people about this great economic boom that you are talking about, and now you got to promise them more.

I am glad that we have come to this time in this session that we can distinguish between Republicans and Democrats and we can see the difference between us. I think what you are saying if you give these enormous tax cuts to the richest people, sooner or later it

will leak down to the people who are working on the jobs.

I can understand how some people do not believe that a Medicare tax or that a Social Security tax is a tax. You may call it a fish, you may call it a fishing pole. But when people work every day and they know what their salary really is and they see what they take home, they think what is taken out is a tax.

Maybe in November we will see who is right and who is wrong. Meanwhile, this is an opportunity for America to distinguish do we borrow money for tax cuts and do we cut those people off that are relying on Medicaid and Medicare and reduce their services that we are supposed to give them. I think this is a classic case as we see more and more poor people becoming poor statistically and more of the rich people getting rich and more of the middle class people losing that status, and the people know who they are.

If the old folks really think that they have gotten a fair shake by the other side, well, then, they can be heard. They have an opportunity to be heard. But right now what we are talking about is fairness, we are talking about equity, we are talking about services. Clearly, we are talking about \$70 billion or at least \$50 billion of that going to the richest people that we have in this country.

The AMT should have been handled separately, and we hope that the motion to recommit will carry, and therefore we would see what honest Americans really believe as to where the relief is going to be.

The biggest fault that we have probably on our side is that we don't rub shoulders with the billionaires and millionaires that you are doing this for. But we do work for the American people. We do know what they want, and I have not received one letter from people asking me to give more relief in that upper income tax bracket. I, for one, refuse to wait for this to leak down and be able to help the middle class people that made this great republic the great country that it is.

People who work hard every day, not just cutting coupons to make this country great, people who volunteer to fight this great war, which we are paying \$500 billion a month, these are the people we should be supporting and not the richest of the rich that make no sacrifice at all.

Mr. Speaker, I yield back the balance of my time.

Mr. THOMAS. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, the tax relief that the Republicans have passed has now helped to create over 5 million new jobs. But if Democrats succeed with their huge automatic tax increase, you start to lose those jobs. Let me tell you about a few of them.

Hugh Dublin owns East Texas Right of Way in Tennessee Colony, Texas. In the past 3 years his company has grown from two full-time employees and four

part-timers to adding an additional four employees. Why? Because of tax relief.

The Democrats now want to raise taxes on Hugh Dublin and his small business. They want to replace his employees' paychecks with welfare checks. This is their idea of compassion.

Eddie Alexander owns Triple S Electric in Henderson County, Texas. For the past 3 years, he worked alone with one part-time helper. Since the passage of the President's economic growth plan he has had to hire two more workers just to keep up. But the Democrats now want to raise taxes on Eddie Alexander in his small business, replacing his employees' paychecks with welfare checks. This is their idea of compassion. The Republican idea is more jobs, hope and opportunity.

Mr. THOMAS. Mr. Speaker, I yield myself the remainder of my time.

The gentleman from Illinois wanted to know why we aren't going to be voting on the research and development tax credit, on State sales tax provision, the work opportunity tax credit or the assistance to teachers for out-of-pocket expenses, money for paying for items in the classroom. My answer to the gentleman from Illinois is that he should look forward shortly for an opportunity to vote on that measure. My hope is, based on the statement, at least the feeling I got out of the statement that he made, that he would be anxious to vote "yes" on that measure. We will provide him an opportunity to do that.

Ge, I don't know. We had AMT outside of reconciliation, and we got all kinds of complaints about how it should be inside reconciliation. We put it inside reconciliation, and we get all kinds of complaints about the fact that it is inside reconciliation.

Our colleague from Ohio said, what time is it, Mr. Wolf? I will tell her what time it is. It is time to act. This is the measure that provides alternative minimum tax to American taxpayers. It is time to act.

If you vote "yes," you are in favor of that relief. If you vote "no," you are not. What time is it, Mr. Wolf? It is time to quit wolfing. It is time to vote. A "yes" vote provides relief.

Mr. ETHERIDGE. Mr. Speaker, I rise today to voice my opposition to H.R. 4297. I have long supported responsible tax reform, but this bill is the opposite of responsible policy. The Republicans in Congress have once again failed to provide the American people with a fair, common-sense tax reform bill. Instead, they are trying to promote a bill that hides its deficiencies behind gimmicks and trickery. But the American people will not be duped.

North Carolina taxpayers struggle to provide for their families, educate their children, and still save enough for retirement, without having the extra burden of high taxes, an intrusive IRS, or a complicated tax code.

The median household income of the people in North Carolina's Second Congressional District is about \$36,000. If this bill passes, their savings would be a whole \$16—less than half a tank of gas in the family minivan.

Under this Republican Congress, the national debt per person is currently \$28,000. And this bill would give my constituents \$16. Instead of adopting a bill that would increase the burden on our children and grandchildren, we need a common-sense solution that would return fairness to our tax system.

Under Republican rule in Washington, we have witnessed the most dramatic fiscal reversal in our nation's history. Our budget surpluses have been wasted, and our nation suffers under ever-growing budget deficits and increasing federal debt. This debt crisis is the direct result of the irresponsible tax schemes the Republican Congress have enacted.

The people of North Carolina's Second District elected me to help chart a common-sense, prudent course for the country. I pledged to represent my constituents by paying down the national debt; saving Social Security and Medicare funds for older Americans, and investing our country's resources into education, health care and other initiatives that enable people to improve their lives. H.R. 4297 is inconsistent with these goals; therefore, I oppose the bill.

Mr. FARR. Mr. Speaker, with today's vote on the "Tax Relief Act of 2005" (H.R. 4297) conference report, the Congressional Republican Leadership is planning, once again, to give huge tax cuts to the wealthiest one percent of Americans, while leaving 99 percent of Americans with little to no tax relief, a federal government hamstrung by deficits and a future generation saddled with monstrous debt.

I would like to insert into the record a chart from the Tax Policy Center that outlines how much Americans would actually save under this bill. These numbers clearly spell out the priorities of this Republican Leadership:

HOW MUCH WOULD YOU SAVE UNDER THE PLAN?

Income, in 2005 dollars	Average tax savings
\$10,000–20,000	\$2
\$20,000–30,000	9
\$30,000–40,000	16
\$40,000–50,000	46
\$50,000–75,000	110
\$75,000–100,000	403
\$100,000–200,000	1,388
\$200,000–500,000	4,499
\$500,000–1 million	5,562
More than \$1 million	41,977

SOURCE: Tax Policy Center.

As legislators, we have to remember that tax cuts are part of the larger federal budget picture. We have access to a range of tax and budget policy tools, and we have to use these tools, along with common sense, to support and grow all sectors of our national economy.

Today, I tried to reestablish American values and priorities for our Nation's veterans while addressing some of the most egregious problems created by the Republican budget and tax policy. During the House Appropriations Committee debate on the FY07 funding bill for Military Quality of Life programs and Veterans, I offered an amendment that would have rolled back part of President Bush's tax cuts for millionaires. Specifically my amendment would have reduced the tax cut for taxpayers making over \$1 million annually by a mere 4.5%, reducing their tax cut from \$114,172 to \$109,025. The savings would have provided more funding for mental health care and prosthetics devices for veterans of the Iraq war, increased the number of VA nursing home beds and added health care coverage for Priority 8 veterans. Unfortunately, the amendment failed on a party line vote.

The one Middle Class tax issue the Republicans should have addressed, but didn't, is the Alternative Minimum Tax (AMT). Their "fix" is only for one year. Without a serious, long-term AMT fix, the Administration and Congressional Republicans are leaving middle and upper middle income Americans in financial limbo. Democrats want real AMT reform. Republicans have passed sham AMT reform. We all need to work together to promote a progressive tax system that Americans deserve.

Mr. MARKEY. Mr. Speaker, I rise in opposition to this bill.

With this bill we are now engaged in the second phase of "The Republican ReCONciliation Game." That's exactly what it is—a giant Con Game.

In February, the Con Game began with the Republicans' cutting nearly \$40 billion in benefits for the most vulnerable in our society:

They cut \$12 billion from student loan programs to help kids go to college.

They cut \$6.4 billion from Medicare and made elderly beneficiaries pay higher premiums for their health care.

And they cut \$6.9 billion from Medicaid which helps the poorest and sickest children and families in our country get healthcare.

And then they tried to turn to the second part of the Con Game, where the Republicans turn over that money that they got from cutting programs for the poor to the Ways and Means Committee to give all of that money away to their millionaire friends.

But in February when they tried for the first time to give this money to millionaires there was a public outcry because people understood that the Republicans were taking from the poor and giving to the rich. So the Republicans had to pull the bill and wait for the public to forget.

So now, three months later, the Republicans are hoping that the American public has forgotten about all of those cuts they made. They are hoping the American public won't remember that the Republicans cut Medicare and Medicaid and student loans in order to give more to their fat cat friends.

This bill favors the wealthy so dramatically that the average American family making \$40,000–\$50,000 a year will get \$46, which is about enough for one tank of gas.

But if you make over a \$1 million a year, you will get about \$42,000. That's enough to buy a luxury Hummer 3 and still have \$10,000 left over for the gas!

It is immoral to take medicine away from the poor, elderly and disabled so that millionaires can buy Hummers.

Vote to reject this con game and vote "no" on this shortsighted, fiscally irresponsible and immoral legislation.

Mr. LARSON of Connecticut. Mr. Speaker, I rise today in strong opposition to the tax reconciliation conference report, H.R. 4297, that will cost \$70 billion over ten years and provides little to no tax relief for working American families. With continued job outsourcing, cuts to pensions, health and retirement benefits, and a deficit crisis, the American people deserve targeted tax relief, they deserve better than this bill.

Today is yet another missed opportunity by the Republican-controlled Congress to provide real tax relief to working families. This tax package is disingenuous and reckless. For example, for the wealthiest among us, this bill

would extend the capital gains and dividends tax cut set to expire in 2008 for an additional 2 years through 2010. While on the other hand, the bill would only provide a one-year extension in relief for the Alternative Minimum Tax (AMT) that affects an estimated 18.9 million middle-class taxpayers and already expired in 2005.

Originally intended to ensure the wealthy taxpayers paid their fair share, the AMT has become a tax on the middle-class. Without adjustments for inflation like the federal income tax, the AMT targets a growing number of people each year. Those most affected by the AMT are taxpayers in states like my home state of Connecticut with high property taxes, high local and state income taxes, and high sales taxes. These taxpayers are middle-class families: the engineer at Pratt & Whitney, the assistant school principal at your child's elementary school, the real estate agent, the architect, the restaurant general manager, or the policy underwriter working at any number of the insurance companies located in Hartford.

What are the priorities of this Republican-controlled House? Consider this, under the Bush dividends and capital gains tax cut, taxpayers making more than \$10 million a year will receive approximately \$500,000 annually in tax savings. ExxonMobil's retiring CEO, Lee Raymond will receive approximately \$2.5 million in tax relief for his stock investments, while the average American family making less than \$50,000 will receive an average of \$10 in relief a year, which barely covers the cost of 3 gallons of gas.

This conference agreement also drops three provisions in the Senate bill that would have rolled back nearly \$5.4 billion over ten years in unneeded tax breaks and loopholes for the oil industry. Last week, I offered a motion to instruct house conferees to adopt these provisions because they reflected the common sense that Americans should not be getting hit by high prices twice—once at the pump and once again by seeing their tax dollars given away to an industry enjoying unprecedented levels of profit. House Republicans, and this conference agreement, rejected this simple idea in favor of continuing this Congress' misguided record of subsidizing the bottom line of oil companies and executives rather than providing real energy relief for the American people.

I am voting against this tax package because it is another example of the party of the few ignoring the majority of Americans and taking care of only the wealthiest taxpayers. I am not opposed to tax cuts. In fact, I've voted 6 times to expand tax relief and protect middle-class families from the growing reach of the AMT in the 109th Congress. The American people deserve better. Instead of helping more Americans help themselves and ensure that as a country, we move forward together, this bill will continue the Republican's record in the House to benefit the wealthiest among us and leave the majority of Americans behind.

Mr. DINGELL. Mr. Speaker, I rise in opposition to this ill-advised, ill-conceived, poorly calculated, and deeply regressive tax bill for the same reasons that I rose to oppose the tax cuts of 2001 and the yearly effort by this Congress to make them permanent every year since their approval.

I oppose them for a host of reasons. I oppose them because they are leaving our children and grandchildren with trillions, I say that

again, trillions of dollars of liabilities owned by the Chinese, the Saudis, the Indians, and the Europeans. We are literally mortgaging the prosperity of today's children to the fickle nature of our competitors and rivals.

I oppose them because it has forced our military to go into battle without proper body armor on our troops—soldiers who largely come from families that do not benefit from these tax cuts—and without blast shields on our Humvees.

I oppose them because it shifts the tax burden from those who benefit the most from the success of America, to those who are desperately trying to realize their American dream. In fact, Mr. Speaker, the poorest workers under this legislation will end up with a total tax savings of two dollars while those who earn \$1,000,000 or more will pocket a generous \$42,000.

But this distribution isn't just unfair to the working poor; it is deeply unjust to the middle class. Families who earn from \$75,000 to \$100,000 will only receive a dollar a day of tax relief—not even close enough to cancel out the higher interest rates on credit cards and student loans that are resulting because of our persistent budget deficits.

Finally, I am opposed to this legislation because it excuses this Congress from the tough decisions that a future Congress and a future President are going to have to make. We all know that the Alternative Minimum Tax is going to hit the middle class hard and to fix it will cost hundreds of billions of dollars. But rather than addressing it, we are asking the Congress of 2012 to take care of our mess. We know that the retirement of the Baby Boomers is going to force massive concessions in our budget, but again, our message is to leave it to tomorrow. Let someone else clean up our mess.

Well, I hate to say, with this Congress and this President I am not surprised we are asking someone else to take responsibility for yet another mess.

Mr. HOLT. Mr. Speaker, I rise in opposition to the tax reconciliation bill. Today's tax budget reconciliation bill will give the average American family an average of \$10 per year from the extension of this tax benefit, or about enough to cover 3 gallons of gas. They will receive no benefit from the extension until 2009. Despite the popular GOP rhetoric about the large percentage of Americans that benefit from the rate reduction, the average American family's share of the total tax cut is approximately 2 percent.

Taxpayers with annual incomes greater than \$10 million will receive approximately \$500,000 in tax reductions per year.

While I do believe we need to create a fix to the Alternative Minimum Tax problem, today's bill just pushes off the problem by another year. I have voted numerous times in favor of AMT relief far larger than the provisions included in the conference report. The conference report has limited relief that only applies in 2006, but protects dividend and capital gains benefits through the close of 2010.

We are paying for this \$70 billion tax cut by deep cuts of \$39 billion over 5 years in programs like Medicaid and child support enforcement. The other \$31 billion will be added to the debt.

Medicare funding was cut by \$6.4 billion; the social security index by \$732 million. In

New Jersey alone three thousand mothers will be dropped from the Women, Infants, and Children (WIC) program, which helps mothers care for their babies before and after birth. Four hundred children in New Jersey currently attending Head Start will be cut out of this important childhood education and development program. More than 3,200 low-income and disabled people will be cut from Section 8 housing vouchers, all in New Jersey alone.

They have also made a college education more expensive. Cuts—more than \$12.76 billion—to federal student financial aid were made by increasing rates that students pay, charging students more fees on their loans, and reductions in subsidies to lenders. This is the largest cut in history in student loans. The result will be nearly \$8 billion in new charges that will raise the cost of college loans—through new fees and higher interest—for millions of American students and families who borrow to pay for college. For the typical student borrower, already saddled with \$17,500 in debt, these new fees and higher interest charges could cost up to \$5,800. Once again, New Jersey families were hit—over 125,000 college students in New Jersey will be affected.

Today's tax bill cuts \$70 billion in taxes and the reconciliation bill cut \$39 billion in spending, so how will the other \$31 billion be made up? By adding to our national debt, putting the burden on our children and grandchildren. According to the Treasury Department, major foreign holdings of U.S. Treasury securities total \$2.18 trillion. Currently, China is the world's second-largest buyer, exceeded only by Japan. Furthermore, China's purchases of U.S. government securities have exploded by more than 211 percent since the beginning of 2001 and now total \$311 billion.

This situation is dangerous because it is a major way that we are funding the federal government—by selling our debt to the Chinese. In 1980, 17 percent of the federal debt held by the public was in foreign hands. By 2006, 45 percent of the debt held by the public was owned overseas. Unfortunately, this trend seems to be increasing rapidly. During the past year, approximately 90 percent of the debt we have accumulated has been purchased by foreign banks, individuals and governments.

The high level of foreign holdings of U.S. securities could have a debilitating impact on our economy and foreign policy. If China threatened to sell large volumes of U.S. Treasury securities, it could easily fuel higher inflation and put pressure on the Federal Reserve to increase interest rates, putting our economy at risk for a large-scale recession.

Mr. Speaker, I ask my colleagues to oppose this tax reconciliation bill, because we can do better.

Mr. LANGEVIN. Mr. Speaker, today I rise in opposition to H.R. 4297, the Tax Reconciliation Conference Report. This gimmick-laden piece of legislation will require taxpayers to borrow another \$70 billion so that the wealthiest Americans can keep their taxes low in 2009 and 2010. What kind of priorities favor the wealthy in the future over working families today? We can ill afford the continued "tax cut and spend" mentality that has marked the House during the last few years. Without a change in fiscal policy, future generations will be buried under a mountain of debt created by the Republican Congress.

H.R. 4297 includes a 2-year extension of the capital gains and dividend tax cuts, which are not scheduled to expire until 2008. Nearly half of these tax cuts will go directly into the pockets of the 1 in 500 taxpayers who earn more than \$1 million per year. The contrast is stark: those who earn between \$40,000 and \$50,000 will see an average tax cut of \$46, while those earning more than \$1 million will save an average of \$42,000 in taxes. More egregiously, those earning over \$10 million will receive an average \$500,000 tax cut per year.

Regardless of what the Republicans claim, this legislation disproportionately favors the wealthiest Americans. For taxpayers earning less than \$100,000 per year, only 1 out of 7 benefit from the dividend tax reduction, and only 1 out of 20 benefit from the capital gains tax cut.

Under this legislation, an additional 20 million middle class families will have their taxes raised in 2007 thanks to the Alternative Minimum Tax (AMT). Congress had an opportunity to exempt the middle class from this complicated tax that was created to prevent a very small group of high income families from avoiding income tax altogether. Unfortunately, H.R. 4297 only offers a band aid to this massive problem, and more and more middle class families will have their taxes raised in the future because this Congress chose to cut taxes for multimillionaires instead.

In addition, I am disappointed that unlike an early version of H.R. 4297, this bill does not include the extension of the Research and Development Tax Credit, which expired in December. I am a cosponsor of a bill to make the Research and Development Tax Credit permanent, as it keeps American companies competitive and provides a strong incentive for businesses to invest in the future and create jobs.

This year, we have a projected deficit of more than \$330 billion. We will spend billions more in Iraq and Afghanistan, as well as rebuilding the Gulf Coast in the wake of Hurricanes Katrina, Rita, and Wilma.

We simply cannot afford all of these emergency expenses while cutting taxes for the richest Americans.

I urge my colleagues to join me in rejecting the conference report and supporting responsible tax policies that benefit all Americans, not just the wealthiest.

Mr. Speaker, our Nation's fiscal house is not in order. The tax portion of the budget reconciliation bill, which we are considering today, does absolutely nothing to fix that.

Congressional leaders and the President should go back to the drawing board and create a budget plan that more adequately balances the interests of the American people. When President George H.W. Bush faced a similar budget crisis, he had the courage to create a bipartisan budget summit and to implement needed fiscal constraints. America is better for it, and I hope that our leaders today will follow that example.

I have no quarrel with providing a substantial tax cut for middle class Americans. That is why I have consistently supported legislation to eliminate the marriage tax penalty, to abolish the federal estate tax, and to allow persons to contribute more to their retirement savings. But, like with federal spending allocations, tax cuts must be paid for in the budget. In this case, they are not.

The budget reconciliation bill contains more tax cuts than spending cuts and plunges our

country deeper into debt. This is fiscally irresponsible and gives the short shrift to our children and grandchildren who will be forced to pick up the tab for such out of control budgeting.

At a time when America is embarking on a prolonged and costly war on terrorism and is waging a war against insurgents in Iraq, I am convinced that this bill would make it far more difficult to meet the defense and homeland security needs of our Nation, while keeping Social Security and Medicare on sound fiscal footing.

I hope my colleagues will abandon this reckless budgeting style and embrace a more common sense approach to drafting a budget. Reinstating the effective pay-as-you-go (PAYGO) rules, long championed by conservative House Democrats, that helped create the budget surplus of the 1990s would be a good place to start.

Mr. UDALL of Colorado. Mr. Speaker, I cannot support this conference report.

As I noted before, this conference report—like the House-passed bill—is only part of a brew based on the Republican leadership's budget recipe.

Last year, they put the first ingredients into the mixing bowl in the form of a bill to cut more than \$50 billion over five years from Medicaid, student loans, and many other programs of great importance to millions of Americans. Then, with the original version of this bill, they added a compound of a few good things tainted by such unwholesome provisions as the premature extension of preferential rates for dividends and capital gains.

The result was a full-bodied one-two punch that might have been intoxicating to some but was sure to leave us all with a bad budgetary headache and stick future generations with paying the tab.

So, when it originally came to the House floor, I voted against it but held out some hope that a conference with the Senate would result in a bill that deserved enactment. Unfortunately, that did not occur and instead we have before us a conference report that perhaps is a little better than the House-passed bill but shares its basic flaws.

The centerpiece of the conference report, like that of the House-passed bill, is an extension of the reduced tax rates on capital gains and dividends, even though those rates are not scheduled to change until 2008.

This is not only unnecessary, I think it is not good policy—and neither is letting lapse better tax provisions such as the research and development tax credit, the education tax deduction to help students go to college, tax deductions for teacher's classroom expenses, and the deduction of state and local sales taxes. All of these have been omitted from the conference report.

It is true that the conference report addresses the need to remove the threat of alternative minimum tax (AMT) liability from millions of middle-income American families. But it provides only a one-year respite.

And, worst of all, enacting the conference report will result in adding at least another \$70 billion onto the deficit, while the long-term budget costs are masked by a change in the rules for Individual Retirement Accounts that may increase revenue in the short term but will greatly worsen the long-term budget picture.

Questionable at any time, that kind of increase in the deficit—meaning an increase in

the national debt—is even worse now, when America is at war and when President Bush and the Republican Congress have taken us from paying off our debts to a projected deficit of \$3.3 trillion. Over the last 5 years, the Federal Government has had to borrow more than \$1 trillion—much of it from foreign governments—which is more than the total it borrowed over the preceding two centuries. This is a sorry record, and this conference report will make it worse.

So, Mr. Speaker, count me out. I thought the original recipe was wrong. I did not vote for the original House bill and I cannot vote for this conference report.

That doesn't mean I am opposed to tax relief. That's why I voted for the motion to recommit, which would have shielded middle-income families from the AMT without adding to the deficit. Unfortunately, the Republican leadership insists on rejecting that in favor of its own recipe. I fear the result will be half-baked and leave a bitter aftertaste.

Mr. VAN HOLLEN. Mr. Speaker, I rise today to support providing much needed relief from the alternative minimum tax, but oppose those provisions providing special tax breaks for the wealthiest. I am disappointed that important legislation to help the American middle class is tied to an irresponsible tax giveaway to the wealthiest among us. The dividends tax break would help only 1 in 7 families making under \$100,000 a year. The capital gains tax break affects only 1 in 20 such families. In a time of massive deficits, we should not be passing such unnecessary tax cuts. It is unfortunate that an important tax break—the AMT—is tied into this bill. While I support the AMT fix, I strongly object to the crass political ploy of attaching it to a tax break that disproportionately benefits the very wealthiest among us.

The original purpose of the AMT was to ensure that taxpayers with high incomes would not take advantage of loopholes in the tax code and pay little or no income tax. However, because the AMT is not adjusted for inflation, it will penalize middle income families. The IRS calls this tax the "Number 1 most serious problem" facing taxpayers. We must extend AMT relief to ensure that middle class families do not face the burden of this complicated and expensive tax. That is why I am encouraging my colleagues to vote for the Democratic substitute. The substitute would eliminate AMT liability for individuals whose income is less than \$125,000 and for couples whose income is less than \$250,000. It is simpler, broader relief, and we can pay for it by restricting tax shelters.

But an extension is only a temporary fix. We must amend the AMT to accomplish its original purpose rather than unfairly penalize millions of taxpayers. If we do not make serious changes, the AMT will affect nearly 35 million taxpayers in 2010. An extension is a good first step, but we should continue to work on policies to make the tax structure sensible and fair.

Mr. THOMAS. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. ADERHOLT). Without objection, the previous question is ordered on the conference report.

There was no objection.

MOTION TO RECOMMIT OFFERED BY MR. RANGEL

Mr. RANGEL. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentlemen opposed to the conference report?

Mr. RANGEL. Yes, in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Rangel moves to recommit the conference report on the bill (H.R. 4297) to the committee of conference with instructions to the managers on the part of the House to report back on or before May 17, 2006, a new conference report which—

(1) includes the maximum amount of relief for individuals from the alternative minimum tax permitted within the scope of conference,

(2) does not include any extension of the lower tax rate on dividends and capital gains that would otherwise terminate at the close of 2008, and

(3) to the maximum extent possible within the scope of conference, will neither increase the Federal budget deficit nor increase the amount of the debt subject to the public debt limit.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. RANGEL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 9 of rule XX, the Chair will reduce to 5 minutes the minimum time for any electronic vote on the question of the adoption of the conference report.

The vote was taken by electronic device, and there were—yeas 190, nays 239, not voting 4, as follows:

[Roll No. 134]

YEAS—190

Abercrombie	Costa	Hinchey
Ackerman	Crowley	Hinojosa
Allen	Cummings	Holden
Andrews	Davis (AL)	Holt
Baca	Davis (CA)	Honda
Baird	Davis (FL)	Hooley
Baldwin	Davis (IL)	Hoyer
Barrow	Davis (TN)	Insee
Becerra	DeFazio	Israel
Berkley	DeGette	Jackson (IL)
Berman	Delahunt	Jackson-Lee
Berry	DeLauro	(TX)
Bishop (GA)	Dicks	Jefferson
Bishop (NY)	Dingell	Johnson, E. B.
Blumenauer	Doggett	Jones (OH)
Boehlert	Doyle	Kaptur
Boswell	Edwards	Kildee
Boucher	Emanuel	Kilpatrick (MI)
Boyd	Engel	Kind
Brady (PA)	Eshoo	Kucinich
Brown (OH)	Etheridge	Langevin
Brown, Corrine	Farr	Lantos
Butterfield	Fattah	Larsen (WA)
Capps	Filner	Larsen (CT)
Capuano	Ford	Lee
Cardin	Frank (MA)	Levin
Carnahan	Gonzalez	Lewis (GA)
Carson	Green, Al	Lipinski
Case	Green, Gene	Lofgren, Zoe
Chandler	Grijalva	Lowey
Clay	Gutierrez	Lynch
Cleaver	Harman	Maloney
Clyburn	Hastings (FL)	Markey
Conyers	Herseth	Marshall
Cooper	Higgins	Matsui

McCarthy	Payne	Spratt
McCollum (MN)	Pelosi	Stark
McDermott	Pomeroy	Strickland
McGovern	Price (NC)	Stupak
McKinney	Rahall	Tanner
McNulty	Rangel	Tauscher
Meehan	Reyes	Taylor (MS)
Meek (FL)	Ross	Thompson (CA)
Meeks (NY)	Rothman	Thompson (MS)
Melancon	Roybal-Allard	Tierney
Michaud	Ruppersberger	Towns
Millender-	Rush	Udall (CO)
McDonald	Ryan (OH)	Udall (NM)
Miller (NC)	Sabo	Upton
Miller, George	Salazar	Van Hollen
Mollohan	Sánchez, Linda	Velázquez
Moore (KS)	T.	Visclosky
Moore (WI)	Sanchez, Loretta	Wasserman
Moran (VA)	Sanders	Schultz
Nadler	Schakowsky	Waters
Napolitano	Schiff	Watson
Neal (MA)	Schwartz (PA)	Watt
Oberstar	Scott (GA)	Waxman
Obey	Scott (VA)	Weiner
Olver	Serrano	Weldon (PA)
Ortiz	Sherman	Wexler
Owens	Skelton	Woolsey
Pallone	Slaughter	Wu
Pascarell	Snyder	Wynn
Pastor	Solis	

NAYS—239

Aderholt	Ferguson	Lewis (KY)
Akin	Fitzpatrick (PA)	Linder
Alexander	Flake	LoBiondo
Bachus	Foley	Lucas
Baker	Forbes	Lungren, Daniel
Barrett (SC)	Fortenberry	E.
Bartlett (MD)	Fossella	Mack
Barton (TX)	Fox	Manzullo
Bass	Franks (AZ)	Marchant
Bean	Frelinghuysen	Matheson
Beauprez	Gallely	McCaul (TX)
Biggert	Garrett (NJ)	McCotter
Bilirakis	Gerlach	McCrery
Bishop (UT)	Gibbons	McHenry
Blackburn	Gilchrest	McHugh
Blunt	Gillmor	McIntyre
Boehner	Gingrey	McKeon
Bonilla	Gohmert	McMorris
Bonner	Goode	Mica
Bono	Goodlatte	Miller (FL)
Boozman	Gordon	Miller (MI)
Boren	Granger	Miller, Gary
Boustany	Graves	Moran (KS)
Bradley (NH)	Green (WI)	Murphy
Brady (TX)	Gutknecht	Murtha
Brown (SC)	Hall	Musgrave
Brown-Waite,	Harris	Myrick
Ginny	Hart	Neugebauer
Burgess	Hastert	Ney
Burton (IN)	Hastings (WA)	Northup
Buyer	Hayes	Norwood
Calvert	Hayworth	Nunes
Camp (MI)	Hefley	Nussle
Campbell (CA)	Hensarling	Osborne
Cannon	Herger	Otter
Cantor	Hobson	Oxley
Capito	Hoekstra	Paul
Carter	Hostettler	Pearce
Castle	Hulshof	Pence
Chabot	Hunter	Peterson (MN)
Choccola	Hyde	Peterson (PA)
Coble	Inglis (SC)	Petri
Cole (OK)	Issa	Pickering
Conaway	Istook	Pitts
Costello	Jenkins	Platts
Cramer	Jindal	Poe
Crenshaw	Johnson (CT)	Pombo
Cubie	Johnson (IL)	Porter
Cuellar	Johnson, Sam	Price (GA)
Culberson	Jones (NC)	Pryce (OH)
Davis (KY)	Kanjorski	Putnam
Davis, Jo Ann	Keller	Radanovich
Davis, Tom	Kelly	Ramstad
Deal (GA)	Kennedy (MN)	Regula
DeLay	King (IA)	Reberg
Dent	King (NY)	Reichert
Diaz-Balart, L.	Kingston	Renzi
Diaz-Balart, M.	Kirk	Reynolds
Doolittle	Kline	Rogers (AL)
Drake	Knollenberg	Rogers (KY)
Dreier	Kolbe	Rogers (MI)
Duncan	Kuhl (NY)	Rohrabacher
Ehlers	LaHood	Ros-Lehtinen
Emerson	Latham	Royce
English (PA)	LaTourrette	Ryan (WI)
Everett	Leach	Ryun (KS)
Feeney	Lewis (CA)	Saxton

Schmidt	Sodrel	Walsh
Schwarz (MI)	Souder	Wamp
Sensenbrenner	Stearns	Weldon (FL)
Sessions	Sullivan	Weller
Shadegg	Sweeney	Westmoreland
Shaw	Tancredo	Whitfield
Shays	Taylor (NC)	Wicker
Sherwood	Terry	Wilson (NM)
Shimkus	Thomas	Wilson (SC)
Shuster	Thornberry	Wolf
Simmons	Tiahrt	Young (AK)
Simpson	Tiberi	Young (FL)
Smith (NJ)	Turner	
Smith (TX)	Walden (OR)	

NOT VOTING—4

Cardoza	Kennedy (RI)
Evans	Smith (WA)

□ 1808

Messrs. McCOTTER, PEARCE, CAS-TLE, REYNOLDS, KIRK, BARTON of Texas and MARCHANT changed their vote from “yea” to “nay.”

Mr. ABERCROMBIE changed his vote from “nay” to “yea.”

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. ADERHOLT). The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. WICKER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 244, noes 185, not voting 4, as follows:

[Roll No. 135]

AYES—244

Aderholt	Coble	Gingrey
Akin	Cole (OK)	Gohmert
Alexander	Conaway	Goode
Bachus	Cramer	Goodlatte
Baker	Crenshaw	Gordon
Barrett (SC)	Cubin	Granger
Barrow	Cuellar	Graves
Bartlett (MD)	Culberson	Green (WI)
Barton (TX)	Davis (KY)	Gutknecht
Bass	Davis (TN)	Hall
Bean	Davis, Jo Ann	Harris
Beauprez	Davis, Tom	Hart
Biggert	Deal (GA)	Hastert
Bilirakis	DeLay	Hastings (WA)
Bishop (UT)	Dent	Hayes
Blackburn	Diaz-Balart, L.	Hayworth
Blunt	Diaz-Balart, M.	Hefley
Boehner	Doolittle	Hensarling
Bonilla	Drake	Herger
Bonner	Dreier	Hobson
Bono	Duncan	Hoekstra
Boozman	Ehlers	Hostettler
Boren	Emerson	Hulshof
Boustany	English (PA)	Hunter
Bradley (NH)	Everett	Hyde
Brady (TX)	Feeney	Inglis (SC)
Brown (SC)	Ferguson	Issa
Brown-Waite,	Fitzpatrick (PA)	Istook
Ginny	Flake	Jenkins
Burgess	Foley	Jindal
Burton (IN)	Forbes	Johnson (CT)
Buyer	Ford	Johnson (IL)
Calvert	Fortenberry	Johnson, Sam
Camp (MI)	Fossella	Jones (NC)
Campbell (CA)	Fox	Keller
Cannon	Franks (AZ)	Kelly
Cantor	Frelinghuysen	Kennedy (MN)
Capito	Gallely	King (IA)
Carter	Garrett (NJ)	King (NY)
Case	Gerlach	Kingston
Castle	Gibbons	Kirk
Chabot	Gilchrest	Kline
Chocola	Gillmor	Knollenberg

