

And tonight I especially say my prayers for the family members of those whose families lost their lives. Ten people died in the tornado on Friday night.

Life is a very precious thing, and we offer our prayers. We seek the support of all as we try to rebuild Greensburg, Kansas. I thank the gentleman for yielding.

Mr. ENGLISH of Pennsylvania. I thank the gentleman for his contribution.

Mr. Speaker, I am going to keep my remaining remarks brief and, again, salute the gentleman for taking the time to come down and share the experience of his district and his community with this awful weather disaster, which we in northwestern Pennsylvania certainly understand and certainly we will reach into our pockets and be generous in helping our fellow Americans.

But, Mr. Speaker, I'd like to, for a moment, return to my prior topic, put my green eye shade back on and talk about the AMT and its potential effect on taxpayers.

You know, one point that I hadn't had the opportunity to make earlier, was that over the past few weeks, in the ramp up to what we fear will be an attempt to use the AMT as a basis for a broader tax increase, we've heard made the strange argument by our friends on the other side of the aisle that somehow, the AMT is falling on more families because of the tax cuts enacted in 2001 and 2003. This argument has been echoed within the Ways and Means Committee, and it's bizarre on the face of it. But there are actually arguments that are being made trying to connect these dots and square this circle.

The argument is that, as a result of reduced income tax rates relative to the AMT, more taxpayers are subject to the AMT. Conversely, this logic maintains that if income taxes are increased, less people would be subject to the AMT. It's an odd reform that raises taxes on Americans, and this smells an awful lot like robbing Peter to pay Paul. After all, if taxpayers are paying the AMT, or paying the basic income tax, one way or the other, what is relevant to them is how much they're paying.

The argument we are hearing from the other side simply runs roughshod over the facts. The AMT is growing significantly because the tax brackets involved were never indexed to inflation. Clearly, no American is worse off under recent tax relief. And fewer taxpayers are subject to the AMT than otherwise would be as a result of the patches that that tax relief contained.

I have, I believe, a number of charts, but I am not going to trouble you with them at this time of the evening, that demonstrate that this problem has been stated in an unusual way. It is misleading to claim that the 2001 and 2003 tax cuts led to more people paying the AMT.

The fact is, between the patches and the tax cuts, fewer people are paying

the AMT today than would have under pre-2001 tax laws. This is a very important revelation.

The fact is, past Congresses have moved, in budget after budget, to protect the middle class from the ravages of the AMT. Notwithstanding that, the AMT now hits nearly 3 million taxpayers, where it was originally designed only to hit a few hundred. Without a patch, the AMT would fall on 23 million taxpayers.

Because of that added tax liability on 20 million taxpayers, fixing the AMT is certainly a challenge. But to me, it's a much bigger challenge to argue that somehow we should let the AMT fall on these people when it was never conceived as a tax to be applied to them.

□ 1815

The fact is the AMT at the current rate runs the risk of crowding out the rest of the tax code and becoming the Tax Code, and that would be a disaster. The AMT does not treat families as favorably. It does not treat small business investment as favorably. It doesn't have the nuances of the current Tax Code, and it simply has higher rates.

We believe that in the end, the real solution is fundamental tax reform, to move to a reformed tax system that contains no AMT but through its simplicity also requires no AMT to guarantee that everyone pays what they are obliged to pay. Through simplicity we can reduce the tax gap. We can make the Tax Code more predictable, and we can provide through fewer loopholes fewer opportunities for people to take unfair advantage. That is the real solution at the end.

I believe, though, that we are going to see this year a concerted effort by the new majority to do what they did the last time they were in the majority, and that is to push through massive tax increases. The AMT, it looks like, is going to be their first excuse to do it. So it is going to be the first real test of this Congress, whether it is going to take a different route than that that we traditionally expect or whether it is going to go down the old path of tax and spend, raising taxes, expanding the size of government, and ultimately hitting the taxpayers in newer and more subtle ways.

Enacting French tax structures is not the solution to growing the economy. It is not the solution to the deficit, and it is not the solution to the AMT.

I think the time has come for Congress to deal with this issue honestly, to bring it out into the open. My hope is that our committee, the Ways and Means Committee, will have an opportunity to do hearings specifically on this point. As ranking member of the Select Revenue Measures Subcommittee, I also hope that we have the opportunity there to more closely examine the AMT and to build on recent hearings to look at actual solutions and come up with a solution that

reduces the tax burden and protects the middle class rather than simply raising taxes. That may be a challenge that requires statesmanship, but I believe the time has come to deal with this issue directly.

Anyone who, I believe, signs on to what the papers tell us might be the solution here can't claim that they are following certainly the dictum of Americans for Tax Reform, which years ago got many Members of Congress to sign a pledge not to raise taxes. I believe that any AMT solution that raises taxes will put Congress on record as being in favor of Big Government and higher taxes. I believe that we need to look at creative alternatives and the time has come for that.

Mr. Speaker, I am grateful for the opportunity to take my party's leadership hour.

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#### RECESS

The SPEAKER pro tempore (Mr. JOHNSON of Georgia). Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 6 o'clock and 20 minutes p.m.), the House stood in recess subject to the call of the Chair.

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#### AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. JOHNSON of Georgia) at 6 o'clock and 50 minutes p.m.

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#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1684, DEPARTMENT OF HOMELAND SECURITY AUTHORIZATION ACT FOR FISCAL YEAR 2008

Mr. CARDOZA, from the Committee on Rules, submitted a privileged report (Rept. No. 110-136) on the resolution (H. Res. 382) providing for consideration of the bill (H.R. 1684) to authorize appropriations for the Department of Homeland Security for fiscal year 2008, and for other purposes, which was referred to the House Calendar and ordered to be printed.

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#### REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 1873, SMALL BUSINESS FAIRNESS IN CONTRACTING ACT

Mr. CARDOZA, from the Committee on Rules, submitted a privileged report (Rept. No. 110-137) on the resolution (H. Res. 383) providing for consideration of the bill (H.R. 1873) to reauthorize the programs and activities of the Small Business Administration relating to procurement, and for other purposes, which was referred to the House Calendar and ordered to be printed.