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Senate

The Senate met at 9:30 a.m. and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

O God our Father, we thank You for the blessings of life. Help us to see them, to count them, and to remember them so that our lives may flow in ceaseless praise. Give us eyes to see the invisible movement of Your Spirit in people and in events. Assure us that You are present, working out Your purposes because You have plans for us. Focus our attention on the amazing way You work through people—arranging details, solving complexities, and bringing good out of whatever difficulties we commit to You. Help us to be expectant for Your serendipities, Your unusual acts of love in usual circumstances. Now we look forward to a great day filled with Your grace! You are our Lord and Saviour. Amen.

PLEDGE OF ALLEGIANCE

The Honorable WAYNE ALLARD, a Senator from the State of Colorado, led the Pledge of Allegiance, as follows:

> I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. ALLARD). Under the previous order, the leadership time is reserved.

SCHEDULE

Mr. COVERDELL. Mr. President, on behalf of the leader, today the Senate will complete the final 2 hours of debate on the motion to proceed to the Death Tax Elimination Act. By previous consent, at 11:30 a.m. the Senate will begin a vote in relation to the Bennett amendment to the DOD authorization bill. Following the 11:30 a.m. vote, the Senate will resume consideration of the death tax legislation. However, if no agreement can be reached regarding its consideration, the Senate may resume the Interior appropriations bill. A finite list of amendments has been agreed to with respect to this bill and, therefore, votes could occur throughout the day in an effort to complete action on this important spending bill.

As a reminder, an agreement was reached regarding the DOD authorization bill, and it is hoped that the Senate can conclude that bill by the close of business today or first thing tomorrow morning. The leadership has announced that the Senate will consider and complete the reconciliation bill during this week's session.

I thank my colleagues for their attention.

DEATH TAX ELIMINATION ACT—MOTION TO PROCEED

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

The legislative clerk read as follows:

> A motion to proceed to the bill (H.R. 8) to amend the Internal Revenue Code of 1986 to phase out the estate and gift taxes over a 10-year period.

The PRESIDING OFFICER. Under the previous order, there will now be 2 hours of debate.

The Senator from Georgia.

Mr. COVERDELL. Mr. President, this tax has been discussed at length over the last several years. Several years ago, we reduced some of the impact of this tax, but not much. This tax is among the most often raised issues when I am among constituents.

A number of people have said during the course of the debate that the tax does not affect many Americans. Statistically, that is accurate, it does not. Therein lies something very important for us to consider about this tax, and there is good news in this.

The fact is that while there are a limited number of Americans affected by it, the vast number of Americans, a huge majority, think it should be eliminated. Why is that? Why would a tax that is rather isolated cause a vast majority of Americans to want to do away with it? It is because Americans are still fair about these things, and they do not think this is a fair tax. They do not like the concept of any family working its entire life, building a business, and then the Government, which did not do much to make the business successful—if it was not in the way—tapping in saying: Now that belongs to us, not you who produced it, but us. They do not like that.

I suspect a lot of Americans contemplate there will be a time when they will have grown their business, and they know it is going to take years to do it and hard sweat and worry and anxiety. Then the idea that because the founder or the developers of that business had reached the end of their lives and it no longer belonged to that family, it is inconsistent with the way Americans think. They do not think it is fair, and they do not like it hanging over their heads.

I have always taken that as a sign of great news that Americans still hold a fundamental American value that it belonged to those who worked and earned it and that the Government ought not impose an egregious and unfair tax. Even if it does not affect me, I do not think it should happen. We should take heart from that because therein lies our ability to ultimately make the tax system more fair across the board. No one has much faith in it. They are cynical about it. They are paying the highest taxes they have ever paid. There is a latent desire to fix the system, and it shows itself vividly in the death tax, or the estate tax.

Another thing which causes me to want to see its elimination is I do not

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think it is imposed fairly. An undue burden, as with many taxes, falls on the small business person, the small business family, the reasonable size family farm or ranch. A lot of people who are ensnared by this tax do not even know it has hit them because their assets are in property or equipment of which they really do not know the total value. They get pushed over the edge. Suddenly, this reaper comes through and falls on this small family business, small family farm, or ranch.

It is devastating because you have to pay the tax in 9 months—I think that is correct—and those kinds of businesses and those kinds of farms do not have a huge cash account at some financial institution. The value in that estate is in land and equipment and goodwill.

So when the Government says: It is worth $4 million, and you owe us over $2 million. What are the family's options? Very limited. There is no $2 million. So the business has to be sold or half the farm has to be sold or broken up, components of it sold, so they can raise enough cash to pay this insatiable appetite in Washington, DC, to get hold of everybody's assets, which means the people who are employed by that business or farm are typically looking for another job; they are in a job line somewhere.

It is disruptive. It is not useful for the economy. It costs jobs. There are millions and millions of dollars spent by larger businesses, mostly, to avoid this; and to some extent they can, which is again why I say it is pushing this down on what we would call the small business or farm. They are taking the principal hit here.

First, they cannot afford the consultants to figure out how to minimize it. Often they do not know they are going to be impacted by it, and they do not have the cash to pay it. So the assets have to be turned over and sold. And if you have to do it in 9 months—I do not know how many people around here have ever gone through the process of selling even a home, but sometimes that ''For Sale'' sign stays out there a long time. You can take your ''For Sale'' sign down, but the Government does not allow you to delay this tax. You are going to pay it. So if you have to sell that farm or that business at a fire sale price, you have to sell it. Tough luck, says Uncle Sam.

I ran a small business for about 38 years. That is a long time. I do not remember anybody from Washington ever coming in to help me run it. In fact, more than once I almost got the idea they would just as soon we did not run it; we were fighting them off. Somewhere they got the idea they would own half those assets. I know I am joined by millions of Americans who do not agree with that.

Just to restate it, it does not affect a large number of Americans, but a huge number of Americans want it gone. They do not think it is fair. They think it is inappropriate, and it is. They think it is confiscatory, and it is. I think they hold to the American dream and figure one day that could impact them, and indeed it might.

Mr. KYL. Would the Senator yield for a brief comment, a question?

Mr. COVERDELL. Sure.

Mr. KYL. The point the Senator just made is validated by a Gallup Poll that just came out, conducted from June 22 to 25. It shows that 60 percent of adults favor this proposal that would eliminate all inheritance taxes, compared to 35 percent who oppose it—almost 2–1 support for elimination of the death tax.

Interestingly enough, to the point the Senator just made, only 17 percent of Americans say they would personally benefit from the tax elimination, while 43 percent say they would not benefit.

Mr. COVERDELL. Two-to-one.

Mr. KYL. Yet they support its repeal because they understand it is unfair.

To the point of the Senator from California yesterday, who said this all boils down to whose side are you on, no, it does not. What it boils down to is that the vast majority of the American people, understanding, even though it may not affect them, it is a totally unfair tax, agree with us that it should be repealed.

Mr. COVERDELL. I appreciate the Senator citing the poll. I have known from previous data of its overwhelming support. I think the point that 2–1 they favor eliminating it and 2–1 they think it probably will never affect them—as I said, I always take heart in this because it demonstrates the deep reserve of fairness among Americans about tax policy and about their Government.

This is not a fair tax, nor is it implemented fairly. It discriminates against those who do not have the resources to try to ameliorate it. So it just really builds up on the small farmer, small businessperson. They are paying an unfair burden here, on top of which, I would add, it creates turmoil in the workplace. It costs us jobs. It creates enormous anxiety and puts an undue and unnatural pressure on the financial decisions those who are impacted by it have to make.

You cannot manage the transaction of the sale of a business typically in 9 months; there are too many forces at work. It is very difficult to do. I have been through that, too. So you are creating a timetable that is unnatural and, therefore, you create another burden on the family in about as difficult a time as you can imagine. They have already suffered an enormous personal loss, and then here comes Uncle Sam: OK, 9 months, belly up.

So I appreciate the work of the Senator from Arizona and all those others who have come to speak in favor of the elimination of the tax. I know we are going to be successful. I do not know how long it is going to take. Because Americans do not want this tax. So whether it occurs in this current debate, which I hope it does, or one to follow, I know this is going to be changed.

I end with this. I do not go to a single meeting in my State where there are not several people who raise this question. My State is deeply agricultural, so we have thousands of small farmers. This is like a loaded gun pointed at their head. So they are waiting for us to do something about this because they know it is unfair. And it is creating an unnatural worry in a community, I might add, that is already under enormous stress. Agriculture is all across the country. This adds to that burden. It does so in a very dramatic way.

I thank the Senator for according me some time here this morning and wish him luck on the success of this legislation.

I yield the floor.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I heard the speech of my good friend from Georgia on the House bill. After very thorough consideration of this matter, I reach a different conclusion, I must say to my good friend from Georgia. Frankly, I urge my colleagues to oppose the House bill to repeal the estate tax. I do this for three reasons.

First, there is a significant chance that the debate will be conducted under the restrictions of cloture, which denies Senators a fair opportunity to propose amendments.

Second, the House bill reforms the estate tax the wrong way. There are all kinds of ways to reform the estate tax. The House bill is the wrong way.

Third, the House bill crowds out and pushes aside other more important priorities in which the vast majority of the American people are far more interested.

Before getting into those arguments in detail, I will provide some background about the estate tax. Nobody likes paying taxes, whether it is income taxes, sales taxes, payroll taxes, corporate taxes, or estate taxes. Of course, if one asks in a poll, would you like to have a certain tax repealed, the vast majority of Americans would say, yes, I don't like paying that tax, repeal it. Unfortunately, we all know we do have to pay some tax. After all, in a civilized society, there is some revenue that has to be raised to support society's governmental, organizational purpose and structure. The only question is, obviously, how much and what is the balance.

We should aim to have a tax system that raises the minimum amount of revenue that is necessary and does it in a fair and balanced way. For more than 80 years, there has been a consensus that the estate tax is a small but important part of a fair and balanced tax system. It has been a bipartisan consensus.

The Federal estate tax was first proposed by President Theodore Roosevelt. It was repeated by his successor, William Howard Taft. In fact, in his inaugural address in 1909, President Taft said that it may be necessary to raise additional revenue and that if so ''new kinds of taxation must be adopted, and among these I recommend a graduated inheritance tax as correct in principle and as certain and easy of collection.'' That was President William Howard Taft.

A few years later, in 1916, Congress needed to raise additional revenue primarily to prepare for possible involvement in World War I. Congress had to make hard choices. Congress could either raise tariff rates or it could come up with an alternative. This is what the House Committee on Ways and Means said:

It is probable that no country in the world derives as much revenue per capita from its people through the consumption tax as does the United States. It is therefore deemed proper that, in meeting the extraordinary expenditures for the Army and the Navy our revenue system should be more evenly and equitably balanced and a larger portion of our necessary revenues collected from the incomes and inheritances of those deriving the most benefit and protection from the government.

Congress enacted the estate tax in 1916. It has been amended several times. For example, in 1932, in response to revenue needs generated by the Great Depression, the rates were increased significantly. In 1981, under President Reagan, the rates were cut significantly, with the top rate falling from 70 percent to 55 percent. Today the Federal estate tax applies to estates with a value of more than $675,000. That threshold amount is scheduled to rise to $1 million by the year 2006. There are special rules for farms and for family businesses.

All told, the tax applies to the estates of about 2 out of every 100 people who die each year. That is about 2 percent. It raises $28 billion a year. To put that in perspective, it is 3 percent of the amount that is raised by the Federal income tax. under the estate tax.

That brings me to the House bill we have before us today. The House bill works in two steps. First, over the first 9 years, the House bill gradually reduces estate taxes down to a top rate of about 40 percent. Then in the year 2010, a full 10 years after enactment, it completely repeals the estate tax. At the same time the House bill imposes a new requirement, something of which not many Senators are aware. People who inherit estates worth more than certain amounts must maintain what tax lawyers call the ''carryover basis'' of inherited assets. That is in the House bill.

All told, the 10-year cost of the House bill is $105 billion. But it is important to note that the House bill is constructed to disguise the real long-term costs. In the 10th year, when the estate tax is completely repealed, the cost is almost $50 billion a year, and the cost will rise each year after that. I have seen estimates up to $750 billion over the second 10 years.

That, in a nutshell, is the House bill.

As I said at the outset, I oppose the bill. I do so for several reasons. My first concern is with the process. Once again, the majority may invoke cloture as a first resort. This limits debate. It limits the ability for Senators to offer amendments. Most important of all, it denies the American people an opportunity to have their elected representatives conduct a full, unfettered public debate about a very important issue. I hope that we can avoid cloture and have an open debate.

I have another concern about the process. This is a serious issue, whether we repeal a Federal estate tax. We are considering a proposal that can be fairly described as radical—total repeal. That is pretty radical. The House bill would completely repeal a tax that has been an integral part of the Federal tax system since 1916; repeal it, lock, stock, and barrel, get rid of it totally, with no amendments and no hearing. That raises many serious questions.

One is the impact across income levels. I am not talking about class warfare. Believe me, that is one thing I don't like to get into; I don't believe in it. That is bashing the rich. Rather, I am talking about fully understanding the impact of this proposal on the overall fairness and balance of our tax system, a subject we have not addressed. It hasn't even been raised; we haven't had the opportunity.

Another question is about the new rules to maintain the carryover basis of certain inherited assets—very complicated, totally new, not debated, not even known by a majority of Senators. In some cases, this would require recordkeeping across several generations. Just think of that, requiring new recordkeeping across several generations. I remember back when Congress tried to do something similar in 1978. The new law was extraordinarily complex. It created a fierce public backlash, and we quickly repealed it.

We would do the same if this were ever enacted into law; I guarantee it. Do we want people to have to keep track of the price that their great-great-grandparents paid for property and investments? Under the House bill they will have to.

Another question is the impact on charitable giving. A great deal of charitable giving comes from bequests. People make these bequests primarily because they want to help communities. That is a good cause. But we all know in some cases there is a tax planning element because charitable contributions are deducted from the value of an estate. Do we know how repeal of the estate tax will affect charitable giving? Has that been discussed, debated? Many estate tax lawyers I talk to tell me: Max, if you repeal the Federal estate tax, it is going to have a substantial effect on charitable giving. There will be a substantial reduction in charitable giving, major, big time, if you repeal the Federal estate tax.

Another question is the impact on States. Currently—this is not well known; how could it be, there hasn't been a hearing; we had no opportunity for amendments—currently an estate receives a credit for inheritance and estate taxes that the estate pays to a State government. As a result, these State taxes generally don't increase the overall burden on an estate. Instead, they shift revenues from the Federal Government to the States. It is about a third.

The long and short of it is, about a third of all the Federal estate taxes that are collected go to States. We, therefore, collect the revenue that goes to the States. Under a total repeal, that is the end of that. Does anybody know that? Do the States know that? Do the Governors know that? I don't think they have focused on this because they don't know about it. How could they? There have been no hearings.

If the Federal estate tax umbrella is repealed, many States may face strong pressure to reduce or eliminate their own inheritance taxes and estate taxes—resulting in unintended consequences, unthought-out consequences, unknown consequences.

Still another question is how repeal of the estate tax will affect the concentration of wealth. As we all know, one reason the estate tax was enacted and later strengthened was to limit the accumulation of huge fortunes that can be passed on to create economic dynasties. Are we prepared to say that today this is no longer an issue?

Now I am not trying to be judgmental, Mr. President, believe me. I am just raising very important questions that have to be discussed, debated, and thought out. I am not suggesting I have all the answers. I am simply saying these are very serious questions that deserve more time and attention than we are giving them. After all, we are not referring the House bill to the Finance Committee for a hearing where the questions can be addressed. In fact, the Finance Committee hasn't held a hearing on estate taxes in this Congress. I will repeat that. The Finance Committee has not held a hearing on estate taxes in this Congress. Instead, we are rushing the House bill to the floor under cloture.

Why are we doing this? Why not hold hearings so that we can more fully understand the implications of the House bill? That is just my first concern in the process.

Now my second concern. While the House bill reforms the estate tax, it reforms it in the wrong way. There is a right way and a wrong way to do things. The House bill reforms the wrong way.

For a long time, I have supported reform of the estate tax. Most of us here do. I have worked on special rules for farms and ranches. A few years ago, I worked closely with Senator Dole on reforms for family-owned small businesses.

Despite these and some other improvements, the estate tax still hits some people too hard, especially those who own farms, ranches, and small businesses. We should fix that. We should fix it now. We need to help our farmers and our small businesses. The amendment that I and the majority of my side support will do that.

The House bill that we may adopt, would do very little for those estates, very little for those farmers, ranchers, and small business people—until 10 years later when, under their bill, it is fully repealed.

On the other hand, the alternative that Senators MOYNIHAN, CONRAD, and I propose would reform the estate tax in the right way. It would do two things that are simple but effective.

First, we dramatically increase the amount that is exempt from the estate tax. Currently, it is $675,000. We increase it to $1 million per spouse right away. And a few years later, we begin to increase it again until it reaches $2 million. For a couple, that would be $4 million.

Second, we increase the family-owned business exclusion to $4 million per spouse. For a couple, that is $8 million.

These simple changes have a huge effect. The first year, we would exempt over 40 percent of the estates that currently are subject to an estate tax. The fact is, it is much more relief for estates in this range than the House bill would provide.

As this chart shows, the Democratic alternative is on the left. This chart shows who is left paying taxes after the first year. On the left side, you can see the bar there, which represents the Republican bill, 50,000 Americans would continue to pay estate taxes in the first year, just like they would under current law. In the first year, as it shows on the right side, under the Democratic alternative, only 30,000 Americans would pay estate taxes. Guess what. That basically continues for 9 years—not totally, but basically.

So the Democratic alternative provides relief—significant relief—in the first 10 years. The Republicans' doesn't. There is some near the end. But there is a cliff effect after 10 years, with all of the consequences we have not even talked about.

These simple changes have a huge effect. The first year, we would exempt over 40 percent of the estates that are currently subject to an estate tax. Under the Republican alternative, none would be exempt over the first 10 years. Over the longer term, when the provisions take full effect, the Democratic proposal would exempt two-thirds of all estates, three-quarters of all small businesses, and 90 percent of all farms and ranches that would otherwise have to pay estate tax.

Remember, only 2 percent of the estates pay an estate tax. But we are saying in the Democratic alternative that three-quarters of those who currently pay—three-quarters of the small businesses, two-thirds of all estates, and 90 percent of all farmers and ranchers would be exempt.

This chart shows that, under current law, the Democratic alternative exempts three-quarters of all family-owned businesses. The Democratic alternative exempts 95 percent of farms. On the left, under current law—this is a huge bar. That means those folks are still paying. Under the Democratic alternative, very few pay. You can see that.

This other chart is showing the same thing with respect to all estate taxes. That is, over the first 10 years, fewer Americans will be paying estate taxes than under the House bill.

Next year, it is expected that about 2.5 million Americans will die. Roughly 50,000 will have estates that would pay an estate tax under current law. Under the House bill, every one of these estates will still pay an estate tax, but at slightly lower rates, with the greatest rate reductions going to the larger estates.

Again, the greatest rate reductions will go to the larger estates; whereas, under the Democratic alternative, the bulk—almost all of the relief—is immediate, and it goes to farms, ranches, and small businesses. The small business exclusion is raised to $8 million per couple eventually, and the unified credit is raised to $4 million eventually.

So under our substitute, fully 20,000 of those 50,000 estates won't pay an estate tax at all in the very first year. They will be exempt, period. The exemptions will be concentrated on the farms, ranches, and the small businesses that need relief. That is the right kind of reform, not the wrong kind, which I mentioned earlier.

My third concern is about priorities. At the end of the day, that is what this debate is really about. We provide complete relief to estates worth up to $4 million, and farms, ranches, and small businesses worth up to $8 million—complete relief.

The proponents of the House bill insist that we go much further, at an additional cost of about $40 billion over 10 years. In later years, the cost will be much higher, about $50 billion a year. They argue, in support of the House bill, that whatever the size of an estate, we should not impose a tax at the event of death rather than when an asset is sold, and we should not impose rates as high as 55 percent.

These are serious arguments. I don't dismiss them out of hand. Senator KYL, in particular, has presented an articulate case. But reasonable people can differ. When we get the facts out and determine what is really going out, different people can reach different conclusions. I think it comes down to priorities.

It seems to me that we in this Chamber could agree in an instant to provide relief to the vast majority of farms, ranches, and small businesses and, indeed, for the vast majority of estates that are now subject to the tax. We can do it for a cost of $60 billion over 10 years—less than in the House bill.

So the real question, then, is whether it makes sense for us to spend another $40 billion to provide relief for people who are, by any measure, very well off and can take care of themselves.

Again, it is a question of priorities. Despite the euphoria the new estimated budget surpluses seem to induce, we all know that, in truth, there is no free lunch. If we reduce tax revenue by another $40 million, we will have much less for other priorities, such as health care and prescription drugs, which are much more important to most Americans.

Providing middle-class working families relief from payroll taxes is one example; providing incentives for education and savings, and providing incentives for research and development, which will keep our economy on the cutting technological edge, those are other alternatives and higher priorities of the American people which will help make our economy stronger, and providing prescription drug coverage so that seniors don't have to choose between food and medicine. Many, as we well know, have to make that choice.

Oh, yes. Let's not forget that we are paying down the national debt. That is pretty important.

I hope cloture is not sought. I hope that at some point soon we have a real opportunity to discuss and resolve our differences.

After all, there are some positive signs. The President has signaled that he has an interest in compromise.

Enlightened business leaders are now suggesting there can be a compromise. In other words, if we want to write a law rather than create a political issue, we can achieve a compromise that makes meaningful reforms in estate tax and also address other pressing national needs. That would be good news. I hope it happens.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I believe under the agreement that I am now allotted 15 minutes. I want to comment briefly.

My friend from Montana indicated a concern a number of times about limiting debate. I have to suggest that this debate could have been changed had there been an agreement on his side. The idea that there is not an opportunity to offer amendments in limited debate is not a very valid argument. That is because that side has not agreed.

I yield time to the Senator from Oklahoma.

Mr. INHOFE. Mr. President, I thank the Senator for yielding.

I agree with the statement of the very distinguished Senator from Montana. Reasonable people can disagree, and they can use the same statistics and come to different conclusions. We do that every day in this Chamber.

I wonder, after listening to the debate—whether it is Montana, Minnesota, or whatever the State being represented by the other side of the aisle—how Montana could be so different from Oklahoma.

Eleven months ago, I did a tour of very small areas in Oklahoma—Shattuck, Boise, and Gage—places you probably never heard of, with very small populations. These people are not wealthy. They are small family farmers and ranchers. In that part of Oklahoma, they normally have three sources of income. It is either small grain or cattle or oil. When all three are down, we have real devastation out there. We have a lot of family farms that are not even making enough money to break even.

I remember going out there and talking about the various agricultural programs. I talked about crop insurance. I talked about transition payments. But when the subject of estate taxes came up, they forgot about all of the other Government programs having to do with agriculture. They said: It would be the greatest thing in the world for us to be able to survive as a family institution and pass this on to the next generation.

These people live day to day. They are not wealthy people. They have to really save to buy halfway modern farm equipment. They say: The greatest single thing you could do for us would be to allow us to pass this on to the next generation.

I think that dwelling on the small percentage of total estates subject to the death tax isn't really an adequate reflection of the damage inflicted by the death tax, which is about 1.9 percent out of the approximately 2.3 million deaths each year, and 4.3 file a return; that is, 98,900. Not all of these are taxable. There is an effect in Oklahoma on small businesses and farms.

If you look at the ''1995 White House Conference on Small Business Issue Handbook''—we had several people there as part of that group who made this handbook—more than 70 percent of all the family businesses do not survive through the second generation, and fully 87 percent do not make it to the third generation.

I ask the Senator from Wyoming about the source of some of these figures which we hear, such as the loss of $40 billion in tax revenues. I don't know where they come from. I certainly question them.

The current Federal death tax accounted for only $23 billion in 1998, or a meager 1.4 percent of $1.7 trillion in total Federal receipts, a level that has remained fairly stable over the years.

I suggest there are two factors that are not being considered. One is the cost of compliance and one is the economic impact.

There are some studies which illustrate that we could actually end up increasing tax revenues by altogether eliminating the death tax.

A December 1999 study by Congress' Joint Economic Committee said:

> The compliance costs associated with the estate tax are of the same general magnitude as the tax's revenue yield, or about $23 billion. . .The estate tax raises very little, if any, net revenue for the Federal Government.

In 1998, the Heritage Foundation came up with a similar conclusion. They said:

> The cost of compliance means that the $19 billion collected in the Federal death taxes last year actually cost taxpayers $25 billion.

It is actually a net loss, according to their study.

A recent report from the Institute for Policy Innovation says:

> Reducing estate taxes would generate sizable economic gains with little revenue loss. Over the next 10 years, doing away with the estate tax would produce $3.67 in output for every $1 of static revenue loss.

Finally, Alicia Munnell, a former member of President Clinton's own Council of Economic Advisors, in a 1988 economic review, estimates that the costs of complying with estate tax laws are roughly the same magnitude as the revenue raised.

This came right out of the White House.

The other factor I am very sensitive to—because before I came to this body or to the other body down the hall, I spent 30 years in the real world—I know what it is like and how tough it is out in the real world. I wish every Member of the Senate had that kind of 30-year experience. I can remember the years I spent working long hours hiring people and expanding the economic base.

There is one statistic that is hardly ever used around here. Every 1 percent increase in economic activity produces an additional $24 billion of new revenue.

If you look at the motivation of many of us—I am not the only one in this Chamber. I am not the only one certainly in Oklahoma or in this country who spent the majority of his life working, not for himself but for the kids. Would I have worked those hours and would I have taken the time to go out and generate the jobs and revenues for this country if I had known that I could not have passed them on to my children?

I say this: For probably the last 20 years of the 30-some years I worked in the real world, I worked for my four kids and now my grandkids.

If anyone in this Chamber who was opposed to the 1993 Clinton/Gore tax increase—which some have characterized as the largest single tax increase in the history of this country, and the increase in estate taxes at that time—if they were offended by that and felt we increased taxes too much, as even the President said he did, this is your opportunity to undo some of that damage.

Finally, I consider this to be a moral issue. I think any time you have the Government saying you must spend your savings on yourself and not give to your kids, it becomes a moral issue.

I yield the floor.

The PRESIDING OFFICER. The Senator in Wyoming.

Mr. BAUCUS. Mr. President, I understood that Senator SCHUMER was going to speak, according to the list that I have.

Mr. THOMAS. Mr. President, we had 15 minutes. The Senator from Oklahoma used part of it. I intend to use the remainder. We are a little behind on time.

Mr. BAUCUS. That put us behind.

Mr. THOMAS. I will use about 5 minutes.

Mr. BAUCUS. I thank the Senator.

Mr. THOMAS. Mr. President, this is an interesting debate. It has gone on now for a substantial amount of time. We talked about all of the details. Of course, that is a proper thing to do. There are all kinds of ideas in the Senate, which is the way it is supposed to be. That is what the Senate is about.

There are many, particularly on that side of the aisle, who want to spend more—that more spending is the better thing to do. There are others who believe there should be a limit on spending—a limit on what the Federal Government does. But that is a judgment we need to make. Some apparently think that it is better to penalize spending, to make it more difficult for people to amass money. Others believe we ought to encourage savings. That is what the system is about. It causes people to be able to work and save for themselves.

There are some who believe we ought to be in the business of redistributing income. Of course, we are dealing with that all of the time. Others believe we ought to encourage enterprise and entrepreneurship. These differences, philosophical and others, are as they should be. It is the role of the Senate to do that. It is also the obligation and role of the Senate to come to closure.

The idea that we drag these things along is exasperating. We have 35 days left in this session to finish many things, including the very important appropriations bills. As we move toward the end, of course, we have an administration that is interested, as always, in shutting down the Government and blaming the Congress so they get all the appropriation things they choose.

The House adopted this bill by a vote of 279–136, which is greater than a two-thirds majority. This estate repeal, this death tax repeal, over a 10-year period, does away with the death tax. It takes death out of the formula. It would not eliminate taxes. Those properties and values passed on to someone else will be a basis, and when and if those are disposed of, there will be a tax on them. It isn't a matter of not taxing them; it takes death out of the proposition.

Interestingly enough, despite all the concerns about revenue impacts, the tax raises only 1 to 2 percent of overall Federal revenues. That is relatively small. As a matter of fact, the Joint Economic Committee indicated a probable loss of income taxes because of businesses that have to be shut down as a result of estate taxes, thus causing a deficit.

This idea that we will eliminate taxes, that people don't pay taxes on the property, isn't true. They will be paid on the basis of whenever they are disposed of.

There are a number of things that need to be dealt with. One is that the death tax kills jobs. No question about that. Many small businesses and farms have to sell their properties. Jobs are eliminated. Those people who lose their jobs are taxed at 100 percent. I happen to be from the West where we are interested in keeping open space. Agriculture does that. Many agriculturists will have to sell their lands when they have to pay this estate tax. It will be developed. It ruins that idea.

Certainly double taxation is involved here, so there are some philosophical issues that we ought to take into account. Again, I will stay away from the details. We have had a great deal of talk about the details.

Instead of talking about the fact that we have lots of money, there are a million things for which we can spend it. We have had more difficulty holding down the size of the Federal Government, and that is more important when we have a surplus than when we have a deficit because there are a million things for which we can spend it. We ought to talk about what is the legitimate role of the Federal Government; what is the role of State and local governments.

Do we just involve ourselves in everything because there is money available? I don't think so. We have a constitutional government, a constitutional limitation. We ought to talk about that. We ought to talk about saving Social Security. We are doing that. We ought to talk about strengthening health care. We are doing that. We ought to pay down some of the debt. And then, frankly, we talk about taxes. Money ought to go back to the people who own it, who are paying in. Fairness ought to be a part of this whole equation. I hope it will be.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. SCHUMER. I am here to talk about the estate tax and what we ought to do about it. I want to make a couple of points.

First, I give the person who named it the ''death'' tax a lot of credit. I don't think this issue would have the velocity it does if it were not called that. At certain times, words somehow convey things. Sometimes they are correct; sometimes they are incorrect. I believe if ''junk'' bonds had been called high-yield bonds, we would have a different economic history. As we have learned, junk bonds play a useful role in the economy. For a while, when they were called ''junk,'' people changed their views. Words have a funny way of working. When we say death tax, people say that sounds horrible. It almost sounds like something from Star Wars.

Second, I am not one who says that this is a great thing and we must have it in place. In one particular area I think there is great resonance for eliminating this. That is, that any organic business—a farm, a small business, and frankly a large business—that would have to be broken up because of the extent of the tax should not be. A business is an ongoing organism. It employs sometimes 10 people and sometimes 10,000 people. To have to break that business up to pay any tax, to me, is counterproductive. That is why I have floated a proposal to my colleagues that eliminates this for any ongoing business that is passed down through the family and delays the payment of the tax until that business is broken up, either by the next generation or the generation after that. That makes sense to me.

If we were in a world of unlimited dollars, I would be for immediate repeal of the whole thing—not just the family part. But we are not. We have to make choices. That is what this is all about. If you had to make one argument about what the debate concerns, it concerns choice. What are our choices? It has been well documented by many of my colleagues that 98 percent of the American people right now do not pay the estate tax. It has been documented that the amount of income is going up and up and up. You have to be millionaire before you pay that tax. Soon you will have to be—whatever the word is—a ''dual'' millionaire, have at least $2 million before you pay the tax. Only 2 percent of Americans are affected. Of the 2 percent who pay, the very wealthiest, the billionaires, pay a huge proportion of that tax.

Do they resent it? I guess they do. I give them credit for having built up their businesses and earned all this money. They say they pay taxes all along; why should they pay it again. By that argument, no one should pay taxes any time. We pay a sales tax. We pay an income tax. We pay corporate taxes. We pay property taxes. They often hit the same people more than once. That is unfortunate.

Why do I say this is a choice issue? You have to compare. Since we don't have unlimited money, we have come to a consensus. We ought to buy down the debt and save Social Security which takes the majority of the now projected $4 trillion surplus. What do we do with the rest? I agree with my friend from Wyoming that tax cuts should play a part. We shouldn't have all spending proposals. I believe there ought to be a mix. Once we buy down the debt, we ought to have some tax reduction and some necessary spending proposals. Education and health care and transportation would be my priorities.

When we do tax cuts, who do you want to help? What best helps America? I am here to talk about a proposal that I think 95 percent of all Americans would prefer rather than what is being proposed here; that is, to make college tuition tax deductible, particularly for middle-income people.

College is a necessity in America these days. We know that. We know the old-time way of a job being handed down from great-grandfather to grandfather to father to son or great-grandmother to grandmother to mother to daughter is gone. We know that only people in America whose income level has actually gone up during this prosperity are those with the college education. So college is a necessity for families, for parents, for individuals. It is a necessity for the individual's well-being, but it is also a necessity for the well-being of America. Because as we move into an ideas economy, we surely will not stay the No. 1 country in the world if we do not have the best educated people. Praise God, so far we do. But that could flow away.

One of the main impediments to us staying No. 1 and continuing to have the best educated people in the world is the high cost of college tuition. If you are a family who is solidly in the middle class—let's say you make $50,000 or $60,000 or $70,000 a year—you get no help with those tuition bills. If you are poor, we give you a lot of help. We should. I love seeing ladders where poor people can walk their way up and establish themselves in America. If you are rich, you don't need it. You can afford that high college tuition. But if you are a middle-class person, if you are that hard-working majority of Americans right there in the middle—let's say the husband and wife work and let's say their total income is $65,000, $70,000; that is pretty good until the tuition bill hits; until they see they have to pay $10,000 or $15,000 or $20,000 or even $30,000 to send their child to the best possible school—you don't get any help at all.

We can. We can next week when we debate the estate tax. I ask my colleagues, where would it be better spent? To help the very wealthy in America not pay the estate tax—again, all things being equal why not—or is it better to help the middle class pay for their children's college? Why, when people struggle to save their $10, $20, $50 every week to pay for college, does Uncle Sam then take a cut when we know that this is good for America? When you send your child to college, you are not only helping that child and your family, you are helping America. You are helping us achieve the best educated labor force in the world. So why, when families struggle, and struggle they do, does Uncle Sam take a tax cut?

I make a good salary as a Senator. I have no complaints. God has been good to me and my family. But we have two daughters, beautiful daughters, the love of our lives, 15 and 11. We are up late at night figuring out how we are going to pay for their college education.

There are millions of American families whose children do not go to college because it is expensive, too expensive.

There are millions more—I was in Niagara Falls this Monday, 2 days ago. I heard of a family, the Maskas, with seven children. They are trying to send each one to college. A few of them are in college at the same time. But do you know what they had to do? They had to tell one of their young children, even though he was doing very well in school and had good boards, that he had to go to a nearby junior college because they couldn't afford the college he deserved to get into.

So it is not only people who can't get into college; it is people who scale down the college they choose because they cannot afford the more expensive schools. Tuition has gone up more than any part of our budget. The cost of health care, from 1980 to 1995—which everyone talks about having a huge amount of increase—went up 175 percent; 250 percent is tuition.

The bottom line to all of us in this Chamber is simple. It is not whether we are for or against removing the estate tax in the abstract. It is a choice—choice—choice—choice: Do we take these hundreds of billions of dollars, which I believe I agree with my colleague from Wyoming should be sent back to the people—and send them to the very wealthiest people or do we give some back to the middle class to help educate their children and get them the best college education possible?

I daresay the vast majority of voters in every one of the 50 States believes it is better to vote for the proposal that I will make on the estate tax bill. I have done it jointly. I do not know if we will be offering it together, but the proposal was put together by myself, the Senator from Maine, Ms. SNOWE, the Senator from Indiana, Mr. BAYH, and the Senator from Oregon, Mr. SMITH. It is bipartisan. I urge my colleagues next week, when the estate tax bill comes to be debated, if it does, to decide the choice. Do we return the money to the wealthiest 2 percent, especially those who do not have ongoing farms or businesses—because we are going to deal with them—or do we send it to the millions of middle-class Americans who are up late at night, worried about whether they can afford to send their children to school, and who right now get virtually no help from Washington?

Mr. President, I yield my remaining time to the Senator from Nevada.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. So there is some order here, we wanted to go back and forth. It is now the Republicans' turn. It is my understanding Senator DOMENICI will speak. Following that, so colleagues on my side of the aisle will know, Senator HARKIN will have 15 minutes. Then the last speaker we will have is Senator LAUTENBERG and he will have whatever time we have remaining, probably about 13 minutes.

Mr. THOMAS. As I understand it, I agree: Senator DOMENICI, then Senator HARKIN, and then we have Senator HUTCHISON.

Mr. REID. Mr. President, I ask from the time of the Democrats, the minority, that Senator HARKIN be given 15 minutes and Senator LAUTENBERG be given the remaining time that we have. I ask that in the form of a unanimous consent request.

Mr. THOMAS. I have no objection.

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

Mr. THOMAS. I yield 15 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I think almost everyone has heard the name Dr. Milton Friedman. I would like to start my brief remarks by quoting this very distinguished Nobel prize winning economist, who notes:

> The estate tax sends a bad message to savers, to wit: that it is OK to spend your money on wine, women and song, but don't try to save it for your kids. The moral absurdity of the tax is surpassed only by its economic irrationality.

You could stop there and say no more, and ask, do we really have a tax on the books of the United States that will lead Americans to waste their money rather than save it to leave to their children? And then to be add the economically irrational absurdity. One could just read that indictment and conclude that it is a good source of information, a Nobel winner in economics, a splendid proponent of entrepreneurial capitalism and what makes it work and what detracts from its working. Dr. Friedman's quote could be the sum and total of my speech. I could stop there.

But let me proceed on with a couple of facts. These are real. It does not raise very much money. It is a big trap for the unwary. It is viewed as the most confiscatory tax, with its rates reaching 55 percent, and if coupled with the generation-skipping tax, the practical effect of the tax is that it can grab as much as 85 cents on the dollar. I do not believe we in America ought to have any tax on the books that can take as much as 85 percent of any dollar, earned or owned, by any American. So that is the debate.

It hits a diversity of people. Two groups most adversely affected are small businesses and family farms, which are absolutely frightened of the concept that at a point in time when they most need their managing partner, when the business or farm needs its key person the most, that key person has died, by definition, and up to 55 percent straight on—without generation-skipping trusts protecting children—55 percent of the estate would go to the Government.

There are all kinds of excuses and explanations. It is payable over time. Yes, some would say: Thank you, Federal Government, as you take 55 percent of everything we saved and earned and built up; it is generous that you let us pay that 55 percent over time.

I do not know if that means anything. It probably means the Government got to the point where it was absolutely absurd trying to make them pay that 55 percent all at once because the horror stories were so rampant that Congress would say: What are we up to? After listening to that for a while, they made it payable on the installment plan.

Again, my own sense of what this does and what my constituents have told me is consistent with Dr. Milton Friedman: The Estate Tax penalizes savers. Someone who is getting old may have accumulated an estate perhaps made up of a nice house, a nice summer cabin, and may own two filling stations. Try that on as to whether they are a real rich person: A really nice house, a summer cabin, and two filling stations of the modern type today. They are going to pay a huge amount on the appraised value of that estate, and let's add to it that they saved and have $50,000 in the bank. All of these assets were acquired with money that had already been taxed as income under the Federal income tax.

It is a double tax; I do not think anybody would doubt that. Nobody would come to the floor and say it is not. Assets are purchased with after-tax dollars and then taxed again under the estate tax.

The approach in the bill before us is a very fair approach. There are some who think the bill allows rich people to avoid paying taxes. It does not. The change is a timing change. Death would not be the taxable event. Instead, a family business or farm or other asset inherited would be taxed when it is sold, but it is not a giveaway, as some allege, because the basis for calculating the tax at the time of the sale would be the same as if the original owner had sold it. It would be taxed on a carryover basis.

That means, to make it very simple, if your entire assets are three warehouses when death occurs, the three warehouses have a value at the date of death, but they are not taxed then. When one or two or three of those warehouses are sold by the inheritor, they pay a capital gains tax using the original value, which might have been the value 10 or 15 years ago when the asset was first acquired.

If they make a very large amount of money when they sell it, that is taxed as capital gains. It is changing the taxable event from the date of death that triggers the tax to the date of an actual sale by one who inherits it. That is the event.

It seems to me when everybody has that understood—some of the people who are saying this is not a fair approach, and some Americans who have been listening might say, Is this really fair—they will come down on the side that this is a much fairer approach than taxing on the value on the date of death.

I compliment the chairman of the Finance Committee for his fine work. He is correct that this is one tax that should be abolished. This is a good and fair tax policy, and it moves us toward tax simplification, which, in and of itself, is commendable and something we are always trying to do with our Tax Code but succeed rarely. We talk much and succeed rarely.

NEW MEXICO WATER RIGHTS

Mr. DOMENICI. Mr. President, I want to talk about some other things that should be abolished. Last week, the Solicitor of the Department of the Interior issued a two-paragraph memorandum that he calls a legal opinion. In that memo opinion, he attempts, in one fell swoop, to overrule New Mexico water law and the rights that are established under New Mexico water law which are called the rights of prior appropriation, the cornerstone of water rights, and the right to use water and how to allocate water when water is stored.

In that same opinion, as I view it, he has abolished our water law and nationalized the Middle Rio Grande Conservancy District, one of the largest irrigation districts—if anyone has flown over Albuquerque, that big green belt is the Rio Grande, and anything you can see in Albuquerque on that part of the river is part of the conservancy district. That conservancy district is not, as the Solicitor said, ''an agent of the Federal Government.'' He is going to have plenty of time to prove that for he is going to be challenged in every court wherever we can, and perhaps even in the Congress, on whether that is an appropriate conclusion.

Let me tell you about the creation of this Middle Rio Grande Conservancy District and its mission.

First, it was created by the State of New Mexico by our State legislature in 1923. It was the Conservancy Act of New Mexico. It was not created by the Federal Government. It was created by New Mexico. It owes the Federal Government no money. It paid off its last rehab and construction loan in 1999.

Solicitors at the Department of Interior or any other lawyers just do not walk around nationalizing assets. In some countries, dictators do, but certainly it is not the way we do things in America.

The partial effect of this memo is to overturn New Mexico and western water law. In our State, water is a precious commodity. I wish we had more of it so it would not be so precious, but it is precious and we have too little of it.

In New Mexico, we have endangered species. We have more than one, but one lives in the lower reaches of the Middle Rio Grande River. We have a silvery minnow. And in the river right over the mountains is a blunt-nosed shiner. I wish we had fewer endangered species and more water—that would be very good—but such is not what has been dealt New Mexico.

We have a water rights system, and it essentially is a seniority system. This Solicitor ignores that basic premise. Adding insult to injury, the matter was already before our Federal courts, and on June 19, 2000, Interior Solicitor Leshy issued a brief opinion stating that the Bureau of Reclamation, the entity that manages some of the water, has title to the water in this Middle Rio Grande Conservancy District. How he will ever make that stand up I do not know, but I hope there are judges left who will get to the heart of this issue and determine that is not a policy nor is it fact.

In October of 1999, the Bureau of Reclamation biological assessment stated the bureau did not have a controlling property interest in this Middle Rio Grande conservancy facility.

On Thursday, the Albuquerque Bureau of Reclamation area manager sent a letter to the Middle Rio Grande Conservancy District that they operate as agent of the United States and should operate its ''transferred works'' allow 300 cfs of water to bypass San Acacia Dam on the lower river for the silvery minnow.

This places all the burden on these farmers and none on the rest of the users, which is inconsistent with New Mexico law again. This places all the burden on this one group.

The Middle Rio Grande Conservancy District's position is that providing water for the fish should not all be borne by their water users, i.e. the farmers. The burden should be shared. There are many big water rights holders including the city of Albuquerque. The Bureau of Reclamation countered that it has title to the Conservancy District's water so it can claim it, but that it does not have authority to take the Albuquerque city's water because it is other people's water.

New Mexico says that the Federal Government must comply with State law and get a permit to change irrigation water to water for fish habitat. It further admonished that the Federal Government has no authority to interfere with the state's interstate delivery obligations. I believe the federal government's strategy is to divide the parties, as well as to avoid a hearing on the merits of the biological need for wet water for the fish.

To conclude, if we are ever to have cooperation to preserve this endangered species, the silvery minnow, this is exactly the way not to do it. There was a burgeoning working together, cooperative group. I was part of it. Many environmental groups were part of it.

We were looking for a way to collectively and collaboratively create some habit activities, and then construct some habitats for this minnow, and to do it with the full assistance of the Federal Government. Along comes this Leshy opinion and out the window goes all that. Now it is full speed ahead with litigation on all sides, and people working in the Congress to see what we can do to be fair.

If I have not used all my time, I yield whatever I have to the distinguished floor manager, the Senator from Wyoming. I thank the Senate for the time given me this morning.

The PRESIDING OFFICER. The Senator from Iowa is recognized for up to 15 minutes.

THE 10TH ANNIVERSARY OF THE AMERICANS WITH DISABILITIES ACT

Mr. HARKIN. Mr. President, it seems as if we can take all kinds of time on the Senate floor—hours, days—talking about how we are going to benefit the richest people in America, many of whom inherited their wealth. After all, that is what estates are; they are wealth that is passed on from one generation to another. I do not have anything against that, but it seems to me we spend an undue amount of time talking about how we are going to help the richest, most well-off people in our country, who, by and large, can pretty well take care of themselves.

So I am going to diverge a little bit because I want to talk about a group of individuals in this country who do not fall into that Fortune 500 or 400 or whatever it is—the Forbes 400—people who have the big estates. I want to talk about a group of people who have been discriminated against in our society for far too long and with whom we in Congress had made a pact 10 years ago and President George Bush signed into law the Americans with Disabilities Act to say that we, as a nation, are no longer going to tolerate discrimination against any individual in this country because of his or her disability.

July 26—a couple weeks from now—will mark the 10th anniversary of the signing of the Americans with Disabilities Act. As those of us who worked so hard for the ADA predicted, the act has taken its place among the great civil rights laws in our history. On July 26, 1990, we, as a country, committed ourselves to the principle that a disability in no way diminishes a person's right to participate in the cultural, economic, educational, political, and social mainstream.

By eliminating barriers everywhere—from education to health care, from streets to public transportation, from parks to shopping malls, and from courthouses to Congress—the ADA has opened up new worlds to people with disabilities. People with disabilities are participating more and more in their communities, living fuller lives as students, coworkers, taxpayers, consumers, voters, and neighbors.

As part of the anniversary celebration—the 10th anniversary of the signing of the Americans with Disabilities Act—I recently announced the ''A Day in the Life of the ADA'' campaign. I am asking people across the country to send stories about how their lives are different because of the Americans with Disabilities Act. We are going to be using these stories to celebrate our accomplishments and to learn more about what we still must do to give all Americans an equal opportunity to live out the American dream of independence. We already have received many wonderful stories that show how the ADA is changing the face of America. I look forward to receiving many more.

I ask the people to either send these stories by e-mail to adastories@harkin.senate.gov or send them to ''A Day in the Life of the ADA,'' c/o Senator TOM HARKIN, 731 Hart Senate Office Building, Washington, DC, 20510.

We want to tell these great stories in the celebration that will take place on July 26. There will be ceremonies at the White House. We will take time here in the Congress to talk more about the Americans with Disabilities Act, what it is, what it was meant to do, and what it has accomplished.

The ''A Day in the Life of the ADA'' campaign will create a historical record of the profound impact the ADA has had on the daily life of people with disabilities. I will share with you a couple stories I have already received.

I spoke with a woman in Des Moines, IA, who told me that not only had the ADA helped her son, who has a disability, get a job working at a restaurant, but that because of the fact he has that job he has become a role model for other kids with disabilities, to show them that they, too, can get jobs and work.

I recently met and spoke with Theresa Uchytil from Urbandale, IA. Theresa is this year's Miss Iowa and hopefully will be next year's Miss America. She was born without a left hand. She told me that the ADA has given her and other people with disabilities confidence to pursue their own dreams.

I received a letter from a woman in Waukegan, IL, who is blind, who wrote:

> The ADA has allowed me to receive my bank statements in braille. This might seem like a small victory to some. Obviously such people have never been denied the ability to read something so personal as a bank statement.

I heard from a man in Greenbelt, MD, just outside Washington, DC, who is deaf. I will quote him. He said:

> When I turn on the TV in the morning, I can watch captions and public service announcements because of the ADA. When I go to work and make phone calls, I use the telecommunication relay services enacted by the ADA. In the afternoon I go to the doctor's office and am able to communicate with my doctor because the ADA has required the presence of a sign language interpreter. After the doctor's office, I decide to go shopping and am able to find a TTY (as required by the ADA) in the mall to call my family and let them know that I will be a bit late in arriving home. . . . In short, the ADA has had a major impact on almost every facet of my life.

I heard from a man in Berkeley, CA, who has cerebral palsy and uses a wheelchair. He said:

> The ADA has made me able to live independently. I can now get into most every restaurant, movie theater or public place. The ADA has put me on a level playing ground with the rest of society. I realize that if I had been born any other time before I was, I would not be able to lead the life I do. I am going back to school in the fall. I hope to educate people by either being a teacher or a lawyer. I do not think that this would have been possible without the ADA.

These are only a few of the many stories we are receiving. I encourage others to send in their stories, again, to create a historical record of the profound impact the ADA has had on the daily lives of people with disabilities, their families and friends, and every American. I encourage everyone to share their stories, their family stories, about how the ADA has improved their lives.

For example, I would like to have stories about how the ADA has eliminated segregation in education and health care and the workplace, how the ADA has increased the accessibility of schools and colleges and government and the workplace for people with disabilities. I would like to hear stories about how the ADA has made it possible for people with and without disabilities to enjoy the smaller things that many of us take for granted—going out to a birthday party dinner as a family, going to a movie with a friend, a loved one, or a family member, going to a museum with friends on a Sunday afternoon, or just plain going out to the grocery store to shop for groceries.

The ADA has improved people's lives. I need stories that show how the ADA has improved people's lives in any other way, maybe some I have not even thought about.

We will share these stories to show how the ADA has benefited people with disabilities and how it has benefited all of American society—by integrating and pulling people from all walks of life into every facet of our lives in America: in education, in the workplace, travel and transportation, and government services.

Again, during this time of debate on the estate tax bill, and what we are going to do to help some of the richest people in America, I want to take this time to let people know there are a lot of Americans out there who, because of what we did 10 years ago in passing the Americans with Disabilities Act, are leading fuller, richer, more independent lives.

We celebrate that this year on the 10th anniversary on July 26. I ask everyone to help build this record of the ADA successes, again, by sending their stories either by e-mail, at adastories@harkin.senate.gov, or ''A Day in the Life of the ADA,'' c/o Senator TOM HARKIN, 731 Hart Senate Office Building, Washington, D.C. 20510.

By doing this, we will build a historical record. We will show how the ADA has indeed made us a better country, how the ADA has made it possible for people from all walks of life, regardless of their disability, to work, to travel, to enjoy their families and friends. This is what we ought to be talking about in the Senate. This is what America is about, not about helping the few at the top who already have too much but by helping those who have been discriminated against for so many years, shoved into nursing homes, into dark corners, discriminated against in every aspect of their lives, people with disabilities, and how we as a society came together 10 years ago, Republicans and Democrats, in a bipartisan fashion to say we are going to end this kind of discrimination once and for all.

That was one of the great bipartisan victories I have seen in my 24 years in the Congress. These are the kinds of things we ought to be debating and doing.

I take this time to encourage these stories to be sent in, so when July 26 rolls around and we celebrate the 10th anniversary of the Americans with Disabilities Act, we will have personal stories about how it has helped people from all over the country.

Mr. BOND. Mr. President, I rise today in strong support of the motion to proceed to H.R. 8, the Death Tax Elimination Act of 2000. While this legislation has long been one of my priorities as chairman of the Senate Committee on Small Business, it is of critical concern to a sector of the United States economy that employs more than 27.5 million people, generates over $3.6 million in sales, and has grown by 103 percent in the past four years. That sector is women-owned businesses.

As one of the fastest growing segments of the economy, women-owned small businesses are essential to America's future prosperity. In recognition of this growth and their contribution to our economic life, I led a bipartisan group of policy makers last month to convene the National Women's Small Business Summit, New Leaders for a New Century, in Kansas City, Missouri. With the support of Senators KERRY, FEINSTEIN, HUTCHISON, SNOWE, and LANDRIEU, we set out, through this summit, to listen to women-owned small-business owners. Our goal was to elicit their views, concerns, and policy recommendations on the obstacles that women entrepreneurs face every day as they strive to run successful businesses.

One issue that we heard loud and clear was that the ''death tax'' has to go. In fact, repeal of the estate tax was the number one tax priority identified by the summit participants. So it is particularly timely that the Senate is considering this crucial legislation that will eliminate a tax that discourages hard work and innovation rather than encouraging and rewarding it.

Mr. President, I believe we can now agree on both sides of the aisle that the estate tax is highly detrimental to small and family-owned businesses and farms in this country. Indeed, according to recent findings, the estates of self-employed Americans are four times more likely to be subject to the estate tax than Americans who work for someone else. In addition, because owners of small businesses do not know when they will owe the estate tax or, consequently, how much they will owe, the tax exacts excessively high compliance costs.

For example a June 1999 survey by the Center for the Study of Taxation found that eight of ten family-owned business reported taking steps, such as estate planning, to minimize the effect of this tax. Moreover, the Upstate New York survey revealed that the average spending on estate planning was almost $125,000 per business. Similarly, a survey by the National Association of Women Business owners found that the estate tax imposed almost $60,000 in estate-tax-related costs on women business owners.

These costs translate into thousands of dollars of valuable capital that women-owned businesses are pouring down the drain simply to ensure that the estate tax does not become the grim reaper for their businesses. And if anyone thinks that wasting these funds is not important, they should note carefully that access to capital was the second most pressing issue area identified at the National Women's Small Business Summit.

Mr. President, compliance costs pertaining to the death tax also directly affect the availability of jobs. In the Upstate New York survey, an estimated 14 jobs per business have been lost because of the cost of Federal estate-tax planning to those same businesses. A study by Douglas Holtz-Eakin found that the estate tax caused an annual 3 percent reduction in desired hiring by sole proprietors. A 1995 Gallup poll also found that three out of five businesses would add more jobs over the coming year if the estate tax were eliminated.

If nothing else, this legislation boils down to one simple issue—jobs! Small businesses are the top job creator in this country, and the death tax is sending those jobs to the grave. Existing businesses are not hiring as many workers because of estate-planning costs, and when the owner dies, this tax can cause the business to be liquidated just to pay the government. And when those doors close, they close hard and fast on the jobs that the business provided in our local communities. That is a reality we simply cannot ignore or allow to be concealed by erroneous claims that repealing the death tax is just a tax cut for ''the rich.''

Mr. President, the cost of the estate tax is high not only for small business owners, but for those seeking employment and for the overall economy. It is time that those costs are eliminated by repealing the estate tax once and for all. I urge my colleagues to support the motion to proceed and the underlying legislation for the continued success of America's women-owned businesses and the jobs they create.

Mr. SMITH of New Hampshire. Mr. President, the estate tax better known as the ''death tax'' is an onerous tax that should be eliminated. A recent poll revealed that 77 percent of the voters believe that the tax is unfair.

This tax is slowly destroying family businesses by slowing growth. And it's unfair that families who have worked their entire lives to build a successful family farm or business should be penalized.

Individuals who look forward to leaving something behind for their children should not be punished by confiscatory, anti-family taxes.

In fact, after years or even generations, children are often forced to sell the family farm or business just to pay the tax. This is both unfair and unconscionable.

However, not only is it the children who must suffer the loss of the family business, but the workers and their children who suffer when they lose their job because the business they've been working at is liquidated to pay the death tax.

But it doesn't stop there. The local community, particularly small towns suffers as well because their customers can no longer afford to buy their products after having lost their job.

The estate tax is outdated, it raises little money, and it imposes a large cost on the economy.

In 1999 the estate tax generated about $24 billion. However, it is estimated that administrative costs to enforce the tax are over $36 billion.

A recent analysis by the Heritage Foundation, found that the U.S. economy would average nearly $11 billion per year in additional output.

The National Association of Manufacturers states that 40 percent of its members had spent more than $100,000 on attorney and consultant fees related to death tax planning. In addition 3 out of 5 members pay at least $25,000 a year to prepare for the death tax.

A 1998 study by the Joint Economic Committee found that if the death tax was repealed, as many as 240,000 jobs would be created and Americans would have an additional $24.4 billion in disposable personal income.

A February 2000 study by the National Assoc. of Women found that the death tax has a negative impact on female entrepreneurs.

According to the study, business owners found that female entrepreneurs spent on average nearly $60,000 on death-tax planning.

Some have argued that it is the rich who benefit from eliminating this tax. Mr. President, the wealthy and powerful, including many in this body, who can afford high priced legal and financial advise to avoid the taxes.

Therefore, who's left holding the bag but the middle-class.

This tax is unfair and it is anti-family. We must repeal this tax now. Mr. President, I urge passage of this legislation.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, we have to conclude by 11:30. If Senator LAUTENBERG is prepared to take his time now, then we will pick up the remainder with the last speaker.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, may I ask what the parliamentary situation is regarding the time allocation?

The PRESIDING OFFICER. The Senator was allotted the remainder of the Democratic time, which is 15 minutes.

The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, we are going to take a couple of minutes to develop our opposition comments regarding the elimination of the inheritance tax. The repeal of it is an interesting prospect but not one that has much merit. My strong opposition to the ultimate repeal of the inheritance tax will be obvious with my comments.

This legislation would provide a huge windfall to a handful of very wealthy individuals at the direct expense of ordinary, hard-working Americans.

Without meaning to brag, I had a successful business operation before I came here. I was chairman and CEO of a very large company with over 16,000 employees, a company that I began with two other fellows from my home city of Paterson, NJ—a mill town with a great industrial past, at the time I was growing up there, but with a dismal current situation—the three of us, by dint of hard work. My parents and the parents of the two brothers with whom I was associated were all immigrants. My parents were brought as infants by my grandparents, and my colleagues' parents came at a later date and time in their lives. We were poor.

I just retraced these roots with a newspaper because I am in the process of ending my Senate career come January 2001. We were very successful. That company we started without anything today employs 33,000 people. It is one of America's leading examples of what happens when there is hard work and initiative and there is creativity in this great country of ours.

I am one of those people who will fit in the 2 percent who are going to be principally affected by the reduction and ultimate elimination of the inheritance tax. I have four children. I am a proud grandfather. I have seven grandchildren, the oldest of whom is 6.

When I am called upon to ascend to a different place, there is going to be an estate. My children have never said to me: Dad, you have to get rid of the inheritance tax, or, Dad, make sure we are well taken care of. They have had a decent life.

I stand here to say, yes, my estate is going to pay a lot of tax when I go, a lot of tax. It is OK; it is all right with me. It has to be all right with my children.

Talking about the three of us who ran the company ADP, we succeeded in this country not just because we were willing to work hard and we had some smarts and we did the right thing. We were made successful because of the resources available in this country. We were made successful because lots of people who struggled to make a living and support their families did the work they had to. We were made successful because this great land in which we live provided the opportunity.

We could be just as clever and just as hard working in lots of other places around the world, but we never could have accumulated the resources we had. Neither could Mr. Gates or the other people now almost legendary multibillionaires. They couldn't have done it without lots of little people, lots of people doing the scut work, doing the hard labor, or using their brains that were developed by investments through our society, through this Government, helping to develop schools that would cultivate the thinking and the creativity that went into making their contribution. A lot of them, as was true in my own company, got rewarded, but they were not in the $20 million estate group or even higher. They weren't in the number 374 with an average amount of assets of $52 million.

They are not in that group. The group isn't very large, but it is very powerful. This group is very powerful. When they speak, everybody here listens—just about. They hear from the leaders of these companies. They hear from the people who bought the boats, the private yachts, and the airplanes. Now there is almost a contest within our society—and I know some of these folks—about who can build the biggest yacht. They are up to over 300 feet now. That is the largest private yacht sailing the seas. It has a crew of almost 50 people. I don't know what is going to happen to that man's estate, but I don't think he deserves to have that estate protected without acknowledging the fact that he owes something back to this society. He has an obligation—his estate has an obligation to make sure something remains so there can be other entrepreneurs, business leaders, scientists, and physicians created, to make sure this country is able to carry on.

Part of what is in the basic ethic of this Nation of ours—and it goes back to its founding days—is hard work; do your share. I used to hear in my household from my grandmother that you had to ''leave something over for those who need help.'' You could not just take it and walk away. What is going to happen to that work ethic?

Bill Gates is worth, they say, somewhere around $100 billion. I don't know him personally, but I hear he is a real good guy, very philanthropic. He gives away a lot of money to very noble causes. But if he chose to say, look, my estate will pay the 55-percent tax, that will leave, by my calculation, $40 billion or $60 billion to be divided among his children. I don't hold him out to be evil or the devil. I use the arithmetic description to try to make the point; it is to make the point that we ought to be very careful.

None of us like taxes. I don't like them. But I know they are necessary. If you want to belong to ''Country Club America,'' you have to pay the dues—especially if you succeed, as only you can in this country of ours because of the resources that are here. Some of them are natural resources. We have a wonderful location and the ability to ship goods from our oceans. This is one incredible place. Boy, are you lucky to belong to ''Country Club America.'' But I think it is necessary to pay your dues. I think it is necessary for me to pay dues. I think it is necessary for my estate to pay dues. My estate will be assessed at the high rate. It is not going to leave my kids poverty stricken, nor is it going to leave the 346 wealthiest people who will leave estates at $52 million poverty stricken.

I don't even think the heirs to estates of from $10 million to $20 million—there are 688 of them and they will pay $3.7 million in taxes—will be impoverished. We are looking at estates of from $5 million to $10 million. There are roughly 1,800 of them. Those estate taxes will be $1.9 million. That leaves $4 million to the beneficiaries. That doesn't sound like impoverishment.

Look at what the picture is. On this chart, we have the 374 largest estates. If the Republican tax plan goes through, they will save $11.8 million each. That is just 374 estates. And roughly 300,000 estates will pay zero estate tax.

Is that fair? That is the question. Is it fair that we take such good care of people who have a $50 million estate, on average? And some are substantially larger. Where is the conscience here? Roughly, 2 percent of the people in the country have estates that pay any tax at all. Out of the 2.3 million, only 2 percent have any inheritance tax at all. Most people don't leave estates that hit inheritance tax levels. They don't pay taxes. By the way, all through this successful person's lifetime—and some are successful because they pick the right father—those estates pay a very small portion of the inheritance tax revenues. But we want to reduce the portion that they do.

All of the rest of the people in America, the people who work hard and try to provide for their kids, the people who try to educate their children so they can go on and succeed in their own right, they don't pay any estate tax because before you must pay estate taxes, you have quite a hurdle to get over.

Also, for the benefit of those considering this, let's remember that if it is a husband and a wife in a family, that family can give $20,000 a year to each child. If they have three kids, they can give $60,000 to those kids. The wealthy people we are talking about can do that. They can give $60,000 to those children, and if it is a 20-year lifetime, you are talking about $1.2 million that you can give away absolutely tax free. You can do that to lots of people. They don't have to be your kids. They can be your friends, your neighbors, or distant relatives. You can give a lot of money away in a lifetime. Then you get a $1.3 million exemption before you start paying any tax at all. So we are looking at a tax that is not fair.

This Nation has its taxes structured on the basis of graduated incomes, and you pay higher taxes. We have had tax reductions. Now, capital gains is 20 percent. The maximum rate we have on income is 39 percent. I am always willing to look at ways to reduce that.

Frankly, I think maybe one of the things we ought to consider—and I haven't run the costs on it—is to say that for people over 65 we even start reducing that 20 percent. Maybe by the time somebody is 70, there would be no capital gains tax, and maybe that will stimulate their investments into the economy and charities—the amount of money given philanthropically—because there is a pebble in the shoe, and also a generosity of spirit. Some people say they would rather give it to a university, a hospital, or a library, than just leave it out there to be taxed. That is a good idea. I know very few people who have these big fortunes who don't do a lot philanthropically. I also know some people who are in the multibillions of dollars worth of estates who have said they are not going to leave anything to their kids, that they will have given them their head start in a lifetime.

I see that the Chair is poised to strike the gavel. I thank you for the time I have had. I hope we are mindful of the public reaction. Taking care of the rich is not an obligation in which we have to specialize.

Mr. THOMAS. Mr. President, on this side, I believe we have 17 minutes remaining.

The PRESIDING OFFICER (Mr. HUTCHINSON). There are 16 minutes 35 seconds remaining.

Mr. THOMAS. Mr. President, I yield the remaining time to both Senators from Texas.

The PRESIDING OFFICER. The Senator from Texas, Mrs. HUTCHISON, is recognized.

Mrs. HUTCHISON. Mr. President, I rise today to speak in favor of this bill. There is no question that what the Senator from New Jersey has just said has some resonance when you talk about paying dues to society. But this is not money that has never been taxed before. This is money that was taxed when it was earned. It is money that was taxed when it was invested. It has been taxed and taxed and taxed. Who could say that an average family who now pays 40 percent of their income in taxes is not giving back enough to society?

On top of all of the taxes they paid on this money, now we are saying we want to change the American dream, which has always been to come to our country—come to America where you have the freedom to work as hard as you want to work, do as well as you want to do, and give your kids a better chance than you have. That is what the American dream has always been. Those who are against this tax are saying: No, no. That is not the American dream anymore. What we are saying in America is come to America and you can be this successful, and as long as you don't go beyond this, it is OK.

We should not put boundaries on success in America. That built our country. Hard work of people who are judged on what they are and not on who their grandparents were is what has built this country.

The estate tax takes away part of the incentive for people who work so hard to give their kids a better chance than they had.

It hurts small business. Seventy percent of all family-owned businesses do not survive through the second generation, and 87 percent don't make it to the third generation. That affects the small business itself, but it affects a lot of people who have jobs in those small businesses. It is the little people who are getting hurt because they don't have jobs anymore.

I have read stories where the main employer in a small town had a family-owned business and could not make it because they had to sell the assets of the business in order to pay inheritance taxes.

Among a survey of black-owned enterprises, nearly one-third say their heirs will have to sell the businesses to pay the death tax, and more than 80 percent report they do not have sufficient assets to pay the death tax. In fact, the president and CEO of the National Black Chamber of Commerce has written a letter in support of this bill because he says the total net worth of African Americans is only 1.2 percent versus 14 percent of the population.

The CEO of the National Black Chamber of Commerce supports the bill before us today. He said African Americans have been stuck at 1.2 percent of the total net worth of this country since the end of the Civil War in 1865, and that getting rid of the death tax will start to create a new legacy and begin a cycle of wealth building for blacks in this country.

The U.S. Hispanic Chamber of Commerce supports the bill before us today. They write: When one family loses its business due to the unfair estate tax, which really is a death tax, the face of an entire community changes. Employers become ex-employers. The economy suffers and a thriving self-supporting group of individuals vanish.

This is a gut issue for small businesses in our country.

The reason is that the assets of a small business are not readily sellable. The assets of a farm and a ranch are oftentimes valued at much more than their actual productivity. So if they have to have a valuation that puts them in the category of needing to pay an estate tax, they have no choice; they have to sell the land in order to pay that tax.

It is not right. It is not perpetuating the American dream.

Let me talk about conservation and the effect of the death tax on conservation. This is an article published in the Dallas Morning News, written by David Langford of San Antonio, the executive vice president of the Texas Wildlife Association. He says it so much better than I ever could.

Since 1851, my family has worked the land in the Texas Hill Country. Through the ups and downs of the past 148 years, we have run flour mills, farmed, ranched and offered hunting and fishing opportunities.

Our land also serves as a habitat for many species of birds, including two endangered migratory songbirds—the golden-cheeked warbler and the black-capped vireo. As a result, my family and I consider ourselves stewards of precious natural resources.

But as is the case for much of the wildlife habitat in this country, the estate tax threatens to tear it apart. The need to pay large estate tax bills often forces families to sell or develop environmentally sensitive land. The estate tax is the No. 1 destroyer of wildlife habitat in this country.

Although we have managed to hold our land together, it hasn't been easy. Before my mother died in 1993, we did everything we could to protect our family's land. Like millions of other family businesses, we paid accountants, tax attorneys and estate planners to help manage our assets in ways to avoid the tax, but it still came to this.

In order to pay the estate taxes and keep the land together when my mother died, we had to sell almost everything she owned, including her home. My wife and I had to sell nearly everything we owned, including our home, and move into a two-bedroom condominium. We also had to borrow money for 35 years from the Federal Land Bank.

Because the value of the land has increased since 1993, if we were killed in a car accident tomorrow, my children would owe more inheritance taxes than the amount I originally had to borrow to pay mine. But that isn't the end of the story. Not only would they pay more taxes than me, but they still would inherit my 35-year note that they would have to continue to pay.

Could my children then keep the land? The short answer is no. It probably would become a subdivision.

Mr. President, these are people whom I hear the other side keep calling "rich," needing to pay their debt to society. These are people who care so much about the land that has been in their families since 1851 that they now live in a two-bedroom condominium to keep that land together.

That is not the American way. That is not right in this country. It is not good for the environment. It is not good for conservation. It is not good for small businesses that create jobs. And it doesn't produce 1 percent of the revenue of this country.

It sends a powerful message that you can only succeed in America this much, and if you have this much, we will take part of what you have worked so hard to earn, what your parents and grandparents may have worked so hard to give you, and we are going to say, I'm sorry, you've done too much.

Mr. President, that is not the American dream. I agree with the U.S. Hispanic Chamber of Commerce; I agree with the U.S. Black Chamber of Commerce. They want the opportunity for their members to create a stability through the generations for their families. I stand with the people who want to keep their land together, to keep a tradition in their families. That is the American way. I hope we will send this bill to the President.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, this has been a great debate. I count myself privileged to have the opportunity to close it.

I am proud of my colleague from Texas. If Members were not moved by the story the Senator portrayed, of people being forced to sacrifice their homes to keep their family farm together, then they don't have a heart and they don't care about the values that at least I consider to be the underpinnings of America.

No issue better defines the difference between the two great political parties than this issue. I am prepared to have every election in American history determined on this issue and this issue alone. The issue is very simple. People work their whole lives, they pay taxes on every dollar they earn; they scrimp, they save, they sacrifice, and they build up a business or they build up a family farm, and, when they die, they pass that business or that farm on to their children. In fact, that is the reason many people work and sacrifice.

My mama didn't graduate from high school, but she had a dream I was going to college. She sacrificed her whole life to achieve that dream. We don't believe that, when people have worked a lifetime to build up a family farm, or family business, or family assets, that their children ought to have to sell off their parents' life's work to give the Government up to 55 cents out of every dollar of everything they have accumulated in their lives. We think it is fundamentally wrong. We think it is un-American. And we believe it ought to end.

When we cut through all the political rhetoric of everything our Democrat colleagues have said in this debate, their reasons for opposing repeal of the death tax come down to two arguments. The first argument is, force people to sell off that family business, force them to sell that family farm, force them to sell off the lifework of their parents because Government can spend the money better.

We reject that. We believe that is a clear indication that somehow the opponents of repeal don't understand what America is really about. Those of us who favor repeal of the death tax don't believe Government can spend that money better. And we don't think it is right to take it from the people who built those assets up.

The second argument our Democrat colleagues make in opposition to repealing the death tax is that repeal would help rich people. When we reduce this argument down, it is an argument that the Government ought to level families, that somehow if a person were born in a family that owned a family business or family farm, that is not fair—the fact that your parents sacrificed and worked and scrimped to build it, it is still not fair for you have it, and at least part of it ought to be taken away from you.

Let me explain why I reject this logic. First of all, the only thing I have ever been bequeathed or expect to be bequeathed was, when my grandmama's brother, my great uncle Bill, died, he left me a cardboard suitcase full of sports clippings. Had it been baseball cards, I would be a rich man today.

The family of our agriculture commissioner in Texas, a lady named Susan Combs, owned a ranch that had been in the family for four generations. When her father died, she was forced to sell off part of that ranch to pay death taxes. Now our Democrat colleagues would have us believe that is good because that levels society.

How did it help me? How did making Susan Combs sell off ranchland that her family had owned for four generations help me because my family didn't own a ranch or didn't own a business? I cannot see how I was helped, or how my children are helped. How does tearing down one family help build up another? How does destroying the life dream of one family build a life dream for another family? We do not believe it does. We think this is fundamentally wrong.

Granted, some rich people may benefit. But so will a lot more people who are not rich. I do not have any inherent objection to people being rich. If they didn't steal the money, if they worked hard for it, if they created jobs for people from families like I am from and they benefited from it, that is what America is about. I do not have a hate for rich people. I do not understand our Democrat colleagues who say they love capitalism but seem to hate capitalists, who claim to love progress but appear to harbor a distaste for the people who create it. We do not believe we can build up America by tearing down families. We believe we can build up America by giving people a chance to compete and use their God-given talents. But we don't want people to have to sell off their farm or sell off their business to give Government a new tax on money that has already been taxed. We do not think death ought to be a taxable event.

I congratulate those who have been involved in this debate. I think it is a good debate. I think it is a debate that defines what we stand for and what our Democrat colleagues stand for. We believe when you work a lifetime to build up a business or a family farm, it ought to be yours for keeps. If we are successful, we are going to kill the death tax—yes, you will still have to pay taxes on any gain if the business or farm is sold—but when you build up a family farm or build up a family business, it is yours for keeps. When you die, the people you built it for, your children, are going to get it. If you want to give it away, if you want to donate it to Texas A&M, that is God's work; or if you want to contribute it to trying to cure cancer, but you ought to get to decide how it is disposed of, not the Federal Government, not some bureaucrat at the IRS, and not some politician in Congress. That is what this debate is about. It is an important debate. I urge my colleagues, when we cast our votes on this bill, to vote to kill the death tax.

UNANIMOUS CONSENT AGREEMENT—H.R. 8

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to H.R. 8 at the conclusion of morning votes on Thursday and it be considered under the following agreement:

That there be up to 10 amendments for each leader, with one of the 10 amendments for the minority leader described as the ''Democratic alternative'';

That no more than 20 amendments be in order, they be first-degree amendments only and limited to 40 minutes equally divided in the usual form, with the exception of the Democratic alternative, which would be limited to 2 hours equally divided, and an additional 90 minutes for each leader to be used at their discretion.

I further ask unanimous consent that following disposition of the amendments, the bill be advanced to third reading and passage occur, all without any intervening action or debate.

I finally ask unanimous consent that either leader be able to make this agreement null and void at any time during the consideration of this bill.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. Mr. President, this has been very delicately developed with a lot of careful consideration and very aggressive work with our colleagues on both sides of the aisle. I know Senator DASCHLE has Senators who have tax amendments they would like to offer.

I should emphasis that this is not the last effort to try to make our Tax Code fairer this year. We will have the reconciliation bill that will involve marriage penalty tax elimination, and obviously tax amendments would be offered in that area. We still have legislation that would eliminate the Spanish American telephone tax, which we probably can't get to until the first of September. But it is something we should eliminate. Obviously, there will be an opportunity for additional tax-related amendments to be offered to these two.

There may be a number of amendments on both sides that Senators would like to offer that maybe cannot be included in this type of agreement. But this is not the last train out of Dodge, thank goodness. We will have other opportunities to develop a fairer Tax Code, and Senators will have an opportunity on both sides to offer amendments.

I thank Senator DASCHLE for his effort. I did not want us to just get to a cloture vote which might or might not pass. But if it failed, we would get no result.

I think the death tax needs to be eliminated. It needs to be phased out. There may be some modifications in the bill as we go forward. But a result is what we should always seek for the American people—not just a show vote. This could get us to that point.

I yield the floor.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Mr. President, while the majority leader and I have profound differences of opinion with regard to the estate tax and what to do with estate tax policy, I have been very appreciative of his willingness to work with us to accommodate the opportunity for Senators to offer amendments, which is what this agreement will allow.

This is a fair agreement. This isn't everything that our caucus or our colleagues have indicated they would like. There are far more amendments than this agreement will allow. But I underscore a comment just made by the majority leader. This is not going to be the last word on tax policy in this session of Congress. There will be other opportunities. I will do my utmost to accommodate Senators who have amendments they want to offer, if they are not going to be offered as part of this agreement.

I thank all of my caucus for their willingness to accommodate this agreement and for the opportunity to work through a very difficult set of procedural circumstances. This is far better than the old way that we were likely to be subscribing to, which is a cloture vote denying amendments of any kind, and maybe even denying an ultimate result. This will allow an ultimate result.

I hope we can have a good debate. I hope we can deal with these issues in a way that will afford us a real opportunity to consider alternatives. I think this agreement allows that.

I appreciate very much the majority leader's willingness to work with us. I appreciate especially the indulgence and the cooperation of all members of the Democratic caucus.

I yield the floor.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2001

VOTE ON AMENDMENT NO. 3185

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of S. 2549, and proceed to vote in relation to the pending amendment, No. 3185.

The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from North Carolina (Mr. HELMS) and the Senator from New Hampshire (Mr. GREGG) are necessarily absent.