

S. 4369

At the request of Mr. MARSHALL, the names of the Senator from North Dakota (Mr. CRAMER), the Senator from Missouri (Mr. HAWLEY), the Senator from Oklahoma (Mr. LANKFORD) and the Senator from Idaho (Mr. CRAPO) were added as cosponsors of S. 4369, a bill to allow States and local educational agencies to use any remaining COVID-19 elementary and secondary school emergency relief funds for school security measures.

S. 4376

At the request of Mr. COTTON, the name of the Senator from Arkansas (Mr. BOOZMAN) was added as a cosponsor of S. 4376, a bill to amend title 18, United States Code, relating to sentencing of armed career criminals.

S.J. RES. 20

At the request of Mr. DAINES, the names of the Senator from Iowa (Mr. GRASSLEY) and the Senator from Wyoming (Mr. BARRASSO) were added as cosponsors of S.J. Res. 20, a joint resolution proposing an amendment to the Constitution of the United States authorizing the Congress to prohibit the physical desecration of the flag of the United States.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRASSLEY (for himself, Mr. BARRASSO, Mr. DAINES, Mr. LANKFORD, Mr. YOUNG, and Mr. CASSIDY):

S. 4393. A bill to amend the Internal Revenue Code of 1986 to modify the maximum capital gains tax rate, to modify the tax on net investment income, and for other purposes; to the Committee on Finance.

Mr. GRASSLEY. Mr. President, I come to the floor to tell my colleagues about a bill I am introducing today to encourage savings. To set the stage for the necessity of that bill, I am going to speak for a minute about the obstacles that this administration's economic policies—particularly inflation—have put in that give need for such legislation.

On Friday, we learned that inflation surged to 8.6 percent, a new 40-year high for inflation. Inflation is the No. 1 concern that I hear from Iowans as I do my 99-county tour throughout the State over the course of a year. I hear how rising prices, particularly for food and energy, are cutting into budgets, making it difficult to make ends meet.

Moreover, I hear from Iowans who are concerned that inflation is eating into their savings. That gets to the purpose of the legislation I am going to soon talk about. This is particularly true for seniors who are living on fixed budgets and are dependent on their savings and investment income to keep their heads above water.

Yet President Biden and congressional Democrats continue to ignore the damage done by their reckless tax-and-spending agenda. Sadly, their solu-

tion for inflation is just more of the same old Democratic tax-and-spend agenda. We still hear rumors that there may be some version of Build Back Better. Just think. If that original version of Build Back Better had passed, we would have had another \$4.5 trillion in additional spending feeding the fires of inflation. Thank God for 50 Republicans and Senator MANCHIN that that has not happened.

Several Democrats have argued for hiking taxes to combat inflation. However, their proposed tax hikes on job creators would suppress business investment, lowering productivity. This would be counterproductive at a time when consumers' demands far outpace supply. We need more production, not less, to combat unchecked inflation.

Moreover, the proposed Democratic tax hikes would be passed on to the middle class in the form of lower wages and higher prices. These tax hikes would further squeeze a middle class that is already enduring the worst of inflation.

I just complimented Senator MANCHIN for putting a stop to Build Back Better. When it comes to some of the original tax policies we have heard from the Democrats, we can thank Senator SINEMA, another Democrat, for stepping in and bringing at least some common sense to tax policy, even though it wasn't a complete change of that tax policy. Raising taxes on job creation isn't the only misguided tax proposal. While many consumer products are in short supply, ill-conceived Democratic proposals are not.

In addition to reckless tax hikes on businesses broadly, Democrats have proposed providing consumer gas rebates, forgiving student loan debt, imposing windfall profit taxes on oil and gas, and implementing price controls. None of these proposals would help tamp down inflation. Instead, they would only make things worse—much worse.

Instead of providing relief, gas rebates would increase demand, driving prices higher. Forgiving student loans would have a similar effect and would be horribly counterproductive and, at the same time, would be very unfair to those students who have already paid off their student loans.

Yet you don't have to take CHUCK GRASSLEY's word for it. Prominent Democratic economist Larry Summers has said that student debt cancellation would be "regressive, uncertainty creating, untargeted and inappropriate at a time when the economy is [already] overheated."

Windfall profit taxes and price controls may be the worst of all of the proposals.

That should have been learned from the Nixon administration when he froze prices and wages. It was a disaster—part of the cause of the great inflation of the 1970s. There were disastrous consequences then as a result of what happened in the 1970s. Anyone who lived through that time can tell

you how these policies made things worse by reducing supply. The result was of rampant shortages, most notably with gas lines all around the block.

When addressing inflation, Congress must be guided by the principle: First, do no harm. The Democrats' proposal has failed this principle miserably.

The fact of the matter is that, once the inflation fire gets started, it is hard to put out. Just think: Just a few months ago, inflation was transitory, and then it got up to 6 percent, 7 percent, 8.3 percent. Then somebody said last month that it was going to cool off, but it is up to 8.6 percent. The Federal Reserve is best suited for reining in inflation given its control over the money supply.

As Milton Friedman said:

Inflation is always and everywhere a monetary phenomenon.

This doesn't mean Congress is helpless when it comes to responding to inflation. The most important thing that Congress can do is stop spending like drunken sailors. Even better would be to trim the budget to eliminate unnecessary spending.

Congress can also provide targeted inflation relief. However, it must be done in a way that won't add to our growing debt or further fuel the flames of inflation. One way to do this is by providing targeted inflation relief that incentivizes and rewards taxpayers who save rather than spend.

With today's high inflation, many in the middle class could see most or even all of their savings and investment gains wiped out by the inflation that is upon us. Yet, even though middle class savers may be losing money in real terms, they are still taxed on all gains and interest income as if inflation doesn't exist. This creates a perverse incentive that encourages taxpayers to consume today rather than to save today. This can push up the demand for goods and services, forcing prices higher and further fueling inflation.

To help counter the current bias in favor of consumption, I now come to my proposal, a proposal subjecting most middle class savings and investment income to zero tax.

Now, this isn't a silver bullet in the fight against inflation. Ultimately, the Federal Reserve will have to do the heavy lifting. However, unlike counterproductive Democrat policies, my proposals would incentivize and reward saving. As a result, it would get relief to the middle class without further fueling consumer demand or reducing production and supply.

The title of the bill is the "Middle-Class Savings and Investment Act." Under that bill, taxpayers in the 22-percent individual income tax bracket and lower would pay zero tax on their long-term capital gains and dividend income. Moreover, my proposal would allow individuals to exclude a reasonable amount of interest income from tax. For 2022, the combination of those proposals means an individual with a taxable income of below \$89,075 or a

married couple below \$178,150 would largely be able to save tax-free.

In addition to exempting the middle class from the tax on most of their savings and investment income, my proposal would enhance and expand the saver's credit. This provides a tax credit to low- to middle-income taxpayers who contribute to a tax-favored retirement account. My proposal would increase the maximum credit amount by \$500 for married taxpayers and expand eligibility to more taxpayers.

Finally, my proposal would address a massive marriage penalty that is gradually catching ever more taxpayers by surprise thanks just simply to inflation. Under ObamaCare, Democrats imposed a new 3.8-percent tax on investment income of taxpayers earning over \$200,000 single or \$250,000 married. Congress never indexed these thresholds for inflation; thus, given current inflation, it is likely it won't be long before millions of middle-class taxpayers find themselves squarely within the grasp of that marriage penalty. To prevent this, I index the income threshold for this tax to inflation. Moreover, I eliminate the marriage penalty by raising the threshold for married taxpayers to twice that for single earners.

Of course, any relief provided must be fully paid for to ensure that we aren't just adding unsustainable debt and deficits. This is why my proposal is fully paid for by extending the \$10,000 cap on State and local tax deductions beyond the current scheduled expiration at the end of 2025.

The SALT deduction is a highly regressive tax subsidy that primarily benefits high-income taxpayers. According to the nonpartisan Joint Committee on Taxation, more than half of the benefits from lifting the SALT cap would go to those making over \$1 million a year. Extending the current cap on SALT—an otherwise highly regressive tax benefit—to provide immediate inflation relief to the middle class should be a no-brainer to all of my colleagues.

I urge Members on both sides of the aisle to support this proposal.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 670—ENCOURAGING THE SECRETARY OF THE AIR FORCE TO DESIGNATE THE MAINE AIR NATIONAL GUARD 101ST AIR REFUELING WING AS A CENTER OF EXCELLENCE FOR ADDITIVE MANUFACTURING TECHNOLOGY

Mr. KING (for himself and Ms. COLLINS) submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 670

Whereas the 101st Air Refueling Wing is home to four technicians certified to print airworthy parts, two-thirds of the entire uniformed force of certified technicians;

Whereas the 101st Air Refueling Wing is the only Air National Guard unit capable of printing airworthy parts, while also fielding the technicians certified to print airworthy parts;

Whereas the 101st Air Refueling Wing has created eight different tools for six different maintenance shops, enhancing aircrew maintenance efficiency and increasing aircraft readiness;

Whereas the 101st Air Refueling Wing has modeled and provided three training aids allowing complete comprehensive drill status guardsmen training, resulting in increased technician competency, and superior aircraft maintenance repairs;

Whereas the 101st Air Refueling Wing has the ability to model and prove a well-fitting part before machining, allowing for easier identification of errors, and preventing the duplication of non-usable parts, increasing aircraft readiness and reducing material waste and cost;

Whereas the 101st Air Refueling Wing is the only Air National Guard unit to have an authorized polymer printer in their possession;

Whereas the 101st Air Refueling Wing partners with the University of Maine Advanced Structures and Composites Department;

Whereas this allows both organizations to share the best practices and emerging technologies, while also allowing the 101st to perform strength testing of part candidates and receive feedback for redesign options;

Whereas the 101st Air Refueling Wing has created five jigs or fixtures which significantly aid aircrews in making repairs, while also decreasing aircraft downtime and repair inaccuracy;

Whereas the 101st Air Refueling Wing has modeled five aircraft parts as proofs of design before machining replacement parts, successfully identifying model errors and reducing material waste and cost; and

Whereas the Army Reserve 75th Innovation Command requested that the 101st Air Refueling Wing model and produce five parts as a pilot program connecting units with additive manufacturing stations capable of supporting modeling and printing requests: Now, therefore, be it

Resolved, That the Senate encourages the Secretary of the Air Force to designate the Maine Air National Guard 101st Air Refueling Wing at Bangor Air National Guard Base as a center of excellence for additive manufacturing technology.

SENATE RESOLUTION 671—CELEBRATING THE 245TH ANNIVERSARY OF THE CREATION OF THE FLAG OF THE UNITED STATES AND EXPRESSING SUPPORT FOR THE PLEDGE OF ALLEGIANCE

Mr. BRAUN (for himself, Mr. GRASSLEY, Mr. CASSIDY, Mr. CRUZ, Mr. MARSHALL, Mr. RISCH, Mr. SCOTT of Florida, Mr. MORAN, Mrs. HYDE-SMITH, Mr. BOOZMAN, Mr. TILLIS, Mr. HAGERTY, Mr. INHOFE, Mr. HOEVEN, and Mr. LEE) submitted the following resolution; which was considered and agreed to:

S. RES. 671

Whereas on June 14, 1777, the Continental Congress approved the design of a flag of the United States;

Whereas, over the years, the flag of the United States has preserved the standards of the original design comprised of alternating red and white stripes accompanied by a union consisting of white stars on a field of blue;

Whereas, on May 30, 1916, President Woodrow Wilson issued Presidential Proclamation

1335, an announcement asking the people of the United States to observe June 14 as Flag Day;

Whereas, on August 3, 1949, President Harry Truman signed into law House Joint Resolution 170, 81st Congress, a joint resolution designating June 14 of each year as Flag Day;

Whereas, on August 21, 1959, President Dwight Eisenhower issued Executive Order 10834 (24 Fed. Reg. 6865), an order establishing the most recent design of the flag of the United States;

Whereas the Pledge of Allegiance was written by Francis Bellamy, a Baptist minister, and first published in the September 8, 1892, issue of *The Youth's Companion*;

Whereas, in 1954, Congress added the words "under God" to the Pledge of Allegiance;

Whereas, for more than 60 years, the Pledge of Allegiance has included references to the United States flag, to the United States having been established as a union "under God", and to the United States being dedicated to securing "liberty and justice for all";

Whereas, in 1954, Congress believed it was acting constitutionally when it revised the Pledge of Allegiance;

Whereas the United States was founded on principles of religious freedom by the Founders, many of whom were deeply religious;

Whereas the First Amendment to the Constitution of the United States embodies principles intended to guarantee freedom of religion through the free exercise thereof and by prohibiting the Government from establishing a religion;

Whereas patriotic songs, engravings on United States legal tender, and engravings on Federal buildings also contain general references to "God";

Whereas, in *Elk Grove Unified School District v. Newdow*, 542 U.S. 1 (2004), the Supreme Court of the United States overturned the decision of the United States Court of Appeals for the Ninth Circuit in *Newdow v. U.S. Congress*, 328 F.3d 466 (9th Cir. 2003), a case in which the Ninth Circuit concluded that recitation of the Pledge of Allegiance by a public school teacher violated the Establishment Clause of the First Amendment to the Constitution of the United States;

Whereas the United States Court of Appeals for the Ninth Circuit subsequently concluded that—

(1) the previous opinion of that court in *Newdow v. U.S. Congress*, 328 F.3d 466 (9th Cir. 2003) was no longer binding precedent;

(2) case law from the Supreme Court of the United States concerning the Establishment Clause of the First Amendment to the Constitution of the United States had subsequently changed after the decision in *Elk Grove Unified School District v. Newdow*, 542 U.S. 1 (2004); and

(3) Congress, in passing the new version of the Pledge of Allegiance, had established a secular purpose for the use of the term "under God"; and

Whereas, in light of those conclusions, the United States Court of Appeals for the Ninth Circuit upheld the recitation of the Pledge of Allegiance by public school teachers: Now, therefore, be it

Resolved, That the Senate—

(1) celebrates the 245th anniversary of the creation of the flag of the United States;

(2) recognizes that the Pledge of Allegiance has been a valuable part of life for the people of the United States for generations; and

(3) affirms that the Pledge of Allegiance is a constitutional expression of patriotism, and strongly defends the constitutionality of the Pledge of Allegiance.