

Mr. ROCKEFELLER. Mr. President, I rise today in strong opposition to this fiscally irresponsible conference report. Today, this tax cut perpetrates a fraud on the American people.

Their hard work created this surplus and this opportunity to sustain our economy and strengthen Social Security and Medicare. But no one should be fooled that this conference report is anything but an irresponsible, unfair, and politically motivated giveaway to the wealthiest in our society.

I deeply regret that we have failed to take this historic opportunity to provide a meaningful tax cut to all Americans, and at the same time, continue to make real progress paying down our national debt and reserve sufficient resources to invest in our future.

I voted for a \$900 billion tax cut that would have allowed us to provide all Americans with an immediate and meaningful tax cut across the board and that included important education and energy provisions, and would have allowed us to pay down the debt and provide a Medicare prescription drug benefit, as well leave room for other West Virginia priorities.

The conference report's tax cut is far too large to protect West Virginia's priorities and its future whether it's education, a Medicare prescription drug benefit, federal investments in roads and aviation safety, or safer communities. In fact, the true cost of this bill is probably over \$1.7 trillion over the 10 years of the budget. And because of backloading of the tax cuts, which means that the effective dates for many of the tax cuts don't occur for at least 5 years, the tax cut cost will explode in later years.

Even more farcical, the conferees have hidden even more of the true costs of the tax cut by making it appear that it will expire, and taxes substantially rise, after 2010. The Chairman and Ranking Member of the Committee know this is simply not what will happen, but they have nevertheless used this gimmick to make it appear that they have held to the Senate-passed Budget Resolution. It is ludicrous to think that the Congress would

impose a quarter of a trillion dollar tax increase on the American people in 2010 when this tax cut proposal expires. These tax cuts will be extended, and their cost will thus explode to \$4 trillion and more. That's not responsible, and it's bad economic policy.

What's even worse, this bill is just not fair to hardworking Americans who created the surplus.

This tax conference report simply gives too much to the wealthiest Americans and does too little to reduce our national debt. This tax plan endangers our ability to provide a desperately needed Medicare prescription drug benefit to 39 million American seniors and taps into the Medicare Trust Fund. It threatens Social Security just when our "baby boomers" start to retire. It leaves us too little to invest in our children's education, and jeopardizes our efforts to improve our Nation's transportation infrastructure. It chokes our ability to improve our national defense and veterans health care—ironically, just as many Members of Congress are planning to return to their states to honor their veterans on this coming Memorial Day. This tax bill short-circuits critical components of a balanced energy policy to invest in clean coal research and encourage alternative fuels and energy efficiency.

And this tax giveaway will, undoubtedly, return us to the huge budget deficits we worked nearly a generation to eliminate. All of us remember the consequences of the Reagan tax cut—two decades of spiraling deficits. And for my state of West Virginia, the consequences were devastating. As a Governor, I know how my state suffered. I don't want to return to those days, and West Virginians don't either. This proposal, regrettably, sets us on that path.

As the second ranking Democrat on the Senate Finance Committee, I was officially named a conferee on this tax legislation. I had hoped to work hard to improve the Senate-passed bill where we could, and, at a minimum, retain the Senate's provisions. While the Senate's tax proposal was backloaded and cost the same unaffordable \$1.35 trillion, it included some essential improvements for lower and middle income families. As grave a mistake as I believe this tax package is, and as dangerous as I believe it will be for our Nation's economic future, I was prepared to support these Senate provisions in conference and do what I could to prevent further erosion of the already tilted tax cut for the rich. I deeply regret to report, however, that neither the Minority Leader nor I were included in the negotiations of this bill. We were presented with this conference report after it had been completed and at the same time my nonconferee colleagues learned of the package's content. I note this procedural point only to raise my concern that we have deviated from the traditional committee processes and from any semblance of true bipartisan negotiating, to our Nation's and the Senate's ultimate detriment. The

Chairman's repeated assertions that this matter has been conducted in an open and inclusive process does not reflect reality.

Let me outline the most obvious problems with this irresponsible tax cut. The tax conference report has several fatal flaws. It plays games with the effective dates of the tax cuts in order to mask the real cost of this tax proposal. Those games mean that married people won't get relief from the marriage penalty for 5 years, until 2006. The reason why married people have to wait for their tax cut is because the conference report chose to give even more money to the wealthiest Americans at their expense.

The top income tax rate that was reduced from 39 percent to 36 percent in the Senate bill is now lowered to 35 percent by the terms of the conference report—that's a 1.6 percent deeper cut than any other income tax bracket. While there is no reduction in marginal rates for the 15 percent income tax bracket—where most Americans and most West Virginians pay their last dollar of tax—there is a 4.6 percent reduction for the wealthiest Americans who need it the least. West Virginians will not be fooled by that; they will see that this is unfair. When we get the best analysis from the experts, it will no doubt document just how much is robbed from middle income taxpayers to finance the tax break for the wealthiest. Only 0.3 percent of West Virginians are in the top income tax bracket. And let's not be misled by the rhetoric that the wealthy get more of the benefit only because they pay more taxes. Of course, the wealthiest Americans pay a significant share of Federal taxes—about 22 percent. The President's proposal would have given those wealthiest Americans 43 percent of the tax cuts. This conference report will give them roughly 38 percent of the entire tax cut. They pay in 22 percent, but they get 35 percent of the surplus. I can't explain why they have been rewarded with more of the surplus than they deserve at the expense of hardworking West Virginia families, and I can't support it. I can't support a tax cut that gives about 15 percent of our Nation's surplus to the bottom 60 percent of taxpayers, and 38 percent to the top 1 percent.

The estate tax provisions of this bill, also a benefit solely for the wealthy, begin almost immediately—in 2002, but middle income married couples are told they must wait for their relief until 2006. The estate tax is also totally repealed in 2010. But another startling fact about this tax bill is that the entire bill—even the tax relief for lower and middle income people, the child credit, and EITC improvements, all sunset in 2010 in order to pretend that this bill really costs \$1.35 trillion over 10 years. We know that this is a sleight of hand. We know Congress won't sunset or trigger off the tax cuts in 2010. So the true cost of this bill, while it purports to be \$1.35 trillion—will be

well over \$4 trillion in the next 10 years. The Senate-passed bill cost \$1.35 trillion over 10 years, but to finance the upper income tax cut, that timeframe was shortened by a year so about \$90 billion could be used to transfer it to the wealthiest Americans.

I should note that there are needed provisions to help lower and middle income families with children in this bill that I think we can all be proud of, even as they are set in the context of a tax bill for the wealthiest Americans. I do not support this massive irresponsible tax cut. But I do support the provisions to make the child tax credit partially refundable. I do support the provisions to increase the Earned Income Tax Credit, EITC, and to simplify and reduce errors in the EITC. As the Chairman of the National Commission on Children years ago, we issued a bold bipartisan report calling for a fully refundable child tax credit of \$1,000. The child credit and EITC provisions of this bill are a major step in that direction, and it will help millions of children and their families. I believe that tax relief should be directed towards the families that need it the most: the parents who are working and playing by the rules, but struggling to raise their children on low-wages. I cannot support this overall package because I do not believe it helps the majority of West Virginia families. But some of its provisions, like the partially refundable child tax credit, the EITC, and the education provisions will help families in my state who need and deserve help.

The Senate-passed tax bill, bloated as it was, included a permanent extension of the R&E tax credit. The conference report fails to include this provision. The R&E tax credit is a highly successful way of giving businesses an extra incentive to invest more in research and experimentation that is highly beneficial but otherwise can be beyond the reach of private companies. This investment benefits all Americans by allowing companies to expand our understanding of science and technology, and by enabling the marketplace to bring better products and services to everyone. Congress should permanently extend the credit, rather than leaving companies in limbo every few years about whether it will be merely extended, in order to provide businesses with the certainty they need to engage in long-term planning and resource allocation. If businesses can count on the credit, they can make the long-term, continuous investments that are necessary for real breakthroughs.

I am glad that this conference report included pension provisions that will help some middle income families save and improve portability. Again, here, I would have done more for the majority of taxpayers that need to be encouraged to save, but the balance of the bill is an important savings tool.

Finally, the sad fact is that this tax cut is now so large that it commits every dime of the surplus for tax cuts and current obligations, leaving noth-

ing—0—for Medicare solvency, new defense needs, or any other future or unanticipated emergencies.

I will conclude by saying I regret that we are passing this bill today without much opportunity to review its details, but knowing that overall it gives too much to those who already have much, and reserves too little for our Nation's most important priorities. I cannot support this tax bill, and I hope that my fear that this bill will endanger our Nation's economic future will be proven incorrect. It will unquestionably make meeting the many needs of my state more difficult.