AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

United States of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 112th CONGRESS, FIRST SESSION

Vol. 157 WASHINGTON, TUESDAY, JULY 12, 2011 *No. 103*

Senate

The Senate met at 10 a.m. and was called to order by the Honorable JEANNE SHAHEEN, a Senator from the State of New Hampshire.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Ever-present and ever-gracious God, touch the hearts of our lawmakers today with the warmth of Your love and the blessing of Your wisdom. May they develop from the warmth of Your love a civility and respect that will enable them to accomplish Your will on Earth. Empower them to use the blessing of Your wisdom to build a better nation and world. Enlarge their powers with Your strength by infusing their lives with the qualities of character which are needed in these challenging days. Lord, help them to see beyond the baffling and bewildering events of our times, the unfolding of Your loving providence, as they honor their office by striving to please You.

We pray in Your holy Name. Amen.

PLEDGE OF ALLEGIANCE

The Honorable JEANNE SHAHEEN 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.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. INOUYE).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, July 12, 2011.

To the Senate:

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable JEANNE SHAHEEN, a Senator from the State of New Hampshire, to perform the duties of the Chair.

DANIEL K. INOUYE,
President pro tempore.

Mrs. SHAHEEN thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

SCHEDULE

Mr. REID. Madam President, following any leader remarks, the Senate will be in a period of morning business for 1 hour, with the majority controlling the first half and the Republicans controlling the final half.

Following morning business, the Senate will resume consideration of S. 1323, which is a bill to express the sense of the Senate on shared sacrifice in resolving the budget deficit. The filing deadline for all first-degree amendments to S. 1323 is noon today.

The Senate will recess from 12:30 until 2:15 today for our weekly caucus meetings.

As a reminder to all Senators, last night I filed cloture on S. 1323, which is the matter I just spoke about. I also filed cloture on the motion to proceed to H.R. 2055, which is the Military Construction, Veterans Affairs, and Related Agencies Appropriations bill. As a result, there will be up to two rollcall votes tomorrow morning.

RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Republican leader is recognized.

ECONOMIC POLICY

Mr. McCONNELL. Madam President, for more than 2 years now, Republicans in Washington have stood united in the belief that America would never recover from the economic crisis that struck our Nation 3 years ago so long as some in Washington persisted in the mistaken belief that government had the cure. For most clear-eyed observers, that view has found its clearest vindication in the daily drumbeat of news about lost jobs, shuttered businesses, and slumping home values, and in the stories each of us hears from our constituents about the economic hardships they continue to face. If anyone was still looking for proof that the President's economic policies have been a failure, they don't have to look any further than the morning papers or their constituent mail. Indeed, the more the administration insisted on spending and debt as a solution to our problems, the worse those problems became and the more Americans demanded the status quo in Washington had to change. But the administration was slow to get the message.

After an election that any honest observer saw as a repudiation of its policies, the White House continued to cling to its playbook. As concerns about debt and deficit grew, the President presented a budget so unequal to the task that not a single Democrat voted for it—not one. As the Nation inched closer to a potential default, the President focused his attention elsewhere.

Meanwhile, Republicans were offering detailed solutions to the approaching crisis. We offered detailed budgets of our own. We offered to work out a compromise that lowered the debt and protected entitlements from bankruptcy. And here is what we got in return: silence.

That is where the debate over the debt limit came in. If Democrats would not agree on their own to do something about their addiction to spending and

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

debt, then we refused to enable it. If they wanted our votes to increase the debt limit, then they would have to do something to restrain the size and scope of government first. For a while, there weren't many takers. Democrats from the President on down insisted that we simply raise the debt ceiling and endorse the status quo on spending without any reforms.

That changed a couple of months ago when the President agreed to delegate bipartisan debt-reduction talks to the Vice President. Then, a couple of weeks ago, the President broke his own silence on the debt ceiling and got personally involved himself. Incredibly, for those of us who had been calling for action on this issue day-in and day-out for about 2 years, the President tried to put the burden on us. With the Nation edging closer to the debt limit deadline, the President retreated behind the poll-tested rhetoric of class warfare. At a moment when we needed leadership the most, we got it the least. The financial security of the Nation was being gambled on the President's wager that he could convince people our problems would be solved if we would all agree to take it out on the guy in the fancy house down the street. In my view, that was the saddest commentary on the status of leadership at the White House.

I am proud of the fact that Republicans refused to play along. We stood our ground. We know that what Americans need right now is for the government to make job creation easier, not harder, and we said so. At a time when 14 million Americans are looking for work, we refused to support a tax hike. We supported jobs and economic growth instead. When Democrats saw we wouldn't budge, they proposed one last offer to craft a deal. They asked us to join them in another Washington effort to pull the wool over the eyes of the American people. They offered us the opportunity to participate in the kind of deliberate deception of the public that has given public service such a bad name in recent years. We all saw how it worked. The administration carefully leaked to the media, without any details, the idea that it was willing to go along with trillions of dollars in spending cuts. The lack of detail concealed the fact that the savings they were supposedly willing to support were at best smoke and mirrors. The hope here was that the budget gimmicks and deferred decisionmaking they actually supported would have the appearance of serious belt-tightening, but the practical effect would have been at most about a couple of billion dollars in cuts up front with empty promises of more to follow. We have seen this kind of thing before. It is just the kind of sleight-of-hand governing that has put our Nation more than $14 trillion in debt. I will not associate myself with it, and I refuse to join in an effort to fool the American people.

Republicans have told the President we are not interested in business as usual in Washington, and we actually mean it. We will not be party to something that claims to save trillions but leaves future generations to pick up the tab and future Congresses to reverse it with a simple vote. We will not pretend a bad deal is a good one, which brings me to a larger point.

The suggestion has been made that this debate was hinged on the question of whether the two parties could find a solution to our economic problems without raising taxes. Wrong. We could have done that without breaking a sweat. The truth is, the Democrats saw this debate as a unique opportunity to impose the types of tax hikes they want so badly but couldn't even pass in a Democrat-controlled Senate last year. So let's not be fooled by a false choice. This was not in the end a debate about whether taxes needed to be raised; it was a debate about the kind of government we want. This was a debate between those who believe Washington doesn't have enough money to spend and those, like me, who believe Washington has become too big, too expensive, and too burdensome already. If one thinks the Federal Government isn't big enough, then the only responsible thing to do is to support higher taxes. For those who are honest about that, I appreciate their candor. But for those of us who don't think the Federal Government should be in charge of banks, the auto industry, the housing business, the student loans business, health care, and regulating everything else under the Sun, we are not about to further enable that model of government by shaking down the American people for more money at a time when they can least afford it. That is what this debate is about. It is about saying Washington has gotten too big, and if it can't afford its commitments, then it needs to find a way to cut back on them. But don't demand that the American people pay more so Washington can make its bad habits permanent. I read an article yesterday that said $2 out of every $5 Americans spend right now comes from the Federal Government. Is this really the model we want?

I have a lot of meetings with constituents, and I am not sure I have ever heard anyone say the problem with Washington is they don't have enough money to spend. I don't think I have ever heard that.

It was my hope the two parties could reach a meaningful, bipartisan agreement. I have to say I was initially encouraged by the prospect of the bipartisan discussions led by the Vice President. Although I disagree with him on most issues, Vice President BIDEN is a man I have come to respect as a straight-shooting negotiator. We found common ground last December to prevent a tax hike on the American people, and my hope was we could find a solution once again.

Sadly, these discussions started with the shared goal of reducing the debt but quickly regressed to a public sideshow in which the price of admission became an insistence that we raise taxes on job creators and on millions of American families who don't have yachts or corporate jets. At a time when jobs are few and far between, that is not a price the American people can afford.

So Republicans searched in good faith for common ground, but the goalposts just kept moving. We trudged on, hoping the administration would at some point realize the crisis we face demands a clear change in direction, a departure from the government-driven policies of the past 2 years. But our hopes for a grand bargain eventually ran into the bitter reality that this administration is just not interested in a meaningful and lasting solution to our mounting debt. It is simply too committed to big government. We showed a willingness to sacrifice all along, even as we made it crystal clear from the outset that tax increases would not be a part of any agreement. It was their commitment to big government that stood in the way of a grand bargain. It was their determination to freeze the policies of the past 2 years in place, permanently. The American people don't want that, and Republicans won't be seduced into enabling it.

An ideological commitment to big government has outweighed the White House's commitment to find a meaningful compromise that does not damage our fragile economy in the process. Rather than find a way to bring government back to the people, the administration has committed itself to protecting the size and scope of government at the cost of job creation, economic growth, and America's status in the global economy.

The tragedy in all of this is that we all know what is necessary to solve the economic crisis we face. The answer is to cut spending. The answer is to cut spending.

It is no secret how to solve the entitlement crisis, either. Any one of the people involved in these discussions could write it out on the back of an envelope. It is also no secret that Democrats would rather demagogue any solution Republicans propose in next year's election than join us in seriously reforming them, despite what some Democrats started to say once it became clear Republicans wouldn't agree to a plan that raises taxes.

We all saw the news stories yesterday about how senior Democrats have been worried that reforming Medicare now would make it harder for them to campaign against Republicans later. Evidently, they would rather save their own jobs than save these programs from insolvency.

I truly believed we could get this done. I truly believed, perhaps naively, that this administration would see the necessity of preserving Social Security and Medicare for future generations.

In the end, it appears that the perceived electoral success of demagoguing a solution proved its undoing. Or perhaps it was the ideological commitment to preserving the size of government by the most stridently liberal Members of the other side. Whatever the reasons, Madam President—whatever the reasons—it is a tragic missed opportunity for the country.

I hope the economists are wrong and that our economy will continue to grow over the next year and a half to buy us time to tackle the problems we face. But after years of discussions and months of negotiations, I have little question that as long as this President is in the Oval Office a real solution is probably unattainable. This was not an easy decision for me.

From my first day as Republican leader in the Senate, I have called on Presidents from both parties to work with Congress on real solutions to the problems we face. For more than 2 years I have had conversations with the administration about working together to accomplish something big for the country. On each occasion, I have been met initially with encouraging words that gradually give way to moving the goalposts.

In the end, they have always expressed a fundamental unwillingness to engage in a meaningful effort to reduce spending as a means to rein in the debt. Despite our stagnant economy, and the dire warnings of economic and security experts that we cannot sustain our mounting debt or unfunded liabilities, this President has proven that he will do almost anything to protect the size and the scope of Washington, DC's burgeoning bureaucracy, including to threaten the economic security of every American by backing us up to the edge of default.

I have heard some on the other side of the aisle suggest that Republicans have put us in this position by refusing to accept what they call a balanced approach.

My response is that if the American people have learned one thing over the past few years, it is that they need to bring their decoder rings to any debate in Washington these days. When Democrats say ''investment,'' they mean government spending. When they say ''revenue,'' they mean higher taxes. And when they say ''shared sacrifice,'' they mean they want you to take the hit, not Washington. It starts with the so-called rich, with the owners of the corporate jets, but pretty soon it hits the family flying in coach. Eventually everyone gets fleeced.

Well, Americans have had enough. They think it is time Washington shares in the sacrifice. Republicans invited Democrats into these discussions about finding a solution to our problems, and while we approached them with clear and unwavering principles, we also brought an open mind. The record reflects that. I will not betray the confidence of those who were willing to negotiate with us, but there can be no question by anyone involved in these discussions that Republicans were willing to make tough choices.

So where do we go from here?

Well, I was one of those who had long hoped we could do something big for the country. But in my view the President has presented us with three choices: smoke and mirrors, tax hikes, or default. Republicans choose none of the above. I had hoped to do good, but I refuse to do harm. So Republicans will choose a path that actually reflects the will of the people, which is to do the responsible thing and ensure the government does not default on its obligations, and to continue to press the administration to rein in Washington, not to freeze it in place.

That is why I will continue to urge the President to rein in our deficits and debt in a way that puts the short- and long-term health of our economy ahead of his personal vision of government. That is what the American people want. That is what Republicans will continue to insist on. Nothing less will solve the crises we face. Nothing less will do.

Madam President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, there will be a period of morning business for 1 hour, with the time equally divided and controlled between the two leaders or their designees, with Senators permitted to speak for up to 10 minutes each, with the majority controlling the first half and the Republicans controlling the final half.

Mr. McCONNELL. I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. UDALL of New Mexico. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

HONORING SERGEANT FIRST CLASS LEROY ARTHUR PETRY

Mr. UDALL of New Mexico. Madam President, I rise today as our Nation honors the bravery and sacrifice of Santa Fe native Leroy Arthur Petry, an Army Ranger who, in 2008, risked his life to save his fellow soldiers on the battlefields of Afghanistan.

Today Sergeant First Class Petry will be honored for his ''conspicuous gallantry'' with our Nation's highest military decoration: the Medal of Honor.

I will be humbled to be at the White House along with Sergeant First Class Petry's family, friends, and fellow soldiers as President Obama honors him with the Congressional Medal of Honor.

It will be a special day for Sergeant First Class Petry, for his wife and his children, and all his family, and for his fellow Americans, as he becomes only the second living active-duty servicemember to receive the Medal of Honor for actions in Iraq or Afghanistan.

Sergeant First Class Petry's story is one of courage and sacrifice and immense love of country. It is a story that began years ago in Santa Fe with a young man who struggled in high school but refused to give up and, instead, buckled down, dug deep, and found the hero within—a hero to the men he saved on that fateful day in Afghanistan, and a hero to all Americans who owe their freedoms to our brave men and women in uniform. It is the story of that day in May of 2008 that I wish to tell you today.

Sergeant First Class Petry was a member of the 75th Ranger Regiment when he and his fellow rangers were deployed to capture a high-value target in Afghanistan. During their raid, they were engaged in a firefight with the enemy when several in their regiment were pinned down by grenades.

Petry had already been wounded by bullet fire, shot through both legs by a hidden enemy. But Petry did not allow his wounds to stop him as the battle raged on. Pinned inside a courtyard with a fellow ranger, he continued the fight, calling in support and creating a brief pause in enemy fire by throwing a grenade their way.

One enemy grenade exploded within 10 yards of Petry and a group of rangers. The explosion knocked the rangers down and wounded two members of the team.

Soon after the first grenade exploded, the insurgents threw a second. This time the grenade landed near two of Petry's comrades. With no thought to his personal safety, Ranger Petry grabbed the grenade and attempted to toss it away. The grenade exploded as he tossed it, taking Petry's hand with it, but saving the lives of those near him.

Losing a hand would have been enough to break most people, but not Sergeant First Class Petry. Instead, he calmly inspected his wound, stemmed the flow of blood with a tourniquet, and continued the fight, helping to pin down the insurgents until they could be killed.

It was this immense act of bravery that saved the lives of his brothers in arms. In fact, one of his fellow rangers, SGT Daniel Higgins, wrote in a statement about that day:

> If not for Staff Sergeant Petry's actions, we would have been seriously wounded or killed.

On that fateful day in 2008, then-Staff Sergeant Petry was no stranger to service to his country. He was on his eighth deployment—let me repeat that: his eighth deployment—in support of U.S. operations overseas, his sixth in Afghanistan, after two tours in Iraq.

Sergeant First Class Petry's life of heroic service was based in humble beginnings. A 1998 story in the Santa Fe New Mexican newspaper featured a then 18-year-old Petry. The young man was a senior at St. Catherine Indian school—the institution's final graduating class. He was also a recipient of the ''Bootstrap'' award, which honored area high school seniors who had committed to improving themselves and their community.

Here is what the teacher who nominated him wrote:

With a record of fights, suspensions, and ditching school, Petry realized that he was on a path that led nowhere. He tried harder in school and appreciated how it felt to make his parents proud.

From a path to nowhere to a path to history as a national hero, Sergeant First Class Petry is an inspiration for all young people who are struggling to find their place in the world. To young people who may be considering giving up and taking a more destructive path, he is a model.

Three years after his heroic actions on the battlefield, Sergeant First Class Petry continues to give back to his country and his fellow soldiers. As a liaison officer for the U.S. Special Operations Command Care Coalition in Washington State, Sergeant First Class Petry provides a helping hand and much needed resources to wounded soldiers, ill and injured servicemembers, and their families.

Here is what Leroy's father Larry Petry said of his son in a recent interview with a local New Mexico television station:

He's really overwhelmed by this. He keeps saying, ''Dad, I was just doing my job. Any other soldier would have done it.''

I think we will all agree with what his father said in return:

Well, son, you did something great, and they really want to honor you for that.

Despite all the attention and recognition brought by this award, Petry—like so many of those brave warriors before him—remains humble. A recent posting on his Facebook page reads:

The award is bigger than the person . . . and I will always remember that.

New Mexico has a long and proud tradition of military service—exemplified in the heroic actions of SFC Leroy Petry on the battlefields of Afghanistan.

To Sergeant First Class Petry's wife Ashley and their four children, to his mother and father and siblings and extended family, I know I speak for the people of New Mexico and all of America when I offer the thanks of a grateful nation. You sacrificed time with your loved ones so he could bravely serve our country. Along with Sergeant First Class Petry, you are all heroes in our eyes.

Sergeant First Class Petry is highly deserving of this honor, and New Mexico is honored to call him a native son.

Madam President, I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from New York.

Mr. SCHUMER. Madam President, first let me thank the Senator from New Mexico for his heartfelt remarks. I know how much he cares about his constituents and our country. We too at the opposite end of the country thank our soldiers for their sacrifice and also the families of those who make the highest sacrifice to our Nation.

DEBT DEFAULT

Mr. SCHUMER. Madam President, I rise to speak about a subject that is foremost on my mind and the mind of my Democratic colleagues here today; that is, the danger of defaulting on our debt.

In the entire history of this great country, we have never once defaulted on our debt. America has always kept her promises. But an alarming number of my colleagues on the other side of the aisle seem content to reverse that proud record.

Time after time, they have rejected sensible compromises to avert default. Late last year, all the House Republicans voted against the Simpson-Bowles commission. Then a key Republican walked away from the Gang of 6. Then Leader CANTOR abandoned the Biden-led talks. Most recently, Speaker BOEHNER balked at President Obama's grand bargain-style offer because of pressure from so many in his party. It is an obvious and unsettling trend.

In each of these instances, the Republican retreat was precipitated by one thing and one thing only: an ideological quest to ensure that tax breaks for the richest few are protected. They have insisted we can't raise a single dollar from millionaires and billionaires, no matter how wasteful the tax break or how generous the subsidy.

Instead, they would rather balance the budget on the backs of middle-class families. They think giving tax breaks to millionaires and billionaires creates jobs. What about all those dollars that sit there in vaults and bank accounts? Isn't it true that taking away money from middle-class people hurts the job effort? It is a one-sided ideological quest to help the most privileged few among us.

This morning, The Hill newspaper reported that Majority Leader CANTOR made a proposal at the White House yesterday that outlined $353 billion in health care cuts. Among the cuts listed by Leader CANTOR were approximately $250 billion in reductions in Medicare. According to The Hill, several of his proposals ''would raise costs for Medicare and Medicaid beneficiaries.''

That would protect the wealthiest among us—the millionaires and billionaires—and hurt the average middle-class senior citizens.

This is the tradeoff Leader CANTOR and the Republicans wish to make: protect millionaires and cut Medicare benefits instead. This approach is not balanced, it is not fair, it is not moral, and it will not be accepted.

The proposal by Leader CANTOR is very troubling, but we can't ignore it because, according to press reports this morning, Leader CANTOR is now the leader of these negotiations for the Republicans. It was reported that he did the plurality, if not the majority, of the talking on the Republican side at the meeting yesterday.

Leader CANTOR will need to approach this set of negotiations better than he did the last one. During the Biden-led talks, Leader CANTOR bolted the room as soon as it was time to make tough decisions he didn't like.

Let me read from the front page of the Washington Post this morning. This is the Washington Post story, not my words:

Cantor thinks the way to win this haggling session—one of Washington's most important in years—is by walking out of it.

I will repeat that from the Washington Post front page:

Cantor thinks the way to win this haggling session—one of Washington's most important in years—is by walking out of it.

Leader CANTOR cannot repeat that maneuver again this time. We are too close to the debt limit deadline, and there is no margin for error.

This is crunch time. The clock is ticking. If we don't reach an agreement in the next few weeks, we risk roiling the financial markets, and our Nation's fragile economy will suffer a serious setback. Middle-class families will see their mortgage rates and credit card rates go up. Even a technical default—the failure to pay interest on our debt for just a few days—will cause the GDP to contract and jobs to be lost, in all likelihood. It doesn't just affect the government. It is not just something far away. It affects every family with a variable rate mortgage or credit card debt. That is why it is time for my GOP colleagues to jettison their ideological blinders and get down to pragmatic problem-solving that will allow us to avoid default and its aftermath.

We have had debt ceiling renewals on our desks for decades. No one has ever played brinkmanship like this. No one has ever said our Nation will not live up to its obligations—this great Nation, which always has, from the days of the Founding Fathers and Alexander Hamilton.

On this side of the aisle, we are working in good faith to reach a deal. Over the past few months, we have worked diligently to identify more than $1 trillion in spending cuts, many of which are just as painful to our caucus as taking away tax breaks to millionaires are to the caucus on the other side. It can't be just one way. We have put these difficult cuts on the table because, on this side of the aisle, we recognize our deficit is unprecedented and bold comprehensive action needs to be taken.

Let me say this: A budget agreement cannot be considered bold and comprehensive unless it asks millionaires, billionaires, and wealthy corporations to contribute to deficit reduction. They don't have to do the whole thing, but they have to do their share. That is why we want to repeal tax breaks that serve no purpose whatsoever, other than to bloat our budget deficit. We want to make sure that at this time of fiscal restraint there is shared sacrifice.

Let's face it, middle-class Americans and working-class Americans depend on government programs in ways the wealthy do not. If you are a millionaire or billionaire, you don't need Pell grants to send your kids to college. You don't need to go to a community health clinic to have your teeth examined when they ache. You don't have the high cost of prescription drugs to be a barrier to you, and you don't need help to pay them.

If we are going to scale back vital spending programs, which go right to the core of middle-class, hard-working American families, we must also scale back special interest tax breaks that benefit only the wealthiest few, such as tax breaks for yachters and corporate jet owners.

I wish to make something clear. I have nothing against those who have made a lot of money. I think that is great. I think that is America. I know lots of people like that. Most of the ones I know say: Yes, I should pay my fair share. But somehow there is a small group that seems to feel they should not pay almost any taxes. Those people are running the show on the other side of the aisle.

If we are going to bequeath the American dream to future generations and ensure that the American dream continues to burn brightly in the American breast, then we need to institute some shared sacrifice.

In normal times, this would be a consensus, middle-of-the road position. It is a position Ronald Reagan took. It is a position George H.W. Bush took. As David Brooks and other commonsense Republicans have noted, Republican Presidents and leaders have long supported coupling increased revenue with spending cuts to reduce deficits.

But today's GOP has, unfortunately and sadly, been dragged so far to the right by its ideological fringe that they now reject this balanced approach out of hand. They would sooner end Medicare as we know it than ask millionaires and billionaires to pay a little more in taxes. That is the nub of it. They would sooner end Medicare as we know it than ask millionaires and billionaires to pay a little more in taxes.

How many Americans agree with that? Certainly, our political system, for all its faults, at the end of the day has truth at the bottom of it. This position will not help my colleagues on the other side of the aisle. When either party moves too far to the extreme—Republicans too far to the right or Democrats too far to the left—they ultimately lose. That is what is happening to the Grand Old Party in this Chamber.

More than 40 Republicans, unfortunately—40 in the House—have vowed to vote against any increase in the debt limit no matter how much deficit reduction accompanies it. I am not aware of a single Democrat who has drawn such a dangerous, Draconian line in the sand. Remember, it is not future spending you are voting against. You are voting against paying your bills, paying your debt. Every American family has to do it. Every American worker has to do it. To say the government should not do it is unprecedented.

I urge my colleagues on the other side of the aisle to reevaluate their position. It is time for Republican leaders to do some much needed soul searching. Are they willing to risk an economic cataclysm to mollify an extreme wing of their party and score political points against the President? Do they want us to be remembered in the history books as the first generation of Americans to renege on our obligations? Will they put their country before party, come to the bargaining table, and forge a bipartisan path forward?

Similar to most Americans, I am a natural optimist. Sure, I don't have much evidence on which to base my optimism, when Republicans walk out on negotiations time after time when they don't get their way. But I nevertheless possess an innate belief that at the end of the day, we will do what is best for our country and our economy; we will raise the debt limit, pass a far-reaching deficit reduction package that includes both spending cuts and repeal of tax breaks for the richest few among us. As the President recently put it—and he was, whether intentionally or not, quoting a great thinker from ancient Babylon—''If not now, when?''

Let us hope we arrive at an agreement soon. Time is, unfortunately, not on our side.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Minnesota.

ETHANOL

Ms. KLOBUCHAR. Madam President, I am here to talk about the recent bipartisan compromise on biofuels. I have come to the floor a number of times to talk about this country's biofuels policy.

In the last month, I have worked on a bipartisan basis with Senator FEINSTEIN of California and Senator THUNE of South Dakota to develop a compromise agreement that represents a good-faith effort to improve our energy policy under very difficult economic times.

At a time of bitter budget debates and entrenched positions, we worked together to find common ground and we took a step in the right direction and that is a step of reducing the debt immediately by $1.3 billion of the $2 billion remaining on the subsidy. I will add that this is a subsidy this Congress voted for just in January of this year. The biofuels industry understands this subsidy was going to end at the end of this year, but they didn't just let it whittle away toward the end every year, knowing there was waning support for it; they came to the table and said let's see if we can do something good for energy policy and for this country's fiscal position.

Under this deal, the Volumetric Ethanol Excise Tax Credit will expire at the end of the month, instead of the end of 2011, as scheduled.

I have continued to say this debate is not about whether we end this tax credit; it is about how we do it. This compromise agreement represents a responsible and cost-effective approach to reforming our Nation's biofuels policy.

First, this compromise dedicates $1.3 billion or two-thirds of the remaining ethanol subsidies in savings toward deficit reduction. It goes right into the coffers of the government to reduce the debt. At a time when our country is struggling with increasing debt and partisan bickering, the compromise represents a step forward. Two-thirds of the money goes toward the debt.

What happens to the rest of the money? Normally, it would be going into that tax credit—$400 million every month—for the rest of this year. Instead, we take that existing $668 million—the other third—and use it to extend and expand support for the production of cellulosic biofuels. As the occupant of the chair knows, coming from New Hampshire, we have a lot of cellulosic biofuels in the Midwest, but it is something you can see all over the country. It is a commitment to a new generation of fuel—algae, biofuels, switchgrass, you name it.

There are a lot of possibilities here when you look at what could be the next generation of cellulosic ethanol. In fact, many of the first advanced biofuels plants are expected to be retrofitted onto existing corn-based ethanol facilities, providing additional benefits to rural communities.

This compromise also extends the small-producer tax credit for 1 year at a reduced rate. This tax credit benefits smaller ethanol plants, which were some of the earliest pioneers in the industry and often structured as farmer co-ops. Again, this is not new money. The money is ending, under our plan, as of July 31 for the tax credit. It simply takes one-third of the existing money and uses it in a smart way so that Congress won't have to spend any new money on very important areas, such as cellulosic biofuels. This extension helps provide small ethanol plants located in rural communities a glidepath to adjust to the elimination of the Volumetric Ethanol Excise Tax Credit.

Lastly, the compromise invests in the infrastructure we need to bring greater competition to the fuel market. This means extending tax credits—the existing money—to help gas stations install a variety of fuel-dispensing technologies, including ethanol, hydrogen, natural gas, and electric charging stations.

So let me again repeat that this is not just about biofuels, it is about all kinds of alternative energy that competes with oil. We should encourage our homegrown fuels to compete with foreign oil, and this investment will help do just that and give consumers a real choice at the pump. I have always believed we should be investing in the farmers and workers of our country instead of the oil cartels in the Mideastern countries.

The ethanol industry should be commended for coming to the table to offer over $1 billion in savings during these difficult budget discussions. I think this is most significant for some of the discussions Senator SCHUMER was having and we have all been having about the debt. This compromise, while it may be $1 billion instead of $1 trillion, is an example of what we can do if we are really serious about reducing our debt. It is a model for what can happen to reduce government subsidies going forward.

Take for example the oil industry. Traditional ethanol is a maturing market providing only about 10 percent of America's fuel supply—10 percent of the fuel supply. We are now at the point where we are making more biofuels than we import oil from Saudi Arabia. That is pretty significant, but we are still only 10 percent with biofuels.

How about oil? Well, the rest is oil. The oil industry has been a mature industry and collected subsidies for nearly 100 years. Americans have shouldered these costs for too long. The oil companies no longer need these tax breaks, and we simply can't afford them when we look at the debt we are facing.

The list of the oil production tax deductions includes the domestic manufacturing tax deduction for oil production, costing $18.2 billion over 10 years; the expensing of intangible drilling, costing $12.5 billion to taxpayers over 10 years; the percentage depletion allowance, costing $11.2 billion over 10 years; and the dual-capacity rule for foreign tax credits, costing $10.8 billion to taxpayers over 10 years.

The question isn't about whether the oil companies deserve the profits; it is a question about whether the American people should pay the cost of providing preferential tax treatment for the five largest oil companies in the United States, which have racked up almost $1 trillion in profits in just the past decade. That is the issue. When we are dealing with this debt, when we are dealing with a debt where middle-class families are paying multiple amounts every single year—multiple dollars in interest on our debt—should they also be asked to foot the bill to pay for these subsidies to oil companies when these oil companies have made almost $1 trillion in profits in the past decade? That is the issue. It is a question about whether the mature oil industry should continue to receive billions in subsidies at a time when their profits are up 30 percent in the first quarter of 2011.

I am not against drilling at all. I am pleased about what is going on in North Dakota, right to our west. But when I look at what is happening with this debt right now, we have to be smart, and this is clearly one place to look for savings. It is a question about whether a hugely profitable industry should continue to enjoy lucrative tax advantages at a time when our Nation can least afford it. With oil prices much higher than actual costs, the oil industry doesn't need extra money from the government.

We must get serious about tackling the deficit and putting our country back on sound fiscal ground. The problem we are facing now is not only a crisis of dollars and cents, it is also a crisis of the divide and the deadlock. It is time to open the deadlock. We did it with biofuels. We came forward with a compromise with Senator FEINSTEIN, who has spent her lifetime in the Senate fighting against ethanol. Senator THUNE and I came together on a bipartisan basis and got it done. We did it—two-thirds of their immediate subsidy going to debt reduction.

We know this deficit isn't going to fix itself.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Ms. KLOBUCHAR. I ask unanimous consent to speak for 1 more minute.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Ms. KLOBUCHAR. We all know this debt isn't just going to go away. We all know we can't just close our eyes and click our heels and wish our debts away.

In their report, the National Commission on Fiscal Responsibility and Reform wrote that "every modest sacrifice we refuse to make today only forces far greater sacrifices of hope and opportunity upon the next generation." And they are right. A relatively small industry such as ethanol is willing to put two-thirds of its tax breaks on the table for deficit reduction immediately. The much larger and much more profitable oil industry can certainly afford to do the same, if not more.

I thank the Chair, and I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Alabama.

BUDGET NEGOTIATIONS

Mr. SESSIONS. Madam President, I ask unanimous consent to enter into a colloquy with my Republican colleagues.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SESSIONS. Madam President, I thank Senator KLOBUCHAR. She is a valuable Member of the Senate, and she mentioned some savings or additional revenue from tax increases—some were $10 billion, one was $8 billion, and I think one was $3 billion. I would just say that over 10 years, that is how much those changes would raise.

I would recall for all my colleagues that we unwisely spent $847 billion on a stimulus package that produced little income, and we are paying interest on that of about $27 billion to $30 billion a year. It adds up as the years go by, every year, just the interest on that one single expenditure.

We have now gone 804 days without a budget in this body. During that time, this country has spent $7.3 trillion. That is $7,300 billion. We have paid in interest on the money we have borrowed $439 billion just in that period of time we haven't had a budget. Interest on our debt is $439 billion in 804 days. And we have accumulated, during this time, an additional $3.2 trillion in debt. During the past 2 years, under the super Democratic majority here in the Senate and in the House—60 Democratic Senators and the President's leadership—the discretionary nondefense spending went up 24 percent, and the President proposes in his budget next year to increase the Education Department, the State Department, the Energy Department, and the Transportation Department double-digit increases again, when this year 40 cents of every dollar we spend is borrowed.

I am glad my colleagues can be with me now. I see Senator JOHNSON is here. He is a member of the Budget Committee. We had more people want to get on the Budget Committee this year, the new Senators who were recently elected. Senator JOHNSON was one of the few to be selected. And they hope to make a difference and to confront the problems we face.

Senator JOHNSON is a successful businessman. He just joined the Senate last year. How has the Senator felt to date about the process?

Mr. JOHNSON of Wisconsin. I appreciate the kind words. My background is in accounting, and I have been in business for 34 years. I have produced budgets for people on time. I have had people produce budgets for me on time. I look at the process—or the lack of a process here as absurd. Think about it. I have certainly produced budgets for smaller businesses—let's say a $10 million company. They would go through an awful lot of detail to draw up a budget. Talk about a little bit larger business, maybe a $1 billion-per-year business. There would be a lot of people involved, a lot of detail, and all that information filters up to the top. Then you come here to Washington and you see business as usual. I just want to make sure the American people understand how absurd this process is, the fact we haven't passed a budget in the Senate in over 2 years.

We now have the President—at least he has finally gotten engaged this last week. They are meeting behind closed doors. Is it really true they are going to produce a budget over the course of a couple of meetings—a budget for the Federal Government that would be $3.7 trillion, $3,700 billion worth—and they are going to do this behind closed doors, just a couple of people? That is an absurd process.

The fact is, I am glad the President finally acknowledged Medicare is unsustainable. That is a sad fact. I wish it weren't so, but the first step, of course, in any process of being healed is to acknowledge that you have a problem. So I am glad the President finally acknowledged Medicare is unsustainable. But if he was really serious about structural reform, if he was really coming to the table in good faith, he would have come to the table 6 months ago. He would have been sitting down in good faith with Republican Senators, Republican Members of Congress, who understand how urgent the problem is, who want to work with this President, who want to work with anyone who is willing to seriously address the fact that we are bankrupting this Nation.

So, again, I find this process absurd. And I would ask the American people to please think about what is happening here. Rather than an orderly process, rather than a process being conducted in the light of day, we are doing it behind closed doors, and there will be something dropped, I am afraid, in our laps with no time to review it—another of these bills nobody has time to read. And that is what the financial fate of America rests on? I don't think so. It should not be that way.

Mr. WICKER. I wonder if my friend would yield on the matter of the process.

Mr. JOHNSON of Wisconsin. Absolutely. The floor is the Senator's.

Mr. WICKER. Of course, the process is important, and it is designed for the President and the Congress to work together to solve these problems. I think the process may be broken, which I think points up why we really, bottom line, need a constitutional amendment to require the President to submit a balanced budget and to require this Congress to enact a balanced budget.

You know, the President submitted a budget to us with deficits as far as the eye could see. The budget was brought to a vote under sort of an interesting procedure here, and it didn't get one single vote. Not one Republican, not one Democrat would vote for President Obama's budget.

We hear rumblings that the Democratic chairman of the Senate Budget Committee may actually be about to bring a budget forward. It has been 800 days. We passed the 800-day mark last week. The chairman of the Budget Committee and the process have failed to work to actually bring a budget out to the floor, out from behind closed doors, as my friend from Wisconsin had said, and let us vote on all of these procedures.

So I would simply say the President's budget was a nonstarter. I think if the Senate Democratic version ever were to be devised and brought to the floor, it would be a nonstarter, which is why we haven't seen such a proposal in 800 days.

Bottom line: Republicans are united on this side in resisting tax increases on our economy at a time when we are at 9.2 percent unemployment, and we are united—all 47 of us—in saying we need a basic change in the process in this country of enacting a balanced budget amendment and sending that amendment out to the States for ratification. That would be the type of process reform I think the American people agree we need.

Mr. SESSIONS. Madam President, I ask my colleague, Senator LEE from Utah who just joined us, his late father was Solicitor General of the United States and law school dean, and we are glad that Senator LEE has put a lot of effort in drafting a constitutional amendment, the good lawyer that he is, that would make a difference for our country.

Maybe the Senator would share his thoughts about his observations as a new Senator on how things are going and why he believes a constitutional amendment, as Senator WICKER from Mississippi said, would be helpful for our country and help put us on a sound path for the future.

Mr. LEE. Madam President, the need has never been greater for us to avoid gimmicks. Gimmickry in this context can have very high stakes and can prove most detrimental to our economy and to the ability of our government to function.

We have to look out for those gimmicks that would say we are going to make a few cuts now, but most of the cuts we are going to propose in return for our ability to raise the debt limit will involve sacrifices by future Congresses, not the 112th Congress. We will just make a few. But we will say that the 113th and the 114th and successive Congresses after will make the difficult necessary sacrifices.

We can't do that. Nothing allows us to bind a future Congress. That is why we need something that is gimmick free. That is why we need to amend our laws of laws, our U.S. Constitution, to place important, meaningful, permanent restrictions on the ability of Congress to engage in perpetual reckless deficit spending of the sort that has produced a national debt now fast approaching $15 trillion, to a degree that is escalating now at a rate in excess of $1.5 trillion every single year.

In order to rid the problem, we have to change the root causes. We have to change the ability of the Congress to exercise its authority that it has so severely abused in recent decades under clause 2 of article I, section 8 to engage in deficit spending. A balanced budget amendment, the balanced budget amendment that has been endorsed and embraced and cosponsored by all 47 Republicans in the Senate will do that. We have a growing number of Republicans, a couple dozen, who have now gotten behind the one proposal that would allow us to approach the debt limit with this in mind, and would require the balanced budget amendment to be part of that, and I urge my colleagues to support that.

Mr. SESSIONS. I thank Senator LEE for his leadership and hard work on that. It is not an easy thing to draft something that people would all agree with, but I think all the Republicans have signed on to that, and we are happy for that, and I believe this is not an impossible dream.

When I came to the Senate in 1997, we had a vote on the balanced budget amendment. It fell one vote short. We got 66; it required 67. How much better off would we have been today, how much less debt would we have placed on our children and grandchildren had that amendment been passed then? I do think it is time for a national discussion again on this issue and to make that change, and would wish to point out something about the debt we now have.

The unemployment rate came in disappointingly with only 18,000 jobs created last month, in June. We look to have 150,000 just to stay level. Unemployment went up. Economic growth in the first quarter was expected to be much higher than it came in. I think the first number was 1.8. Maybe it has been revised to 2 percent.

The Rogoff-Reinhart study has studied debt defaults in countries all over the world for eight centuries, a highly respected study. Secretary Geithner, the Treasury Secretary, said it is an excellent study and in some ways it underestimates the risk.

This study says when your debt reaches 90 percent of the economy, 90 percent of the gross domestic product, it pulls down economic growth by 1 percent to 2 percent. We are now at 95 percent debt to GDP. We will be at 100 percent of debt to GDP by the end of this year.

I believe our growth could have been 3 percent instead of 2 percent the first quarter. And 1 percent growth, according to Obama White House's economic adviser Christina Romer amounts to 1 million jobs created. So I believe we have lost 1 million jobs that could have been created, we have lost additional tax revenue and growth and prosperity that would help us deal with our debt because of the debt. You see, you can't keep borrowing.

Maybe when we get our GDP was 30 percent—maybe that is what it was when Senator WICKER probably came to Congress and now we are at 100 percent. Our debt is as large as the entire productivity of our economy, and economists tell us it is pulling down our growth and it is costing jobs. Americans are not working today because of debt, and what we hear is, Don't worry about it; debts don't matter.

Senator WICKER has been here in the House and in the Senate. Has the Senator seen the situation in which our financial crisis, short term and long term, systemically is more severe than it is today?

Mr. WICKER. Well, I guess I got to the House in 1995; my friend from Alabama came to the Senate 2 years later.

I don't think we could have imagined an annual deficit of $1.5 trillion in 1 short year. We are spending that much more than we are taking in. In other words, we take in $2.2 trillion a year, approximately, and we spend $3.7 trillion a year, a difference of $1.5 trillion. I don't think we ever expected it to get that serious when the Senator from Alabama and I first got here.

Clearly there is no way we can turn back the clock, but the Senator is correct. If we had enacted with just one more vote in this very body a constitutional amendment to balance the budget, clearly we would not be facing this fiscal crisis.

I want to also make a very important point, and it is what all of the papers are talking about, and that is whether somehow a tax increase targeted to deficit reduction is the thing to do.

Listen, my friends, Republicans and Democrats over time until recently have been united in saying tax increases are a bad thing to do. I want to ask my colleagues if they can help identify the public official who said this quote:

> The last thing you want to do is to raise taxes in the middle of a recession, because that would take more demand out of the economy and put businesses in a further hole.

Would any of my colleagues care to guess? Senator LEE?

Mr. LEE. That was President Obama in the middle of 2009 who made that comment.

Mr. WICKER. Absolutely. Somehow the President, who made a very cogent and correct statement in 2009, has completely changed his tune now.

We could have a budget deal in place on the floor of the House and Senate and ready to be passed if the President of the United States would simply come back to the position he took in 2009 and 2010. As late as December of 2010, the President was telling the New York Daily News we should keep the tax rates in place. The budget chairman in the Senate told Reuters last July, only 1 year ago, that he supported extending the tax cuts and keeping them in place, because to raise taxes on the private sector during a time of economic downturn is taking money out of the private sector and killing its ability to create jobs.

I would simply call on my colleagues from the other side of the aisle to return to the position they had 1 year ago and 2 years ago. Let's get a budget deal that addresses the debt by cutting spending and be united as we were on that issue some 1 year and 2 years ago.

Mr. SESSIONS. Senator JOHNSON, as I recognized, is a businessman. President Clinton recently said we need to reduce our corporate tax rate. I was on a TV show with Senator BILL NELSON, my good Democratic colleague, who said we ought to reduce some of these tax expenditures, as some call them. My understanding was we could use that to help get our rates down so we are more competitive worldwide and create more jobs.

I guess my question is, if you simplify the Tax Code and you eliminate gimmicks, should the money be applied, as President Clinton suggested, to reducing our rates so we are more competitive or should they be used to subsidize more spending by Washington?

Mr. JOHNSON of Wisconsin. Well, obviously it makes more sense to actually use them to make us more competitive so that global capital actually flows to the United States to create jobs here.

I am a long-term job producer. I certainly recognize it is the private sector that creates long-term self-sustaining jobs. I am afraid that is what our colleagues on the other side of the aisle and President Obama simply don't understand.

I am often asked, Are you surprised by anything in Washington? I will tell you one thing I am not surprised about is that their solution is increasing taxes. Let's face it, we just undertook a $4 trillion experiment in Keynsian economics. We are down more than 2 million jobs since that grand experience began when President Obama became elected. It doesn't work. And now for the Democrats and President Obama proposing $1 trillion, $2 trillion or, as was pointed out, as much as $2.8 trillion in new taxes? What is that? That is actually taking money out of the private sector where real jobs are created. That would be the wrong direction. That would be a big mistake. That is why the Republicans are united in saying increasing taxes at any time, particularly in a weak economy, is the wrong prescription.

Getting our debt and deficit and spending under control, a balanced budget amendment is the solution. It can actually be enacted very quickly. We don't have to face the crisis that President Obama and the Treasury Secretary are trying to whip up here.

Mr. SESSIONS. I would say that I do believe we are at a national crisis with our debt. I believe it endangers the Nation, because Erskine Bowles, who chaired the Debt Commission appointed by President Obama, has told us that we are facing an economic crisis as a result of the debt in written testimony to the Budget Committee, and he warned that we have to change our course. I certainly believe that is true; and I believe the Rogoff and Reinhart study, affirmed by Secretary Geithner, is correct, that it is already pulling down our growth. I am worried about the future of our country.

Maybe Senator LEE will wrap up for us. He just finished a campaign, talking to hundreds of thousands of people in his State. What is the Senator's perception of what we need to be doing at this point in time?

Mr. LEE. The American people expect us to stop burying our children and our grandchildren under a mountain of debt, to stop spending money we don't have, particularly when we are spending about 40 cents out of every dollar that is borrowed, much of that being borrowed from foreign sovereign governments such as China.

Obviously there are times when as a country we have needed to do this, when our circumstances have required it. The reason Congress was given this power to begin with is to make sure that, particularly in a time of war, Congress had the means at its disposal to provide for our national defense and to provide for other immediate emergent needs.

But this practice of what I refer to as perpetual deficit spending has become not just something we do on an emergency basis, not just something we do in a time of war or other kind of unusual circumstance; it has become something we do as a matter of course to keep things moving, to keep business as usual operating in Washington to the point where we are accumulating over $1.5 trillion a year in new debt.

Our constituents in every single State expect more and they deserve better. The reason for this has everything to do with the fact that this unites people along every point along the political spectrum. Whether you are a conservative and you care about the deficit because you want to protect our national defense system or because you care deeply about our economy or whether you are a liberal and you care about the deficit because you are concerned about what this will do to our entitlement programs, all of those things stand in grave jeopardy as a result of this practice of spending, this practice that will result in the U.S. Government having to spend a lot more money every single year to pay interest on the national debt, interest that doesn't benefit anyone, interest that crowds out private investment and kills jobs. That is what voters in my State and every State are concerned about.

Mr. SESSIONS. I thank the Senator. Madam President, I would cite that the interest factor my colleague mentioned is very real.

This year we are expected to pay $240 billion in interest. How much is that? That is just a number. The amount of money that we spend under the Federal Highway Program is $40 billion. The amount of money we spend on Federal aid to education is $100 billion. This year we are paying $240 billion.

However, under the budget that was submitted to the Congress by the President—the Democratic Senate has never brought one forward on their own—that budget added $13 trillion more to the debt, and the Congressional Budget Office, our nonpartisan accountants, has calculated what the interest payment would be in the 10th year of that 10-year budget. It has concluded the interest payment that year would be $940 billion. That is larger than Medicare, it is larger than Medicaid, it is larger than Social Security, it is larger than the defense budget. These numbers are incredibly large and we cannot—as a gentleman told me at a townhall meeting—borrow our way out of debt. We cannot keep spending. It is dragging down our economic growth right now. It is costing jobs right now.

There are some people who say we do not have enough jobs; we need to spend more. Where are we going to get that money? Borrow that money. We are already borrowing 40 cents of every dollar we spend. Can we afford to borrow more to try to get a sugar high, keep growth artificially growing now? I think we just have to be mature, grownup, and realize we are going to have to work our way out of this fix.

We can do it if we create stability and soundness in our economy. If we do this right we can create a system in which we can have growth. Our business community is hanging in there. They are doing pretty well. They are holding up, but we have to create jobs. We have to have more job growth and more growth in the entire economy. That is what we need.

I do believe the debt is a weight on us. It is a burden that is reducing growth, and we must have that to pull our way out of this crisis. I am glad to see the President has joined in the discussions, but I have to say I think he has moved from the budget he submitted just a few months ago, which was the most irresponsible budget ever submitted to Congress calling for more taxes, more spending, and more debt. In other words, over the period of 10 years his budget laid out that taxes would go up, the spending would go up more than the taxes, and the deficit would go up more than the current path we are on. It made it worse.

We cannot do that. When that budget was brought to the floor—I brought it to the floor—and we got a vote, it failed 97 to 0.

I am glad the President is working now. Together we have to somehow develop a strategy to put us on a course so all Americans and the business community in our country and the world financial community will say: Boy, the United States is getting their act together. They are making the right decisions. They are on a sound course now. Maybe that is where we need to put our money instead of some other place because they are on the right path. Right now it is very dangerous.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TESTER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DURBIN. I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. DURBIN. Mr. President, I ask unanimous consent to speak as in morning business.

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

The Senator from Illinois.

DAUNTING CHALLENGE

Mr. DURBIN. Mr. President, I have been participating in the White House meetings with President Obama and the leaders of the House and Senate from both Democratic and Republican Parties for the last several days discussing the deadline we face of August 2, where we are required to extend the debt ceiling of the United States and the larger question about what we will do with our Nation's deficit and debt. It is a daunting challenge but one with a sense of immediacy. Most people across America would just react intuitively and say: Please, no more debt. They wonder why we want to extend the debt ceiling. It is a part of our government and part of our economy that needs at least a little bit of explanation.

Imagine that you have decided to purchase a home and you have a mortgage. To stay in your home and enjoy it, you have to make your monthly mortgage payment. When the time comes, if you do not make your monthly mortgage payment, you run the risk of being pushed out of your home, evicted, foreclosed. That is what we face on August 2, in a different form. If we fail to extend the debt ceiling, we are, in fact, missing our mortgage payment, and it creates problems. The credit rating of the United States of America will suffer as the credit rating of any family would suffer if they did not make a mortgage payment. The likelihood that the United States could borrow more money soon without higher interest rates is diminished. In fact, we would face higher interest rates—our government would—if we did not extend our debt ceiling. That is not the only problem. Higher interest rates for our government mean more taxes have to be paid by our citizens to finance our debt, and interest rates across America will go up as well. So average citizens and families who had nothing to say with this extension of the debt ceiling are going to face higher interest rates when it comes to purchases that they might make for cars and homes and appliances. It would be the height of irresponsibility not to extend the debt ceiling.

Since 1939, I was told this morning, we have consistently, time after time, extended the debt ceiling of America without fail. We have never defaulted. We have never called into question the full faith and credit of the United States. We have never jeopardized our credit rating in the world by failing to meet this responsibility, and we cannot do it now. With an unemployment rate of 9.2 percent, with an economy still recovering very slowly, we cannot run the risk of creating more unemployment and hurting businesses with higher interest rates, and so we have to do it.

At the same time, though, we are embarking on an important, strategic national discussion about our deficit and debt. I don't know whether I am fortunate or unfortunate. For the past year and a half I have been engaged in this conversation in a much more focused way than at any time in my career. I was appointed to be a member of President Obama's deficit commission. There are 18 of us, and I have stayed on to work with 5 of my colleagues, 2 Democratic Senators and 3 Republican Senators, to see if we can come up with a bipartisan approach to deal with a very difficult problem.

Let me give a few facts and a little history that puts it in perspective. Today, for every dollar our government spends in America, we borrow 40 cents. I just left the meeting of the Chinese-American Interparliamentary Union where members of the Chinese Parliament are just a few steps away. China is our No. 1 creditor in the world. China loans more money to the United States, buys more of our debt, than any other Nation. That is worrisome because China, though it is our largest creditor, is also our largest competitor.

Go to your local Big Box store and flip the product over and see where the product is made. Time and time again they are made in China. So this country that is financing our debt is also competing with American producers and workers. It is not a healthy situation. The more dependent we are on these countries to finance our debt, the weaker our economy. So reducing the amount of money we borrow is in our economic best interest, and it lessens the chance that our children and grandchildren will have to pay off the debts we incur.

What is the status of the debt in America? It is about $14.5 trillion, but it has not been at that level before, and it has not been at that level for a long time. It is likely to go up. Just to give a perspective on it, 10 years ago—just 10 years ago—the national debt of America was $5 trillion. Now it is $14.5 trillion. Mr. President, $5 trillion. It was the end of the Clinton Presidency, and as President Clinton left office we had 3 straight years of Federal budget surplus. We were bringing in more revenue than we were spending. It was healthy because the excess we collected we put into programs such as Social Security to make sure they would be there for years and years to come. President Clinton, as he left office with a $5 trillion national debt, which was the debt accumulated across the history of America, and surpluses coming in each year, said to the incoming President, George W. Bush: Next year's budget is going to generate another surplus, $120 billion. Welcome to Washington.

President Bush became President, and now fast-forward 8 years later. What happened? The $5 trillion national debt during the Bush administration grew to almost $11 trillion. It more than doubled in an 8-year period of time. Instead of leaving President Obama a surplus, President Bush said: Next year's budget is going to have a $1.2 trillion deficit. Mr. President, a $1.2 trillion deficit. So the President faced the largest single annual deficit as he came to office, President Obama, and a national debt that had more than doubled in the previous 8 years. How does one double the national debt of America in 8 years?

From George Washington until the end of President Clinton, the net national debt of America was $5 trillion. How did it more than double in 8 years? Here is how: You wage two wars in Iraq and Afghanistan and you don't pay for them. You add them to the national debt. Then you do something that no President has ever done in the history of the United States, in the middle of a war, with annual deficits: you cut taxes. It is counterintuitive. You are taking revenue away from the government when it needs it to pay for a war and to continue the functions of government. So there were unpaid-for wars and tax cuts primarily for the wealthy people in America, followed by programs that were not paid for. Put those three together and build into it an economic theory that if we just keep cutting taxes on high-income individuals, America will get well. The theory fails, and the debt of America doubles in 8 years. That is what happened. It is a fact. It went to $10.5 trillion from $5 trillion in just 8 years, and we know what we have gone through since. People are out of work, folks are struggling to get by, and businesses are struggling. That is a reality of where we are.

So when we come together to talk about dealing with this debt, it is a painful topic, and it affects every single American. Here is what we found on the Bowles-Simpson Commission: Any serious conversation about reducing America's debt requires cutting spending and raising revenue. If we do not do those two things, it will not work. What do we cut? Well, almost everything. We take a look across the board at all Federal spending, whether it is discretionary spending for domestic purposes or for defense purposes. We take a look at the entitlement programs, programs such as Medicare, Medicaid, veterans, agriculture, and we see where we can save money there. And we look at revenue. Where can we come up with revenue that will not hurt the economic recovery but will help us bring our debt under control? The deficit commission came to that conclusion, other Senators have come to that conclusion, and now we are debating it again with the President on a daily basis in the White House.

This morning my colleagues from the Republican side of the aisle came with their solution—at least one of their solutions. It is not a new idea. In fact, it is an idea that has been around a long time. It is called a balanced budget constitutional amendment. We first saw the move for a balanced budget constitutional amendment in modern times during President Reagan's Presidency. It was interesting.

President Reagan increased the debt limit of the United States more than any other President. He ran up the highest deficits of any President in history before him and had this push on to amend the Constitution. It is ironic that at the same time members of his party were spending the money and plunging us in debt, they said the answer was to change the Constitution—not change their conduct, not change the way they managed the government, but change the Constitution. It is like saying: I will not tell you I am going to stop stealing, but I will tell you I will vote for the Ten Commandments. It doesn't work.

We have it within our power, as Members of the Senate and the House, to change the way we spend money in Washington. To say we are going to wait for a constitutional amendment to get it done is to submit it to the States and let them see if three-fourths of the States agree we should amend the Constitution. How long does that take to amend the Constitution? The last amendment to the Constitution took 203 years before all the States—three-fourths of them—got around to ratifying it. Some of them take much shorter periods of time, but there is no guarantee when the States will get around to doing this if they agree with amending the Constitution.

So I ask my friends on the Republican side of the aisle: Instead of focussing on the Constitution, why don't you focus on the here and now, the authority we have as elected Senators and Members of the House to do something, not to give speeches and preach about changing our Constitution.

I have to tell you, when it comes to this Constitution, I don't address it with fear but with humility. This is a document which is revered not only in the United States but around the world. To say that, well, we are just going to change the Constitution to deal with today's problems, I am skeptical and I am reluctant and I am humbled by the fact that those words have created the greatest, strongest democracy on Earth.

Before we start changing the words of that Constitution, I always say: Is there another way to do it? The answer is, yes; clearly there is. Instead of speeches on the floor of the Senate about constitutional amendments, why don't we have speeches on the floor talking about the bipartisan deficit commission and what we can do about our debt? Why don't we honestly come together and say everything has to be on the table—everything? All spending programs, all entitlement programs, all taxes have to be on the table, and let's take an honest look at how we can address them and make this economy strong and moving forward. That is what we face.

We have had a bad track record from some Members on the other side of the aisle who give speeches about constitutional amendments but don't stick around for the hard choices. We had a chance to put a bill together into a law that would have made a vote of Congress mandatory on bringing the budget deficit down dramatically. Seven Republican Senators who were cosponsors of that bill when it came to the floor voted against it and defeated it. They walked away from it. We have had conversations here where Senators have come together and tried to work out our differences on deficits and come up with a plan. In one group I have been part of, one of the Republican Senators walked away from it, and it basically was put on hold because of that.

Vice President BIDEN was given the authority to sit down in a bipartisan conversation and come up with an approach to the deficit and the Republican House majority leader walked away and said, I am not going to participate. This last week, President Obama was working directly with the Republican House Speaker, trying to come up with a plan over the weekend and the House Speaker said, I am walking away from it.

So the Republican Party has become the ''walk away, Renee'' party when it comes to this deficit. We have to keep them in the room. They have to stop theorizing about constitutional amendments down the road months and years from now and deal with the here and now. The reality is we need to extend our debt limit, we need to deal with our deficit in an honest way, and we need to put everything—underline everything—on the table. That is painful on our side of the aisle when it comes to entitlement programs and it is painful on their side of the aisle when it comes to taxing those in higher income categories. But until we reach that point, this conversation is going to continue to lead to more debt, more money being borrowed from China, and an economy that is not going to get back on its feet.

I think we can do this in a responsible fashion. I hope we can have a bipartisan approach to it. It is the only way it will work. With a Republican House and a Democratic Senate, we need a bipartisan approach. We will be returning this afternoon with the President to deal with this, to work on approaches to it, and I hope we can get something done in a positive fashion.

This morning Senator MCCONNELL said some interesting things I wish to address. Senator MCCONNELL is the Senate Republican leader. He implied that this debate should be fairly easy. I wish he were right. He said the Republicans have been the party that has brought an open mind to these discussions. Well, I don't think that is a fact that can be proven based on what I said earlier.

He said:

> The suggestion has been made that this debate was hinged on the question of whether or not the two parties could find a solution to our economic problems without raising taxes. Wrong. We could have done that without breaking a sweat.

He added:

> It's no secret how to solve the entitlement crisis either. Any one of the people involved

in these discussions could write it out on the back of an envelope.

Perhaps that is part of the challenge here. I know the Republican approach to Medicare is much different than the Democratic approach. The House Republican budget would have dramatically changed Medicare as we know it. It would have doubled the out-of-pocket expenditures of senior citizens. It would have put the Medicare Program in the hands of private health insurance companies. Unfortunately, it would have put many seniors in their sixties, seventies, and eighties at the tender mercies of health insurance adjusters. That is not a good approach to health care for our seniors.

The challenges we face are not easy, they are not cosmetic, and they can't be solved by letting the market—meaning insurance companies—run Medicare.

In these negotiations, I believe many Democrats, myself included, are willing to sit down and talk about reductions in government spending. Even though I believe in my heart of hearts our economy needs a stimulus at this point and reducing spending may be exactly the wrong thing to do, I am still prepared to sit at the table and find a consensus if we can when it comes to spending cuts.

But we shouldn't make this economic challenge be subject to dramatically changing the benefits under Social Security and Medicare and Medicaid. These programs are critical for families across America. Some of them have watched their savings disappear, their pension plans evaporate in a bankruptcy court, and they count on Social Security. We have to be there to make sure Social Security will be there for them.

Senator MCCONNELL also wants the Senate and the American people to think Republicans are negotiating in good faith and the Democrats are not. He said:

> We showed a willingness to sacrifice all along even as we made it crystal clear from the outset that tax increases would not be a part of the agreement.

So I have to ask Senator MCCONNELL: What is it the Republicans are willing to sacrifice in this debate? He went on to say:

> There can be no question by anyone involved in these discussions that Republicans are willing to make tough choices.

Again, which tough choices? Right now we are at a stalemate in our conversations with the President because the Republicans have been unable to come up with an approach that will meet the needs of deficit reduction.

So we need to work together. Both sides need to be willing to make these tough choices and face these challenges. Unless and until we do this on a bipartisan basis, we will not be serving the people who elected us.

It struck me as I sat in that room the other night—the Cabinet Room with the President—what a rare honor it is for me and for every one of us in that room to be there, to be entrusted with this responsibility for this great Nation of over 300 million people who are counting on us to do something historic and maybe politically bold. I am prepared to do that. I hope others are as well. I think if we approach it on a bipartisan basis, with both sides willing to give, with everything on the table, we can solve this, and we should do it as quickly as possible.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

SHARED SACRIFICE IN RESOLVING THE BUDGET DEFICIT

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of S. 1323, which the clerk will report.

The assistant legislative clerk read as follows:

> A bill (S. 1323) to express the sense of the Senate on shared sacrifice and in resolving the budget deficit.

Pending:

Reid amendment No. 529, to change the enactment date.

Reid amendment No. 530 (to amendment No. 529), of a perfecting nature.

Reid motion to commit the bill to the Committee on Finance, with instructions, Reid amendment No. 531, of a perfecting nature.

Reid amendment No. 532 (to the instructions (amendment No. 531) of the motion to commit), of a perfecting nature.

Reid amendment No. 533 (to amendment No. 532), of a perfecting nature.

Mr. DURBIN. Mr. President, I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SANDERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. SANDERS. Mr. President, let us be very clear that in terms of the deficit-reduction package that is being debated, we are talking about an issue of huge consequence not only for people today but for our kids and our grandchildren. This is likely, from a domestic perspective, the most important issue any Member of the Senate or the House will ever vote on in his or her political career. This is a huge deal which in many ways will shape the future of America.

I know the media refers to the discussion as whether we are going to have a big deal of $4 trillion or whether we are going to have a smaller deal of $2 trillion, but the real issue is whether we are going to have a fair deal—a deficit-reduction package that represents the interests of working people and the vast majority of our people or whether we are going to have a deficit-reduction package that ends up reflecting the needs of the wealthiest people in this country, who are doing phenomenally well, and the largest corporations, which in many instances are making recordbreaking profits. That is really what the debate is about.

The Republican position on deficit reduction has been extremely clear and is consistent with their rightwing ideology. Despite the fact that our current deficit crisis has been caused by two wars—unpaid for—huge tax breaks that have gone to the wealthiest people in this country, and a recession caused by the deregulation of Wall Street and the lack of revenue coming in as a result of that recession, our Republican friends are adamant that while the richest people in this country are becoming much richer, while today we have the most unequal distribution of income and wealth of any major country, where the top 400 individuals own more wealth than the bottom 150 million Americans—that gap between the very rich and everybody else is growing wider—our Republican friends say the deficit must be balanced on the backs of working families, the elderly, the sick, and the children. No, the very rich, the top 1 percent, who now earn more income than the bottom 50 percent, should not be asked to contribute one penny more.

The Republicans are very clear, despite the fact that corporate profits are soaring, that corporation after corporation is enjoying huge tax loopholes that enable them to make billions of dollars a year in profits and not pay one penny in taxes. Republicans say: Sorry, off the table. Large, profitable corporations, with CEOs making millions a year, don't have to contribute to deficit reduction. Only the children have to contribute, the elderly have to contribute, and only working families, the unemployed, and the sick have to contribute to deficit reduction. We have to balance the budget on the backs of those people. But if you are very rich and getting richer, if you are a profitable corporation, that is off the table. You don't have to contribute a nickel.

Poll after poll shows that the Republican position and their ideology is way out of touch with what the American people need or want. This is not BERNIE SANDERS talking; this is the American people talking. In poll after poll, when the American people are asked, ''What is your preferred option in terms of deficit reduction?'' they say it is to ask the wealthy to pay more in taxes. So when our Republican friends say the American people don't want to raise taxes on the wealthy, that is just not true.

To my mind, what the Republicans are proposing is immoral in terms of coming down heavy on the most vulnerable people in our society, people who are already hurting as a result of the recession. When real unemployment is 15 percent, what do you want to take out of those people? They do not have any job. We have the highest rate of childhood poverty in the industrialized world—21 percent of our kids living in poverty. They want to cut them even more? We have hunger among senior citizens in this country going up. They want to take away their nutrition programs? Not only is that immoral, to my mind, it is bad economics because you don't get the economy moving until working people have some money to go out and buy the goods and services that companies are selling.

To my mind, where the Republicans are coming from on this issue is way out in right field and way out of touch with where the American people believe we should go. But having said that, I have to say I am very confused as to where President Obama is coming from on this issue. And maybe I speak here as an Independent—not a Republican, not a Democrat, but the longest serving Independent in American congressional history—but I think I speak for the vast majority of the American people on this issue. Where is President Obama on this issue? We know where the Republicans are coming from. But suddenly, out of nowhere, President Obama tells us that Social Security cuts have got to be placed on the table.

Where does this come from? The President understands that Social Security hasn't contributed one nickel to our deficit. In fact, Social Security has a $2.6 trillion surplus today and can pay out every benefit owed to every eligible American for the next 25 years. Social Security is funded by the payroll tax, not by the U.S. Treasury. The President understands that. Yet the President has now put on the table significant cuts in Social Security as well as Medicare, as well as Medicaid, despite his knowledge and his previous statements that cuts in these programs would be devastating to ordinary Americans.

The President of the United States, Barack Obama, in recent statements has talked about the growth of political cynicism in this country and has argued the American people are sick and tired of politicians who refuse to tackle big issues. There is truth to what he is saying. But there is also a bigger truth, and that is the American people are sick and tired and dismayed about candidates who run for office saying one thing, and then, after they are elected, doing something very different.

In that regard, let me mention that when candidate Barack Obama ran for office he told the American people over and over he was going to fight to protect the needs of ordinary Americans, and the elderly and the sick and the children. Among many other promises he made during his tough campaign against Senator MCCAIN, he said he was not going to cut Social Security benefits. That is what he said over and over.

Let me quote then-Senator Barack Obama and what he told the AARP on September 6, 2008:

John McCain's campaign has suggested that the best answer for the growing pressures on Social Security might be to cut cost-of-living adjustments or raise the retirement age. Let me be clear: I will not do either.

That was Barack Obama in September 2008. So, Mr. President, when you ask why the American people are frustrated with politicians, why they are increasingly cynical, it has a lot to do with candidates who say one thing and do another. If you told the American people you are not going to cut Social Security, then don't cut Social Security. Keep your word.

In case people think: Well, these proposed cuts are not significant; they are trifling, let me quote from a document from Social Security Works, a coalition of many organizations that is doing a great job defending Social Security. And when President Obama and others are talking about cutting Social Security, one of the approaches they are looking at is changing how we do COLAs—how we do CPIs. So this is from that document by Social Security Works:

The Congressional Budget Office estimates the adoption of the so-called "Chained-CPI,"—

Which is what I believe the President is talking about.

which would be used to determine Social Security's annual COLA under this proposal, would cut benefits by $112 billion over 10 years. The Social Security Administration's Chief Actuary estimates the effects of this change would be that beneficiaries who retire at age 65 and receive average benefits would get $560 less a year at age 75.

Let me repeat that. They would receive $560 less a year at age 75. That may not seem like a lot of money to some folks around here, but when you are trying to get by at the age of 75—when you have all kinds of medical bills and you have all kinds of prescription drug costs and you are trying to eat, and maybe you are getting $14,000 a year in Social Security—$560 a year is a lot of money.

But then it gets worse. Because what the Social Security Administration estimates is that at 85—and more and more people, thank God, are living to 85, people who are very fragile at age 85—people would see cuts of about $1,000 a year. So the longer you live, the more your cuts.

Is that what we are about in America now? We don't ask billionaires to pay any more in taxes, but we tell somebody who is 85 years of age, living on $14,000 a year, they would get $1,000 less than otherwise because we have adopted this so-called chained CPI that I gather the President is pushing.

I think the issue is very clear, and that is that the Senate, this Congress, have got to stand with the overwhelming majority of the American people who understand that the solution to this deficit crisis requires shared sacrifice. Yes, we have to take a look at waste and fraud and bureaucracy at every agency of government. No one disputes that. Yes, we have to take a hard look at military spending, which has tripled since 1997. And yes, maybe we have to bring the troops home from Iraq and Afghanistan sooner than many here wish, or that the President wishes, and save substantial sums as we do that. But most certainly, if we are going to go forward with shared sacrifice, yes, we do have to ask billionaires, who—despite all their power and all their campaign contributions and all of their lobbying—are doing phenomenally well, to contribute to deficit reduction. And yes, maybe those companies that stash their money in tax havens in Bermuda and the Cayman Islands in order to avoid taxes to this country—$100 billion a year—will have to start paying their fair share.

On my Web site, which is sanders.senate.gov, I put a letter which said: Mr. President, stand tall, take on these rightwing idealogs who want to make devastating cuts to working families. In a couple of weeks, we have had 135,000 signatures on that letter. I think that letter reflects what the American people want. They want shared sacrifice. They do not want to see the elderly, the kids, or working families being battered more and more, especially in the midst of this recession.

I would say to President Obama: Do not assume—do not assume—because you work and reach an agreement that everybody here is going to support that agreement. The American people demand fairness, they demand shared sacrifice, and some of us intend to bring that about.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. BROWN of Massachusetts. Mr. President, I ask unanimous consent to speak for up to 7 minutes. I don't believe I will need all of that.

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

Mr. BROWN of Massachusetts. Mr. President, I always enjoy listening to my New England colleague speak. The rightwing rhetoric stuff, though, doesn't work for me when people of good will on both sides of the aisle are trying to solve these problems.

We are working on a sense of the Senate here today, and I am rising to speak about my own sense of the Senate. It is an amendment I filed to this bill we are on addressing a key commonsense idea. It is very simple: Don't raise taxes on small businesses, period. But especially don't raise taxes at a time when unemployment is over 9 percent and there is meager job growth throughout the country. Quite frankly, it has stalled out. We can't afford more of the failed economic policies we have been experiencing. Frankly, I can't believe increasing the tax burden on small businesses is even on the radar screen here in Washington. It makes no sense to me. I want to do the opposite. I think we should respond to these terrible unemployment numbers with a progrowth idea such as a payroll tax deduction for businesses that hire workers. Let's do something constructive, something that adds incentives to actually get our economic engine moving again, especially with the businesses that do it best, which are small businesses.

The idea we would raise taxes right now on small businesses is the very definition of being out of touch with the people back home who actually work for a living and who create jobs for others. As I travel back to Massachusetts—and I do that virtually every weekend—I meet with constituents, and I think I have had over 230 or 240 meetings since I have been elected. The biggest question I am always faced with is: What is going on in Washington? Why do you guys always throw a wet blanket over us, with overregulation, overtaxation, creating a lack of stability and certainty? It is not something that is making a lot of sense back home.

When I hear from small business people back in Massachusetts, they are worried they can't hire more workers. We need to actually create confidence in our small businesses so they will put people back to work. Instead, we are terrifying them with these tax proposals and a lot of the rhetoric they are hearing here today. They do not know what is coming down. They do not know what is next. People up here listening have no clue what is next. What are we in Washington going to do next that will throw that wet blanket on things? Yet we expect them to hire a new employee? It is not going to happen.

In particular, there have been recent calls from some on the other side of the aisle to repeal the LIFO—last in, first out—accounting method, and applying it retroactively, without even reducing the corporate tax rate or doing anything to soften the blow on small businesses. That would be disastrous on those who depend on the current system. As the Presiding Officer knows, our corporate tax rate is already the second highest in the world. If Japan lowers theirs, ours will be the highest. And it is often the small local companies that get punished the most. Yet some here in Washington want to tax small businesses more. I don't get it; I am sorry.

Despite these many challenges, in the past decade this country has seen the creation of more than 300,000 small businesses—companies with 500 employees or less. These small firms and the founders who started them took risks during a time many large companies had been downsizing. As a member of the Small Business Committee, I hear testimony regularly from many of our business leaders expressing the difficulties of the current environment, and I believe we absolutely need to do everything in our power to protect small businesses from the heavy hand of government—the overregulation, the lack of certainty and stability, the potential overtaxation.

In Massachusetts and throughout this great country, small businesses, and especially manufacturers, have been the key to our economic recovery. They are the economic engines in Massachusetts and the rest of the country. They are the lifeblood of our economy. They range from mom-and-pop stores to some of the country's most cutting-edge, high-tech startup companies. How can we tax these job-creating small businesses and then stand on the Senate floor and speak about how awful it is that unemployment is at an all-time high, cloaking it in the language of rhetoric of ''millionaires and billionaires, and corporate jets.'' We all know, even if we do the things we talk about, it doesn't get us close to solving or dealing with the problems.

It is outrageous and, quite frankly, the American people can see right through it. We should be doing better. So I filed the amendment today to say that I, for one, will not support more burdens on small businesses. They already face enough problems and challenges.

The current unemployment numbers that we are all seeing from States across the country should serve as a wake-up call that people are still hurting. They need some relief. They want to do their best, but they are being stifled. That wet blanket is hurting them and stopping them from creating jobs. It should be our No. 1 priority, and I hope it will get the attention and support of every one of my colleagues.

If you care about the survival of your State's small businesses, stop proposing increasing the taxes, increasing regulatory burdens, creating that wet blanket and killing off the incentive to actually go out and hire.

Mr. President, I thank you for your courtesy in the beginning, and I yield the floor.

RECESS

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 2:15 p.m.

Thereupon, the Senate, at 12:32 p.m., recessed until 2:15 p.m. and reassembled when called to order by the Presiding Officer (Mr. WEBB).

SHARED SACRIFICE IN RESOLVING THE BUDGET DEFICIT—Continued

Mr. KIRK. Mr. President, I ask unanimous consent to speak for 2 minutes as in morning business.

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

VETERANS AFFAIRS AND MILITARY CONSTRUCTION APPROPRIATIONS

Mr. KIRK. Mr. President, I urge Members of this body to support cloture on taking up the debate on the veterans and military affairs appropriations bill for next fiscal year. Chairman JOHNSON and I have put together a completely bipartisan bill which was unanimously supported by Republicans and Democrats in the Senate Appropriations Committee. This bill basically marked its spending level to the level approved by the House of Representatives, that passed the subcommittee, the full committee, and out on the House floor. The bottom line for its budget authority discretionary spending is the bill comes in $1.2 billion below the President's spending request, $620 million below last year's enacted level, and is even $2.6 million below the House. There are no earmarks in this bill.

A few details. The bill does provide $128 billion to support our over 22 million veterans. That is $182 million in budget authority discretionary below the administration's request.

The bill provides $13.7 billion for military construction. That is about $1 billion below the administration's request or $279 million below the House bill.

Our Senate bill cuts or eliminates 24 separate projects, and all of those cut decisions were made in coordination with Chairman LEVIN and Ranking Member MCCAIN from the draft Senate Armed Services Committee bill so that appropriations and authorization are synched up. We also completely denied funding for the building of a new facility to house the current Court of Appeals for Veterans Claims.

The bill also lays the policy groundwork for making further spending reductions in outyears for Obama administration potential requests for funding in South Korea, Germany, and Bahrain.

In short, we believe that this bill should move forward, that the Appropriations Committee should begin its regular work, and because this is a unanimous, bipartisan product from the Senate appropriations bill and it marks to the House level, I urge Members to support cloture on a vote we expect tomorrow morning.

I yield the floor.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. CARDIN. Mr. President, I take this time to talk about the pending business: the deficit of this country and the looming debt ceiling limit that will be exceeded in August if we don't take any action in the Congress.

First, let me talk a little bit about the debt ceiling. There has been a lot of talk about the debt ceiling as to what is responsible for Congress to do.

We all know that over the last 50 years or so, the debt ceiling has been increased over 80 times. It is done after the fact. That means we have already incurred the liability, and the question is whether we will pay our bills.

The decisions we have to make in regard to our fiscal policies need to be made at the time we consider the budget, but now we have to pay our bills, and raising the debt ceiling is not only a legal responsibility that we have to pay our bills, it is also a moral responsibility and speaks to whether we are willing to live up to our obligations.

The failure to raise the debt ceiling would be irresponsible. It would jeopardize our national security because it would cost taxpayers more money, and it would say to the world that U.S. bonds, which are the safest in the world, are called into question. I think we all should agree we need to make sure we increase the debt ceiling in time so we do not cause those adverse effects to our Nation.

The debt ceiling debate gives us an opportunity to do something about the deficit. Our deficit is not sustainable. By that, I mean if we do not change course, our debt will be too large as a percentage of our economy to be sustainable. We need to deal with spending and we need to deal with revenue and bring them into balance.

The discussions on the debt ceiling could be the opportunity for us to develop a credible plan to manage our deficit, and I certainly hope that is the case, that we come together with a credible plan to manage our deficit. I hope it will be bipartisan, that Democrats and Republicans will work together on a plan. It would not be exactly what either side wants. In fact, we will both have to make compromises. If we do that, if we have a credible plan, I believe it will stimulate our economy and clearly help us create more jobs, which is the best we can do to help reduce our deficit.

To start, we have to understand how we got to this point. Ten years ago, we had surpluses. Ten short years ago, we had surpluses. We were concerned that we might be retiring all of our privately held debt. I was proud to have been part of the Congress that voted on the legislation that brought our deficits down and gave us a surplus and one of the longest periods of economic growth in America's history.

Then, during the previous administration which inherited that large surplus, policies were brought forward to cut taxes, not once but twice. Many of those tax cuts went to our wealthiest people. The United States went to war in two countries and borrowed money in order to pursue those wars—I think the first time in modern history the United States went to war and asked the people to sacrifice by cutting taxes. The end result was large deficits, and when Barack Obama became President, he had huge deficits, unlike George W. Bush, who had huge surpluses. When George W. Bush took the oath of office for the Presidency, our economy was growing jobs. When Barack Obama became President of the United States, we were losing 750,000 jobs a month.

That is the current situation. The situation we face today is we have these deficits we have to deal with. How do we deal with them? We need a balanced approach.

I must tell you that I am proud Senator CONRAD, on behalf of the Democrats on the Budget Committee, has come forward with a credible plan that preserves the priorities of this country to grow and does bring our deficit under control. I am proud to be a member of the Budget Committee. Working with Senator CONRAD, working with my Democratic colleagues, we put together the plan Senator CONRAD spoke about on the floor earlier this week.

First, the most important aspect of Senator CONRAD's budget is that it brings down the deficit by $4 trillion over the next 10 years. It actually has more deficit reduction than the House-passed so-called Ryan plan that the Republicans in the House sent over to us. The Conrad plan that the Senate Democrats have come up with will bring about more deficit reduction and substantially more deficit reduction than the Bowles-Simpson commission had recommended because we are using more accurate numbers.

It would stabilize the debt by 2014. That is a very important point. I think what we are all trying to do is manage our deficit and at the same time help our economy. That is what the Conrad budget does. It stabilizes the debts by 2014, and it starts with reducing domestic spending. When we look at spending generally and what has happened, we are now spending about 24.1 percent of our GDP. The Conrad budget over 10 years would bring that down to 22.1 percent—a substantial reduction in our spending programs. Let me tell you, 22.1 percent would be the same amount of government spending as we were spending during the Reagan Presidency. This is not any radical approach to saying we are going to spend a lot more money. Instead, we are bringing spending down to the level it was when Ronald Reagan was President of the United States.

The budget would also deal with our obligations for mandatory spending. We took major steps to do that in the last Congress. The passage of the affordable care act helped us to put forward a blueprint to manage our health care costs as a nation by providing universal coverage, by investing in health information technology, by investing in wellness programs, by investing in reducing readmissions to hospitals—the list goes on and on. We are getting a handle on health care costs. The CBO says to us that the bill we passed in the last Congress would reduce Federal spending by over $1 trillion over the next 20 years. By reducing health care costs, we reduce Medicare and Medicaid future responsibilities. So we have already taken some steps.

The Conrad budget that the Democrats in the Senate have brought forward will build on that to bring about additional savings in domestic spending. But the important thing about the budget Senator CONRAD has brought forward as compared to the Ryan budget, the Republican budget that passed the House, is that the Conrad budget invests in America's future because it is balanced. We invest in what is important for job growth in America. We continue to make education a top priority so American families can afford to send their children to college, so we invest in improving educational opportunities for all people in our Nation.

The Conrad budget allows us to invest so America can continue to lead the world in innovation. That has been where we have created so many jobs. In my own State of Maryland, I look at where the job growth is, and I see small innovative companies developing ways to protect our Nation in cyber security, I see them finding ways to solve our energy problems, moving forward with health technology—all in innovation, all from the ability to use our creative genius to keep America in the lead economically.

The Conrad budget allows us to continue our investments in NIH in basic research. The Ryan budget does not allow us to do that. There are significant cutbacks in all those areas.

The Conrad budget, which the House and Senate Democrats have brought forward, allows us to invest in our infrastructure—our roads, our bridges, our water systems, our transit systems—so that America can truly be competitive in the future, creating more jobs for the people in this Nation.

The budget also deals with our military spending. Let me tell you one fact that I think the people of this Nation should understand. America spends as much on defense as almost the entire amount spent by all the other nations of the world. It is difficult to see how our Nation can continue to grow the way we want to with so much of our budget tied up in national defense. We need to figure out a better way and one where we can save money. Between 1997 and 2011, the defense budget of our country grew from $254 billion a year to $688 billion a year. What does the Republican budget do? They just increase those numbers dramatically over the next year, 5 years, 10 years. The Democratic proposal recognizes the reality that we can bring our combat troops home from Afghanistan, that we can expect the international community to do more, and we can bring about savings on the military side.

Let me talk about the last major component of the Conrad budget and how it differs substantially from the Ryan budget; that is, the area of revenues. I know there has been a lot of discussion about revenues. What does the Democratic budget do in this regard? It takes our revenues to 19.5 percent of our gross domestic product. That is the same amount that was raised during the Clinton Presidency when we had unprecedented prosperity and job growth in America. How do we get there? How do we get the revenues we need in order to be able to bring this debt under control? Senator CONRAD has given us some direction on how we can do that. He has pointed out that shelters and loopholes need to be closed. These are inefficiencies in our Tax Code today.

I have taken the floor on two occasions recently to talk about some that I think we should eliminate. One is the ethanol subsidy. We had a vote on the floor of the Senate, and the majority of Senators voted in favor of eliminating the ethanol subsidy. Why? Because it is not needed. Ethanol sales are not dependent upon a Federal tax break. Second, it is causing a disruption in the agricultural community. I pointed out that the poultry industry in Maryland suffers from the high price of corn, costing us jobs. Eliminating the ethanol subsidies is a win-win situation. Why not take that money and use it for deficit reduction?

I also pointed out the major gas companies in this country are receiving subsidies from the taxpayers. Their profits in the first 3 months of this year were $34 billion. They certainly don't need the help from the taxpayers. The taxpayers have already given them too much in the price of gasoline at the pump, which has hurt our economy except for the profits of the gasoline companies. So there are tax loopholes, and there are shelters that could be closed that amount to a substantial amount of Federal expenditure. And, yes, the highest income taxpayers, the millionaires and billionaires, is it reasonable or right or fair to expect that they should continue to get these lower tax rates that were temporarily extended under the Bush administration indefinitely when we are trying to figure out ways in which we could bring the budget into balance?

Senator CONRAD has made it very clear that there would be no change from the current tax rates for those families who have $1 million of income or less. I think that is a pretty generous commitment about not changing tax rates, particularly during these economic times.

Let's compare the budgets. The Republican budget, the Ryan budget, says: Look, all the savings are going to come out of the spending side and, in fact, we are going to have some additional tax cuts—asking middle-income families to pay more while our wealthiest enjoy even more tax breaks.

The Democratic budget, submitted by Senator CONRAD, says: We are going to be balanced. Mr. President, 50 percent of our deficit reduction is on the revenue side, but that includes reducing tax expenditures, tax spending. We spend money in the Tax Code, $1.4 trillion a year. I don't understand the difference if we are spending more on housing on the Tax Code or spending money on housing on the appropriations bill. Both should be subject to the same type of scrutiny.

So why aren't we using a similar standard? Well, we have a chance to do that in the Conrad budget—50 percent from revenues, including tax spending, 50 percent from the direct spending cuts. That is a balanced approach. That is a credible approach. It is an approach that will protect our most vulnerable. Our students are protected to make sure we continue our commitment to education and to the cost of higher education through the Pell grants. Our seniors are protected in that we do not do what the Ryan budget would do with Medicare and Medicaid.

Let me remind you, the budget the Republicans passed in the House would change Medicare fundamentally, changing it from a program that guarantees benefits to our seniors to a program where seniors would get a voucher and have to go out and buy from a private insurance company and be at the whim of private insurance companies for adequate protection against their health care needs. It is estimated their health care costs would grow when fully implemented by $6,000 a year. The seniors of Maryland cannot afford an extra $6,000 a year. That will be the difference between an individual getting adequate health care or not.

The Conrad budget rejects that type of radical change in our Medicare system. The Ryan budget would require the block-granting of Medicaid to our States. Our States are already burdened. The chances of them being able to maintain their commitment to young people who depend on the Medicaid system, our seniors who depend upon it for long-term care, is very remote. The Conrad budget protects those programs to make sure we live up to our commitments to provide adequate protection to our families and seniors.

Social Security is protected in the Conrad budget because Social Security didn't cause the deficit. Social Security should be considered outside the budget debates, and I think more and more of the Members are now coming to that conclusion.

Let me mention one other point I think is very important about the Democratic budget that Senator CONRAD has brought forward. It recognizes our Federal workforce. I know my colleague is particularly concerned about that representing the State of Virginia. I am particularly concerned about that representing the people of Maryland. We have a lot of dedicated Federal workers who have devoted their careers to helping this Nation by protecting our Nation in their service in homeland security or protecting us in regards to how they deal with health services or how they deal with our veterans. These are dedicated people, and they have already contributed to this deficit reduction. Two-year pay freezes have already been implemented. They have already done their share in helping us bring our budget into balance. The Conrad budget, I am proud to say, says that is enough. Let's not jeopardize our Federal workforce by reducing their compensation package in addition to the freezes. It shows we can do it that way.

Take a look at the Ryan budget that the Republicans have sent over. It contains major reductions in the compensation packages going forward for our Federal workforce. There is a better way. The better way is the Conrad budget.

Quite frankly, we have a choice. We have a choice on whether we are going to move forward and how we are going to move forward. I strongly support a credible plan to deal with the deficit. As I said, we need to get our deficit under control, but we can do it in a way that preserves opportunities for all Americans, creates job opportunities that are desperately needed for our Nation, and protects America's most vulnerable. To me, that is maintaining America's future. That is giving us the best hope so our children and grandchildren will enjoy the opportunities of this great Nation, and that should be the guiding force for our work.

I certainly hope my colleagues will work together so we can come together for the future of this Nation.

With that, I would suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

Mr. BLUNT. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. KLOBUCHAR). Without objection, it is so ordered.

Mr. BLUNT. Madam President, conversations continue today about exactly how we are going to meet the financial obligations our country faces. A fundamental question on hand seems to be do we borrow more and spend more or do we make the serious decisions that will get our Nation back on sound financial footing.

Today, our national debt stands at over $14 trillion. Unemployment continues to rise, with more than 14 million Americans out of work now, and the government continues to spend more money than it collects, or that I believe it should collect.

As the cochairs of the President's own fiscal commission have warned, if we fail to take swift action, the United States faces, according to them, the most predictable economic crisis in history. A quote attributed to many people, including my fellow Missourian Mark Twain, would be that it is hard to make predictions, especially when you are talking about the future. But the easiest to predict is demographics. If you know how many people are here now and have all the other demographic information you need, you should be able to figure out what the population is going to look like.

As the population gets older, our programs for seniors will cost more. At his news conference yesterday, President Obama was asked about Social Security reform. He said, in a statement that I didn't quite understand, that Social Security is not the source of our deficit problem. Then he went on to say that the reason we do Social Security in the debt ceiling plan is to strengthen Social Security, to make sure benefits are there for the seniors in the outyears.

I agree totally. This is the time to deal with Social Security—particularly the time to deal with it if you are going to deal with Social Security in a way that doesn't impact anyone who is retired or who is approaching retirement. The President went on to say the Republicans want to talk about Social Security as part of a broader deal because it is politically difficult to vote on.

I actually think a lot of Democrats and Republicans want to talk about Social Security because we know now is the right time to save it. If you are going to save it for future generations, you have to start sooner rather than later.

Our colleague, Senator BAUCUS, chairman of the Finance Committee, said during a hearing in May on deficit reduction and Social Security:

> Addressing our deficits and debt is an economic issue, a national security issue, and a moral issue.

He went on to say:

> We have a moral obligation to leave this place better than we found it.

I agree with his quote. If we are going to leave Social Security better than we found it, we have to begin to work on it right now. Each year, Social Security costs are higher. This year, they are going to be 3.6 percent higher than last year. That is a 1-year increase—3.6 percent in 1 year. The workers-to-beneficiary ratio—and we know how Social Security works, with people paying in who largely fund the money going out today. The people paying in in 2035 will be 2.1 for every person working.

In the current system, there is no way the pages on the floor today are going to be able to pay half of whatever the average recipient gets. But that is what you would have to do if we don't change the system.

We have to deal with the deficit facing Social Security. I think we need to deal with that now, whether it is politically difficult or not; otherwise, there won't be a Social Security Program that works for the people who are paying in today. Social Security no longer collects what it spends. We have a $45 billion deficit, or a shortfall, in 2011, and the truth is that we are still cashing in the IOUs to Social Security, and we will do that as long as they are there, but eventually those IOUs will run out as well.

Over the next 10 years, it is projected that we will spend $447 billion more than comes into the Social Security trust fund. According to this year's Medicare and Social Security trustees report, Social Security is now operating under permanent annual deficit for as long as they can calculate. Permanent annual deficits won't work, so what would work?

Today, I want to discuss a plan to put Social Security on a path that means our children and grandchildren can have confidence that the contributions that come out of their hard-earned paychecks will result in benefits when they retire. Ask people you know at work who are in their twenties and thirties if they expect to collect Social Security benefits. Just under 26 percent of voters under 40 believe it is even somewhat likely they will receive all their promised Social Security benefits—26 percent believe it is somewhat likely—not absolute but somewhat likely.

And just to give you an idea, 15 percent of people believe Social Security will be fine if it is not reformed—15 percent—while 20 percent of people polled believe aliens exist and live among us. So the number of people who believe aliens exist and live among us is higher than the number of people who believe Social Security will be fine if it is not reformed.

The last time the Senate and the House made comprehensive changes in Social Security was 1983. Well, it is time to do it again. It is time to do it again, and we can make changes in the program that will not affect those who are approaching retirement, though that will be always the charge: They are going to take Social Security from retirees. Well, this is a plan that talks about people who are 55 and younger and no change for anybody who is 55 or older today.

So if you are 55 or older, and you hear the discussion about this plan, it has nothing to do with you. It will not affect your Social Security. So that is the first point. The second point is we would need to look at a new cost-of-living index that is based on the costs that seniors have. The third point is that we need a new distribution formula. If we do those three things, we will have a solvent system for at least seven decades.

In the next 70 years, somebody can look at this to come up with a plan to be sure it goes beyond then. But seven decades is about as far as we can safely predict anything. This would protect the life of Social Security for at least that long as a solvent system.

Most seniors live on a fixed income, and they feel it when their utility bills go up, their health care costs go up, or when their food prices go up. The current cost-of-living adjustment, the so-called COLA formula—calculated by the Bureau of Labor Statistics, known as the CPI or the Consumer Price Index—tracks purchases by working-age individuals. Frankly, what working-age individuals buy may be quite different from what seniors spend their money on, or at least how most seniors spend their money. Many economists believe this causes the CPI to misrepresent the inflation that impacts seniors, and seniors deserve better.

For example, the rising cost of education and childcare are heavily weighted in the current formula. These costs don't often have the same impact on seniors as they do on the working-age population or the younger population. But health care costs and utility bills, as an example, have more impact on seniors and on the budget of seniors than they do on the working-age population.

My plan directs the Bureau of Labor Statistics to develop a more accurate method of calculating COLAs for Social Security recipients. It would move to a chain-weighted CPI that accounts for the purchasing habits of individuals—not of all ages—who are over 65, and health care costs would account for a much larger portion of seniors' spending in this type of index. What seniors spend their money on is what we would be looking at instead of what everybody who is in the working-age population spends their money on.

This plan will eliminate the program's long-term funding shortfall and ensure payments for the next 70 to 75 years. As does the President's fiscal commission, my plan would account for the increase in life expectancy and would call for an increase in the normal retirement age.

Now, remember, primarily these are for retirees who don't believe they are going to benefit from the system anyhow. Most of the people we are talking about who will be impacted don't think the system is going to be there for them. We are trying to ensure it will be. Over time, the retirement age changes to 65 years. That is 1 year younger than the proposal of the President's commission, but I think it is an age that works, and it looks like it is working as we look through these numbers. This means the retirement age will rise slowly for future retirees—3 months for each year from 2022 to 2030. Nobody would be impacted at all until 2022. The person who was going to retire in 2022 would retire 3 months later, and that would be added on every year until 2030. Likewise, the plan would change early retirement benefits from 62 to 64 beginning in 2022. So it only, again, impacts people who get to that age in 2022.

Our current benefit structure is simply not sustainable, and that is why my plan would also modify the current benefit structure to ensure that seniors who earn at or below the 40th percentile receive exactly the same amount of retirement benefits as they would if the program continued exactly as it is today, and a new index slightly reduces benefits that would occur above the 40th percentile.

Wealthier future seniors can plan for their retirement years through personal savings, through retirement plans, through alternative investments, through IRAs, or through employer-sponsored plans. But those who are not in that category would continue to get exactly the same benefit when they retire they would get at today's retirement age.

So back to President Obama's comments yesterday. Let's look at a plan that does the following, President Obama: Let's look at a plan that has no higher rate of contributions, no means test for Social Security recipients, no tax on future beneficiaries but slightly lower benefits and a slightly longer time to work until retirement. The difference is, if you work until retirement, you actually get a benefit.

This is no longer a topic we can avoid, so let's not miss this opportunity. Let's make a promise right now—while we are dealing, hopefully, with big issues—to workers paying the bill today that Social Security will be there for them when they retire.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant bill clerk proceeded to call the roll.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MERKLEY. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MERKLEY. I rise today to talk about the significant financial challenges our Nation faces.

It will come as a surprise to no one that the topic of greatest concern is jobs, jobs in partnership with how we manage our deficit and our debt so as to put America on a firm financial footing down the road, put American families back on a firm financial footing.

My mailbox is full from families who have a lot of concerns about the Republican plan for cutting programs that serve working Americans. It is a host of programs that are affected, but I pulled a couple letters to bring with me.

One is Linda writing from Canby, OR. She is a parent of a disabled young adult. She writes:

My daughter, Nicole, has cerebral palsy and other medical issues. She is dependent on my husband and I for her total 24/7 care. Medicaid is essential because it helps her with medical and dental needs and her mobility. If Medicaid is cut or reduced, many of the disabled will be forced to live in nursing homes or institutions, which as we both know would not be cost effective. Please vote against cuts to our Medicaid system.

Trudy from Keizer, OR, writes a very similar letter about her grandson diagnosed with Asperger's.

The mail goes on and on from citizens who are working-class Americans, have fundamental jobs, often with modest to no health care. They have children and they have grandchildren who will be profoundly affected by the choices we make on health care, the choices we make on education, and the choices we make in terms of creating jobs here in America. So this debate has enormous import for the success of our families, and in the context of that importance, we need to understand how we got to the point we are right now. So let's start with a 10-year view of what has happened. These statistics might come as a surprise to many of you because they are a little bit out of synch with some of the rhetoric we hear on the floor of the Senate.

Over the last 10 years, from 2001 to 2011, we have had a revenue decrease of 18 percent. So revenue has decreased by nearly one-fifth.

On nondefense spending, you will see no bar here either negative or positive; the change has been zero over a 10-year period, zero change. Those are the programs that affect working America, programs that affect unemployment, programs that affect food support, nutritional support, Head Start Programs, health care programs, and training programs so that people can get better jobs.

Then over here we have defense spending up 74 percent. Well, that is interesting because these three bars tell the story of decisions made during the 8 years of the George W. Bush administration.

Over here on revenue, we have breaks that were granted to the best off in our society and that have been fought for vigorously—the extension of those breaks—by some of my colleagues across the aisle. Breaks for the best off and revenues down over that 10-year period.

Over here we have the fact that decisions were made for two wars not funded by the American people. That is an anomaly in our history. When we go to war, we raise the funds to pay for it, but not during the irresponsible 8 years of the George W. Bush administration.

So it is not a surprise that we now have a deficit problem and that we now have a debt problem because concrete decisions were made. And these are only part of the story. The rest of the story is that deregulation of mortgages, leading to a vast tsunami of predatory mortgages on working Americans turned into securities that poisoned financial houses throughout the United States and, for that matter, throughout the globe, also contributed to blowing up the economy and driving down the revenue.

So concrete decisions from those 8 years have placed us where we are.

How do we address this shortfall? Well, let's start by looking at how the Republican budget has been laid out with three principal points. The first is to end Medicare as we know it. Well, this plan to create a voucher system in lieu of Medicare is one that, frankly, terrifies every senior citizen in America and every citizen who knows they will be a senior citizen, who knows they have been paying for years into a program with administrative costs that are far more efficient than the general insurance market. But the goal of the Republican plan is to dismantle that efficiency and throw people into the highly inefficient private insurance markets with a voucher that does not rise proportionately with health care costs. I don't think destroying the very successful program to provide Medicare and health care for our seniors is where we should be going. The second part of the plan is to do roughly $4 trillion in cuts to programs for working Americans. The third is to protect all of the programs for the best off in our society, the benefits for the best off.

I think most citizens understand that when we come to a time of national challenge financially, everyone should participate. There shouldn't be the sacred cows for the very best off while the workers are asked to pick up even more of the burden. In fact, let's take a look at a chart that displays how this functions.

The average tax rate in America is 20.7 percent. Let's take the richest 400 in America. The top 400, their average tax rate is 18 percent. Now, why do the richest 400 get the lowest tax rates? That is what Americans have a right to know. Why is it that the Republican plan is asking to cut programs for working America while protecting the bonus benefits for the best off in our society?

These richest 400 earn over $270 million per year—not collectively; that is their average income. Well, wouldn't all of us love to be in a situation where we earn even a fraction of $270 million a year.

And that structure, while reflected here for the top 400, is really a structure for the best off of a high array—a 5- to 10-percent array of the best earners in America.

So those three points—end Medicare as we know it, replaced with a voucher program, cut programs for working Americans, and protect programs for the best off—that is the Republican plan.

The chair of the Senate Budget Committee came to the floor this week with a very different plan, and that plan has the same savings the Republican plan has. Let's take a look at that.

Under this plan, the budget framework includes the same amount of deficit reduction as the House Republican plan—in fact, actually a little bit more reduction: $4 trillion versus $3.9 trillion. So both plans get towards the same objective of fiscal responsibility, but they go about it in very different ways.

First, the Conrad plan tosses away the Republican plan to end Medicare as we know it.

The second thing it does is it puts all spending programs on the table. So let's turn to that piece of the structure. Here we have the Republican plan, and it is all in direct spending cuts, touching none of the programs for the best off that have been carefully embedded in the Tax Code.

Now, every American understands this game: You can fund a project with a $10,000 grant or you can give a $10,000 tax credit that is in the Tax Code or you can give a tax deduction that is worth $10,000, also in the Tax Code—three different ways of accomplishing the very same objective. But the Republican plan is to say: Wait. Let's only do the first of those three strategies because the second and third strategy we have utilized to create the programs for the best off in America, and we don't want to touch those. We want to place this burden on working Americans.

Well, the Conrad plan says: That is not right. There needs to be a conversation about fairness. We know those best off pay the lowest tax rates compared to working Americans, as I just showed in that previous chart—just 18 percent. So the Conrad plan says: Let's take 50 percent of that effort to close the deficit and do it in direct spending, and let's take 50 percent by closing tax loopholes, cutting tax subsidies, cutting tax earmarks, and promoting fairness.

I came to the floor last week to talk about the bluegrass boondoggle. Now, that is not a lot of money in terms of the overall challenge we face as America—$120 million over 10 years—but to a working American $120 million is a lot.

That was a special provision inserted not for companies but for the owners. It was to the individual Tax Code for the richest Americans, millionaires and billionaires who own thoroughbreds. They get a special break the rest of America doesn't get. There is program after program such as that, inserted for the best off. The Conrad plan says all of this spending, whether it has been in the appropriations bill or it has been in the tax bill, is going to be examined. That is a fundamentally fair approach.

Let's look at that in a little more detail, look at what the Conrad budget does in terms of fair rates for the middle class. First, it provides the alternative minimum tax protection for the middle class. Second, it continues tax reductions for the middle class that we have currently. Third, it cancels the bonus breaks for the millionaires and billionaires. That is basic rate fairness.

In addition, it says let's take on those special tax subsidies and tax earmarks that my colleagues across the aisle have been so proud of inserting into the Tax Code to protect the best off in society. Let's examine them and if they do not meet the fundamental test of creating employment, contributing to fairness, and being more important than other programs compared against each other, then they should be eliminated.

In addition, let's take off on those offshore tax havens. There are so many setups in which companies have essentially false addresses in the Caribbean so they can transport their profits to a place where they pay no taxes. Those tax havens, in combination with abusive tax shelters, need to be ended. These are all part of tax fairness and taking on this very important challenge we have in terms of our national deficit and our debt and taking it on in a manner that strengthens the programs that need to be strengthened.

You will find the Conrad budget, in contrast to the Republican budget, says let's invest in education. We are in a knowledge economy world. We must invest in education if our economy is going to thrive and our children are going to be successful.

The Conrad budget, in contrast to the Republican budget, says let's invest in infrastructure. We are falling behind in terms of supporting infrastructure. China is spending 10 to 12 percent a year. Europe is spending 5 percent a year. America is spending only 2 percent and that is barely enough to repair our existing infrastructure. In fact, sometimes those repairs are falling short. I know our county officials and city officials will be glad to provide us with a list of how short we are.

The third area is the Conrad budget invests in energy. Why is energy so important? Because currently we are spending $1 billion a day, sending it overseas, basically as a result of our addiction to oil. When you send $1 billion overseas for oil, you do three things. The first is you create a danger to our national security because of the dependence for our energy on governments in the Middle East and other places around the world that do not share our fundamental interests.

The second is you create jobs overseas spending that money rather than creating jobs here in the United States. Let's spend that $1 billion a day here in the United States of America on red, white, and blue American-made renewable energy. Not only does our security improve but in addition we create the jobs here in the United States.

Third, by ending our addiction to oil we contribute to addressing the carbon pollution challenge faced around this globe rather than being part of the problem ourselves.

Let's not adopt a budget plan that ends Medicare as we know it and replaces it with a voucher program, that savages programs for working Americans, and that protects the programs for the best off in our society. Let's instead invest in energy, invest in education, invest in infrastructure, and obtain the same impact on our deficit but do it in a manner that builds our economy and builds American families. That is the type of program that Trudy from Keizer, OR, wishes to see, Linda from Canby, OR, wishes to see, and workers throughout the United States want to see because they know we should have a plan that creates jobs and builds the success of our families rather than doing the reverse.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Madam President, now you hear the other side of the story. It is a privilege for me to come to the floor of the Senate to speak on the issue of the bill before us, which is a sense-of-the-Senate bill, which means basically the Senate is debating something that is not shooting with real bullets. In other words, it just expresses the sense of the Senate, it does not change any law, so it doesn't amount to much.

As the President and congressional leaders continue to debate how best to reduce the deficit, it seems my friends on the other side of the aisle and my President continue to demand a tax increase as part of any deal. For sure, any discussion of reducing the deficit should include a discussion of tax reform, but tax reform is different from tax increases. You heard the previous speaker speak about Republican plans that deal with reducing expenditures, and that is right, because we believe the deficit problem in this country is not because the American people are undertaxed, it is because Congress and Washington overspend. However, what is being discussed with this bill currently is tax increases on targeted groups, supposedly because they can afford it. This is not tax reform.

Professor Vedder of Ohio University has studied tax increases and spending for more than two decades. In the late 1980s he coauthored with Lowell Galloway, also of Ohio University, a research paper for the Congressional Joint Economic Committee. That study found that every new dollar of new taxes led to more than $1 of new spending by the Congress. It did not reduce the deficit then—you raise a dollar, you increase the deficit. I will be a little more specific.

Working with Stephen Moore of the Wall Street Journal, Professor Vedder updated that research last year and came to the same result. Specifically, Moore and Vedder found:

> Over the entire post-World War II era, through the year 2009, each dollar of new tax revenue was associated with $1.17 in new spending.

That is like a dog chasing its tail. Very few dogs catch them, so when you raise a dollar here, common sense might dictate it goes to the bottom line, but it doesn't work out that way. It actually increases the deficit because Congress believes we have a new dollar coming in, let's spend $1.17.

History proves tax increases result in spending increases. We know that increasing taxes is not going to reduce the deficit. History also shows that tax increases do not increase revenues. That is probably contrary to most people's common sense, but I have a chart here that I think demonstrates this very clearly. I will be somewhat repetitive because I want to leave my remarks and go to this chart, and I will refer to it again.

What this chart basically shows is that over a long period of time, going back to World War II to the present, all the taxes coming into the Federal Government have been roughly 18.2 percent of gross national product, but pretty much even-steven across the board. Sometimes it is up a little bit, sometimes down a little bit, but for 50 or more years it is averaging about 18.2 percent of gross national product.

What this chart also shows is—contrary to what you believe, that if you raise taxes you are going to bring in more revenue, and if you reduce taxes you are going to bring in less revenue—that is not true.

That gets to this issue of taxing the wealthy. It gets to the issue of raising taxes on anybody. From World War II until Jack Kennedy, President Jack Kennedy, we had 90 percent marginal tax rates. Then from President Kennedy to President Reagan, we had 70 percent marginal tax rates. Then in the last half of the Reagan administration and up until 1986 it was reduced to 50 percent, under Reagan's administration. Then Reagan had another tax bill and it was reduced to 30 percent. Then of course President Bush the dad made this promise in the campaign:

Read my lips, no new taxes.

But he didn't keep his promise so the taxes went back up to about 40 percent for a period of time until you get to a period when Bush the son comes into office and the marginal tax rate is reduced to where it is now, 35 percent.

But whether you have high marginal tax rates or low marginal tax rates, you get about the same amount of revenue. I am going to be repetitive on that point but it is very important that you understand that.

History shows that tax increases do not increase revenues. The chart here shows that revenue as a percentage of gross domestic product hovers around 20 percent as far back as post-World War II. I said in my off-the-cuff remarks it averaged out about 18.2 percent.

This chart also shows where you have high and low marginal tax rates over those same years. During the last years of World War II, we had a 94-percent tax rate. Then from 1950 through 1963, it was 90 percent, as this chart shows, and under President Kennedy—and I want to emphasize that he was a Democrat—he was smart enough to reduce marginal tax rates to incentivize entrepreneurship. He reduced the marginal tax rates to 70 percent. They stayed around 70 percent until President Reagan brought it down to 50 percent.

Let me say at this point, I gave President Reagan credit for it, but I was a brandnew Member of the Senate Finance Committee in 1981 and we had some very brave Democrats on that committee who believed that 70 percent was too high and it was going to promote entrepreneurship more if you reduced it to 50 percent. President Reagan gets credit for it. I don't think any Republican on the Senate Finance Committee could take credit for it because we would have been accused, as we have just been accused, of wanting to reduce taxes on wealthy people, so thank God there were a lot of smart, intellectually honest Democrats on the Senate Finance Committee in 1981, who said the tax ought to be reduced to 50 percent. Well, then it went down to 30 percent when we reduced marginal tax rates further during the Reagan administration. Then, as I said before, the first President Bush reneged on his promise to not raise taxes, and the marginal tax rates went back up to 40 percent and stayed there until the tax relief enacted under the second President Bush. During all of these tax increases and decreases, the amount of revenue as a percentage of GDP stayed roughly flat, with a 50-year average of 18.2 percent.

So everybody thinks that if you raise the marginal tax rates, you are going to bring in more revenue—seemingly common sense but not true because the taxpayers, the workers in America, the investors in this country that create jobs are smarter than we are, but we don't think they are smarter than we are. And we have had 93 percent marginal tax rates, 70 percent, 50 percent, 30 percent, back to 40 percent, now 35 percent. Regardless of that rate, we get roughly the same amount of revenue. Higher tax rates just provide incentives for taxpayers to invest and earn money in ways that result in the least amount of taxes paid or you might say it this way: Some people just say to themselves that they are not going to work hard because why should I work so darn hard if I am going to send the money to Washington for people in Congress to spend and waste? In other words, taxpayers have decided they are going to give us politicians in Washington just so much money to spend, and it comes out about right here.

We ought to have some principles of taxation that we abide by, and I abide by this principle that 18 percent of the gross domestic product of our country is good enough for the government to collect and to spend. That leaves 82 percent in the pockets of taxpayers for them to decide how to spend. When you send money to Washington with 535 of us deciding how to spend it, it doesn't do as much economic good or turn over as much in the economy and create jobs as it would if it was left in the pockets of the 130-some million taxpayers individually to decide how to spend it.

This benchmark of 18 percent of gross domestic product is good, and it has been consistent throughout recent history. It is a principle we should keep in mind while we debate Tax Code changes.

This level of taxation—another reason I say it is justified is it has not been harmful to the economy, as higher tax rates such as we find in Europe are harmful to the economy—much higher tax rates than we have in this country—and it seems to be a level of taxation that there has not been a great deal of revolt by the taxpayers of America against.

There is another principle I would like to have you keep in mind; that is, What is the purpose of tax law? Those who support bills such as the one we have here currently debated, this meaningless bill, assume that the key objective for our Federal Government through the Federal income tax laws should be to ensure that income is distributed equally throughout the country as opposed to government taxing for the purposes of government but not for the purposes of the redistribution of wealth. In other words, the authors of this bill believe the Federal Government is the best judge of how your income should be spent.

Bills such as the one we are considering today assume—I say it for a second time—assume that 535 Members of Congress know how to best spend the resources of this country, and presently that is about 18 percent, but that is not enough. Well, actually, they are spending more than 18 percent because the expenditures of this country add up to about 25 percent of the gross national product from the Federal Government because we borrow 42 cents out of every dollar we are spending today.

It assumes that government creates wealth and should therefore spread it around the way they do in Europe. In fact, government doesn't create wealth; government consumes wealth. Only workers and investors, laborers, and people who provide capital and, in turn, people who use their brain to invent and create, is what creates wealth. Yet, as history shows, there is evidence that tax increases lead to more spending—and I quoted Professor Vedder—and that revenues as a percentage of gross domestic product pretty much stay the same regardless, even if the marginal tax rates are very, very high.

It would be one thing for me to vote for a tax increase if it went to the bottom line: reducing the deficit. It is quite another thing to vote for a tax increase that just allows more spending and raises the deficit instead of getting the deficit down.

The resolution before us now in the Senate requires us to concede ''that any agreement to reduce the deficit should require that those earning more than $1,000,000 per year make a meaningful contribution to the deficit reduction effort.'' The bill does not state that such a ''meaningful contribution'' would be accomplished through tax increases, but how else would the authors of this bill and the taxpayers intend to or make such a contribution?

Let me make clear that I do not support this bill and will vote no on its adoption. However, I think it is a good thing we are debating such an issue. It is clear that those who support this bill believe those earning more than $1 million per year are not paying their fair share. Note, however, that just last year, these very same people believed that a single person who earned $200,000 or a married couple who earned $250,000 weren't paying their fair share.

In evaluating whether people are paying their fair share, experts frequently look at whether the proposal retains or improves the progressivity of our tax system.

Critics of lower tax rates continue to attempt to use distribution tables to show that tax relief proposals disproportionately benefit upper income taxpayers. We keep hearing that the rich are getting richer while the poor are getting poorer, don't we? Almost every day. This is not an intellectually honest statement, as it implies—what does it imply? It implies that those who are poor seem to stay poor and that those who are rich seem to stay rich. So I want to dispute that position.

In 2007, the Department of Treasury published a report entitled ''Income Mobility in the United States From 1996 to 2005.'' The key findings of this study include the following:

> There was considerable income mobility of individuals in the U.S. economy during the period 1996 through 2005 as over half of taxpayers moved to a different income quintile over this period.
>
> Roughly half the taxpayers who began at the bottom income quintile in 1996 moved up to a higher income group by the year 2005.
>
> Among those with the very highest incomes in 1996—the top 1/100 of 1 percent—only 25 percent remained in the group in 2005.

One in four 10 years later. So the poor aren't always poor and the rich aren't always rich.

> Moreover, the median real income of these taxpayers actually declined over this period.
>
> The degree of mobility among income groups is unchanged from the prior decade (1987 through 1996).

So I used the group 1996 through 2005, and I am comparing it with the group 1987 through 1996, so I want to repeat that the degree of mobility among income groups was unchanged over a 20-year period of time.

Continuing to quote:

> Economic growth resulted in rising incomes for most taxpayers over the period of 1996 through 2005. Median income of all taxpayers increased by 24 percent after adjusting for inflation. The real incomes of two-thirds of all taxpayers increased over this period. In addition, the median incomes of those initially in the lower income groups increased more than the median income of those initially in the higher income group.

Therefore, whoever is saying that once rich, Americans stay rich, and once poor, they stay poor, is purely mistaken because America is a country and land of opportunity.

Now, I want to say that the Internal Revenue Service data supports the analysis I just gave. I was done quoting at that point.

A study of 400 tax returns with the highest income reported over 14 years—and I don't know whether these are the same 400 taxpayers my friend on the other side just referred to in his speech, but a study of 400 tax returns with the highest incomes reported over 14 years, from the year 1992 to the year 2006, shows that in any given year, on average, about 40 percent of the returns that were filed were not in the top 400 in any of the other 14 years. I got the impression that the top 400 taxpayers in the previous speech were maybe always the same people, but 40 percent were not in that group.

The so-called shared sacrifice bill before the Senate now does not acknowledge these trends; hence, I think it is intellectually dishonest. It presupposes that anyone making more than $1 million should be contributing more to reduce a deficit that they likely did not create in the first place. We created it.

The bill assumes that the folks in this income category have always made more than $1 million, that they haven't paid their dues on their way up the ladder of success and, as a result, should pay a penalty for their current success even if they are on the way down the ladder. The bill also assumes these folks will continue earning what they are earning now.

As I just noted, however, the Treasury report and the IRS tax data contradict this position.

I welcome this data on this important matter for one simple reason: It sheds light on what America really is all about, what this great country is all about—vast opportunities. Of course, as I just said in these statistics, but you can see it in a lot of different ways as well, we are a country of great economic mobility. This country is built by people from all over the world. Our country truly provides unique opportunities for everyone. These opportunities include better education, health care, financial security, and probably a lot of other things. But, most importantly, our country provides people with a freedom to obtain the necessary skills to climb the economic ladder and live better lives. We are a free nation. We are a mobile nation. We are a nation of hard-working, innovative, skilled, and resilient people who like to take risks when necessary in order to succeed. We have an obligation as lawmakers to incorporate these fundamental principles into our tax system.

On another matter in this debate, we have also heard much about ''closing loopholes.'' Well, that sounds good. I don't want to tell you how I believe that ought to be done. There are things that are legal, and there are things that are not legal. There are things that are legal and there are things that aren't legal. Let me say if there are, in fact, loopholes to be closed, I would support closing them.

During my tenure as chairman and then ranking member of the Finance Committee, I worked with colleagues from both sides of the aisle to cut off tax cheats at the pass. The American Jobs Creation Act signed into law in October of 2004 included a sweeping package to end tax avoidance abuses such as corporations claiming tax deductions for taxpayer-funded infrastructure such as subways, sewers, and bridge leases; corporate and individual expatriation to escape taxes; and Enron-generated tax evasion schemes. We closed them.

One of the tax avoidance provisions the jobs bill shut down was so-called corporate inversions. Average workers in America can't pull up stakes and move to Bermuda or set up a fancy tax shelter to avoid paying taxes. Companies that do this make a sucker out of workers and companies that stay here in this great country and pay their fair share of taxes. So that was closed. Corporate inversions, we called that.

We also closed loopholes used by individual taxpayers. The jobs bill contained a provision that restricted the deduction for donations of used vehicles to actual sales price. Prior to that fix, individuals were claiming inflated fair market values before they gave their car to a nonprofit organization.

Then in the Pension Protection Act, which was signed into law in August of 2006, I championed reforms to deductions for gifts of ''fractional interests'' in art as well as donations to charities that were controlled by the donor. Because if you give money away, it ought to be given away. A person should not be able to control it after they give it away. The same way with art. In both cases, individuals were taking huge deductions for donations without providing equivalent benefits to the charities to which they donated.

In addition to ensuring income and deductions are properly reported, I also supported giving the Internal Revenue Service more tools to go after tax cheats. The jobs bill contained provisions that required taxpayers to disclose to the IRS their participation in tax shelters and increased penalties for participating in such tax shelters as well as not disclosing such participation to the IRS.

I also authored the updates to the tax whistleblower provisions included in the Tax Relief and Health Care Act which was signed into law in December of 2006. There was a whistleblower statute long before that, but because of the low dollar threshold, it encouraged neighbors to blow the whistle on their neighbors. So the 2006 changes I championed increased the awards for those blowing the whistle on the big fish—individuals and businesses engaged in large-dollar tax cheating through complex financial transactions.

I don't know why it took the IRS so long to get this law under way because they have had plenty of whistleblowers come forward, but we have only had one time so far—I think we will get a lot of others now—but we have only had one time so far under this provision, which was instituted in April of this year, and we recovered $20 million for taxpayers that otherwise would have been lost to fraud—from one company.

These are just a few examples of my support for provisions to stop abuses of the Tax Code to make sure everyone pays their fair share. If and when we get around to considering comprehensive tax reform, I look forward to shutting down any other abuses that exist. But first we need to be clear on what a loophole is.

Itemized deductions are just that: itemized deductions. They are not loopholes. Similarly, deductions and tax credits that enable a corporation to zero out its tax liability are not loopholes. For instance, if a person had a loss last year, they can carry it forward to this year. The question of whether deductions and credits should be limited is a question that should be answered not to raise revenue but in the context of comprehensive tax reform. Eliminating deductions and credits for certain taxpayers should be subject to extensive review and extensive debate. Taxpayers should not be targeted for tax increases for political sport, as this resolution before us does.

I wish to finish by summing up in three points, very quickly. First, according to this chart, tax increases don't—well, not according to this chart. That is the second point I will make. First, tax increases don't reduce deficits and they don't increase revenue as a percentage of GDP.

Secondly, we ought to have some principles of taxation. First of all, this chart shows that we get about the same amount of revenue coming in over a 50-year period of time—about 18.2 percent of gross national product. We have high marginal tax rates, really low marginal tax rates, but it still brings in about the same amount of revenue.

Second, we ought to have some principles of taxation that we abide by. Limiting revenues to the historical average of 18 percent of GDP should be one, while ensuring income equality should not be one. In other words, we raise revenue for the purpose of funding the functions of government, not to redistribute wealth.

Last but not least, it is right to consider tax reform when discussing deficit reduction. However, the proposals put forth so far, including the current bill, are political proposals—not reform proposals. Tax reform requires Presidential leadership, and we are just now seeing that. I mean, we are not seeing it on tax reform, but we are finally seeing it on deficit reduction. But I don't think it is going to last very long.

Madam President, I yield the floor, and I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. Will the Senator withhold his request?

Mr. GRASSLEY. Yes.

The ACTING PRESIDENT pro tempore. The Senator from Florida.

Mr. NELSON of Florida. Madam President, I ask unanimous consent to speak as in morning business.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FLORIDA'S CITRUS CROP

Mr. NELSON of Florida. Madam President, I will speak on this bill before us tomorrow and matters about the budget, the deficit, and how it ought to be solved, and it has to be solved. I will reserve comments on that until tomorrow.

In the meantime, what I wish to point out to the Senate is that we had a very significant benefit to not only the Florida citrus industry but to the worldwide citrus industry, because there is a bacterial disease and, of all things, it is called citrus greening. Well, it is anything but that, because what it does is it kills a citrus tree within 5 years. It has infected every grove in Florida.

When I say the worldwide citrus industry is being threatened, I mean just that. This strain of bacteria came somewhere from Asia and has been imported not only into the United States but into a lot of other countries that have moderate climates, warm climates, humid climates. There is another version that came from a different part of the world that is not as virulent. But what happens is this bacteria that has now been brought into this country—it is in Brazil as well, another major citrus-producing country—and it is carried by a little insect called a psyllid.

The little psyllid carrying this bacteria bites into the tree, the bacteria gets into the sap, and it will kill the tree in 5 years, and there is no known cure. Well, if it is going to kill a tree in 5 years, we can see the potential for the destruction of what we have come to think of as standard fare—that we are going to have orange juice on our breakfast table, and that those who enjoy the mild elixirs and mix certain elixirs with orange juice—called maybe mimosas, whatever—that this is going to be a thing of the past if we don't get serious about finding a cure for this disease.

The reason it is so extraordinarily lethal for the United States and for the State of Florida is the fact that since every grove has been affected, and since almost all of our orange juice that we consume in domestic consumption in the United States—I say almost all; the biggest percentage comes from Florida, and some of it, a little bit, from California; mostly the juice that is added to Florida juice comes from Brazil, but when there is a bumper crop in Florida, they don't have to ship it in, in refrigerated ships from Brazil—we are going to have a whole way of life, a whole tradition, we are going to have domestic consumption that is threatened if we don't come up with a cure.

The Florida citrus industry, to its credit, has been taxing itself—the growers—to produce a stream of revenue that will allow it to continue the research to try to find a cure. We have gotten some limited amount also from the U.S. Department of Agriculture, and supplementing all of that with back at the time when we could make a specific appropriations request, otherwise called an earmark, this Senator certainly was asking for appropriations to help find a cure to this dread disease. We haven't found the cure, and we have to have a stream of revenue to keep this going.

Since it is so difficult to pass anything around here these days—even the citrus trust fund I filed last year, we had a whole bunch of cosponsors. But this year, of course, we are all wound around the axle here on passing anything if it has to do with the budget. So what I did was go to the U.S. Department of Agriculture and I asked for help. We have to have some help immediately. Fortunately, the administration—and I talked to the Chief of Staff of the White House about how dire this situation is. We can't wait. So they announced yesterday they are releasing $2 million immediately that will go into the USDA Research Station at Fort Pierce, FL, for the remainder of this fiscal year. In the next fiscal year, assuming the competitive grants fund is funded by the Congress for the Department of Agriculture—which we have to assume is going to continue—the USDA has set aside an amount of $5 million in the next fiscal year, starting October 1, that will go directly into this research, and they have agreed to set aside in the following 2 years $2 million, $2 million in each of those years, so that we have a steady stream of funding of $11 million for research specifically for citrus greening.

California may have this bacteria. If Texas doesn't have it, it is just a matter of days or months, and the same with the citrus that is grown in Arizona. Of course, in a country such as Brazil, it is to their credit some of the citrus growers in Brazil have actually contributed money to our U.S. research institutions trying to find a cure, because Brazil has the same problem. They have it in a lot of their groves. The big difference between the Brazilian citrus industry and the United States is that they have more land, so they can mow down and burn a citrus grove and go over and clear new land that is unaffected and go on and start a new grove.

You don't have that luxury. We don't have it in any of our citrus-growing States in the Sun Belt, and certainly we don't have the luxury in Florida to go out and find new land to plant new citrus groves.

This is a very significant departure and a welcome new announcement by the U.S. Department of Agriculture that they will be sending $11 million over the next 3 years specifically dedicated to finding a cure for citrus greening before it is too late.

Citrus growers can prolong the life of a grove by doing certain spraying and so forth, but at the end of the day the tree is going to die, and they are not going to produce any oranges for orange juice and no grapefruit for the grapefruit we enjoy.

Just so the rest of the Senate will understand, this industry is part of us as Floridians. We have, even on our license tags in Florida, an orange. We have an industry that has been a mainstay of our economy for years and years. Of course, because of the forward thinking, the Florida Citrus Commission, in the late forties, fifties, and sixties made orange juice become a wanted and acceptable commodity on most every American breakfast table. And it is threatened. It is up to us to do something about it.

I was particularly thankful to the administration that they would come up with the $2 million immediately because, in addition to the growers taxing themselves on a per citrus box produced assessment, they were counting on the State of Florida to produce a $2 million appropriation to go into a $15 million research fund, and this year, lo and behold, the Governor of Florida vetoed that in the appropriations bill. So the replacement of that vetoed item by the Governor, with this Federal money from USDA, considered an emergency allocation, is welcome, timely, and it is much appreciated by all of the aficionados across America that enjoy orange juice as a staple in their diet.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant editor of the Daily Digest proceeded to call the roll.

Mr. NELSON of Florida. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

SPACE SHUTTLE LAUNCH

Mr. NELSON of Florida. Madam President, let me just say that with the last space shuttle launching last Friday—and it was a beautiful launch—of course, the expertise of the finest launch team anywhere in the world was very evident. When they got down to T-minus 31 they saw an indication on the controls that there had not been a retraction of one of the arms, which is a servicing arm, but they were ready for that, and as it turned out, it was a faulty sensor. Of course, the way they checked is they have cameras all over the launch tower. So they turned the cameras on and trained them over there and saw that it had, in fact, retracted and was pulled into a safe position. So with only 53 seconds left in the launch window—the window being that they had to launch the shuttle at that time so that it, once in orbit, could catch up with the space station, which was its destination, with 53 seconds to go, the count continued then, starting at T minus 31 and went down to a flawless launch and flawless flight, as they are now docked with the space station, and as they are now transferring this 20,000 pounds of cargo and equipment and supplies that will keep the International Space Station supplied for the next year.

I don't think people realize how big the International Space Station is. It is 120 yards long. If you sat on the 50-yard line of a football stadium and looked from the end of one end zone all the way to the other, that is how big the International Space Station is that we have built with another 15 national partners. Primarily, our partner in building it was Russia. Of course, you remember that the iteration before the International Space Station was originally the Soviet space station that became the Russian space station called MIR, which we used to fly our astronauts with the space shuttle to the Russian space station. So the Russians have been our partners.

Remember, when we have been down—for example, after the destruction of the space shuttle *Columbia* in early 2003, for over 2 years we would not fly the space shuttle as we went through and made the corrections that had caused the destruction of *Columbia* and the loss of seven astronauts. We relied on the Russians to get us to and from the space station.

The sad thing is that the new rockets that we are building to go to and from the space station—there is one version of those rockets that, in fact, is going to fly later this year, rendezvous and dock with the space station and deliver cargo. But it has not been human rated. To do that, we have to go through and put in all the redundancies for safety, all of the escape mechanisms on the capsule, and once that is done this will be a rocket that will be much safer than the space shuttle—as a matter of fact, we can save the crew even from—if they had an explosion on the pad, the crew can safely eject in the escape rocket with the capsule parachuting to safety, all the way, 8½ minutes to orbit—if they had a malfunction.

Contrast that with the space shuttle. When we saw *Atlantis* lift off, for the first 2 minutes there is no escape. You are married to those big solid rockets. If there is a failure then, there is no way out for the crew, and, as we saw, that was how *Challenger*, 25 years ago, was destroyed. They had a malfunction in one of the rockets. It caused the whole thing to explode—one of the solid rockets—within the first 2 minutes of flight.

We are going to have a much safer way to get to and from the space station. The sad thing, however, is that the rocket for humans is not ready. It is going to take about another 3 years. Therefore, it is sad that with all of that finest launch team in the world at the Kennedy Space Center, a good part of them are having to be laid off. That employment will ramp up over the next several years as we build and launch those kinds of rockets.

There is another set of human-rated rockets. I am talking about the manned space program now, not the unmanned. This year we are going to Jupiter. Later on we are getting ready to launch a Volkswagen-size rover that will go to the surface of Mars.

Do you know what those little rovers have done over the last number of years? They have gone, like the energizer bunny, all over the surface. This one is going to be the size of a Volkswagen. So we have these kinds of mixes going on, but the human space program—the next big one to get NASA out of the Earth's orbit is the rocket that we are developing, a monster rocket. The capsule contract has already been let, and we are now going on in the process of—pursuant to the NASA law we passed last year—proceeding with the design and building of this rocket, which will take us, on the goal set by the President, to Mars with interim stations along the way. He has suggested an asteroid—to rendezvous and land with an asteroid by 2025. We have a vigorous space program going ahead.

Senator HUTCHISON, who has been a wonderful partner in helping set NASA policy in all of this, and I are going to have something to say about this in the next few days because we think there is a holdup in the Office of Management and Budget with regard to the rocket design and the architecture for the big rocket. We are wondering why this delay keeps occurring. But we will talk about that in the later session.

With that, I yield the floor.

Mr. RUBIO. Madam President, had I been present to vote on the motion to proceed to consider S. 1323, I would have voted no.

There is broad consensus in Washington that a ''balanced approach'' between spending cuts, controls, and increased revenue is the only possible way to reduce our $14.3 trillion national debt and avert a Greek-style debt crisis. I share this perspective.

As the ongoing debt negotiations advance, Members of Congress should evaluate the components of a debt package through one question: Will this make it harder or easier for the American people to create jobs? For my part, I have never met a job creator in Florida that has told me they are waiting for Congress to pass another tax hike before they start growing their business.

Unfortunately, as evident by S. 1323, some in Washington believe higher revenues in a debt package should come from massive tax increases, even at a time when the unemployment rate is 9.2 percent and 25 million Americans are unemployed or underemployed. I vehemently disagree with this approach and will oppose a net tax increase on the economy that makes its way into a debt reduction deal.

To be clear, new revenues are an essential component of debt reduction. We can't simply cut our way out of this debt; we also need to grow our way out of it. The best way to do this is by increasing the number of taxpayers gainfully employed in our economy and by easing burdensome regulations, not by raising taxes.

We can generate lasting economic growth and trillions in new revenues for the Federal Government through pro-growth tax reform. Senator PAT TOOMEY has a budget proposal that lowers top marginal tax rates to 25 percent in a revenue-neutral way and eliminates loopholes and deductions, resulting in $1.5 trillion of additional real growth over the next decade and millions of new private-sector jobs, according to the Heritage Foundation. His budget recognizes that tax cuts and an overhaul of our 70,000 page Tax Code will create jobs and generate trillions in new revenue.

Net tax increases are poor economic policy. Will raising taxes on manufacturers make it easier for them to hire new workers? Will raising taxes on American energy companies make it easier to create jobs? Will raising taxes on the businesses that Democrats refer to as ''millionaires'' allow those businesses to expand? Across the board, the answer is no. Instead, these tax increases will kill jobs in every district, State, and industry in the country. Regardless of the rhetoric coming from Washington politicians, these taxes will also have a mathematically insignificant effect on deficit reduction.

I proudly support a ''balanced approach'' in the context of debt reduction that grows the economy and boosts tax revenues in the process, but when presented with the option of choking our weak economy with yet another tax increase, I will oppose it. Our country needs new taxpayers, not new taxes.

HONORING OUR ARMED FORCES

SERGEANT FIRST CLASS TERRYL L. PASKER

Mr. GRASSLEY. Madam President, the State of Iowa has lost one of its native sons, and the Nation has lost a true patriot. SFC Terryl L. Pasker from Cedar Rapids, IA, was shot and killed in Panjshir Province, Afghanistan, while serving with the Iowa National Guard in support of Operation Enduring Freedom. He was 39 years old and was just completing his second tour in Afghanistan. My thoughts and prayers are with his wife Erica, his parents Mary and David, and those who knew him and cared about him. Terryl Pasker is described as an upbeat, religious man. He was known as a hard worker and he owned a contracting business in his civilian life. The loss of someone in their prime, with a bright future and a whole life left to live is a tragic thing. It gives us pause to reflect on the tremendous sacrifice we ask of our servicemembers, and have since the first minutemen rallied at Lexington and Concord. I would like to pay tribute to the life and service of SFC Terryl Pasker and ask that my colleagues join me in honoring his memory.

VIOLENCE AGAINST ANTIMINING ACTIVISTS IN EL SALVADOR

Mr. LEAHY. Madam President, I want to speak briefly about some troubling developments in El Salvador, which should concern us all.

On June 14, 2011, the body of Juan Francisco Duran Ayala was found with a gunshot wound to the head in the Soyapango Municipality of San Salvador. He was reportedly last seen alive on June 2 in Ilobasco, Cabanas, posting flyers critical of gold mining in that area, the day before he disappeared. In addition to studying at the Technological University in San Salvador, Mr. Duran had volunteered for the Environmental Committee of Cabañas in Defense of Water and Culture. His death is one of a shocking number of instances of violence against antimining activists in Cabañas.

In 2009, Gustavo Marcelo Rivera went missing for nearly 2 weeks before his body was found on June 30 in a well with signs of torture. Mr. Rivera was the cofounder of the Asociación Amigos de San Isidro Cabañas, and was a vocal leader in the anti-mining campaign in San Isidro, Cabañas. Since Mr. Rivera's death, at least eight other members of the antimining community in Cabañas have reportedly been killed, including Mr. Duran, and yet it is still unclear who is behind this pattern of deadly violence.

There have also been recurrent threats against the lives of journalists at Radio Victoria, which broadcasts in that area.

Cabañas is located in the north central part of El Salvador and has a long history of gold mining. Pacific Rim Mining, a Canadian company that acquired a large mine named El Dorado, was the subject of Mr. Rivera's and Mr. Duran's protests. Now that their voices have been silenced, people in that community are demanding thorough, credible investigations of these crimes, both to obtain justice for their families and in order that future activists can exercise their right to speak out peacefully without losing their lives.

Unfortunately, El Salvador is a country where criminal investigations rarely result in arrests, and those that do almost never result in convictions. Impunity and corruption within the police are common, as in many other countries of the region. Some accuse local police and municipal officials of complicity in the harassment and threats against antimine activists and the radio station, and point to the fact that no one has been punished for these crimes.

To compound the problem, judicial independence, already fragile, is under threat in El Salvador. On June 2 the Salvadoran Legislative Assembly approved a decree which requires the five members of the Constitutional Court to rule unanimously instead of with the previous four person majority. The law was approved with the support of a broad spectrum of political parties.

The vote was reportedly in response to a number of unpopular decisions by the Court over the past 2 years. The passage of the decree threatens judicial independence in a country where the Court has only recently demonstrated a willingness to act as a check on executive and legislative power. That is the role of the judiciary in a democracy, and the outcome of this impasse will have profound implications for the country.

El Salvador has been through a difficult history. The 1980s civil war polarized the country and those who suffered most, the rural poor, are still struggling to recover. The country's democratic institutions are weak, particularly the judiciary. The country is coping with rampant violent crime, and the infiltration of well financed criminal gangs into all sectors of society.

In the midst of this, the brutal slayings of people like Juan Francisco Duran Ayala and Gustavo Marcelo Rivera might be regarded as little more than a grim statistic, soon to be forgotten. But we have not forgotten them. All indications are that they did nothing more than act as the voices of people in their communities who are concerned that their way of life, and the land they depend on, is being destroyed.

We know the Funes Government is coping with many problems. We are helping, by providing tens of millions of dollars to support programs in health, education, economic development, and to strengthen law enforcement. We provided additional funding to help the country rebuild from the devastating floods in November 2009. But there is no more important responsibility of government than upholding the rule of law. The urgent necessity of the message that would be sent to all the people of El Salvador by bringing the perpetrators of these crimes to justice cannot be overstated.

VA INFECTION CONTROL PRACTICES

Mrs. MURRAY. Madam President, I would like to take a moment today to recognize the success of recent efforts at the Department of Veterans Affairs, VA, to reduce Methicillin-resistant Staphylococcus aureus, MRSA, infections by more than 60 percent in intensive care units. This initiative by VA was highlighted in a New England Journal of Medicine article this year.

MRSA is a nationwide problem. It is estimated that it kills 20,000 U.S. residents a year and hospitals remain an important source of this infection. Three years ago, VA launched this initiative to ensure that it leads the way on eradicating MRSA infections from their facilities. The success of this initiative has created a culture that promotes infection prevention by adding patient screening programs for MRSA, precautions for hospitalized patients found to have MRSA, and hand hygiene reminders with readily available hand sanitizer stations throughout VA medical centers.

Every day thousands of veterans visit VA health facilities to receive care. VA provides care for more than 6 million veterans each year. In the first 3 years of this initiative, more than 1.7 million screening tests for MRSA were given to veteran patients at VA medical facilities throughout the United States. Screening tests such as these help our veterans stay safe from deadly antibiotic-resistant infections, a threat no American should face when they visit a hospital.

Since the initiative's start in 2007, VA has increased the amount of MRSA screenings to 96 percent of all admitted patients. This newly instituted culture that promotes infection prevention has been so successful that infection rates for MRSA have decreased by 62 percent over the past 3 years within VA intensive care units and by 45 percent in other areas of the hospital. The success of VA's work on MRSA prevention is proof that with dedication and strong leadership, VA can make significant improvements in their ability to control infections and deliver high quality health care. It is my hope that these results will be replicated across the healthcare system nationwide and that success achieved by VA in improving the safe delivery of care through the reduction in MRSA infections will be mirrored in their efforts in other areas, like the sterilization and reprocessing of reusable medical equipment.

As the chairman of Senate Committee on Veterans' Affairs and the daughter of a disabled World War II veteran, I know firsthand the need for quality health care for our veterans. No one who has made sacrifices to serve our Nation should ever struggle to find quality, timely health care, which is why I am so pleased today to highlight this successful initiative and commend VA on their efforts to eradicate MRSA from their health care facilities and continue to provide care for our Nation's heroes.

ADDITIONAL STATEMENTS

TRIBUTE TO FATHER WILLIAM HULTBERG

• Mr. CASEY. Madam President, today I wish to honor Father William Hultberg, a very special priest from my home State of Pennsylvania. Known to many simply as ''Father Bill,'' he is a member of the Oblates of St. Francis DeSales and has provided both his country and his Pennsylvania community with a lifetime of service as a spiritual and religious counselor. Saturday, July 16, 2011, will mark his 80th birthday.

To those who know him, Father Bill is a man whose commitment to spirituality, concern for his fellow man, and sense of service is virtually unparalleled. After earning his bachelor's degree in education and Spanish from LaSalle University and his master's degree in education and guidance from Niagara University, Father Bill began his lifelong commitment to country and community with his chaplain service in both the U.S. Army and U.S. Navy. He retired as a lieutenant colonel in 1991 after 35 years of exemplary service. During his time as a Navy Chaplain with the Marines, he received the Bronze Star Medal with a ''Combat V'' for valor. As an Active-Duty chaplain with the U.S. Army, he was awarded four Meritorious Service Medals for his efforts in developing and implementing alcohol and drug prevention programs for servicemembers.

Father Bill's commitment to providing spiritual and religious counseling to those suffering from alcohol and drug addictions continues to this day. As a certified pastoral and drug addiction counselor at Caron Treatment Center in Wernersville, PA, Father Bill has offered spiritual guidance and an understanding of the 12-step spirituality of recovery to addicts and their families. His efforts over his 24 years of service to Caron have been central in providing those who suffer from addiction with the necessary tools to achieve sobriety and have truly left their mark on the Caron community. To this point, his unique Sunday services have become an honored, albeit mandatory, tradition at Caron. Described by some as an ''evangelical rally,'' Father Bill integrates 12-step traditions, elements of Christian worship, and other material at these services to provide opportunities for those in recovery and their families to share their pain and hope with one another as they struggle with addiction.

Throughout his career, Father Bill has also been a beacon of hope to those suffering from HIV/AIDS. His development and implementation of a spiritual program for those afflicted with the disease and his contribution to Caron's HIV retreat weekends have provided comfort and guidance to many. Not only have these efforts had an immeasurable impact in Pennsylvania, but they have also garnered Father Bill national recognition in the form of the Ryan White Youth Service Award, a national awards program recognizing leaders for reaching out to support youth in the prevention of HIV.

I would like to join the Caron Treatment Center's community in wishing Father Bill a very happy 80th birthday this weekend and to thank him for his lifetime of service to both the Commonwealth and the country. I, and many others, wish him many more years of health and happiness as he celebrates this milestone.•

29TH METRO DETROIT YOUTH DAY

• Mr. LEVIN. Madam President, it is with pride that I recognize the 29th Annual Metro Detroit Youth Day, which will take place tomorrow on Belle Isle in Detroit. This engaging and family-oriented event is a herculean undertaking, bringing together more than 1,600 volunteers to welcome more than 37,000 young people within the Greater Detroit community. This day-long event, which is sponsored by a multitude of businesses and more than 320 community and youth organizations across Michigan, provides a wonderful platform to bring the community together to award scholarships and recognize outstanding community service for and by young people.

From sports clinics to motivational talks to entertainment, this event has grown to become the largest youth event in Michigan, with a mission of promoting community service and the need for physical education and fitness. This event also seeks to inspire young people to strive to better themselves through education, good deeds and other positive means.

Through the years, Youth Day has been recognized by many on the State and national level. In 1991, Metro Youth Day was recognized by President George H.W. Bush as the 477th Point of Light, and in 1999, the Governor's Council on Physical Fitness, Health and Sports named Metro Youth Day the top youth event in Michigan. These honors are the direct result of the hard work and dedication of the many individuals, organizations and businesses that team up to make sure this event is rewarding and memorable for the many youth across the Detroit metro area that participate.

Inspiring young people to better themselves and fostering stronger community bonds are noble pursuits that reap rewards far into the future. I salute all those who have played a role in making this year's Metro Detroit Youth Day a tremendous success. This event has become a tradition in southeast Michigan over the last 28 years, and I look forward to hearing about this exciting celebration for many years to come.•

PARKSTON, SOUTH DAKOTA

• Mr. THUNE. Madam President, today I recognize Parkston, SD. This year the town of Parkston will commemorate the 125th anniversary of its founding.

Located in Hutchinson County, Parkston was originally known as Dakota City and was located southeast of what is now Parkston. When the railroad was built, it did not run through Dakota City as expected. So the residents of Dakota City moved their buildings with teams of horses to where Parkston is currently located. Today Parkston is a growing community with many local shops and excellent health care and educations facilitates. It is also home to the Parkston Classic, a high school basketball tradition.

Parkston has been a successful and thriving community for the past 125 years, and I am confident that it will continue to serve as an example of South Dakota values and traditions. I would like to extend my congratulations to the citizens of Parkston on this landmark date and wish them continued prosperity in the years to come.•

VIBORG, SOUTH DAKOTA

• Mr. THUNE. Madam President, today I recognize Viborg, SD. This year the town of Viborg will commemorate the 125th anniversary of its founding.

Located in Turner County, Viborg was originally known as Daneville. It was named Daneville because it was a booming settlement of Danish immigrants. When the railroad was built, it did not run through Daneville but, rather, was located a half mile from the village. Residents relocated to the current location of Viborg, which was named for an ancient city in Denmark. Today, Viborg is a growing community and is well known for its annual Danish Days celebration, which celebrates the strong cultural heritage in Viborg.

Viborg has been a successful and thriving community for the past 125 years, and I am confident that it will continue to serve as an example of South Dakota values and traditions. I would like to offer my congratulations to the citizens of Viborg on this landmark date and wish them continued prosperity in the years to come.●

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Pate, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Health, Education, Labor, and Pensions.

(The nominations received today are printed at the end of the Senate proceedings.)

MEASURES DISCHARGED

The following bill was discharged from the Committee on Energy and Natural Resources, and referred as indicated:

S. 869. A bill to provide for an exchange of land between the Department of Homeland Security and the South Carolina State Ports Authority; to the Committee on Homeland Security and Governmental Affairs.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. LEVIN (for himself, Mr. CONRAD, Mr. NELSON of Florida, Mr. SANDERS, Mrs. SHAHEEN, and Mr. WHITEHOUSE):

S. 1346. A bill to restrict the use of offshore tax havens and abusive tax shelters to inappropriately avoid Federal taxation, and for other purposes; to the Committee on Finance.

By Mr. LIEBERMAN (for himself and Mr. BLUMENTHAL):

S. 1347. A bill to establish Coltsville National Historical Park in the State of Connecticut, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BROWN of Massachusetts (for himself, Mr. LIEBERMAN, Mr. WEBB, Mr. INHOFE, Mr. CASEY, and Mr. BEGICH):

S. 1348. A bill to amend title 36, United States Code, to encourage the nationwide observance of two minutes of silence each Veterans Day; to the Committee on the Judiciary.

By Mr. JOHANNS:

S. 1349. A bill to amend the National Flood Insurance Act of 1968 to clarify the effective date of policies covering properties affected by floods in progress; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. COONS (for himself, Mr. CRAPO, Mrs. MURRAY, and Mr. KIRK):

S. 1350. A bill to expand the research, prevention, and awareness activities of the Centers for Disease Control and Prevention and the National Institutes of Health with respect to pulmonary fibrosis, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

By Ms. STABENOW:

S. 1351. A bill to promote the development, manufacturing, and use of advanced batteries, and for other purposes; to the Committee on Energy and Natural Resources.

ADDITIONAL COSPONSORS

S. 57

At the request of Mr. INOUYE, the name of the Senator from Alaska (Mr. BEGICH) was added as a cosponsor of S. 57, a bill to amend the Internal Revenue Code of 1986 to modify the application of the tonnage tax on certain vessels.

S. 170

At the request of Mrs. BOXER, the name of the Senator from Georgia (Mr. ISAKSON) was added as a cosponsor of S. 170, a bill to provide for the affordable refinancing of mortgages held by Fannie Mae and Freddie Mac.

S. 344

At the request of Mr. REID, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 344, a bill to amend title 10, United States Code, to permit certain retired members of the uniformed services who have a service-connected disability to receive both disability compensation from the Department of Veterans Affairs for their disability and either retired pay by reason of their years of military service or Combat-Related Special Compensation, and for other purposes.

S. 387

At the request of Mrs. BOXER, the name of the Senator from New Mexico (Mr. BINGAMAN) was added as a cosponsor of S. 387, a bill to amend title 37, United States Code, to provide flexible spending arrangements for members of uniformed services, and for other purposes.

S. 418

At the request of Mr. HARKIN, the name of the Senator from North Carolina (Mr. BURR) was added as a cosponsor of S. 418, a bill to award a Congressional Gold Medal to the World War II members of the Civil Air Patrol.

S. 438

At the request of Ms. STABENOW, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 438, a bill to amend the Public Health Service Act to improve women's health by prevention, diagnosis, and treatment of heart disease, stroke, and other cardiovascular diseases in women.

S. 506

At the request of Mr. CASEY, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 506, a bill to amend the Elementary and Secondary Education Act of 1965 to address and take action to prevent bullying and harassment of students.

S. 697

At the request of Mr. CASEY, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 697, a bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for amounts paid by a spouse of a member of the Armed Services for a new State license or certification required by reason of a permanent change in the duty station of such member to another State.

S. 922

At the request of Mrs. GILLIBRAND, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 922, a bill to amend the Workforce Investment Act of 1998 to authorize the Secretary of Labor to provide grants for Urban Jobs Programs, and for other purposes.

S. 971

At the request of Mr. THUNE, the name of the Senator from Maine (Ms. SNOWE) was added as a cosponsor of S. 971, a bill to promote neutrality, simplicity, and fairness in the taxation of digital goods and digital services.

S. 1025

At the request of Mr. LEAHY, the name of the Senator from New Hampshire (Ms. AYOTTE) was added as a cosponsor of S. 1025, a bill to amend title 10, United States Code, to enhance the national defense through empowerment of the National Guard, enhancement of the functions of the National Guard Bureau, and improvement of Federal-State military coordination in domestic emergency response, and for other purposes.

S. 1035

At the request of Mr. CARPER, the name of the Senator from Rhode Island (Mr. WHITEHOUSE) was added as a cosponsor of S. 1035, a bill to amend the Internal Revenue Code of 1986 to include automated fire sprinkler systems as section 179 property and classify certain automated fire sprinkler systems as 15-year property for purposes of depreciation.

S. 1046

At the request of Mr. INHOFE, the names of the Senator from Idaho (Mr. RISCH), the Senator from Oklahoma (Mr. COBURN), the Senator from South Dakota (Mr. THUNE), the Senator from Massachusetts (Mr. BROWN), the Senator from Alabama (Mr. SESSIONS), the Senator from Missouri (Mr. BLUNT), the Senator from North Carolina (Mr. BURR), the Senator from Mississippi (Mr. WICKER) and the Senator from Nebraska (Mr. JOHANNS) were added as cosponsors of S. 1046, a bill to require the detention at United States Naval Station, Guantanamo Bay, Cuba, of high-value enemy combatants who will be detained long-term.

S. 1061

At the request of Mr. BARRASSO, the name of the Senator from Arizona (Mr. MCCAIN) was added as a cosponsor of S. 1061, a bill to amend title 5 and 28, United States Code, with respect to the award of fees and other expenses in cases brought against agencies of the United States, to require the Administrative Conference of the United States to compile, and make publically available, certain data relating to the Equal Access to Justice Act, and for other purposes.

S. 1094

At the request of Mr. MENENDEZ, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 1094, a bill to reauthorize the Combating Autism Act of 2006 (Public Law 109–416).

S. 1108

At the request of Mr. SANDERS, the name of the Senator from Delaware (Mr. COONS) was added as a cosponsor of S. 1108, a bill to provide local communities with tools to make solar permitting more efficient, and for other purposes.

S. 1188

At the request of Mr. BROWN of Ohio, the name of the Senator from Vermont (Mr. SANDERS) was added as a cosponsor of S. 1188, a bill to require the purchase of domestically made flags of the United States of America for use by the Federal Government.

S. 1200

At the request of Mr. SANDERS, the name of the Senator from West Virginia (Mr. ROCKEFELLER) was added as a cosponsor of S. 1200, a bill to require the Chairman of the Commodity Futures Trading Commission to impose unilaterally position limits and margin requirements to eliminate excessive oil speculation, and to take other actions to ensure that the price of crude oil, gasoline, diesel fuel, jet fuel, and heating oil accurately reflects the fundamentals of supply and demand, to remain in effect until the date on which the Commission establishes position limits to diminish, eliminate, or prevent excessive speculation as required by title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and for other purposes.

S. 1225

At the request of Mr. BINGAMAN, the name of the Senator from New Mexico (Mr. UDALL) was added as a cosponsor of S. 1225, a bill to transfer certain facilities, easements, and rights-of-way to Fort Sumner Irrigation District, New Mexico.

S. 1231

At the request of Mr. LEAHY, the name of the Senator from Minnesota (Mr. FRANKEN) was added as a cosponsor of S. 1231, a bill to reauthorize the Second Chance Act of 2007.

S. 1241

At the request of Mr. RUBIO, the name of the Senator from Pennsylvania (Mr. TOOMEY) was added as a cosponsor of S. 1241, a bill to amend title 18, United States Code, to prohibit taking minors across State lines in circumvention of laws requiring the involvement of parents in abortion decisions.

S. 1250

At the request of Mr. BENNET, the name of the Senator from Minnesota (Ms. KLOBUCHAR) was added as a cosponsor of S. 1250, a bill to create and expand innovative teacher and principal preparation programs known as teacher and principal preparation academies.

S. 1299

At the request of Mr. MORAN, the names of the Senator from Oregon (Mr. MERKLEY) and the Senator from Wyoming (Mr. ENZI) were added as cosponsors of S. 1299, a bill to require the Secretary of the Treasury to mint coins in commemoration of the centennial of the establishment of Lions Clubs International.

S. 1341

At the request of Mr. SESSIONS, the names of the Senator from South Carolina (Mr. DEMINT) and the Senator from Pennsylvania (Mr. TOOMEY) were added as cosponsors of S. 1341, a bill to provide a point of order against consideration of any measure that would increase the statutory limit on the public debt above $14.294 trillion unless that measure has been publicly available for a full 7 calendar days before consideration on the floor of the Senate.

S.J. RES. 17

At the request of Mr. MCCONNELL, the name of the Senator from Indiana (Mr. COATS) was added as a cosponsor of S.J. Res. 17, a joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003.

S.J. RES. 19

At the request of Mr. HATCH, the name of the Senator from Indiana (Mr. COATS) was added as a cosponsor of S.J. Res. 19, a joint resolution proposing an amendment to the Constitution of the United States authorizing Congress to prohibit the physical desecration of the flag of the United States.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. LEVIN (for himself, Mr. CONRAD, Mr. NELSON of Florida, Mr. SANDERS, Mrs. SHAHEEN, and Mr. WHITEHOUSE):

S. 1346. A bill to restrict the use of offshore tax havens and abusive tax shelters to inappropriately avoid Federal taxation, and for other purposes; to the Committee on Finance.

Mr. LEVIN. Mr. President, I am introducing today with my colleagues Senators CONRAD, BILL NELSON, SANDERS, SHAHEEN, and WHITEHOUSE, the Stop Tax Haven Abuse Act, legislation which is geared to stop the $100 billion yearly drain on the U.S. treasury caused by offshore tax abuses. Offshore tax abuses are not only undermining public confidence in our tax system, but widening the deficit and increasing the tax burden on middle America.

People are sick and tired of tax dodgers using offshore trickery and abusive tax shelters to avoid paying their fair share. This bill offers powerful new tools to combat those offshore and tax shelter abuses, raise revenues, and eliminate incentives to send U.S. profits and jobs offshore. Its provisions will hopefully be part of any deficit reduction package this year, but should be adopted in any event.

The bill is supported by a wide array of small business, labor, and public interest groups, including the Financial Accountability and Corporate Transparency, FACT, Coalition, American Sustainable Business Council, Business for Shared Prosperity, Main Street Alliance, AFL–CIO, SEIU, Citizens for Tax Justice, Tax Justice Network-USA, U.S. Public Interest Research Group, Global Financial Integrity, Global Witness, Jubilee USA, and Public Citizen.

Frank Knapp, president and CEO of the South Carolina Small Business Chamber of Commerce, has explained small business support for the bill this way:

> Small businesses are the lifeblood of local economies. We pay our fair share of taxes and generate most of the new jobs. Why should we be subsidizing U.S. multinationals that use offshore tax havens to avoid paying taxes? Big corporations benefit immensely from all the advantages of being headquartered in our country. It is time to end tax haven abuse and level the playing field.

The Stop Tax Haven Abuse Act is a product of the investigative work of the Permanent Subcommittee on Investigations which I chair. For more than 10 years, the Subcommittee has conducted inquiries into offshore abuses, including the use of offshore corporations and trusts to hide assets, the use of tax haven banks to set up secret accounts, and the use of U.S. bankers, lawyers, accountants and other professionals to devise and conduct abusive tax shelters. Over the years, we have learned a lot of the offshore tricks and have designed this bill to fight back by closing obnoxious offshore tax loopholes and strengthening offshore tax enforcement.

The 112th Congress is the fifth Congress in which I have introduced a comprehensive bill to combat offshore and tax shelter abuses. A number of provisions from past bills have made it into law, such as measures to curb abusive foreign trusts, close offshore dividend tax loopholes, and strengthen penalties on tax shelter promoters, but much more needs to be done.

The last Congress made significant progress in the offshore battle. We finally enacted into law the economic substance doctrine which authorizes courts to strike down phony business deals with no economic purpose other than to avoid the payment of tax. My past bills supported the economic substance doctrine, and its enactment into law is a victory many years in the making.

Last year also saw enactment of the Baucus-Rangel Foreign Account Tax Compliance Act or FATCA, which is a tough new law designed to flush out hidden offshore bank accounts. Foreign banks are currently engaged in a massive lobbying effort to weaken its disclosure requirements, but U.S. banks have had it with foreign banks using secrecy to attract U.S. clients and want those banks to have to meet the same disclosure requirements U.S. banks do. The Administration is so far resisting calls to water down the provisions.

President Obama, who when in the Senate cosponsored my bills in 2005 and 2007 to end tax haven abuses, is a long-time opponent of offshore tax evasion. He knows how fed up Americans are with tax dodgers who hide their money offshore, use complex tax shelters to thumb their nose at Uncle Sam, and offload their tax burden onto the backs of honest Americans.

The bottom line is that each of us has a legal and civil obligation to pay taxes, and most Americans fulfill that obligation. It is time to force the tax scofflaws, the tax dodgers, and the tax cheats to do the same, and end their misuse of offshore tax havens.

The bill I am introducing today is a stronger version of the Stop Tax Haven Abuse Act introduced in the last Congress. In addition to preserving the provisions from last year that have not yet been enacted into law, it contains several new measures to stop tax dodgers from taking advantage of middle Americans who play by the rules.

Among the bill's provisions are special measures to combat persons who impede U.S. tax enforcement; establishment of legal presumptions to overcome secrecy barriers; the treatment of offshore corporations as domestic corporations for tax purposes when controlled by U.S. persons; closing a tax loophole benefiting credit default swaps that send money offshore; closing another loophole that allows corporate deposits of foreign funds in U.S. accounts to be treated as nontaxable, unrepatriated foreign income; disclosure requirements for basic information on country-by-country tax payments by multinationals; and stronger penalties against tax shelter promoters and aiders and abettors of tax evasion.

Probably the biggest change in the bill from the last Congress is that it would no longer require Treasury to develop a list of offshore secrecy jurisdictions and then impose tougher requirements on U.S. taxpayers who use those jurisdictions. Instead, the bill would build on the Foreign Account Tax Compliance Act of 2010, by creating tougher disclosure, evidentiary, and enforcement consequences for U.S. persons who do business with foreign financial institutions that reject FATCA's call for disclosing accounts used by U.S. persons. By focusing on non-FATCA financial institutions instead of offshore secrecy jurisdictions, the bill relieves Treasury of a difficult task, while providing additional incentives for foreign banks to adopt FATCA's disclosure requirements.

Mr. President, I ask unanimous consent that a section by section analysis and a bill summary be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Section 101—Special Measures Where U.S. Tax Enforcement Is Impeded

The first section of the bill, Section 101, which is carried over from the last Congress, would allow the Treasury Secretary to apply an array of sanctions against any foreign jurisdiction or financial institution which the Secretary determined was impeding U.S. tax enforcement.

This provision has added significance now that Congress has enacted the Foreign Account Tax Compliance Act requiring foreign financial institutions with U.S. investments to disclose all accounts opened by U.S. persons or pay a hefty tax on their U.S. investment income. FATCA goes into effect in 2013, but some foreign financial institutions are saying that they will refuse to adopt FATCA's approach and will instead stop holding any U.S. assets. While that is their right, the question being raised by some foreign banks planning to comply with FATCA is what happens to non-FATCA institutions that take on U.S. clients and don't report the accounts to the United States. Right now, the U.S. government has no way to take effective action against foreign financial institutions that open secret accounts for U.S. tax evaders. Section 101 of our bill would change that by providing just the powerful new tool needed to stop non-FATCA institutions from facilitating U.S. tax evasion.

Section 101 is designed to build upon existing Treasury authority to take action against foreign financial institutions that engage in money laundering by extending that same authority to the tax area. In 2001, the Patriot Act gave Treasury the authority under 31 U.S.C. 5318A to require domestic financial institutions and agencies to take special measures with respect to foreign jurisdictions, financial institutions, or transactions found to be of ''primary money laundering concern.'' Once Treasury designates a foreign jurisdiction or financial institution to be of primary money laundering concern, Section 5318A allows Treasury to impose a range of requirements on U.S. financial institutions in their dealings with the designated entity—from requiring U.S. financial institutions, for example, to provide greater information than normal about transactions involving the designated entity, to prohibiting U.S. financial institutions from opening accounts for that foreign entity.

This Patriot Act authority has been used sparingly, but to telling effect. In some instances Treasury has employed special measures against an entire country, such as Burma, to stop its financial institutions from laundering funds through the U.S. financial system. More often, Treasury has used the authority surgically, against a single problem financial institution, to stop laundered funds from entering the United States. The provision has clearly succeeded in giving Treasury a powerful tool to protect the U.S. financial system from money laundering abuses.

The bill would authorize Treasury to use that same tool to require U.S. financial institutions to take the same special measures against foreign jurisdictions or financial institutions found by Treasury to be ''impeding U.S. tax enforcement.'' Treasury could, for example, in consultation with the IRS, the Secretary of State, and the Attorney General, require U.S. financial institutions that have correspondent accounts for a designated foreign bank to produce information on all of that foreign bank's customers. Alternatively, Treasury could prohibit U.S. financial institutions from opening accounts for a designated foreign bank, thereby cutting off that foreign bank's access to the U.S. financial system. These types of sanctions could be as effective in ending the worst tax haven abuses as they have been in curbing money laundering.

In addition to extending Treasury's ability to impose special measures against foreign entities impeding U.S. tax enforcement, the bill would add one new measure to the list of possible sanctions that could be applied: it would allow Treasury to instruct U.S. financial institutions not to authorize or accept credit card transactions involving a designated foreign jurisdiction or financial institution. Denying tax haven banks the ability to issue credit cards for use in the United States, for example, offers an effective new way to stop U.S. tax cheats from obtaining access to funds hidden offshore.

Section 102—Strengthening FATCA

Section 102 of the bill is a new section that seeks to clarify, build upon, and strengthen the Foreign Account Tax Compliance Act or FATCA, to flush out hidden foreign accounts and assets used by U.S. taxpayers to evade paying U.S. taxes. When the law becomes effective in 2013, it will require disclosure of account held by U.S. persons at foreign banks, broker-dealers, investment advisers, hedge funds, private equity funds, and other financial firms.

Some foreign financial institutions are likely to choose to forego all U.S. investments rather than comply with FATCA's disclosure rules. If some foreign financial institutions decide not to participate in the FATCA system, that's their business. But if U.S. taxpayers start using those same foreign financial institutions to hide assets and evade U.S. taxes to the tune of $100 billion per year, that's our business. The United States has a right to enforce our tax laws and to expect that financial institutions will not assist U.S. tax cheats.

Section 101 of the bill would provide U.S. authorities with a way to take direct action against foreign financial institutions that decide to operate outside of the FATCA system and allow U.S. clients to open hidden accounts. If the U.S. Treasury determines that such a foreign financial institution is impeding U.S. tax enforcement, Section 101 would give U.S. authorities a menu of special measures that could be taken in response, including by prohibiting U.S. banks from doing business with that institution.

Section 102, in contrast, does not seek to take action against a non-FATCA institution, but instead seeks to strengthen tax enforcement efforts with respect to the U.S. persons taking advantage of the non-disclosure practices at non-FATCA institutions. Section 102 would also clarify when foreign financial institutions are obligated to disclose accounts to the United States under FATCA.

Background. In 2006, the Permanent Subcommittee on Investigations released a report with six case histories detailing how U.S. taxpayers were using offshore tax havens to avoid payment of the taxes they owed. These case histories examined an Internet-based company that helped persons obtain offshore entities and accounts; U.S. promoters that designed complex offshore structures to hide client assets, even providing clients with a how-to manual for going offshore; U.S. taxpayers who diverted business income offshore through phony loans and invoices; a one-time tax dodge that deducted phantom offshore stock losses from real U.S. stock income to shelter that income from U.S. taxes; and a 13-year offshore network of 58 offshore trusts and corporations built by American brothers Sam and Charles Wyly. Each of these case histories presented the same fact pattern in which the U.S. taxpayer, through lawyers, banks, or other representatives, set up offshore trusts, corporations, or other entities which had all the trappings of independence but, in fact, were controlled by the U.S. taxpayer whose directives were implemented by compliant offshore personnel acting as the trustees, officers, directors or nominee owners of the offshore entities.

In the case of the Wylys, the brothers and their representatives communicated Wyly directives to a so-called trust protector who then relayed the directives to the offshore trustees. In the 13 years examined by the Subcommittee, the offshore trustees never once rejected a Wyly request and never once initiated an action without Wyly approval. They simply did what they were told. A U.S. taxpayer in another case history told the Subcommittee that the offshore personnel who nominally owned and controlled his offshore entities, in fact, always followed his directions, describing himself as the ''puppet master'' in charge of his offshore holdings.

When the Subcommittee discussed these case histories with financial administrators from the Isle of Man, the regulators explained that none of the offshore personnel were engaged in any wrongdoing, because their laws permit foreign clients to transmit detailed, daily instructions to offshore service providers on how to handle offshore assets, so long as it is the offshore trustee or corporate officer who gives the final order to buy or sell the assets. They explained that, under their law, an offshore entity is considered legally independent from the person directing its activities so long as that person follows the form of transmitting ''requests'' to the offshore personnel who retain the formal right to make the decisions, even though the offshore personnel always do as they are asked.

The Subcommittee case histories illustrate what the tax literature and law enforcement experience have shown for years: that the business model followed in all offshore secrecy jurisdictions is for compliant trustees, corporate administrators, and financial institutions to provide a veneer of independence while ensuring that their U.S. clients retain complete and unfettered control over ''their'' offshore assets. That's the standard operating procedure offshore. Offshore service providers pretend to own or control the offshore trusts, corporations, and accounts they help establish, but what they really do is whatever their clients tell them to do.

Rebuttable Evidentiary Presumptions. The reality behind these offshore practices makes a mockery of U.S. laws that normally view trusts and corporations as independent actors. They invite game-playing and tax evasion. To combat these abusive offshore practices, Section 102(g) of the bill would implement a bipartisan recommendation in the 2006 report by establishing several rebuttable evidentiary presumptions that would presume U.S. taxpayer control of offshore entities that they form or do business with, unless the U.S. taxpayer presents clear and convincing evidence to the contrary.

The presumptions would apply only in civil, judicial, or administrative tax or securities enforcement proceedings examining offshore entities or transactions. They would place the burden of producing evidence from offshore jurisdiction on the taxpayer who chose to do business in those jurisdictions and who has access to the information, rather than on the federal government which has little or no practical ability to get the information.

Section 102(g)(1) would establish three evidentiary presumptions that could be used in a civil tax enforcement proceeding. First is a presumption that a U.S. taxpayer who ''formed, transferred assets to, was a beneficiary of, had a beneficial interest in, or received money or property or the use thereof'' from an offshore entity, such as a trust or corporation, controls that entity. Second is a presumption that funds or other property received from offshore are taxable income, and that funds or other property transferred offshore have not yet been taxed. Third is a presumption that a financial account controlled by a U.S. taxpayer in a foreign country contains enough money—$10,000—to trigger an existing statutory reporting threshold and allow the IRS to assert the minimum penalty for nondisclosure of the account by the taxpayer.

Section 102(g)(2) would establish two evidentiary presumptions applicable to civil proceedings to enforce U.S. securities laws. The first would specify that if a director, officer, or major shareholder of a U.S. publicly traded corporation were associated with an offshore entity, that person would be presumed to control that offshore entity. The second presumption would provide that securities nominally owned by an offshore entity are presumed to be beneficially owned by any U.S. person who controlled that offshore entity.

All of these presumptions are rebuttable, which means that the U.S. person who is the subject of the proceeding could provide clear and convincing evidence to show that the presumptions were factually inaccurate. To rebut the presumptions, a taxpayer could establish, for example, that an offshore corporation really was controlled by an independent third party, or that money sent from an offshore account really represented a nontaxable gift instead of taxable income. If the taxpayer wished to introduce evidence from a foreign person, such as an offshore banker, corporate officer, or trust administrator, to establish those facts, that foreign person would have to actually appear in the U.S. proceeding in a manner that would permit cross examination.

The bill also includes several limitations on the presumptions to ensure their operation is fair and reasonable. First, criminal cases would not be affected by this bill which would apply only to civil proceedings. Second, because the presumptions apply only in enforcement ''proceedings,'' they would not directly affect, for example, a person's reporting obligations on a tax return or SEC filing. The presumptions would come into play only if the IRS or SEC were to challenge a matter in a formal proceeding. Third, the bill would not apply the presumptions to situations where either the U.S. person or the offshore entity is a publicly traded company, because in those situations, even if a transaction were abusive, IRS and SEC officials are generally able to obtain access to necessary information. Fourth, the bill recognizes that certain classes of offshore transactions, such as corporate reorganizations, may not present a potential for abuse, and accordingly authorizes Treasury and the SEC to issue regulations or guidance identifying such classes of transactions, to which the presumptions would not apply.

An even more fundamental limitation on the presumptions is that they would apply only to U.S. persons who directly or through an offshore entity choose to do business with a ''non-FATCA institution,'' meaning a foreign financial institution which has not adopted the FATCA disclosure requirements and instead takes advantage of banking, corporate, and tax secrecy laws and practices that make it very difficult for U.S. tax authorities to detect financial accounts benefiting U.S. persons.

FATCA's disclosure requirements were designed to combat offshore secrecy and flush out hidden accounts being used by U.S. persons to evade U.S. taxes. Section 102(g) would continue the fight by allowing federal authorities to benefit from rebuttable presumptions regarding the control, ownership, and assets of offshore entities that open accounts at financial institutions outside the FATCA disclosure system. These presumptions would allow U.S. law enforcement to establish what we all know from experience is normally the case in an offshore jurisdiction—that a U.S. person associated with an offshore entity controls that entity; that money and property sent to or from an offshore entity involves taxable income; and that an offshore account that hasn't been disclosed to U.S. authorities should be made subject to inspection. U.S. law enforcement can establish those facts presumptively, without having to pierce the secrecy veil. At the same time, U.S. persons who chose to transact their affairs through accounts at a non-FACTA institution are given the opportunity to lift the veil of secrecy and demonstrate that the presumptions are factually wrong. These rebuttable evidentiary presumptions will provide U.S. tax and securities law enforcement with powerful new tools to shut down tax haven abuses.

FATCA Disclosure Obligations. In addition to establishing presumptions, Section 102 would make several changes to clarify and strengthen FATCA's disclosure obligations.

Section 102(b) would amend 26 U.S.C. Section 1471 to make it clear that the types of financial accounts that must be disclosed by foreign financial institutions under FATCA include not just savings, money market, or securities accounts, but also transaction accounts that some banks might claim are not depository accounts, such as checking accounts. The section would also make it clear that financial institutions could not omit from their disclosures client assets in the form of derivatives, including swap agreements.

Section 102(c) would amend 26 U.S.C. 1472 to clarify when a withholding agent ''knows or has reason to know'' that an account is directly or indirectly owned by a U.S. person and must be disclosed to the United States. The bill provision would make it clear that the withholding agent would have to take into account information obtained as the result of ''any customer identification, anti-money laundering, anti-corruption, or similar obligation to identify accountholders.'' In other words, if a foreign bank knows, as a result of due diligence inquiries made under its anti-money laundering program, that an non-U.S. corporation was beneficially owned by a U.S. person, the foreign bank would have to report that account to the IRS—it could not treat the offshore corporation as a non-U.S. customer. That approach is already implied in the statutory language, but this amendment would make it crystal clear.

Section 102(c) would also amend the law to make it clear that the Treasury Secretary, when exercising authority under FATCA to waive disclosure or withholding requirements for non-financial foreign entities, can waive those requirements for only for a class of entities which the Secretary identifies as ''posing a low risk of tax evasion.'' A variety of foreign financial institutions are pressing Treasury to issue waivers under Section 1472, and this amendment would make it clear that such waivers are possible only when the risk of tax evasion is minimal.

Section 102(d) would amend 26 U.S.C. 1473 to clarify that the definition of ''substantial United States owner'' includes U.S. persons who are beneficial owners of corporations or the beneficial owner of an entity that is one of the partners in a partnership. While the current statutory language already implies that beneficial owners are included, this amendment would leave no doubt.

Section 102(e) would amend 26 U.S.C. 1474 to make two exceptions to the statutory provision which makes account information disclosed to the IRS by foreign financial institutions under FATCA confidential tax return information. The first exception would allow the IRS to disclose the account information to federal law enforcement agencies, including the SEC and bank regulators, investigating possible violations of U.S. law. The second would allow the IRS to disclose the name of any foreign financial institution whose disclosure agreement under FATCA was terminated, either by the institution, its government, or the IRS. Financial institutions should not be able to portray themselves as FATCA institutions if, in fact, they are not.

Section 102(f) would amend 26 U.S.C. 6038D, which creates a new tax return disclosure obligation for U.S. taxpayers with interests in ''specified foreign financial assets,'' to clarify that the disclosure requirement applies not only to persons who have a direct or nominal ownership interest in those foreign financial assets, but also to persons who have a beneficial, meaning real, ownership interest in them. While the existing statutory language implies this broad reporting obligation, the amendment would make it clear.

Finally, Section 102(a) would amend a new annual tax return obligation established in 26 U.S.C. 1298(f) for passive foreign investment companies (PFICs). PFICs are typically used as holding companies for foreign assets held by U.S. persons, and the intent of the new Section 1298(f) is to require all PFICs to begin filing annual informational tax returns with the IRS. The current statutory language, however, limits the disclosure obligation to any U.S. person who is a ''shareholder'' in a PFIC, and does not cover PFICs whose shares may be nominally held by an offshore corporation or trust, but beneficially owned by a U.S. person. The bill provision would broaden the PFIC reporting requirement to apply to any U.S. person who ''directly or indirectly, forms, transfers assets to, is a beneficiary of, has a beneficial interest in, or receives money or property or the use thereof'' from a PFIC. That broader formulation of who should file the new PFIC annual tax return would ensure that virtually all PFICs associated with U.S. persons will begin filing informational returns with the IRS.

Section 103—Corporations Managed and Controlled in the United States

Section 103 of the bill focuses on corporations which claim foreign status—often in a tax haven jurisdiction—in order to avoid payment of U.S. taxes, but then operate right here in the United States in direct competition with domestic corporations that are paying their fair share.

This offshore game is all too common. In 2008, the Senate Finance Committee held a hearing describing a trip made by GAO to the Cayman Islands to look at the infamous Ugland House, a five-story building that is the official address for over 18,800 registered companies. GAO found that about half of the alleged Ugland House tenants—around 9,000 entities—had a billing address in the United States and were not actual occupants of the building. In fact, GAO determined that none of the companies registered at the Ugland House was an actual occupant. GAO found that the only true occupant of the building was a Cayman law firm, Maples and Calder.

Here's what the GAO wrote:

''Very few Ugland House registered entities have a significant physical presence in the Cayman Islands or carry out business in the Cayman Islands. According to Maples and Calder partners, the persons establishing these entities are typically referred to Maples by counsel from outside the Cayman Islands, fund managers, and investment banks. As of March 2008 the Cayman Islands Registrar reported that 18,857 entities were registered at the Ugland House address. Approximately 96 percent of these entities were classified as exempted entities under Cayman Islands law, and were thus generally prohibited from carrying out domestic business within the Cayman Islands.''

Section 103 of the bill is designed to address the Ugland House problem. It focuses on the situation where a corporation is incorporated in a tax haven as a mere shell operation with little or no physical presence or employees in the jurisdiction. The shell entity pretends it is operating in the tax haven, even though its key personnel and decisionmakers are in the United States. The objective of this set up is to enable the owners of the shell entity to take advantage of all of the benefits provided by U.S. legal, educational, financial, and commercial systems, and at the same time avoid paying U.S. taxes.

My Subcommittee has seen numerous companies exploit this situation, declaring themselves to be foreign corporations, even though they really operate out of the United States. For example, thousands of hedge funds whose financial experts live in Connecticut, New York, Texas, or California play this game to escape taxes and avoid regulation. In an October 2008 Subcommittee hearing, three sizeable hedge funds, Highbridge Capital which is associated with JPMorgan Chase, Angelo Gordon, and Maverick Capital, admitted that, although all they claimed to be based in the Cayman Islands, none had an office or a single full time employee in that jurisdiction. Instead, their offices and key decisionmakers were located and did business right here in the United States.

According to a recent Wall Street Journal article, over 20 percent of the corporations that made initial public offerings or IPOs in the United States in 2010 and so far in 2011, have been incorporated in Bermuda or the Cayman Islands, but also described themselves to investors as based in another country, including the United States. The article also described how Samsonite, a Denver-based company, reincorporated in Luxembourg before going public. Too many of these tax-haven incorporations appear to be a deliberate effort to take advantage of U.S. benefits, while dodging U.S. taxation and undercutting U.S. competitors who pay their taxes.

Section 103 would put an end to such corporate fictions and offshore tax dodging. It provides that if a corporation is publicly traded or has aggregate gross assets of $50 million or more, and its management and control occurs primarily in the United States, that corporation will be treated as a U.S. domestic corporation for income tax purposes.

To implement this provision, Treasury is directed to issue regulations to guide the determination of when management and control occur primarily in the United States, looking at whether ''substantially all of the executive officers and senior management of the corporation who exercise day-to-day responsibility for making decisions involving strategic, financial, and operational policies of the corporation are located primarily within the United States.''

This new section relies on the same principles regarding the true location of ownership and control of a company that underlie the corporate inversion rules adopted in the American Jobs Creation Act of 2005. Those inversion rules, however, do not address the fact that some entities directly incorporate in foreign countries and manage their businesses activities from the United States. Section 103 would level the playing field and ensure that entities which incorporate directly in another country are subject to a similar management and control test. Section 103 is also similar in concept to the substantial presence test in the income tax treaty between the United States and the Netherlands, which looks to the primary place of management and control to determine corporate residency.

Section 103 would provide an exception for foreign corporations with U.S. parents. This exception from the $50 million gross assets test recognizes that, within a multinational operation, strategic, financial, and operational decisions are often made from a global or regional headquarters location and then implemented by affiliated foreign corporations. Where such decisions are undertaken by a parent corporation that is actively engaged in a U.S. trade or business and is organized in the United States—and is, therefore, already a domestic corporation—the bill generally would not override existing U.S. taxation of international operations. At the same time, the exception makes it clear that the mere existence of a U.S. parent corporation is not sufficient to shield a foreign corporation from also being treated as a domestic corporation under this section. The section would also create an exception for private companies that once met the section's test for treatment as a domestic corporation but, during a later tax year, fell below the $50 million gross assets test, do not expect to exceed that threshold again, and are granted a waiver by the Treasury Secretary.

Section 103 contains specific language to stop the outrageous tax dodging that now goes on by too many hedge funds and investment management businesses that structure themselves to appear to be foreign entities, even though their key decisionmakers—the folks who exercise control of the company, its assets, and investment decisions—live and work in the United States. It is unacceptable that such companies utilize U.S. offices, personnel, laws, and markets to make their money, but then stiff Uncle Sam and offload their tax burden onto competitors who play by the rules.

To put an end to this charade, Section 103 specifically directs Treasury regulations to specify that, when investment decisions are being made in the United States, the management and control of that corporation shall be treated as occurring primarily in the United States, and that corporation shall be subject to U.S. taxes in the same manner as any other U.S. corporation.

If enacted into law, Section 103 would put an end to the unfair situation where some U.S.-based companies pay their fair share of taxes, while others who set up a shell corporation in a tax haven are able to defer or escape taxation, despite the fact that their foreign status is nothing more than a paper fiction.

Section 104—Increased Disclosure of Offshore Accounts and Entities

Offshore tax abuses thrive in secrecy. Section 104(a) attempts to pierce that secrecy by creating two new disclosure mechanisms requiring third parties to report on offshore transactions undertaken by U.S. persons. The first disclosure mechanism focuses on U.S. financial institutions that open a U.S. account in the name of an offshore entity, such as an offshore trust or corporation, and learn from an anti-money laundering due diligence review, that a U.S. person is the beneficial owner behind that offshore entity. In the Wyly case history examined by the Subcommittee, for example, three major U.S. financial institutions opened dozens of accounts for offshore trusts and corporations which they knew were associated with the Wyly family.

Under current anti-money laundering law, all U.S. financial institutions are supposed to know who is behind an account opened in the name of, for example, an offshore shell corporation or trust. They are supposed to obtain this information to safeguard the U.S. financial system against misuse by terrorists, money launderers, and other criminals.

Under current tax law, a bank or securities broker that opens an account for a U.S. person is also required to give the IRS a 1099 form reporting any capital gains or other reportable income earned on the account. However, the bank or securities broker need not file a 1099 form if the account is owned by a foreign entity not subject to U.S. tax law. Problems arise when an account is opened in the name of an offshore entity that is nominally not subject to tax, but which the bank or broker knows, from its anti-money laundering review, is owned or controlled by a U.S. person who is subject to tax. The U.S. person should be filing a tax return with the IRS reporting the income of the ''controlled foreign corporation.'' However, since he or she knows it is difficult for the IRS to connect an offshore accountholder to a particular taxpayer, the U.S. person may feel safe in not reporting that income. That complacency might change, however, if the U.S. person knew that the bank or broker who opened the account and learned of the connection had a legal obligation to report any account income to the IRS.

Under current law, the way the regulations are written and typically interpreted, the bank or broker can treat an account opened in the name of a foreign corporation as an account that is held by an independent entity that is separate from the U.S. person, even if it knows that the foreign corporation is acting merely as a screen to hide the identity of the U.S. person, who exercises complete authority over the corporation and benefits from any income earned on the account. Many banks and brokers contend that the current regulations impose no duty on them to file a 1099 or other form disclosing that type of account to the IRS.

The bill would strengthen current law by expressly requiring a bank or broker that knows, as a result of its anti-money laundering due diligence or otherwise that a U.S. person is the beneficial owner of a foreign entity that opened an account, to disclose that account to the IRS by filing a 1099 or equivalent form reporting the account income. This reporting obligation would not require banks or brokers to gather any new information—financial institutions are already required to perform anti-money laundering due diligence for accounts opened by offshore shell entities. The bill would instead require U.S. financial institutions to act on what they already know by filing the relevant form with the IRS.

This section would require such reports to the IRS from two sets of financial institutions. The first set are financial institutions which are located and do business in the United States. The second set is foreign financial institutions which are located and do business outside of the United States, but are voluntary participants in either the FATCA or Qualified Intermediary Program, and have agreed to provide information to the IRS about certain accounts. Under this section, if a foreign financial institution has an account under the FATCA or QI Program, and the accountholder is a non-U.S. entity that is controlled or beneficially owned by a U.S. person, then that foreign financial institution would have to report any reportable assets or income in that account to the IRS.

The second disclosure mechanism created by Section 104(a) targets U.S. financial institutions that open foreign bank accounts for U.S. clients at non-FATCA institutions, meaning foreign financial institutions that have not agreed under FATCA to disclose to the IRS the accounts they open for U.S. persons. Past Subcommittee investigations have found that some U.S. financial institutions help their U.S. clients both to form offshore entities and to open foreign bank accounts for those entities, so that their clients do not even need to leave home to set up an offshore structure. Since non-FATCA institutions, by definition, have no obligation to disclose the accounts to U.S. authorities, Section 104(a) would instead impose that disclosure obligation on the U.S. financial institution that helped set up the account for its U.S. client.

Section 104(b) imposes the same penalties for the failure to report such accounts as apply to the failure to meet other reporting obligations of withholding agents.

Section 105—CDS Loophole

Section 105 of the bill targets a tax loophole benefiting credit default swaps, which I call the CDS loophole.

A CDS in simple terms is a financial bet about whether a company, a loan, a bond, a mortgage backed security, or some other financial instrument or arrangement will default or experience some other defined ''credit event'' during a specified period of time. The CDS buyer bets that the default or other credit event will happen, while the CDS seller bets it won't. The CDS buyer typically makes a series of payments to the seller over a specified period of time in exchange for a promise that, if a default or other credit event takes place during the covered period, the seller will make a bigger payoff to the buyer. In some cases, CDS buyers and sellers also agree to make payments to each other over the course of the covered period as the CDS rises or falls in value according to whether a credit event looks more or less likely.

Five years ago, few people outside of financial circles had ever heard of a credit default swap, but we all learned more than we wanted to during the financial crisis when CDS disasters brought down storied financial firms and almost pushed the U.S. financial system over the cliff. We found out there is now a $30 trillion CDS market worldwide, and that virtually all U.S. financial players engage in CDS transactions. And credit default swaps continue to play a role in financial crises around the world, from Greece to Ireland to Portugal.

Well it turns out there's a tax angle which promotes not only CDS gambling, but also offshore finagling. That's because U.S. tax regulations currently allow CDS payments that are sent from the United States to someone offshore to be treated as non-taxable, non-U.S. source income. Let me repeat that. CDS payments sent from the United States are now deemed non-U.S. source income to the recipient for tax purposes. That's because current regs deem the ''source'' of the CDS payment to be where the payment ends up—exactly the opposite of the normal definition of the word ''source.''

Well, you can imagine the use that some hedge funds that operate here in the United States, but are incorporated offshore and maintain post office boxes and bank accounts in tax havens, may be making of that tax loophole. They can tell their CDS counterparties to send any CDS payments to their offshore post box or bank account, tell Uncle Sam that those payments are legally considered non-U.S. source income, and bank the CDS payments as foreign income immune to U.S. tax. Hedge funds are likely far from alone in sheltering their CDS income from taxation by sending it offshore. Banks, securities firms, other financial firms, and a lot of commercial firms may be doing the same thing.

Our bill would shut down that offshore game simply by recognizing reality—that CDS payments sent from the United States are U.S. source income subject to taxation.

Section 106—Foreign Subsidiary Deposits Loophole

Section 106 of the bill would take on another type of offshore trickery, closing what I call the foreign subsidiary deposits loophole.

Right now, U.S. corporations report holding substantial funds offshore, in the range of $1 trillion in accumulated undistributed earnings. Some of that cash is the result of legitimate foreign business operations, such as plants, stores, or restaurant chains located in other countries. Some of it is the result of transfer pricing arrangements that moved the funds out of the United States with varying degrees of legitimacy. But regardless of how or why the funds are outside of the United States, U.S. corporations generally do not pay taxes on them, invoking tax code provisions that allow them to defer taxation of foreign income as long as those funds are not brought back—repatriated—to the United States.

But we need to look closer at the corporations claiming that their funds are offshore. In some cases, those so-called offshore funds are apparently being held in U.S. dollars in U.S. bank and securities accounts located right here in the United States.

One easy way for that to happen is for a U.S. corporation to direct its foreign subsidiary to deposit its foreign earnings at a foreign bank, let's say in the Cayman Islands, and ask the Cayman bank to convert any foreign currency into U.S. dollars. The Cayman bank typically complies by opening a U.S. dollar account at a U.S. bank. When one bank opens an account at another bank, the account is generally referred to as a correspondent account.

So the Cayman bank opens a correspondent account at a U.S. bank, deposits the funds belonging to the foreign subsidiary of the U.S. corporation, converts the funds into U.S. dollars, and perhaps even invests those dollars in an overnight or money market account or certificate of deposit to earn interest on the money. The U.S. corporation or its foreign subsidiary could even direct the Cayman bank to invest the U.S. dollars in U.S. securities, which the Cayman bank could do by opening a correspondent account at a U.S. securities firm, depositing the corporate dollars, and directing those dollars to be used to buy stocks or bonds. Again, the correspondent account would be in the name of the Cayman bank rather than in the name of the U.S. corporation or its foreign subsidiary, although the funds involved are beneficially owned by the corporate client.

The end result is that the U.S. corporation's offshore funds aren't really offshore at all. They are sitting in a U.S. bank or securities firm right here in the United States. The U.S. corporation is getting the benefit of using U.S. dollars, the safest currency in the world. It is also getting the benefit of using U.S. financial institutions, sending funds through U.S. wire transfer networks, and investing in U.S. financial markets, all without paying a dime of income taxes.

Our bill would put an end to the fiction that corporate funds deposited in U.S. financial accounts somehow still qualify as offshore funds that have not been repatriated to the United States. Instead, the bill would recognize the reality that the funds are in the United States and are no longer immune to taxation. It would do so by treating any funds that have been deposited by or on behalf of a foreign subsidiary in an account physically located in the United States as a taxable distribution by that foreign subsidiary to its U.S. parent.

If U.S. corporations want to defer U.S. taxation on their foreign income by keeping that income offshore, then they should have to actually keep those funds outside of the United States. If they bring that income here to the United States to seek the protections and benefits of having it deposited in U.S. currency at U.S. financial institutions, then those deposits should be treated as repatriated and subject to the same taxes that other domestic corporations pay.

Section 201—Country-by-Country Reporting

Section 201 of the bill would tackle the problem of offshore secrecy that currently surrounds most multinational corporations by requiring them to provide basic information on a country-by-country basis to the investing public and government authorities.

Many multinationals today are complex businesses with sprawling operations that cross multiple international boundaries. In many cases, no one outside of the corporations themselves knows much about what a particular corporation is doing on a per country basis or how its country-specific activities fit into the corporation's overall performance, planning, and operations.

The lack of country-specific information deprives investors of key data to analyze a multinational's financial health, exposure to individual countries' problems, and worldwide operations. There is also a lack of information to evaluate tax revenues on a country-specific basis to combat tax evasion, financial fraud, and corruption by government officials.

The lack of country-specific information also impedes efficient tax administration, leaving tax authorities unable to effectively analyze transfer pricing arrangements, foreign tax credits, business arrangements that attempt to play one country off another to avoid taxation, and illicit tactics to move profits to tax havens.

The bill would assist investors and tax administrators by requiring corporations that are registered with the Securities and Exchange Commission to provide basic information concerning their operations on a country-by-country basis. This basic information would be the approximate number of their employees per country, total amount of sales and purchases involving related and third parties, total amount of financing arrangements with related and third parties; and the total amount of tax obligations and actual tax payments made on a per country basis. This information would have to be furnished to the SEC as part of the corporation's existing SEC filings.

The bill requires disclosure of basic data that most multinational corporations would already have. The data wouldn't be burdensome to collect; it's just information that isn't routinely released by many multinationals. It's time to end the secrecy that now enables too many multinationals to run circles around tax administrators.

In the case of the United States, the value of country-by-country data becomes apparent after reading a recent article by Professor Kimberly Clausing who estimated that, in 2008 alone, ''the income shifting of multinational firms reduced U.S. government corporate tax revenue by about $90 billion,'' which was ''approximately 30 percent of corporate tax revenues.'' Think about that. Incoming shifting—in which multinationals use various tactics to shift income to tax havens to escape U.S. taxes—is responsible for $90 billion in unpaid taxes in a single year. Over ten years, that translates into $900 billion—nearly a trillion dollars. It is unacceptable to allow that magnitude of nonpayment of corporate taxes to continue year after year in light of the mounting deficits facing this country.

IRS data shows that the overall share of federal taxes paid by U.S. corporations has fallen dramatically, from 32% in 1952, to about 9% in 2009, the last year in which data is available. A 2008 report by the Government Accountability Office found that, over an eight-year period, about 1.2 million U.S. controlled corporations, or 67% of the corporate tax returns filed, paid no federal corporate income tax at all, despite total gross receipts of $2.1 trillion. At the same time corporations are dodging payment of U.S. taxes, corporate misconduct is continuing to drain the U.S. treasury of billions upon billions of taxpayer dollars to combat mortgage fraud, oil spills, bank bailouts, and more.

Corporate nonpayment of tax involves a host of issues, but transfer pricing and offshore tax dodging by multinationals is a big part of the problem. Section 201 of the bill would take the necessary first step to stop multinational corporations from continuing to dodge payment of U.S. taxes through offshore trickery by requiring them to disclose basic corporate data on a country-by-country basis.

Section 202—$1 Million Penalty for Hiding Offshore Stock Holdings

In addition to tax abuses, the 2006 Subcommittee investigation into the Wyly case history uncovered a host of troubling transactions involving U.S. securities held by the 58 offshore trusts and corporations associated with the two Wyly brothers. Over the course of a number of years, the Wylys had obtained about $190 million in stock options as compensation from three U.S. publicly traded corporations at which they were directors and major shareholders. Over time, the Wylys transferred these stock options to the network of offshore entities they had established.

The investigation found that, for years, the Wylys had generally failed to report the offshore entities' stock holdings or transactions in their filings with the Securities and Exchange Commission (SEC). They did not report these stock holdings on the ground that the 58 offshore trusts and corporations functioned as independent entities, even though the Wylys continued to direct the entities' investment activities. The public companies where the Wylys were corporate insiders also failed to include in their SEC filings information about the company shares held by the offshore entities, even though the companies knew of their close relationship to the Wylys, that the Wylys had provided the offshore entities with significant stock options, and that the offshore entities held large blocks of the company stock. On other occasions, the public companies and various financial institutions failed to treat the shares held by the offshore entities as affiliated stock, even though they were aware of the offshore entities' close association with the Wylys. The investigation found that, because both the Wylys and the public companies had failed to disclose the holdings of the offshore entities, for 13 years federal regulators had been unaware of those stock holdings and the relationships between the offshore entities and the Wyly brothers.

Corporate insiders and public companies are already obligated by current law to disclose stock holdings and transactions of offshore entities affiliated with a company director, officer, or major shareholder. In fact, in 2010, the SEC filed a civil complaint against the Wylys in connection with their hidden offshore holdings and alleged insider trading. Current penalties, however, appear insufficient to ensure compliance in light of the low likelihood that U.S. authorities will learn of transactions that take place in an offshore jurisdiction. To address this problem, Section 202 of the bill would establish a new monetary penalty of up to $1 million for persons who knowingly fail to disclose offshore stock holdings and transactions in violation of U.S. securities laws.

Sections 203 and 204—Anti-Money Laundering Programs

The Subcommittee's 2006 investigation showed that the Wyly brothers used two hedge funds and a private equity fund controlled by them to funnel millions of untaxed offshore dollars into U.S. investments. Other Subcommittee investigations provide extensive evidence of the role played by U.S. formation agents in assisting U.S. persons to set up offshore structures as well as U.S. shell companies later used in illicit activities, including money laundering, terrorism, tax evasion, and other misconduct. Because hedge funds, private equity funds, and formation agents are as vulnerable as other financial institutions to money launderers seeking entry into the U.S. financial system, the bill contains two provisions aimed at ensuring that these groups know their clients and do not accept or transmit suspect funds into the U.S. financial system.

Currently, many unregistered investment companies, such as hedge funds and private equity funds, transmit substantial offshore funds into the United States, yet are not required by law to have anti-money laundering programs, including Know-Your-Customer due diligence procedures and procedures to file suspicious activity reports. There is no reason why this sector of our financial services industry should continue to serve as a gateway into the U.S. financial system for substantial funds that could be connected to tax evasion, terrorist financing, money laundering, or other misconduct.

Nine years ago, in 2002, the Treasury Department proposed anti-money laundering regulations for these companies, but never finalized them. In 2008, the Department withdrew them with no explanation. Section 203 of the bill would require Treasury to issue final anti-money laundering regulations for unregistered investment companies within 180 days of the enactment of the bill. Treasury would be free to draw upon its 2002 proposal, but the bill would also require the final regulations to direct hedge funds and private equity funds to exercise due diligence before accepting offshore funds and to comply with the same procedures as other financial institutions if asked by federal regulators to produce records kept offshore.

In addition, Section 204 of the bill would add formation agents to the list of persons with anti-money laundering obligations. For the first time, those engaged in the business of forming corporations and other entities, both offshore and in the 50 States, would be responsible for knowing who their clients were and avoiding suspect funds. The bill also directs Treasury to develop anti-money laundering regulations for this group. Treasury's key anti-money laundering agency, the Financial Crimes Enforcement Network, testified before the Subcommittee in 2006, that it was considering drafting such regulations but five years later has yet to do so. Section 204 also creates an exemption for government personnel and for attorneys who use paid formation agents when forming entities for their clients. Since paid formation agents would already be subject to anti-money laundering obligations under the bill, there would be no reason to simultaneously subject attorneys using their services to the same anti-money laundering requirements.

We expect and intend that, as in the case of all other entities required to institute anti-money laundering programs, the regulations issued in response to this bill would instruct hedge funds, private equity funds, and formation agents to adopt risk-based procedures that would concentrate their due diligence efforts on clients that pose the highest risk of money laundering.

Section 205—IRS John Doe Summons

Section 205 of the bill focuses on an important tool used by the IRS in recent years to uncover taxpayers involved in offshore tax schemes, known as John Doe summons. Section 205 would make three technical changes to make the use of John Doe summons more effective in offshore and other complex investigations.

A John Doe summons is an administrative IRS summons used to request information in cases where the identity of a taxpayer is unknown. In cases involving a known taxpayer, the IRS may issue a summons to a third party to obtain information about the U.S. taxpayer, but must also notify the taxpayer who then has 20 days to petition a court to quash the summons to the third party. With a John Doe summons, however, IRS does not have the taxpayer's name and does not know where to send the taxpayer notice, so the statute substitutes a procedure in which the IRS must instead apply to a court for advance permission to serve the summons on the third party. To obtain approval of the summons, the IRS must show the court, in public filings to be resolved in open court, that: (1) the summons relates to a particular person or ascertainable class of persons, (2) there is a reasonable basis for concluding that there is a tax compliance issue involving that person or class of persons, and (3) the information sought is not readily available from other sources.

In recent years, the IRS has used John Doe summonses to try to obtain information about taxpayers operating in offshore secrecy jurisdictions. For example, the IRS obtained court approval to serve a John Doe summons on a Swiss bank, UBS AG, to obtain the names of tens of thousands of U.S. clients who opened UBS accounts in Switzerland without disclosing those accounts to the IRS. This landmark effort to overcome Swiss secrecy laws not only led to the bank's turning over thousands of U.S. client names to the United States, but also to abandon the country's longtime stance of using its secrecy rules to protect U.S. tax evaders. In earlier years, the IRS obtained court approval to issue John Doe summonses to credit card associations, credit card processors, and credit card merchants, to collect information about taxpayers using credit cards issued by offshore banks. This information led to many successful cases in which the IRS identified funds hidden offshore and recovered unpaid taxes.

Currently, however, use of the John Doe summons process is time consuming and expensive. For each John Doe summons involving an offshore secrecy jurisdiction, the IRS has had to establish in court that the involvement of accounts and transactions in offshore secrecy jurisdictions meant there was a significant likelihood of tax compliance problems. To relieve the IRS of the need to make this same proof over and over in court after court, the bill would provide that, in any John Doe summons proceeding involving a class defined in terms of a correspondent or payable through account at a non-FATCA institution, the court may presume that the case raises tax compliance issues. This presumption would then eliminate the need for the IRS to repeatedly establish in court the obvious fact that accounts at non-FATCA institutions raise tax compliance issues.

Finally, the bill would streamline the John Doe summons approval process in large ''project'' investigations where the IRS anticipates issuing multiple summonses to definable classes of third parties, such as banks or credit card associations, to obtain information related to particular taxpayers. Right now, for each summons issued in connection with a project, the IRS has to obtain the approval of a court, often having to repeatedly establish the same facts before multiple judges in multiple courts. This repetitive exercise wastes IRS, Justice Department, and court resources, and fragments oversight of the overall IRS investigative effort.

To streamline this process and strengthen court oversight of IRS use of John Doe summons, the bill would authorize the IRS to present an investigative project, as a whole, to a single judge to obtain approval for issuing multiple summonses related to that project. In such cases, the court would retain jurisdiction over the case after approval is granted, to exercise ongoing oversight of IRS issuance of summonses under the project. To further strengthen court oversight, the IRS would be required to file a publicly available report with the court on at least an annual basis describing the summonses issued under the project. The court would retain authority to restrict the use of further summonses at any point during the project. To evaluate the effectiveness of this approach, the bill would also direct the Government Accountability Office to report on the use of the provision after five years.

Section 206—FBAR Investigations and Suspicious Activity Reports

Section 206 of the bill would make several amendments to strengthen the ability of the IRS to enforce the Foreign Bank Account Report (FBAR) requirements and clarify the right of access by IRS civil enforcement authorities to Suspicious Activity Reports.

Under present law, a person controlling a foreign financial account with over $10,000 is required to check a box on his or her income tax return and, under Title 31, also file an FBAR form with the IRS. Treasury has delegated to the IRS responsibility for investigating FBAR violations and assessing FBAR penalties. Because the FBAR enforcement jurisdiction derives from Title 31, however, the IRS has set up a complex process for when its personnel may use tax return information when acting in its role as FBAR enforcer. The tax disclosure law, in Section 6103(b)(4) of the tax code, permits the use of tax information only for the administration of the internal revenue laws or ''related statutes.'' To implement this statutory requirement, the IRS currently requires its personnel to determine, at a managerial level and on a case by case basis, that the Title 31 FBAR law is a ''related statute.'' Not only does this necessitate a repetitive determination in every FBAR case before an IRS agent can look at the potential non-filer's income tax return to determine if filer checked the FBAR box, but it also prevents the IRS from comparing FBAR filing records to bulk data on foreign accounts received from tax treaty partners to find non-filers.

One of the stated purposes for the FBAR filing requirement is that such reports ''have a high degree of usefulness in . . . tax . . . investigations or proceedings.'' 31 U.S.C. 5311. If one of the reasons for requiring taxpayers to file FBARs is to use the information for tax purposes, and if the IRS has been charged with FBAR enforcement because of the FBARs' close connection to tax administration, common sense dictates that the FBAR statute should be viewed as a ''related statute'' as for tax disclosure purposes. Section 206(a) of the bill would make that clear by adding a provision to Section 6103(b) of the tax code deeming FBAR-related statutes to be ''related statutes,'' thereby allowing IRS personnel to make routine use of tax return information when working on FBAR matters.

The second change that would be made by Section 206 is an amendment to simplify the calculation of FBAR penalties. Currently the penalty is determined in part by the balance in the foreign bank account at the time of the ''violation.'' The violation has been interpreted to have occurred on the due date of the FBAR return, which is June 30 of the year following the year to which the report relates. The statute's use of this specific June 30th date can lead to strange results if money is withdrawn from the foreign account after the reporting period closed but before the return due date. To eliminate this unintended problem, Section 206(b) of the bill would instead calculate the penalty using the highest balance in the account during the covered reporting period.

The third part of section 206 relates to Suspicious Activity Reports or SARs, which financial institutions are required to file with the Financial Crimes Enforcement Center (FinCEN) of the Treasury Department when they encounter suspicious transactions. FinCEN is required to share this information with law enforcement, but currently does not permit IRS civil investigators access to the information, even though IRS civil investigators are federal law enforcement officials. Sharing SAR information with civil IRS investigators would likely prove very useful in tax investigations and would not increase the risk of disclosure of SAR information, since IRS civil personnel operate under the same tough disclosure rules as IRS criminal investigators. In some cases, IRS civil agents are now issuing an IRS summons to a financial institution to get access, for a production fee, to the very same information the financial institution has already filed with Treasury in a SAR. Section 206(c) of the bill would end that inefficient and costly practice by making it clear that ''law enforcement'' includes civil tax law enforcement.

Title III on Abusive Tax Shelters

Until now, I've been talking about what the bill would do to combat offshore tax abuses. Now I want to turn to the final title of the bill which offers measures to do combat abusive tax shelters and their promoters who use both domestic and offshore means to achieve their ends.

Abusive tax shelters are complicated transactions promoted to provide tax benefits unintended by the tax code. They are very different from legitimate tax shelters, such as deducting the interest paid on a home mortgage or Congressionally approved tax deductions for building affordable housing. Some abusive tax shelters involve complicated domestic transactions; others make use of offshore shenanigans. All abusive tax shelters are marked by one characteristic: there is no real economic or business rationale other than tax avoidance. As Judge Learned Hand wrote in Gregory v. Helvering, they are ''entered upon for no other motive but to escape taxation.''

Abusive tax shelters are usually tough to prosecute. Crimes such as terrorism and murder produce instant recognition of the immorality involved. Abusive tax shelters, by contrast, are often ''MEGOs,'' meaning ''My Eyes Glaze Over.'' Those who cook up these concoctions count on their complexity to escape scrutiny and public ire. But regardless of how complicated or eye-glazing, the hawking of abusive tax shelters by tax professionals like accountants, bankers, investment advisers, and lawyers to thousands of people like late-night, cut-rate T.V. bargains is scandalous, and we need to stop it.

My Subcommittee has spent years examining the design, sale, and implementation of abusive tax shelters. Our first hearing on this topic in recent years was held in January 2002, when the Subcommittee examined an abusive tax shelter purchased by Enron. In November 2003, the Subcommittee held two days of hearings and released a staff report that pulled back the curtain on how even some respected accounting firms, banks, investment advisors, and law firms had become engines pushing the design and sale of abusive tax shelters to corporations and individuals across this country. In February 2005, the Subcommittee issued a bipartisan report that provided further details on the role these professional firms played in the proliferation of these abusive shelters. Our Subcommittee report was endorsed by the full Committee on Homeland Security and Governmental Affairs in April 2005.

In 2006, the Subcommittee released a report and held a hearing showing how financial and legal professionals designed and sold an abusive tax shelter known as the POINT Strategy, which depended upon secrecy laws and practices in the Isle of Man to conceal the phony nature of securities trades that lay at the center of this tax shelter transaction. In 2008, the Subcommittee released a staff report and held a hearing on how financial firms have designed and sold so-called dividend enhancement transactions to help offshore hedge funds and others escape payment of U.S. taxes on U.S. stock dividends.

The Subcommittee investigations have found that many abusive tax shelters are not dreamed up by the taxpayers who use them. Instead, they are devised by tax professionals who then sell the tax shelter to clients for a fee. In fact, over the years we've found U.S. tax advisors cooking up one complex scheme after another, packaging them up as generic ''tax products'' with boilerplate legal and tax opinion letters, and then undertaking elaborate marketing schemes to peddle these products to literally thousands of persons across the country. In return, these tax shelter promoters were getting hundreds of millions of dollars in fees, while diverting billions of dollars in tax revenues from the U.S. Treasury each year.

For example, one shelter investigated by the Subcommittee and featured in the 2003 hearings became part of an IRS settlement effort involving a set of abusive tax shelters known as ''Son of Boss.'' Following our hearing, more than 1,200 taxpayers admitted wrongdoing and agreed to pay back taxes, interest and penalties totaling more than $3.7 billion. That's billions of dollars the IRS collected on just one type of tax shelter, demonstrating both the depth of the problem and the potential for progress. The POINT shelter featured in our 2006 hearing involved another $300 million in tax loss on transactions conducted by just six taxpayers. The offshore dividend tax scams we examined in 2008 meant additional billions of dollars in unpaid taxes over a ten year period.

Title III of the bill contains a number of measures to curb abusive tax shelters. It would strengthen the penalties imposed on those who aid or abet tax evasion. Several provisions would deter bank participation in abusive tax shelter activities by requiring regulators to develop new examination procedures to detect and stop such activities. Others would end outdated communication barriers between the IRS and other federal enforcement agencies such as the SEC, bank regulators, and the Public Company Accounting Oversight Board, to allow the exchange of information relating to tax evasion cases. The bill also provides for increased disclosure of tax shelter information to Congress. In addition, the bill would simplify and clarify an existing prohibition on the payment of fees linked to tax benefits; and authorize Treasury to issue tougher standards for tax shelter opinion letters.

Let me be more specific about these key provisions to curb abusive tax shelters.

Sections 301 and 302—Strengthening Tax Shelter Penalties

Sections 301 and 302 of the bill would strengthen two very important penalties that the IRS can use in its fight against the professionals who make complex abusive shelters possible. When we started investigating abusive tax shelters, the penalty for promoting these scams, as set forth in Section 6700 of the tax code, was the lesser of $1,000 or 100 percent of the promoter's gross income derived from the prohibited activity. That meant in most cases the maximum fine was just $1,000.

We've investigated abusive tax shelters that sold for $100,000 or $250,000 apiece, and some that sold for as much as $5 million apiece. We also saw instances in which the same cookie-cutter tax opinion letter was sold to 100 or even 200 clients. Given the huge profits, the $1,000 fine was laughable.

The Senate acknowledged that in 2004, when it adopted the Levin-Coleman amendment to the JOBS Act, S. 1637, raising the Section 6700 penalty on abusive tax shelter promoters to 100 percent of the fees earned by the promoter from the abusive shelter. A 100 percent penalty would have ensured that the abusive tax shelter hucksters would not get to keep a single penny of their ill-gotten gains. That figure, however, was cut in half during the conference on the JOBS Act, with the result being that the current Section 6700 penalty can now reach, but not exceed, 50 percent of the fees earned by a promoter of an abusive tax shelter.

While a 50 percent penalty is an obvious improvement over $1,000, this penalty still is inadequate and makes no sense. Why should anyone who pushes an illegal tax shelter that robs our Treasury of needed revenues get to keep half of their ill-gotten gains? What deterrent effect is created by a penalty that allows promoters to keep half of their fees if caught, and all of their fees if they are not caught?

Effective penalties should make sure that the peddler of an abusive tax shelter is deprived of every penny of profit earned from selling or implementing the shelter and then is fined on top of that. Section 301 of this bill would do just that by increasing the penalty on tax shelter promoters to an amount equal to up to 150 percent of the promoters' gross income from the prohibited activity.

Section 302 of the bill would address a second weak tax code penalty which currently is supposed to deter and punish those who knowingly help taxpayers understate their taxes to the IRS. Aside from tax shelter ''promoters,'' there are many other types of professional firms that aid and abet tax evasion by helping taxpayers carry out abusive tax schemes. For example, law firms are often asked to write ''opinion letters'' to help taxpayers head off IRS inquiries and fines that might otherwise apply to their use of an abusive shelter. Currently, under Section 6701 of the tax code, these aiders and abettors face a maximum penalty of only $1,000, or $10,000 if the offender is a corporation. When law firms are getting $50,000 for issuing cookie-cutter opinion letters, a $1,000 fine provides no deterrent effect whatsoever. A $1,000 fine is like getting a jaywalking ticket for robbing a bank.

Section 302 of the bill would strengthen Section 6701 of the tax code by subjecting aiders and abettors to a maximum fine of up to 150 percent of the aider and abettor's gross income from the prohibited activity. This penalty would apply to all aiders and abettors, not just tax return preparers.

Again, the Senate has recognized the need to toughen this critical penalty. In the 2004 JOBS Act, Senator Coleman and I successfully increased this fine to 100 percent of the gross income derived from the prohibited activity. Unfortunately, the conference report completely omitted this change, allowing many aiders and abettors to continue to profit without penalty from their wrongdoing.

If further justification for toughening these penalties is needed, one document uncovered by our investigation shows the cold calculation engaged in by a tax advisor facing low fines. A senior tax professional at accounting giant KPMG compared possible tax shelter fees with possible tax shelter penalties if the firm were caught promoting an illegal tax shelter. This senior tax professional wrote to his colleagues the following: ''[O]ur average deal would result in KPMG fees of $360,000 with a maximum penalty exposure of only $31,000.'' He then recommended the obvious: going forward with sales of the abusive tax shelter on a cost-benefit basis.

Section 303—Fees Contingent upon Obtaining Tax Benefits

Another finding of the Subcommittee investigations is that some tax practitioners are circumventing current state and federal constraints on charging tax service fees that are dependent on the amount of promised tax benefits. Traditionally, accounting firms charged flat fees or hourly fees for their tax services. In the 1990s, however, they began charging ''value added'' fees based on, in the words of one accounting firm's manual, ''the value of the services provided, as opposed to the time required to perform the services.'' In addition, some firms began charging ''contingent fees'' that were calculated according to the size of the paper ''loss'' that could be produced for a client and used to offset the client's taxable income—the greater the so-called loss, the greater the fee.

In response, many states prohibited accounting firms from charging contingent fees for tax work to avoid creating incentives for these firms to devise ways to shelter substantial sums. The SEC and the American Institute of Certified Public Accountants also issued rules restricting contingent fees, allowing them in only limited circumstances. The Public Company Accounting Oversight Board issued a similar rule prohibiting public accounting firms from charging contingent fees for tax services provided to the public companies they audit. Each of these federal, state, and professional ethics rules seeks to limit the use of contingent fees under certain, limited circumstances.

The Subcommittee investigation found several instances of tax shelter fees that were linked to the amount of a taxpayer's projected paper losses which could be used to shelter income from taxation. For example, in four tax shelters examined by the Subcommittee in 2003, documents showed that the fees were equal to a percentage of the paper loss to be generated by the transaction. In one case, the fees were typically set at 7 percent of the transaction's generated ''tax loss'' that clients could use to reduce other taxable income. In another, the fee was only 3.5 percent of the loss, but the losses were large enough to generate a fee of over $53 million on a single transaction. In other words, the greater the loss that could be concocted for the taxpayer or ''investor,'' the greater the profit for the tax promoter. Think about that—greater the loss, the greater the fee. How's that for turning capitalism on its head?

In addition, evidence indicated that, in at least one instance, a tax advisor was willing to deliberately manipulate the way it handled certain tax products to circumvent contingent fee prohibitions. An internal document at an accounting firm related to a specific tax shelter, for example, identified the states that prohibited contingent fees. Then, rather than prohibit the tax shelter transactions in those states or require an alternative fee structure, the memorandum directed the firm's tax professionals to make sure the engagement letter was signed, the engagement was managed, and the bulk of services was performed ''in a jurisdiction that does not prohibit contingency fees.''

Right now, the prohibitions on contingent fees are complex and must be evaluated in the context of a patchwork of federal, state, and professional ethics rules. Section 303 of the bill would establish a single enforceable rule, applicable nationwide, that would prohibit tax practitioners from charging fees calculated according to a projected or actual amount of tax savings or paper losses.

Section 304—Deterring Participation in Abusive Tax Shelter Activities

Section 304 of the bill targets financial institutions that offer financing or securities transactions to advance abusive tax shelters disguised as investment opportunities. Tax shelter schemes lack the economic risks and rewards associated with true investments. But to make these phony transactions look legitimate, some abusive tax shelters make use of significant amounts of money in low risk schemes mischaracterized as real investments. The financing or securities transactions called for by these schemes are often supplied by a bank, securities firm, or other financial institution and used to generate paper losses that the taxpayer can then use to shelter income from taxation.

Currently the tax code prohibits financial institutions from providing products or services that aid or abet tax evasion or that promote or implement abusive tax shelters. The agencies that oversee these financial institutions on a daily basis, however, are experts in banking and securities law and generally lack the expertise to spot abusive tax shelter activity. Section 304 would crack down on financial institutions' illegal tax shelter activities by requiring federal bank regulators and the SEC to work with the IRS to develop examination techniques to detect such abusive activities and put an end to them.

These examination techniques are intended to be part of routine regulatory examinations, with regulators reporting suspect activity or potential violations to the IRS. The agencies would also be required to prepare a joint report to Congress in 2013 on preventing the participation of financial institutions in tax evasion or tax shelter activities.

Section 305—Ending Communication Barriers between Enforcement Agencies

During hearings before the Permanent Subcommittee on Investigations on tax shelters in November 2003, IRS Commissioner Mark Everson testified that his agency was barred by Section 6103 of the tax code from communicating information to other federal agencies that would assist those agencies in their law enforcement duties. He pointed out that the IRS was barred from providing tax return information to the SEC, federal bank regulators, and the Public Company Accounting Oversight Board (PCAOB)—even, for example, when that information might assist the SEC in evaluating whether an abusive tax shelter resulted in deceptive accounting in a public company's financial statements, might help the Federal Reserve determine whether a bank selling tax products to its clients had violated the law against promoting abusive tax shelters, or help the PCAOB judge whether an accounting firm had impaired its independence by selling tax shelters to its audit clients.

Another example demonstrates how harmful these information barriers are to legitimate law enforcement efforts. In 2004, the IRS offered a settlement initiative to companies and corporate executives who participated in an abusive tax shelter involving the transfer of stock options to family-controlled entities. Over a hundred corporations and executives responded with admissions of wrongdoing. In addition to tax violations, their misconduct may be linked to securities law violations and improprieties by corporate auditors or banks, but the IRS told the Subcommittee that it was barred by law from sharing the names of the wrongdoers with the SEC, banking regulators, or PCAOB. The same is true for the offshore dividend tax shelters exposed in the Subcommittee's 2008 hearing. The IRS knows who the offending banks and investment firms are that designed and sold questionable dividend enhancement transactions to offshore hedge funds and others, but it is barred by Section 6103 of the tax code from providing detailed information or documents to the SEC or banking regulators who oversee the relevant financial institutions.

These communication barriers are outdated, inefficient, and ill-suited to stopping the tax schemes now affecting public companies, banks, investment firms, and accounting firms. To address this problem, Section 305 of this bill would authorize the Treasury Secretary, with appropriate privacy safeguards, to disclose to the SEC, federal banking agencies, and the PCAOB, upon request, tax return information related to abusive tax shelters, inappropriate tax avoidance, or tax evasion. The agencies could then use this information only for law enforcement purposes, such as preventing accounting firms, investment firms, or banks from promoting abusive tax shelters, or detecting accounting fraud in the financial statements of public companies.

Section 306—Increased Disclosure of Tax Shelter Information to Congress

The bill would also provide for increased disclosure of tax shelter information to Congress. Section 306 would make it clear that companies providing tax return preparation services to taxpayers cannot refuse to comply with a Congressional document subpoena by citing Section 7216, which prohibits tax return preparers from disclosing taxpayer information to third parties. Several accounting and law firms raised this claim in response to document subpoenas issued by the Permanent Subcommittee on Investigations, contending they were barred by the nondisclosure provision in Section 7216 from producing documents related to the sale of abusive tax shelters to clients.

The accounting and law firms maintained this position despite an analysis provided by the Senate legal counsel showing that the nondisclosure provision was never intended to create a privilege or to override a Senate subpoena, as demonstrated in federal regulations interpreting the provision. This bill would codify the existing regulations interpreting Section 7216 and make it clear that Congressional document subpoenas must be honored.

Section 306 would also ensure Congress has access to information about decisions by Treasury related to an organization's tax exempt status. A 2003 decision by the D.C. Circuit Court of Appeals, Tax Analysts v. IRS, struck down certain IRS regulations and held that the IRS must disclose letters denying or revoking an organization's tax exempt status. Despite this court decision, the IRS has been reluctant to disclose such information, not only to the public, but also to Congress, including in response to requests by the Subcommittee.

For example, in 2005, the IRS revoked the tax exempt status of four credit counseling firms, and, despite the Tax Analysts case, claimed that it could not disclose to the Subcommittee the names of the four firms or the reasons for revoking their tax exemption. Section 306 would make it clear that, upon receipt of a request from a Congressional committee or subcommittee, the IRS must disclose documents, other than a tax return, related to the agency's determination to grant, deny, revoke or restore an organization's exemption from taxation.

Section 307—Tax Shelter Opinion Letters

The final provision in the bill would address issues related to opinion letters issued by law firms and others in support of complex tax schemes. The Treasury Department has already issued a set of standards for tax practitioners who provide opinion letters on the tax implications of potential tax shelters under Circular 230. Section 308 of the bill would not only provide the express statutory authority which is currently lacking for these standards, but also strengthen them.

The public has traditionally relied on tax opinion letters to obtain informed and trustworthy advice about whether a tax-motivated transaction meets the requirements of the law. The Permanent Subcommittee on Investigations has found that, in too many cases, tax opinion letters no longer contain disinterested and reliable tax advice, even when issued by supposedly reputable accounting or law firms. Instead, some tax opinion letters have become marketing tools used by tax shelter promoters and their allies to sell clients on their latest tax products. In many of these cases, financial interests and biases were concealed, unreasonable factual assumptions were used to justify dubious legal conclusions, and taxpayers were misled about the risk that the proposed transaction would later be designated an illegal tax shelter. Reforms are essential to address these abuses and restore the integrity of tax opinion letters.

The Circular 230 standards should be strengthened by addressing a wider spectrum of tax shelter opinion letter problems, including preventing concealed collaboration among supposedly independent letter writers; avoiding conflicts of interest that would impair auditor independence; ensuring appropriate fee charges; preventing practitioners and firms from aiding and abetting the understatement of tax liability by clients; and banning the promotion of potentially abusive tax shelters. By authorizing Treasury to address each of these areas, a beefed-up Circular 230 could help reduce the ongoing abusive practices related to tax shelter opinion letters.

Conclusion. Tax evasion eats at the fabric of society, not only by widening deficits and starving health care, education, and other needed government services of resources, but also by undermining public trust—making honest folks feel like they are being taken advantage of when they pay their fair share. While the eyes of some people may glaze over when tax havens and tax shelters are discussed, unscrupulous taxpayers and tax professionals see illicit dollar signs. Our commitment to crack down on their abuses must be as strong as their determination to get away with ripping off Uncle Sam and honest American taxpayers.

We can fight back against offshore tax abuses and abusive tax shelters if we summon the political will. The Stop Tax Haven Abuse Act, which is the product of years of work, offers the tools needed to tear down tax haven secrecy walls in favour of transparency, cooperation, and tax compliance. I urge my colleagues to include its provisions in any deficit reduction or budget package this year or, if not, to adopt it by separate action.

I ask unanimous consent that following my remarks that a summary of the bill be reprinted in the record.

STOP TAX HAVEN ABUSE ACT

Targeting $100 billion in lost revenue each year from offshore tax dodges, the bill would:

Authorize Special Measures To Stop Offshore Tax Abuse (§101) by allowing Treasury to take specified steps against foreign jurisdictions or financial institutions that impede U.S. tax enforcement.

Strengthen FATCA (§102) by clarifying under the Foreign Account Tax Compliance Act when foreign financial institutions and U.S. persons must report foreign financial accounts to the IRS.

Establish Rebuttable Presumptions To Combat Offshore Secrecy (§102) in U.S. tax and securities law enforcement proceedings by treating non-publicly traded offshore entities as controlled by the U.S. taxpayer who formed them, sent them assets, received assets from them, or benefited from them when those entities have accounts or assets in non-FATCA institutions, unless the taxpayer proves otherwise.

Stop Companies Run From the United States Claiming Foreign Status (§103) by treating foreign corporations that are publicly traded or have gross assets of $50 million or more and whose management and control occur primarily in the United States as U.S. domestic corporations for income tax purposes.

Strengthen Detection of Offshore Activities (§104) by requiring U.S. financial institutions that open accounts for foreign entities controlled by U.S. clients or open foreign accounts in non-FATCA institutions for U.S. clients to report the accounts to the IRS.

Close Credit Default Swap (CDS) Loophole (§105) by treating CDS payments sent offshore from the United States as taxable U.S. source income.

Close Foreign Subsidiary Deposits Loophole (§106) by treating deposits made by a controlled foreign corporation (CFC) to a financial account located in the United States, including a correspondent account of a foreign bank, as a taxable constructive distribution by the CFC to its U.S. parent.

Require Annual Country-by-Country Reporting (§201) by SEC-registered corporations on employees, sales, financing, tax obligations, and tax payments.

Establish a Penalty for Corporate Insiders Who Hide Offshore Holdings (§202) by authorizing a fine of up to $1 million per violation of securities laws.

Require Anti-Money Laundering Programs (§§203–204) for hedge funds, private equity funds, and formation agents to ensure they screen clients and offshore funds.

Strenghthen John Doe Summons (§205) by allowing the IRS to issue summons to a class of persons that relate to a long-term project approved and overseen by a court.

Combat Hidden Foreign Financial Accounts (§206) by allowing IRS use of tax return information to evaluate foreign financial account reports, simplifying penalty calculations for unreported foreign accounts, and facilitating use of suspicious activity reports in civil tax enforcement.

Strengthen Penalties (§§301–302) on tax shelter promoters and those who aid and abet tax evasion by increasing the maximum fine to 150 percent of any ill-gotten gains.

Prohibit Fee Arrangements (§303) in which a tax advisor is paid a fee based upon the amount of paper losses generated to shelter income or taxes not paid by a client.

Require Bank Examination Techniques (§304) to detect and prevent abusive tax shelter activities or the aiding and abetting of tax evasion by financial institutions.

Allow Sharing of Tax Information (§305) upon request by a federal financial regulator engaged in a law enforcement effort.

Require Disclosure of Information to Congress (§306) related to an IRS determination of whether to exempt an organization from taxation.

Direct the Establishment of Standards for Tax Opinions (§307) rendering advice on transactions with a potential for tax avoidance or evasion.

By Mr. LIEBERMAN (for himself and Mr. BLUMENTHAL):

S. 1347. A bill to establish Coltsville National Historical Park in the State of Connecticut, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. LIEBERMAN. Mr. President, I rise today to introduce the Coltsville National Historical Park Act, and express my strong support for the designation of the Coltsville Historical District in Hartford, Connecticut as a National Park. I thank my colleague Senator BLUMENTHAL for joining me as an original cosponsor of this legislation, and also wish to thank my longtime friend and colleague, Congressman JOHN LARSON, who recently introduced an identical version of this bill in the House.

In 1990, I had the privilege of introducing and successfully fighting for the legislation that established the Weir Farm National Historic Site as Connecticut's first and, as yet, only contribution to the National Park System. Over two decades later, I am honored to strive for the same outcome for Coltsville.

Located on the banks of the Connecticut River in Hartford, Coltsville is at the heart of a cluster of historical landmarks of great significance for Connecticut and our entire Nation. A newly established national park in Coltsville would span more than 200 acres and beckon tourists to such Hartford destinations as the homes of Mark Twain and Harriet Beecher Stowe, as well as to the great events organized by Riverfront Recapture, along our beautiful waterfront.

Coltsville's past is as compelling as its future possibilities. Samuel Colt, born in Hartford, was first famous for developing the revolving-breech pistol, which became one of the standard small arms of the world in the last half of the nineteenth century. Production of that firearm helped build a model town on the banks of the Connecticut River, including the Colt Armory, workers' housing, Colt Park, the Church of the Good Shepherd, and the Colt family home, known as ''Armsmear.'' At its peak during the twentieth century, the factory at Coltsville employed over 10,000 people and made a significant contribution to the country's war effort.

But the legacy of the Colt operation goes well beyond the manufacturing of guns. Colt himself invented a submarine battery used in harbor defense, a submarine telegraph cable, and other innovations. The success of Samuel and Elizabeth Colt's precision firearms business led to other industrial advancements in Connecticut and throughout New England, including the manufacture of sewing machines and typewriters. Ultimately, the spirit of innovation fostered at Coltsville was crucial to establishing Connecticut's proud tradition of manufacturing everything from small arms to jet engines, and even the submarines that our servicemembers use to defend our freedoms.

The early industrial innovators represented the same pioneering spirit of American ingenuity that we see today in defense, information, and biotechnology firms. Today, we sometimes take this innovation for granted. In Samuel Colt's day, every ingenious development was a grand achievement and a small revelation.

The industrial revolution transformed our nation culturally and economically like no other force ever has. People moved into the cities. Living standards rose. The middle class grew and economic growth intensified.

Unfortunately, Hartford has not been immune to the economic hardships the country is facing. That is why Coltsville must be a beacon to our nation of what once was and can be again, the center of industry, innovation, and prosperity. Just as Coltsville did for Hartford during the Industrial Revolution, the designation of a National Park will serve as a catalyst for growth in a struggling city.

I believe that memorializing Sam and Elizabeth Colt and their movement is particularly important as Americans struggle to emerge from a deep recession. The way we are going to revitalize our economy is to invest in people, to invest in and inspire innovation that will pioneer new industries that will create millions of new jobs. Coltsville is a historic landmark and a living reminder of the extraordinary advances in technology and innovation that have been America's story for over 400 years.

I thank Senator BLUMENTHAL and Congressman LARSON for their work and dedication to advance Coltsville's status as a National Historical Park. I reaffirm my strong support today for recognizing these values, and I look forward to working cooperatively with my colleagues in making it happen.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the text of the bill was ordered to be printed in the RECORD, as follows:

S. 1347

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Coltsville National Historical Park Act''.

SEC. 2. DEFINITIONS.

For the purposes of this Act:

(1) CITY.—The term ''city'' means the city of Hartford, Connecticut.

(2) COMMISSION.—The term ''Commission'' means the Coltsville National Historical Park Advisory Commission established by subsection 6(a).

(3) HISTORIC DISTRICT.—The term ''Historic District'' means the Coltsville Historic District.

(4) MAP.—The term ''map'' means the map titled ''Coltsville National Historical Park—Proposed Boundary'', numbered T25/102087, and dated May 11, 2010.

(5) PARK.—The term ''park'' means the Coltsville National Historical Park in the State of Connecticut.

(6) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(7) STATE.—The term ''State'' means the State of Connecticut.

SEC. 3. COLTSVILLE NATIONAL HISTORICAL PARK.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—Subject to paragraph (2), there is established in the State a unit of the National Park System to be known as the ''Coltsville National Historical Park''.

(2) CONDITIONS FOR ESTABLISHMENT.—The park shall not be established until the date on which the Secretary determines that—

(A) the Secretary has acquired by donation sufficient land or an interest in land within the boundary of the park to constitute a manageable unit;

(B) the State, city, or private property owner, as appropriate, has entered into a written agreement with the Secretary to donate at least 10,000 square feet of space in the East Armory which would include facilities for park administration and visitor services;

(C) the Secretary has entered into a written agreement with the State, city, or other public entity, as appropriate, providing that—

(i) land owned by the State, city, or other public entity within the Coltsville Historic District shall be managed consistent with this section; and

(ii) future uses of land within the historic district shall be compatible with the designation of the park and the city's preservation ordinance; and

(D) the Secretary has reviewed the financial resources of the owners of private and public property within the boundary of the proposed park to ensure the viability of the park based on those resources.

(b) BOUNDARIES.—The park shall include and provide appropriate interpretation and viewing of the following sites, as generally depicted on the map:

(1) The East Armory.

(2) The Church of the Good Shepherd.

(3) The Caldwell/Colt Memorial Parish House.

(4) Colt Park.

(5) The Potsdam Cottages.

(6) Armsmear.

(7) The James Colt House.

(c) COLLECTIONS.—The Secretary shall enter into a written agreement with the State of Connecticut State Library, Wadsworth Atheneum, and the Colt Trust, or other public entities, as appropriate, to gain appropriate access to Colt-related artifacts for the purposes of having items routinely on display in the East Armory or within the park as determined by the Secretary as a major function of the visitor experience.

SEC. 4. ADMINISTRATION.

(a) IN GENERAL.—The Secretary shall administer the park in accordance with—

(1) this Act; and

(2) the laws generally applicable to units of the National Park System, including—

(A) the National Park Service Organic Act (16 U.S.C. 1 et seq.); and

(B) the Act of August 21, 1935 (16 U.S.C. 461 et seq.).

(b) STATE AND LOCAL JURISDICTION.—Nothing in this Act enlarges, diminishes, or modifies any authority of the State, or any political subdivision of the State (including the city)—

(1) to exercise civil and criminal jurisdiction; or

(2) to carry out State laws (including regulations) and rules on non-Federal land located within the boundary of the park.

(c) COOPERATIVE AGREEMENTS.—

(1) IN GENERAL.—As the Secretary determines to be appropriate to carry out this Act, the Secretary may enter into cooperative agreements with the owner of any property within the Coltsville Historic District or any nationally significant properties within the boundary of the park, under which the Secretary may identify, interpret, restore, rehabilitate, and provide technical assistance for the preservation of the properties.

(2) RIGHT OF ACCESS.—A cooperative agreement entered into under paragraph (1) shall provide that the Secretary, acting through the Director of the National Park Service, shall have the right of access at all reasonable times to all public portions of the property covered by the agreement for the purposes of—

(A) conducting visitors through the properties; and

(B) interpreting the properties for the public.

(3) CHANGES OR ALTERATIONS.—No changes or alterations shall be made to any properties covered by a cooperative agreement entered into under paragraph (1) unless the Secretary and the other party to the agreement agree to the changes or alterations.

(4) CONVERSION, USE, OR DISPOSAL.—Any payment by the Secretary under this subsection shall be subject to an agreement that the conversion, use, or disposal of a project for purposes contrary to the purposes of this section, as determined by the Secretary, shall entitle the United States to reimbursement in an amount equal to the greater of—

(A) the amounts made available to the project by the United States; or

(B) the portion of the increased value of the project attributable to the amounts made available under this subsection, as determined at the time of the conversion, use, or disposal.

(5) MATCHING FUNDS.—

(A) IN GENERAL.—As a condition of the receipt of funds under this subsection, the Secretary shall require that any Federal funds made available under a cooperative agreement shall be matched on a 1-to-1 basis by non-Federal funds.

(B) FORM.—With the approval of the Secretary, the non-Federal share required under subparagraph (A) may be in the form of donated property, goods, or services from a non-Federal source, fairly valued.

(d) ACQUISITION OF LAND.—The Secretary is authorized to acquire land or interests in land by donation, purchase with donated or appropriated funds, or exchange. Land or interests in land owned by the State or any political subdivision of the State may be acquired only by donation.

(e) TECHNICAL ASSISTANCE AND PUBLIC INTERPRETATION.—The Secretary may provide technical assistance and public interpretation of related historic and cultural resources within the boundary of the historic district.

SEC. 5. MANAGEMENT PLAN.

(a) IN GENERAL.—Not later than 3 fiscal years after the date on which funds are made available to carry out this Act, the Secretary, in consultation with the Commission, shall complete a management plan for the park in accordance with—

(1) section 12(b) of Public Law 91–383 (commonly known as the National Park Service General Authorities Act) (16 U.S.C. 1a–7(b)); and

(2) other applicable laws.

(b) COST SHARE.—The management plan shall include provisions that identify costs to be shared by the Federal Government, the State, and the city, and other public or private entities or individuals for necessary capital improvements to, and maintenance and operations of, the park.

(c) SUBMISSION TO CONGRESS.—On completion of the management plan, the Secretary shall submit the management plan to—

(1) the Committee on Natural Resources of the House of Representatives; and

(2) the Committee on Energy and Natural Resources of the Senate.

SEC. 6. COLTSVILLE NATIONAL HISTORICAL PARK ADVISORY COMMISSION.

(a) ESTABLISHMENT.—There is established a Commission to be known as the Coltsville National Historical Park Advisory Commission.

(b) DUTY.—The Commission shall advise the Secretary in the development and implementation of the management plan.

(c) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 11 members, to be appointed by the Secretary, of whom—

(A) 2 members shall be appointed after consideration of recommendations submitted by the Governor of the State;

(B) 1 member shall be appointed after consideration of recommendations submitted by the State Senate President;

(C) 1 member shall be appointed after consideration of recommendations submitted by the Speaker of the State House of Representatives;

(D) 2 members shall be appointed after consideration of recommendations submitted by the Mayor of Hartford, Connecticut;

(E) 2 members shall be appointed after consideration of recommendations submitted by Connecticut's 2 United States Senators;

(F) 1 member shall be appointed after consideration of recommendations submitted by Connecticut's First Congressional District Representative;

(G) 2 members shall have experience with national parks and historic preservation;

(H) all appointments must have significant experience with and knowledge of the Coltsville Historic District; and

(I) 1 member of the Commission must live in the Sheldon/Charter Oak neighborhood within the Coltsville Historic District.

(2) INITIAL APPOINTMENTS.—The Secretary shall appoint the initial members of the Commission not later than the earlier of—

(A) the date that is 30 days after the date on which the Secretary has received all of the recommendations for appointments under paragraph (1); or

(B) the date that is 30 days after the park is established.

(d) TERM; VACANCIES.—

(1) TERM.—

(A) IN GENERAL.—A member shall be appointed for a term of 3 years.

(B) REAPPOINTMENT.—A member may be reappointed for not more than 1 additional term.

(2) VACANCIES.—A vacancy on the Commission shall be filled in the same manner as the original appointment was made.

(e) MEETINGS.—The Commission shall meet at the call of—

(1) the Chairperson; or

(2) a majority of the members of the Commission.

(f) QUORUM.—A majority of the Commission shall constitute a quorum.

(g) CHAIRPERSON AND VICE CHAIRPERSON.—

(1) IN GENERAL.—The Commission shall select a Chairperson and Vice Chairperson from among the members of the Commission.

(2) VICE CHAIRPERSON.—The Vice Chairperson shall serve as Chairperson in the absence of the Chairperson.

(3) TERM.—A member may serve as Chairperson or Vice Chairperson for not more than 1 year in each office.

(h) COMMISSION PERSONNEL MATTERS.—

(1) COMPENSATION OF MEMBERS.—

(A) IN GENERAL.—Members of the Commission shall serve without compensation.

(B) TRAVEL EXPENSES.—Members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duty of the Commission.

(2) STAFF.—

(A) IN GENERAL.—The Secretary shall provide the Commission with any staff members and technical assistance that the Secretary, after consultation with the Commission, determines to be appropriate to enable the Commission to carry out the duty of the Commission.

(B) DETAIL OF EMPLOYEES.—The Secretary may accept the services of personnel detailed from the State or any political subdivision of the State.

(i) FACA NONAPPLICABILITY.—Section 14(b) of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission.

(j) TERMINATION.—

(1) IN GENERAL.—Unless extended under paragraph (2), the Commission shall terminate on the date that is 10 years after the date of the enactment of this Act.

(2) EXTENSION.—Eight years after the date of the enactment of this Act, the Commission shall make a recommendation to the Secretary if a body of its nature is still necessary to advise on the development of the park. If, based on a recommendation under this paragraph, the Secretary determines that the Commission is still necessary, the Secretary may extend the life of the Commission for not more than 10 years.

AMENDMENTS SUBMITTED AND PROPOSED

SA 534. Mr. RUBIO submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table.

SA 535. Mr. WHITEHOUSE (for himself, Mr. BLUMENTHAL, Mr. SANDERS, Mr. FRANKEN, Mr. BROWN of Ohio, and Mr. MERKLEY) submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 536. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill S. 1323, supra; which was ordered to lie on the table.

SA 537. Mrs. HUTCHISON (for herself and Ms. SNOWE) submitted an amendment intended to be proposed by her to the bill S. 1323, supra; which was ordered to lie on the table.

SA 538. Mr. JOHANNS submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

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SA 542. Mr. THUNE submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 543. Mr. BROWN of Ohio submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 544. Mr. CARDIN submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 545. Mr. BARRASSO submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 546. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 547. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 548. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

SA 549. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 534. Mr. RUBIO submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. __. SENSE OF THE SENATE THAT INCREASED REVENUE SHOULD COME FROM NEW TAXPAYERS, NOT NEW TAXES.

(a) FINDINGS.—

(1) According to the Bureau of Labor Statistics, the national unemployment rate is 9.2 percent and 25 million Americans are unemployed or underemployed.

(2) According to the Congressional Budget Office—

(A) the historical burden of government spending is 20.6 percent of Gross Domestic Product;

(B) government spending is currently above 24 percent of Gross Domestic Product;

(C) tax revenues have historically averaged between 18 and 19 percent of Gross Domestic Product regardless of how high the top marginal tax rate is; and

(D) tax revenues are projected to reach 18.4 percent in 2021 without tax increases.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that—

(1) Washington has a spending problem, not a revenue problem;

(2) raising taxes on our fragile economy will neither create jobs nor generate significant revenue for debt reduction;

(3) increased tax revenue should come from economic growth that creates new taxpayers, not new taxes, and such revenue increases should be dedicated to reducing the national debt;

(4) to boost the economy and reduce our Nation's unsustainable debt in the process, Congress should pursue comprehensive tax reform in lieu of tax increases that—

(A) simplifies the tax code and sharply reduces marginal tax rates for individuals, families, and businesses;

(B) broadens the tax base;

(C) ends punitive double taxation of savings and investment; and

(D) does not impose a net tax increase on the American economy.

SA 535. Mr. WHITEHOUSE (for himself, Mr. BLUMENTHAL, Mr. SANDERS, Mr. FRANKEN, Mr. BROWN of Ohio, and Mr. MERKLEY) submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. SENSE OF THE SENATE ON PROTECTING SOCIAL SECURITY AND MEDICARE.

(a) FINDINGS.—

(1) Over 34,000,000 retired workers currently receive Social Security benefits in amounts that average a modest $14,100 a year.

(2) In 2008, 23 percent of retired workers receiving Social Security benefits depended on those benefits for all or almost all of their income.

(3) According to AARP, Social Security benefits kept 36 percent of seniors out of poverty in 2008.

(4) Reducing Social Security benefits would cause many seniors to have to choose between food, drugs, rent, and heat.

(5) Ninety-five percent of seniors in the United States, who numbered almost 37,000,000 in 2008, got their health care coverage through the Medicare program.

(6) Without Medicare benefits, seniors, many of whom live off of Social Security benefits, would have to turn to the costly and uncertain private market for health care coverage.

(7) The Social Security program and the Medicare program are extremely successful social insurance programs that permit seniors in America to retire with dignity and security after a lifetime of hard work.

(8) The Social Security program and the Medicare program help relieve young American families from worry about their own futures, allowing freedom of opportunity in America.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that any agreement to reduce the budget deficit should not include cuts to Social Security benefits or Medicare benefits.

SA 536. Mrs. HUTCHISON submitted an amendment intended to be proposed by her to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. 2. EXTENDING THE SOLVENCY OF THE SOCIAL SECURITY TRUST FUNDS.

(a) SHORT TITLE.—This section may be cited as the ''Defend and Save Social Security Act''.

(b) ADJUSTMENT TO NORMAL AND EARLY RETIREMENT AGE.—

(1) IN GENERAL.—Section 216(l) of the Social Security Act (42 U.S.C. 416(l)) is amended—

(A) in paragraph (1)—

(i) in subparagraph (C), by striking ''2017'' and inserting ''2016''; and

(ii) by striking subparagraphs (D) and (E) and inserting the following new subparagraphs:

''(D) with respect to an individual who—

''(i) attains 62 years of age after December 31, 2015, and before January 1, 2024, such individual's early retirement age (as determined under paragraph (2)(A)) plus 48 months; or

''(ii) receives a benefit described in paragraph (2)(B) and attains 60 years of age after December 31, 2015, and before January 1, 2024, 66 years of age plus the number of months in the age increase factor (as determined under paragraph (4)(A)(i));

''(E) with respect to an individual who—

''(i) attains 62 years of age after December 31, 2023, and before January 1, 2027, 68 years of age plus the number of months in the age increase factor (as determined under paragraph (4)(B)(ii)); or

''(ii) receives a benefit described in paragraph (2)(B) and attains 60 years of age after December 31, 2023, and before January 1, 2027, 68 years of age plus the number of months in the age increase factor (as determined under paragraph (4)(B)(i)); and

''(F) with respect to an individual who—

''(i) attains 62 years of age after December 31, 2026, 69 years of age; or

''(ii) receives a benefit described in paragraph (2)(B) and attains 60 years of age after December 31, 2026, 69 years of age.'';

(B) by amending paragraph (2) to read as follows:

''(2) The term 'early retirement age' means—

''(A) in the case of an old-age, wife's, or husband's insurance benefit—

''(i) 62 years of age with respect to an individual who attains such age before January 1, 2016;

''(ii) with respect to an individual who attains 62 years of age after December 31, 2015, and before January 1, 2023, 62 years of age plus the number of months in the age increase factor (as determined under paragraph (4)(A)(ii)) for the calendar year in which such individual attains 62 years of age; and

''(iii) with respect to an individual who attains age 62 after December 31, 2022, 64 years of age; or

''(B) in the case of a widow's or widower's insurance benefit, 60 years of age.'';

(C) by striking paragraph (3) and inserting the following:

''(3) With respect to an individual who attains early retirement age in the 5-year period consisting of the calendar years 2000 through 2004, the age increase factor shall be equal to two-twelfths of the number of months in the period beginning with January 2000 and ending with December of the year in which the individual attains early retirement age.''; and

(D) by adding at the end the following new paragraph:

''(4) The age increase factor shall be equal to three-twelfths of the number of months in the period—

''(A) beginning with January 2016 and ending with December of the year in which—

''(i) for purposes of paragraphs (1)(D)(ii), the individual attains 60 years of age; or

''(ii) for purposes of paragraph (2)(A)(ii), the individual attains 62 years of age; and

''(B) beginning with January 2024 and ending with December of the year in which—

''(i) for purposes of (1)(E)(ii), the individual attains 60 years of age; or

''(ii) for purposes of (1)(E)(i), the individual attains 62 years of age.''.

(2) CONFORMING INCREASE IN NUMBER OF ELAPSED YEARS FOR PURPOSES OF DETERMINING PRIMARY INSURANCE AMOUNT.—Section 215(b)(2)(B)(iii) of such Act (42 U.S.C. 415(b)(2)(B)(iii)) is amended by striking ''age 62'' and inserting ''early retirement age (or, in the case of an individual who receives a benefit described in section 216(l)(2)(B), 62 years of age)''.

(c) COST-OF-LIVING ADJUSTMENT.—Section 215(i) of the Social Security Act (42 U.S.C. 415(i)) is amended—

(1) in paragraph (1)(D), by inserting ''subject to paragraph (6),'' before ''the term''; and

(2) by adding at the end the following new paragraph:

''(6)(A) Subject to subparagraph (B), with respect to a base quarter or cost-of-living computation quarter in any calendar year after 2010, the term 'CPI increase percentage' means the percentage determined under paragraph (1)(D) for the quarter reduced (but not below zero) by 1 percentage point.

''(B) The reduction under subparagraph (A) shall apply only for purposes of determining the amount of benefits under this title and not for purposes of determining the amount of, or any increases in, benefits under other provisions of law which operate by reference to increases in benefits under this title.''.

SA 537. Mrs. HUTCHISON (for herself and Ms. SNOWE) submitted an amendment intended to be proposed by her to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. 2. EMERGENCY FUNDING TO PROVIDE PAY AND ALLOWANCES FOR MEMBERS OF THE ARMED FORCES AND SUPPORTING CIVILIAN AND CONTRACTOR PERSONNEL DURING FUNDING GAP IMPACTING THE DEPARTMENT OF DEFENSE OR DEPARTMENT OF HOMELAND SECURITY.

(a) FUNDING FOR MILITARY PAY AND ALLOWANCES.—During a funding gap impacting the Armed Forces, the Secretary of the Treasury shall make available to the Secretary of Defense (and the Secretary of Homeland Security in the case of the Coast Guard), out of any amounts in the general fund of the Treasury not otherwise appropriated, such amounts as the Secretary of Defense (and the Secretary of Homeland Security in the case of the Coast Guard) determines to be necessary to continue to provide pay and allowances (without interruption) to the following:

(1) Members of the Army, Navy, Air Force, Marine Corps, and Coast Guard, including reserve components thereof, who perform active service during the funding gap.

(2) At the discretion of the Secretary of Defense, such civilian personnel of the Department of Defense who are providing support to the members of the Armed Forces described in paragraph (1) as the Secretary considers appropriate.

(3) At the discretion of the Secretary of Defense, such personnel of contractors of the Department of Defense who are providing direct support to the members of the Armed Forces described in paragraph (1) as the Secretary considers appropriate.

(b) FUNDING GAP DEFINED.—In this section, the term ''funding gap'' means any period of time after the beginning of a fiscal year for which interim or full-year appropriations for the personnel accounts of the Armed Forces for that fiscal year have not been enacted.

(c) DURATION OF TRANSFER AUTHORITY.—No transfer may be made by the Secretary of the Treasury under subsection (a) after December 31, 2011.

SA 538. Mr. JOHANNS submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. SENSE OF THE SENATE RELATING TO EXPANDING OR EXTENDING SPENDING INCLUDED IN THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009.

It is the sense of the Senate that Congress should not enact any legislation that expands or extends the spending provisions included in the American Recovery and Reinvestment Act of 2009 (Public Law 111-5; 123 Stat. 179).

SA 539. Mr. JOHANNS submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. SENSE OF THE SENATE RELATING TO NEW SPENDING.

It is the sense of the Senate that Congress should not enact any legislation that reduces expenditures under the Medicare program and uses the savings from such reduction for new spending.

SA 540. Mr. JOHANNS submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. SENSE OF THE SENATE RELATING RAISING THE DEBT CEILING.

It is the sense of the Senate that any legislation that increases the limit on public debt, as provided in section 3101(b) of title 31, United States Code, shall not include any increase in taxes unless the Secretary of the Treasury submits a certification to Congress that the increase in taxes will not cause any further loss of jobs.

SA 541. Mr. JOHANNS submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. ___. SENSE OF THE SENATE RELATING TO NEW SPENDING.

It is the sense of the Senate that Congress should not enact any legislation that reduces expenditures under the Social Security program and uses the savings from such reduction for new spending.

SA 542. Mr. THUNE submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end of the bill, insert the following:

SEC. _____. REDUCTION IN NON-SECURITY DISCRETIONARY SPENDING.

(a) IN GENERAL.—Amounts appropriated for non-security discretionary spending for fiscal year 2011 are reduced on a pro rata basis by 2.5 percent.

(b) NON-SECURITY SPENDING.—In this section, the term 'non-security discretionary spending' means discretionary spending other than spending for the Department of Defense, homeland security activities, intelligence related activities within the Department of State, the Department of Veterans Affairs, and national security related activities in the Department of Energy.

SA 543. Mr. BROWN of Ohio submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

SEC. 2. CONGRESSIONAL RETIREMENT AGE.

(a) SHORT TITLE.—This section may be cited as the ''Congressional Retirement Age Act of 2011''.

(b) CSRS.—Subchapter III of chapter 83 of title 5, United States Code, is amended—

(1) in section 8336, by adding at the end the following:

''(q)(1) An individual serving as a Member on or after the date of enactment of this subsection—

''(A) shall not be eligible for an annuity under any other provision of this section; and

''(B) shall be eligible for an annuity if the individual is separated from the service after attaining retirement age (as defined in section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)) and completing 5 years of service.

''(2) This subsection applies to an individual serving as a Member on or after the date of enactment of this subsection without regard to whether—

''(A) the individual is separated from the service while serving as an employee or a Member; or

''(B) any service by the individual is subject to section 8334(k)''; and

(2) in section 8338, by adding at the end the following:

''(i)(1) An individual serving as a Member on or after the date of enactment of this subsection—

''(A) shall not be eligible for an annuity under any other provision of this section; and

''(B) if the individual is separated from the service, or transferred to a position in which the individual does not continue subject to this subchapter, after completing 5 years of service, is eligible for an annuity beginning at retirement age (as defined in section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)).

''(2) This subsection applies to an individual serving as a Member on or after the date of enactment of this subsection without regard to whether—

''(A) the individual serves as an employee before, on, or after the date of enactment of this subsection; or

''(B) any service by the individual is subject to section 8334(k).''.

(c) FERS.—Chapter 84 of title 5, United States Code, is amended—

(1) in section 8412, by adding at the end the following:

''(i)(1) An individual serving as a Member on or after the date of enactment of this subsection—

''(A) shall not be eligible for an annuity under any other provision of this section; and

''(B) shall be eligible for an annuity if the individual is separated from the service after attaining retirement age (as defined in section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)) and completing 5 years of service.

''(2) This subsection applies to an individual serving as a Member on or after the date of enactment of this subsection without regard to whether the individual is separated from the service while serving as an employee or a Member.'';

(2) in section 8413, by adding at the end the following:

''(c)(1) An individual serving as a Member on or after the date of enactment of this subsection—

''(A) shall not be eligible for an annuity under any other provision of this section; and

''(B) if the individual is separated from the service, or transferred to a position in which the individual does not continue subject to this chapter, after completing 5 years of service, is eligible for an annuity beginning at retirement age (as defined in section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)).

''(2) This subsection applies to an individual serving as a Member on or after the date of enactment of this subsection without regard to whether the individual serves as an employee before, on, or after the date of enactment of this subsection.''; and

(3) in section 8414, by adding at the end the following:

''(e) Notwithstanding any other provision of this section, an individual serving as a Member on or after the date of enactment of this subsection who otherwise meets the requirements for an annuity under another provision of this section shall not be entitled to an annuity until after attaining retirement age (as defined in section 216(l)(1) of the Social Security Act (42 U.S.C. 416(l)(1)).''.

SA 544. Mr. CARDIN submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

SEC. 2. FEDERAL WORKFORCE.

It is the sense of the Senate that—

(1) the pay, retirement benefits, and composition of Federal employees needs to be preserved;

(2) Federal employees have already made significant contributions toward deficit reduction with the Federal employee pay freeze;

(3) it is necessary to maintain Federal employee pay and benefits at rates that incentivize talented Americans to join the Federal workforce;

(4) it is important to have the best and brightest individuals working for the Federal Government;

(5) radical proposals that would harm our Nation should be rejected, including the proposal of reducing the current Federal workforce by attrition and privatizing Federal jobs;

(6) privatizing Federal jobs can lead to complex, expensive results as noted by former Secretary of Defense Robert Gates; and

(7) private contractors cost on average 25 percent more per employee each year compared to the cost of hiring a civil servant.

SA 545. Mr. BARRASSO submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

On page __, between lines __ and __, insert the following:

SEC. _____. SENSE OF SENATE REGARDING PROHIBITION ON FUNDING FOR GLOBAL CLIMATE CHANGE INITIATIVE.

(a) FINDING.—The Senate finds that the budget request of the President for fiscal year 2012 included a total of $1,329,000,000 for the United States Agency for International Development, the Department of the Treasury, and the Department of State for the Global Climate Change Initiative.

(b) SENSE OF SENATE.—It is the sense of the Senate that the Department of State, the United States Agency for International Development, and the Department of the Treasury should not expend taxpayer funds to provide foreign assistance through the Global Climate Change Initiative.

SA 546. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. __. SENSE OF THE SENATE REGARDING CORPORATE TAX LOOPHOLES.

It is the sense of the Senate that loopholes that allow large and profitable corporations to avoid paying their fair share of federal taxes should be closed as part of any deficit reduction legislation.

SA 547. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. __. SENSE OF THE SENATE WITH RESPECT TO NEW OR EXTENDED TAX CUTS FOR THE WEALTHY.

It is the sense of the Senate that no new tax cuts for the wealthy, including an extension of the Bush tax cuts for upper income earners, should be enacted until annual federal deficits have been eliminated.

SA 548. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. __. SENSE OF THE SENATE ON TAX LOOPHOLES FOR LUXURY ITEMS.

It is the sense of the Senate that tax loopholes for luxury items including racehorses, yachts, and private jets, should be repealed as part of any deficit reduction legislation.

SA 549. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill S. 1323, to express the sense of the Senate on shared sacrifice in resolving the budget deficit; which was ordered to lie on the table; as follows:

At the end, add the following:

SEC. __. SENSE OF THE SENATE RELATING TO THE ESTATE TAX.

It is the sense of the Senate that the estate tax should be returned to its 2001 levels as part of any deficit reduction legislation.

NOTICE OF HEARING

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. BINGAMAN. Mr. President, I would like to announce for the information of the Senate and the public that a hearing has been scheduled before the Senate Committee on Energy and Natural Resources. The hearing will be held on Tuesday, July 19, 2011, at 10:30 a.m., in room SD–366 of the Dirksen Senate Office Building.

The purpose of the hearing is to receive testimony on the recent report of the MIT Energy Initiative entitled ''The Future of Natural Gas.''

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record may do so by sending it to the Committee on Energy and Natural Resources, United States Senate, Washington, D.C. 20510–6150, or by e-mail to Meagan_Gins@energy.senate.gov.

For further information, please contact Allyson Anderson or Meagan Gins.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. DURBIN. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs, be authorized to meet during the session of the Senate on July 12, 2011, at 10 a.m., to conduct a hearing entitled ''Enhanced Investor Protection After the Financial Crisis.''

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DURBIN. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on July 12, 2011, at 10 a.m., in room 366 of the Dirksen Senate Office Building.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. DURBIN. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on July 12, 2011, at 10 a.m. in Dirksen 406 to conduct a hearing entitled, ''Oversight Hearing on the Environmental Protection Agency's Implementation of the Safe Drinking Water Act's Unregulated Drinking Water Contaminants Program.''

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

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

Mr. DURBIN. Mr. President, I ask unanimous consent that the Committee on Health, Education, Labor, and Pensions be authorized to meet, during the session of the Senate, to conduct a hearing entitled ''The Power of Pensions: Building a Strong Middle Class and Strong Economy'' on July 12, 2011, at 2:30 p.m. in 430 Dirksen Senate Office Building.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. DURBIN. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on July 12, 2011, at 2:30 p.m.

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

SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY

Mr. DURBIN. Mr. President, I ask unanimous consent that the Committee on Homeland Security and Governmental Affairs' Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security be authorized to meet during the session of the Senate on July 12, 2011, at 2:30 p.m. to conduct a hearing entitled ''Can New Technology and Private Sector Business Practices Cut Waste and Fraud in Medicare and Medicaid?''

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

PRIVILEGES OF THE FLOOR

Mr. CARDIN. Mr. President, I ask unanimous consent that CPT Michael K. Lynch, a U.S. Army aviation officer who is currently serving as the defense legislative fellow for the majority leader, be granted the privilege of the floor for the duration of consideration of S. 1255, the Military Construction Authorization Act for Fiscal Year 2012.

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

Mr. MERKLEY. Mr. President, I ask unanimous consent that the privileges of the floor be extended to Conner Myers, an intern in my office, for the balance of the day.

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

NOTICE: REGISTRATION OF MASS MAILINGS

The filing date for the 2011 second quarter Mass Mailing report is Monday, July 25, 2011. If your office did no mass mailings during this period, please submit a form that states ''none.''

Mass mailing registrations, or negative reports, should be submitted to the Senate Office of Public Records, temporarily located in the Dirksen Building in room B40–B.

The Senate Office of Public Records will be open from 9 a.m. to 6 p.m. on the filing date to accept these filings. For further information, please contact the Senate Office of Public Records at (202) 224–0322.

DISCHARGE AND REFERRAL—S. 869

Mr. NELSON of Florida. Madam President, I ask unanimous consent that S. 869, the Former Charleston Naval Base Land Exchange Act of 2011, be discharged from the Committee on Energy and Natural Resources, and be referred to the Committee on Homeland Security and Governmental Affairs.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

ORDERS FOR WEDNESDAY, JULY 13, 2011

Mr. NELSON of Florida. I ask unanimous consent that when the Senate completes its business today, it adjourn until 9:30 a.m. on Wednesday, July 13; that following the prayer and the pledge, the Journal of proceedings be approved to date, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day; that following any leader remarks, the Senate resume consideration of S. 1323, a bill to express the sense of the Senate on shared sacrifice in resolving the budget deficit, with 1 hour of debate equally divided and controlled between the two leaders or their designees, prior to the cloture vote on S. 1323; further, that the filing deadline for all second-degree amendments on S. 1323 be at 10 a.m. tomorrow.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PROGRAM

Mr. NELSON of Florida. Madam President, there will be up to two rollcall votes at approximately 10:30 a.m. tomorrow. The first vote will be on the motion to invoke cloture on S. 1323, the sense-of-the-Senate bill on shared sacrifice in resolving the budget deficit. If cloture is not invoked, there will be a second cloture vote on the motion to proceed to H.R. 2055, the Military Construction, Veterans Affairs and Related Agencies appropriations bill.

ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. NELSON of Florida. Madam President, if there is no further business to come before the Senate, I ask unanimous consent that it adjourn under the previous order.

There being no objection, the Senate, at 4:47 p.m., adjourned until Wednesday, July 13, 2011, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Senate:

NATIONAL COUNCIL ON DISABILITY

MATAN ARYEH KOCH, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL COUNCIL ON DISABILITY FOR A TERM EXPIRING SEPTEMBER 17, 2013, VICE CAROL JEAN REYNOLDS, TERM EXPIRED.

STEPHANIE ORLANDO, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL COUNCIL ON DISABILITY FOR THE REMAINDER OF THE TERM EXPIRING SEPTEMBER 17, 2011, VICE HEATHER MCCALLUM, RESIGNED.

STEPHANIE ORLANDO, OF NEW YORK, TO BE A MEMBER OF THE NATIONAL COUNCIL ON DISABILITY FOR A TERM EXPIRING SEPTEMBER 17, 2014. (REAPPOINTMENT)