

By Mr. SPECTER:

S. Res. 217. A resolution recognizing the Valley Forge Military Academy and College for establishing the "General H. Norman Schwarzkopf Library"; to the Committee on Armed Services.

By Mr. LOTT (for himself and Mr. DASCHLE):

S. Res. 218. A resolution to authorize testimony, production of Senate documents, and representation by Senate Legal Counsel in civil case; considered and agreed to.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FORD:

S. 1989. A bill to amend the Internal Revenue Code of 1986 to increase the standard deduction amount to reduce the marriage penalty, simplify the filing of individual tax returns, and provide tax relief for lower and middle income individuals, and for other purposes; to the Committee on Finance.

##### THE MARRIAGE PENALTY REDUCTION ACT

Mr. FORD. Mr. President, it is the time of the year when we are certain to hear more ideas for tax reform. We're certain to hear many colleagues discuss the unfairness of our current tax code. Although taxes in this country remain lower than major competitors like the United Kingdom, Japan, and Germany, many families feel their tax burden has been increasing.

One of the interesting reasons why some individuals feel squeezed is the changing nature of the tax burden over the last few decades. For example, individual income taxes—both as a percentage of all federal taxes paid and as a percentage of gross domestic product—are at roughly the same levels as they were in 1970. Yet during that same time period the so-called social insurance taxes or payroll taxes have risen dramatically, primarily to fund Social Security and Medicare. And the portion of revenues collected from corporate income taxes has fallen by an equally dramatic amount. For example, in 1960, we collected \$1.89 in individual income taxes for every \$1.00 in corporate income taxes. By 1980 this ratio has risen to \$3.78 in individual income taxes for every \$1.00 in corporate income taxes. And today we collect \$4.02 in individual income taxes for every \$1.00 in corporate income taxes. It is no wonder individuals feel squeezed.

As we begin to debate several tax reform proposals this year, perhaps none will receive as much attention as the so-called marriage penalty. The marriage penalty refers to the aspect of the tax code, which results in many married couples paying more in taxes than they would if both spouses remained single. Yet few will discuss—and I found this to be very interesting—that 51 percent of married couples actually receive a marriage "bonus", meaning they pay less in federal taxes as a result of being married.

Let me repeat that. Fifty-one percent of married couples—a majority of married couples—pay less in federal taxes

than they would if both spouses remained single. Last June CBO found that 51 percent of married couples receive a marriage bonus averaging \$1,300 per couple. If they were required to file as single individuals, federal revenues would be \$32.9 billion greater each year.

CBO also found that 42 percent of married couples are subject to a marriage penalty, paying an average of \$1,400 more per couple in taxes than if both were single, for a total of \$28.8 billion per year in additional revenues. In other words, fully eliminating the marriage penalty costs \$28.8 billion per year. However, if both marriage penalties and marriage bonuses were eliminated, there would actually be a net increase in federal revenues of \$4.1 billion per year. Forty-two percent of married couples would receive a tax cut, but 51 percent of married couples would receive a tax increase.

There is no way to make a statement about income tax exciting. There is nothing you can talk about that brings you out on the edge of your seat. I am not going to try to do that. So I am going to put into the RECORD several examples of how couples, both making \$20,000 a year and filing jointly or filing single, and then one breadwinner making \$200,000 while his spouse stays home and cares for the children—how much less they would pay than the married couple making \$40,000.

I think you can already see the trend is to try to take care of that lower income and not increase the bonus, as S. 1285 does.

CBO found numerous causes for these differentials in tax treatment. However, two major factors explain most of the reason why married couples are treated differently: (1) the standard deduction, and (2) the tax rate schedules. In each case, the cutoff for married couples is about two-thirds higher than for single individuals.

For example, in 1998, the standard deduction is \$4,250 for singles and \$7,100 for married joint filers—about 67% higher, but applying to two people instead of one. This has significant implications for married couples who do not itemize their deductions. For a couple where one spouse earns all the income, this means a deduction of \$2,850 more than if both spouses were single, giving them a marriage bonus. However, for a couple where both spouses have significant income, the result is a deduction of \$1,400 less than if both were single.

Similar results occur when comparing tax rates. In 1998 the 15% bracket extends to incomes of \$25,350 for singles, and \$42,350 for married joint filers—about 67% higher. Most one-income couples receive a marriage bonus because an additional \$17,000 is taxed at the lower 15% level. However, many dual-income married couples will find that less of their income is taxed at the 15% level.

So it is far more complex than some have been led to believe. For instance, many married couples currently re-

ceiving a marriage bonus have the impression that all married couples are penalized. Many married couples are unaware that there is such a thing as a marriage bonus. But remember—51 percent of all married couples currently receive a marriage "bonus" and pay an average of \$1,300 LESS in taxes than if they were single, according to CBO. They tried to eliminate the so-called marriage penalty. But they increased the marriage bonus we now have for over 50 percent of our filers. Therefore, I think that is a little bit unfair for a \$200,000-a-year filer to receive an additional tax cut where we are just trying to make it even for those who make \$40,000 or less.

I believe we should consider taking reasonable steps to address the marriage penalty. However, I strongly disagree with the approach taken in the leading Senate bill proposed on this topic—S. 1285. S. 1285 would allow married couples to file "combined" returns where income can be split 50-50, and each spouse taxed at single rates.

S. 1285 would add significantly to the complexity of the current Tax Code. Last year we went through all of this. "We are going to reduce the Tax Code; we are going to make it simpler." We only added almost 900 pages to the Tax Code last year. We go out here and beat our chest and say, "Oh, we have reformed the Tax Code. We have made it simpler, we have given some tax cuts with 900 additional pages." No wonder H&R Block and CPAs are doing business. We made it so complicated even the smartest minds do not want to fool with it.

S. 1285 would add significantly to the complexity of the current tax code, requiring many couples to calculate their taxes under both the traditional "married filing jointly" category and also under the new "combined" category. But even more troubling, it goes well beyond what is necessary to address the marriage penalty. The costs of the bill appear astronomical—somewhere in the neighborhood of \$40 billion per year. For many couples who currently face a marriage penalty under S. 1285 their tax burdens would now be even lower than if they were both single. In other words, many couples currently facing a marriage penalty would find that S. 1285 would not only eliminated the penalty but create a new marriage bonus as well.

And beyond the impact on the marriage penalty, S. 1285 would have the effect of actually increasing the marriage bonus for many couples who already receive a marriage bonus. Let me provide an example.

Consider a young, affluent family of four. Spouse No. 1 makes \$200,000 while spouse No. 2 stays at home to raise their two children. They have \$30,000 in deductions. According to estimates supplied to me by Citizens for Tax Justice, this family currently receives a marriage "bonus" of \$3,161, but under S. 1285 the marriage "bonus" would grow to \$4,807.

Mr. President, I understand the marriage penalty, I also understand the appeal of this issue politically. But why in the world would we pass a bill to give a couple making \$200,000 the chance to pay \$4,807 less in taxes than if they were single, and claim we are doing this in the name of fighting the marriage penalty? It seems that S. 1285 would give very generous tax cuts to wealthy married couples who currently do not face any marriage penalty whatsoever. Why would we do this?

I believe there is a much more logical approach. It is a simpler approach. It would significantly reduce the marriage penalty, especially for lower and middle income families. And it would simplify the tax code at the same time. And perhaps most importantly it would not give huge tax windfalls to wealthy couples who already receive a marriage "bonus" under current law.

Mr. President, today I am introducing the Marriage Penalty Reduction Act. My legislation would significantly increase the standard deduction, to \$6,000 for singles, \$9,000 for heads of households, and \$12,000 for married couples. For many lower and middle income married couples who face a marriage penalty, the current standard deduction is the single most important reason. Under my proposal, the standard deduction would no longer have any role in creating a marriage penalty. None.

There are several advantages to this approach. By setting the standard deduction for married couples at exactly twice the level of singles, no marriage penalty can occur.

Mr. President, 70 percent of all individual tax filers currently take the standard deduction. In other words, only 30 percent itemize their deductions. For married couples who currently take the standard deduction, my proposal will grant them a tax cut of at least \$735, significantly reducing any existing marriage penalty. If this \$12,000 deduction were in effect in 1998, along with the current personal exemption of \$2,700, a family of four would find that their first \$22,800 would not be subject to income taxes.

Let me give a second example. Couple No. 2 is a young, newlywed couple. Each makes \$20,000 per year, for a total of \$40,000. They take the standard deduction. Under current law they owe \$4,125 in income taxes as a married couple, but would only owe \$3,915 in combined income taxes if both remained single. In other words, current law imposes a "marriage penalty" of \$210 on couple No. 2.

Under S. 1285, couple No. 2 would, in fact, be able to eliminate their entire marriage penalty. Their tax bill would be reduced by \$210. However, under my proposal, since the standard deduction would also be raised overall, couple No. 2 would see their overall tax bill decline by \$765. My proposal would completely eliminate the marriage penalty, and also provide tax relief for this moderate income couple.

There are advantages for some of those who currently itemize deductions as well. Of the 30 percent who do itemize, the average amount of deductions is about \$16,000. However, for married couples with itemized deductions under \$12,000, they will no longer have to go to the trouble of making calculations under the legislation I am proposing today. They can simply take the higher standard deduction. For many, this will greatly simplify the process of doing their taxes.

And my proposal will cost significantly less than S. 1285. Most who have looked at the issue of tax relief in 1998 understand that S. 1285 is far more than we can afford. My approach costs far less. I intend to ask the Joint Committee on Taxation for an official estimate of this proposal. If we are to debate a tax package later this year with a significant component devoted to the marriage penalty, it is my hope that the proposal I am introducing today can form the basis for a more logical, more rational approach, to the issue. It is also an approach which costs less and simplifies the tax code at the same time.

Mr. President, I ask unanimous consent that a copy of this straightforward proposal appear in the RECORD.

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

S. 1989

*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 "Marriage Penalty Reduction Act".

#### SEC. 2. INCREASE IN STANDARD DEDUCTION AMOUNT.

(a) STANDARD DEDUCTION AMOUNT.—Section 63(c)(2) of the Internal Revenue Code of 1986 (relating to the basic standard deduction) is amended—

(1) by striking "\$5,000" and inserting "\$12,000" in subparagraph (A),

(2) by striking "\$4,400" and inserting "\$9,000" in subparagraph (B),

(3) by striking "\$3,000" and inserting "\$6,000" in subparagraph (C), and

(4) by striking "\$2,500" and inserting "\$6,000" in subparagraph (D).

(b) INDEXING OF AMOUNT.—Subparagraph (B) of section 63(c)(4) of the Internal Revenue Code of 1986 (relating to adjustments for inflation) is amended—

(1) in clause (i)—

(A) by striking "(2) or", and

(B) by striking "and" at the end,

(2) in clause (ii), by striking the period at the end and inserting ", and", and

(3) by adding at the end the following new clause:

"(iii) 'calendar year 1998' in the case of the dollar amounts contained in paragraph (2)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1998.

By Mr. JOHNSON:

S. 1991. A bill to require the Secretary of Transportation to issue regulations to provide for improvements in the conspicuity of rail cars of rail carriers; to the Committee on Commerce, Science, and Transportation.

#### RAILROAD CAR VISIBILITY ACT

Mr. JOHNSON. Mr. President, today, I am introducing the "Railroad Car Visibility Act," requiring that all railroad cars have some form of visible marker such as reflectors or reflective tape.

The purpose of this legislation is to reduce the number of accidents with both moving trains at rail crossings, and with rail cars parked on sidings. In South Dakota a number of such accidents have occurred recently at rural and small town rail crossings and sidings which are often unprotected or unlighted. Such accidents occur in rural areas across the country.

As a result, last year I urged the Department of Transportation (DOT) to take appropriate measures to improve railroad car visibility. While DOT has begun enforcing rules governing locomotive visibility, rail cars are still not required to have reflective lighting. However, DOT research concludes that "retroreflective materials are useful and satisfactory for enhancing the visibility of railroad cars."

This legislation has the support of both South Dakota's legislature and Governor Janklow. For relatively little cost, this legislation will improve railroad car visibility and thereby reduce the number of accidents, unnecessary injuries and deaths at rail crossings and sidings. Therefore I urge my colleagues to support this legislation and work with me to secure its passage.

Mr. President, I ask unanimous consent to have this bill printed in the RECORD.

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

S. 1991

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

#### SECTION 1. IMPROVED CONSPICUITY OF RAIL CARS.

(a) IN GENERAL.—Section 20132 of title 49, United States Code, is amended—

(1) by striking the heading and inserting the following:

"§20132. Visible markers for train cars";

and

(2) by adding at the end the following:

"(c) IMPROVED CONSPICUITY.—Not later than 180 days after the date of enactment of this subsection, the Secretary of Transportation shall—

"(1) develop and implement a plan to ensure that the requirements of this section are met; and

"(2) issue regulations that require that, not later than 2 years after the date of issuance of the regulations, all cars of freight, passenger, or commuter trains be equipped, and, if necessary, retrofitted, with at least 1 highly visible marker (including reflective tape or appropriate lighting)."

(b) CONFORMING AMENDMENT.—The analysis for chapter 201 of title 49, United States Code, is amended by striking the item relating to section 20132 and inserting the following:

"20132. Visible markers for train cars."