

Mrs. FEINSTEIN. Mr. President, I rise today in support of the reconciliation conference report currently pending before the Senate.

I do so for a simply reason: I strongly believe that when the Government is in position to be able to return money to the American taxpayers, we should.

Likewise, I believe that when times are tough the Government has an obligation to consider increasing taxes to meet the need of the Nation. This is what we did in 1993, when I first came to the Senate and we were facing mounting deficits and an increasing national debt.

And today, thanks to those hard choices, the budget is in balance and we have surplus projections for the next decade. We are in a position to return some of the hard-earned money of the American people.

This approach to taxes—that the Government taxes when it must, and decreases taxes when it can—is the approach that I took when I was mayor of San Francisco, and it is the approach that I continue to follow to this day.

Additionally, I believe that this tax package is important to my State,

California, which today stands on the precipice of a major economic slowdown.

California is the largest taxpaying State in the Nation, with some 13 million income taxpayers. In fact, California is a net contributor to the federal budget, giving more in taxes than we receive in benefits.

Today, as many of my colleagues are aware, a serious and acute energy crisis is causing businesses in California to shut down, and people to be laid off of work.

Already this year it is estimated that between \$25 and \$30 billion have been taken out of the California economy to be spent on increased energy costs. If things continue on the same course this figure will mushroom in the months ahead. This is a major problem, and one whose impact will not just be limited to California.

In my judgment the benefits provided under this tax package are important, at this time, to help California and Californians face the economic challenges created by this energy crisis. For example, the creation of the new 10-percent income tax bracket, for example, will result in an annual tax cut of \$300 for an individual, \$600 for a couple for all California income taxpayers. This new 10-percent bracket is retroactive, and for people seeing their energy bills spiral up and up, receiving these refunds checks will be a big relief.

Likewise, this conference report has accelerated the tax relief in the upper tax brackets, so that middle class families in the 28-percent and 31-percent brackets will see their tax bills decrease in 2001 and 2002, with the lower withholding rates going into effect this July, just as the energy crisis in California is projected to reach a new plateau.

And the child credit provisions, refundable as per the Senate-passed bill, will provide much-needed assistance to California families earning as little as \$10,000—and there are 1.5 million households in California that make between \$10,000 and \$20,000.

As I discussed on the floor earlier this week, I also believe that other provisions of this bill—providing marriage penalty relief, estate tax relief, providing pension and education incentives, and making a down payment in addressing the alternative minimum tax problem—are likewise important to assure the continued long-term economic health of the California economy, and will benefit many hard-working American families.

I would not argue that this is the perfect bill. Nor would I claim that it is the exact bill that I would have drafted.

Some of my colleagues, for example, have raised concerns that the size of this tax package may threaten to undermine future fiscal stability. I share these concerns. But I would remind my colleagues that although this bill may be larger than some on our side contemplated at the beginning of the year,

it is also far smaller than the proposal put forward by the President. And I would also remind them that this bill contains “sunset” provisions—critical to my decision to support this legislation—which will allow us to revisit the components of this bill in the future, and make adjustments if and as need be.

The bottom line is that I believe that this is a bill that will provide significant relief to the people of California and the people of the United States. I urge my colleagues to join me in support.