the first step of three legs. The three legs are to get the deficit down by reducing spending; second is for us to get a good tax bill for all Americans; third is to do the appropriations bills in a manner that is consistent with the agreement and which doesn't violate the Budget Act.

I believe this is a historic beginning, and I am very pleased to be part of it. I thank everyone here for their role. I thank all eight committees that assumed their burden and produced their reconciliation package. Mostly, I thank Senator ROTH, the chairman of the Finance Committee, and Senator MOYNIHAN, his Democratic manager, and all those on the Finance Committee who worked to produce a bipartisan bill.

The lesson learned is that we can get things done that are difficult but good for the American people in a bipartisan way if we just work at it. I believe the best example we have of that is the Finance Committee this year. All the other committees had lesser responsibilities, but they provided their savings without rancor and with almost unanimity and, if not, a unanimity of spirit. I believe there is no process that would have let us in the U.S. Senate get this much work done. If this bill were freestanding and the tax bill were freestanding without the protections of the Budget Act, I just ask you to dream about what might happen. First, I think each bill could take 4 or 5 weeks, I think the amendments could run into the hundreds, and the bill could look like something completely different by the time we finished than what we started with. So we take some bad with the good in this difficult process called the reconciliation bill.

I thank the ranking member of the Budget Committee not only for the work here on the floor, but actually as we moved through the last 3½ months, Senator LAUTENBERG has been very good to work with, and we produced a good package, which will show up here in a bipartisan vote tonight. I thank the Senator. We produced a good bill.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. LAUTENBERG. Mr. President, I will be brief. I sense that everybody would like to hear a long speech, but I am going to disappoint them. I just want to say, Mr. President, that I, too, enjoyed my work with the distinguished chairman of the Budget Committee. We managed to resolve all of our problems without too much dispute, without any confrontation. There wasn't a moment that we walked out on anything. This reconciliation bill is consistent with that. We did, as it was appropriately noted, rush through some things. But that does not at all, in my view, suggest that we rushed through and didn't have the appropriate knowledge or review of the items that we were processing.

I thought it was a job very well done. I must say, if we didn't have some time constraint on this, Heaven knows how long we would all be here. We would see summer come and go and we would still be debating.

Again, I enjoyed the process and my first time at bat with the Budget Committee in the position that I have. I thoroughly enjoyed it. I hope that Senator DOMENICI will, as my ranking member in the not-too-distant future, also enjoy it. I promise to be cooperative.

I want to thank the staff of the Policy Committee, but particularly my senior staff here—Bruce King, Sander Lurie, Nell Mays, Marty Morris, Amy Abraham, John Cahill, Jodi Grant, Matt Greenwald, Phil Karsting, Sue Nelson, Jon Rosenwasser, Jim Klumpner, and Mitch Warren—who did a terrific job, as I know Bill Hoagland and his team did. I won't go through the names, but I will say that I have gotten to know them and respect them and admire the work they have done. I thank everybody for their cooperation, particularly my colleagues on this side.

Mr. DOMENICI. Mr. President, Senator GRAMM would like 30 seconds.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I have heard a lot of people speak in my 13 years in the Senate, but I don't think I have ever seen anybody do a better job of taking complicated issues and explaining them in a very short time as Senator DOMENICI has done in the last 2 days. I think we have made history on this bill, and I think the Senator from New Mexico has been a very important part of that.

Mr. DOMENICI. I ask for the yeas and nays on final passage.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 73, nays 27, as follows:

[Rollcall Vote No. 130 Leg.]

YEAS—73

Abraham	Chafee	Feingold
Allard	Cleland	Feinstein
Ashcroft	Coats	Ford
Baucus	Cochran	Frist
Bennett	Collins	Glenn
Biden	Conrad	Gorton
Bond	Coverdell	Graham
Breaux	Craig	Gramm
Brownback	D'Amato	Grassley
Bryan	DeWine	Gregg
Burns	Domenici	Hagel
Campbell	Enzi	Hatch
Hutchinson	Mack	Shelby
Hutchison	McCain	Smith (NH)
Inhofe	McConnell	Smith (OR)
Jeffords	Moseley-Braun	Snowe
Kempthorne	Moynihan	Specter
Kerrey	Murkowski	Stevens
Kohl	Nickles	Thomas
Kyl	Robb	Thompson
Landrieu	Roberts	Thurmond
Leahy	Rockefeller	Warner
Lieberman	Roth	Wyden
Lott	Santorum	
Lugar	Sessions	

NAYS—27

Akaka	Faircloth	Lautenberg
Bingaman	Grams	Levin
Boxer	Harkin	Mikulski
Bumpers	Helms	Murray
Byrd	Hollings	Reed
Daschle	Inouye	Reid
Dodd	Johnson	Sarbanes
Dorgan	Kennedy	Torricelli
Durbin	Kerry	Wellstone

The bill (S. 947), as amended, was passed.

(The text of the bill will be printed in a future edition of the RECORD.)

Mr. ROTH. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROTH. Mr. President, in my opening statement, I thanked my good friend and colleague, Senator MOYNIHAN, my colleague on the Finance Committee, and our staff for their excellent work. I would be remiss, however, if I failed to conclude without again expressing my appreciation for these diligent professionals—men and women who work into the wee, wee hours, late nights, early mornings, and weekends to help us craft a bill that could find the kind of success that this has found on the Senate floor.

I would like to particularly thank the following majority and minority staff of the Finance Committee who worked so hard on this bill, including Lindy Paull, Frank Polk, Julie James, Dennis Smith, Gioia Bonmartini, Alexander Vachon, Dee Dee Spitznagel, Joan Woodward, Brig Gulya, Mark Patterson, David Podoff, Faye Drummond, Kristen Testa, Doug Steiger, Rick Werner, and Rakesh Singh.

Again, I am grateful for the outstanding work that they did. And I believe that it merits the thanks and gratitude of all of us.

REVENUE RECONCILIATION ACT OF 1997

Mr. ROTH addressed the Chair.

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. ROTH. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of S. 949, the Tax Fairness Act.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

A bill (S. 949) to provide revenue reconciliation pursuant to section 104(b) of the concurrent resolution on the budget for fiscal year 1998.

The Senate proceeded to consider the bill.

PRIVILEGE OF THE FLOOR

Mr. ROTH. Mr. President, I ask unanimous consent that the following Finance Committee staff members be granted full floor access for the duration of floor consideration of S. 949, the Revenue Reconciliation Act of 1997.

I include Mark Prater, Doug Fisher, Brig Gulya, Sam Olchyk, Rosemary Becchi, Tom Roesser, Joan Woodward, Julie James, Dennis Smith, and, in addition, I request full floor access for Ashley Miller and John Duncan of my personal staff.

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

Mr. ROTH. Mr. President, earlier this month I read an article by Dana Mack, a mother and the author of a new book, ''The Assault on Parenthood: How Our Culture Undermines the Family.'' It was powerfully persuasive. Her thesis was that parents today love their families as much as, if not more than, ever—that today's parents are attentive and even more committed than those of an earlier generation but that they are pressed economically.

In her studies, Ms. Mack discovered that the most serious challenges faced by parents today are economic challenges.

Listen to her statistics. It costs the average American couple today twice—twice—the proportion of their yearly household income to pay the mortgage than it cost their parents; average Federal income payroll taxes rose from 2 percent of family earnings in 1950 to 24 percent in 1990; health costs have skyrocketed in the past 20 years, sending 4 to 5 million women to work for medical insurance alone.

Consider these statistics along with the one that has been repeated often in the debate over real tax relief—that American families pay more in taxes than they do for food, clothing, and shelter combined—and it becomes apparent how important this Taxpayer Relief Act of 1997 is. Tax relief is no longer a partisan issue, and I was encouraged by the spirited cooperation that was exhibited in the Senate Finance Committee as we deliberated and then reported this bipartisan bill out of committee.

Such a bipartisan effort allows me to stand on the floor and say without hype or hyperbole that today is, indeed, a historic day. It is historic because this proposal is truly bipartisan, and, as a consequence, Americans can look forward to their first significant tax cut in 16 years. It is historic because the Taxpayer Relief Act of 1997 is part of a budget reconciliation that will lead our Nation to a balanced budget in 2002.

And because of our efforts to ensure bipartisan cooperation, the Finance Committee bill we consider today contains a balanced and fair package of tax relief measures. It includes proposals important to both Democrats and Republicans, and it is structured to provide major tax relief—relief to America's hard working and overburdened families.

There were three criteria that guided our work. We wanted tax relief for middle-income families, tax relief to promote education, and tax relief to stimulate economic growth, opportunity, and jobs.

With these objectives in mind, we crafted a bill that includes a $500 per child tax credit, and an increase in the exemption amount for purposes of the alternative minimum tax, a provision that will save millions of middle-income families from experiencing the headaches of AMT.

We crafted a bill that contains tax measures to assist students and their parents in affording the cost of post-secondary education. These include the $1,500 Hope scholarship tax credit, a $2,500 student loan interest deduction, and a permanent extension of the tax-free treatment of employer-provided educational assistance.

We also included the tax-free treatment of State-sponsored prepaid tuition assistance plans, a new education IRA serving both education and retirement needs, tax incentives for teacher training and school construction, and a repeal of the tax exempt bond cap.

To promote savings, investment, and economic growth, we expanded IRA's. We did this by doubling the income limits on the tax deductible IRA so that more families can set up an IRA. We expanded the spousal IRA. For the first time, homemakers will be able to save up to $2,000 annually regardless of their spouse's participation, in an employer pension plan. And we also created a new nondeductible IRA Plus account. A very important part of this IRA Plus is that it will allow penalty-free withdrawals for first-time home purchases and periods of long-term unemployment. And to promote investment and jobs we included a capital gains tax cut, dropping the top rate to 20 percent. This will create new incentives for venture capital.

For families, this bill offers relief from the estate tax, the tax that can rob a family of its farm or business when a father or mother passes away. To help these families, we raise the unified credit to $1 million per estate by 2006, and we provide tax-free treatment for family-owned farms and businesses for up to $1 million.

Each of these is an important step, Mr. President. The fact that these were included in a bipartisan proposal indicates that business as usual is changing in Washington. The Senate is willing to lay aside partisan politics to provide Americans with the kind of tax relief they need.

As with any bipartisan effort, not everyone will be fully satisfied with this proposal. For my part, I would like to see greater tax relief, and I consider this the first in a series of steps that I hope will lead to deeper tax cuts and eventual long-term reform. But this bipartisan effort signals an important beginning, one which is built upon a foundation of principles we share, whether we be Republican or Democrat.

Eighty-two percent of this tax relief is made up by our family tax cut and education assistance, priorities that we all share. As I have said, it represents the biggest tax cut in 16 years, tax relief that is focused on middle-income families.

But beyond these major tax cuts, our proposal contains a number of important smaller items. These include the extension of certain expiring tax provisions. For example, we extend the R&D tax credit, a credit that helps our exporters compete in world markets to maintain our leading edge in several key industries.

We make the orphan drug credit permanent and allow for contributions of full value of appreciated stock to charitable foundations. We also extend and expand the work opportunity tax credit to assist welfare recipients and others in getting jobs.

The Taxpayer Relief Act of 1997 contains a package of measures to help the District of Columbia get on its feet, including a reduced capital gains tax rate and a first-time homebuyer tax credit. It contains a guaranteed and secure source of funding for Amtrak to enable our national rail passenger system to move to privatization. And it also has a measure allowing taxpayers to expense the cost of cleaning up brownfields, as well as several measures to help taxpayers who have been victims of floods in the Upper Midwest. And finally, we offer tax simplification in the pension, individual, foreign, and small business areas.

Mr. President, this package includes several revenue raisers that partially offset the cost of the tax cut. The most prominent is an extension and improvement of the funding stream for our national aviation system and a 20-cent tax on cigarettes. Beyond these, we close loopholes in the foreign tax area, as well as in the area of corporate-owned life insurance and tax shelter reporting.

I wish to express my sincere appreciation for the spirit of bipartisanship that prevailed as we crafted this tax relief package. It has been a successful, productive experience because we have worked together, taking the recommendations and concerns of each member of the Finance Committee, as well as the recommendations of our colleagues outside of the committee, and we have put together a package that is workable, a package that will go a long ways toward offering relief, especially to America's overburdened middle class.

Now, I realize that in the course of debating this proposal in the Chamber there will be those who stand against this bipartisan bill. In a partisan effort, there will be those who attack this tax relief bill. Before they begin their arguments, however, I want to put them on notice. I want them to understand that the lion's share of the

tax package—82 percent—goes for the family tax credit and the education package. Eighty-two percent is directed to middle-income families.

I want them to understand that according to the Joint Committee on Taxation, at least three-quarters or 75 percent goes to families making $75,000 or less, and at least 90 percent goes to families making $100,000 or less.

These are the facts, and they are understood on both sides of the aisle. They are understood by those who believe that the time has come to provide real, meaningful tax relief to hard-working families that have been overburdened for too long.

They are understood by those who realize, as President Clinton has said, that the era of big Government is over and now Washington must promote an environment where the genius of enterprise and the market economy can sustain long-term economic growth and bring jobs and security to families everywhere.

I began my remarks by quoting an article that highlights the economic strain placed on families today, and let me close by using three hypothetical Delaware families and show how the Taxpayer Relief Act of 1997 will benefit each of them.

Let's begin with a single mother whom we will call Judy Smith. Judy has two young children. She works as a legal secretary in Wilmington making $35,000 a year. Currently, she pays over $3,000 in Federal income taxes—over $3,000. Now, to put that into perspective, $3,000 is what her family of three will pay all year to buy the food they eat at home. In other words, Judy's paying the Federal Government what it costs to feed her family.

Now, when the Taxpayer Relief Act of 1997 becomes law, Judy's taxes will be cut by $1,000—$500 for each child. A third of her Federal tax liability will be gone. And what can Judy do with that extra $1,000?

I am sure she can think of a number of good uses, but if she wants—again thanks to the Taxpayers Relief Act of 1997—Judy will be able to set up education IRA's for her two children.

The second hypothetical family I want to introduce you to is a married couple, Jim and Julie Wilson. The Wilsons own a farm in Sussex County. They have three children. Jim works the farm and Julie is a homemaker. They earn $55,000 per year from their farm. Of that $55,000, they pay over $5,500 in Federal income taxes—fifty-five hundred dollars. That, Mr. President, is more than they will pay for all the food they consume at home during the year. After the Taxpayers Relief Act of 1997, however, the Wilson's taxes will be cut by $1,500—$500 for each child. Julie Wilson will be able to set up a homemaker IRA to save for her retirement.

If Delaware adopts a State-sponsored prepaid tuition plan, the Wilsons will be able to participate in the plan and save for their children's college education. Looking far ahead, if the farm prospers, Jim and Julie will be able to pass it on to their children free of the burden of the estate tax. All of these benefits to this middle-income family are contained in the Taxpayers Relief Act of 1997.

Finally, Mr. President, let's look at a young two income couple. We'll call then John and Susan Jones. They live and work in Dover, DE. College graduates, John is a veterinarian and Susan is a physical therapist. They make $75,000 and have one young child. Under current law, the Jones family pays about $11,500 in Federal income taxes. After we pass the Taxpayers Relief Act of 1997, the Jones will be able to deduct a portion of the interest on their student loans. They will receive the $500 per child tax credit, and they will be able to set up IRA Plus accounts for themselves and an education IRA for their child.

It is for families like these that we have created the Taxpayers Relief Act of 1997. It is because of its fairness that this bill received strong bipartisan support in committee. I believe the Finance Committee fairly reflects the Senate as a whole—as well as the broad interests and concerns of the constituents our Members represent. This is their package. It delivers to the American people what they asked us to do in the last election—a bipartisan and fair return of the fiscal dividend accruing from a balanced budget.

I am grateful to all who worked so long as so well to draft this bill. I am grateful for Senator MOYNIHAN's leadership, as well as for the other members of the committee who allowed bipartisan cooperation to prevail throughout the process. And again, Mr. President—as I did yesterday—I thank the professional capable staff of the Senate Finance Committee for their countless hours and lost sleep. This was, indeed, an heroic effort, and it is my honor to bring it to the floor.

(Ms. COLLINS assumed the Chair.)

Mr. BYRD. Madam President, will the Senator yield if he has completed his statement?

Mr. ROTH. I will be happy to yield.

Mr. BYRD. Will the Senator indicate what the plan is for the rest of the day and tomorrow?

Mr. ROTH. It is my plan to continue for several hours this evening, probably until 9, 9:30, 10, come back in the morning around 9:30 and proceed throughout the day.

Mr. BYRD. When you say your plan is to continue to about 9 or 9:30 tonight—was that it?

Mr. ROTH. That is my thought now, yes.

Mr. BYRD. Will there be amendments called up?

Mr. ROTH. Yes, amendments will be called up, but there will be no votes tonight. They will be held over until the morning.

Mr. BYRD. What is the plan with regard to votes on tomorrow?

Mr. ROTH. There will be votes, hopefully, throughout the day.

Mr. BYRD. Beginning when?

Mr. ROTH. The first vote, I think, I would say to my good friend from West Virginia, would start around 9:30.

Mr. BYRD. Does the Senator plan to attempt to stack these votes this evening if amendments are called up?

Mr. ROTH. Yes. It has been announced by the leader that there will be no more votes tonight, so if we complete debate on any amendment, it would be stacked in the morning.

Mr. BYRD. I had not heard any announcement with regard to the modus operandi with respect to this bill, insofar as the evening is concerned, and actions on tomorrow.

What I am concerned about is it appears to me we are going to get ourselves right back in the same situation that we were in today with stacked votes and only a couple of minutes for explanations and some Senators like myself really not knowing what is in the amendments.

Mr. ROTH. I do not expect that many amendments to be raised tonight. I will say at most it will be one or two, and there will be time in the morning for the sponsors and opponents to review the pros and cons of the amendments.

I would, of course, urge Members to bring their amendments to the floor.

Mr. BYRD. I thought most Members were leaving when I saw them lined up for the vote. Does the Senator contemplate any point in time when all amendments will be presented to the Senate? Is there going to be a deadline of that, as to a time? I think in connection with the bill that was passed today, it seems to me that all amendments had to be offered before the close of business, or by the close of business, last evening. What is the plan in regard to this measure?

Mr. ROTH. We do not have any plan at this time to say amendments have to be submitted by such and such a time. But, of course, as you know, there is a 20-hour limitation on reconciliation. So, hopefully, everybody will bring their amendments down early so they can be considered early and we can avoid the situation that we had of a lot of Senators bringing their amendments at the end.

Mr. BYRD. How much time does the Senator plan to have between amendments on tomorrow for explanations of the stacked amendments?

Mr. ROTH. I hadn't really considered that.

Mr. BYRD. I am not trying to create problems for the Senator.

Mr. ROTH. No, I understand. I would say we would give 5 minutes to a side.

Mr. BYRD. Five minutes to a side?

Mr. ROTH. Yes; 10 minutes.

Mr. BYRD. That would be quite an improvement over what we have been seeing with only 2 minutes and so much noise in the Chamber it was difficult for Senators to hear what was being said in the 2 minutes.

Mr. ROTH. I think the situation, of course, arose on the legislation we just passed upon because people did not

bring their amendments in until the last minute and then, under the rules, there is no more time. You know better than I, in a sense, giving 2 minutes goes beyond the rule.

Mr. BYRD. Well, could we have a limitation on the number of amendments that will be called up this evening and stacked for tomorrow morning?

Mr. ROTH. I suspect our real problem is going to be to get people down here to offer them. But I don't want to discourage anyone in the course, so I would prefer not to try to limit it, for that reason.

Mr. BYRD. Yes. Does the Senator have any idea how much time is going to be—there is a total of 20 hours on the measure. Does the Senator have an idea how much time we will have of the 20 hours on tomorrow?

Mr. ROTH. No, I can't really answer that.

Going back to your question about tonight, if we could bring up six tonight, that would be a maximum and I would be pleased at that.

Mr. BYRD. I realize the Senator is not in a position to make certain pronouncements that would be binding on others interested in the measure, but I am concerned lest we tomorrow find ourselves short of time; quite a number of votes that have been stacked, not much time for explaining those amendments and, in the final analysis, voting on the measures that we know very little, if anything, about. I am not talking about the Senator. He is on the committee. He knows what is in the amendments.

Mr. ROTH. No. I appreciate what the Senator is saying.

Mr. BYRD. I will probably have two amendments. One of my amendments—I may offer an amendment that will attempt to extend the time on reconciliation measures. So I might say to the Senator, I want to be able to call up that amendment tomorrow, if I am able to develop one in the short amount of time that we have.

I have another amendment that I have been working on, and I hope we could count on, say, 4 minutes equally divided between each amendment that is stacked, so we would get 2 minutes on a side. I find the explanations that are offered on amendments between votes are more edifying, in many instances, than the debates that went along earlier. Most Senators are able to capsule their remarks and focus more. But I really don't think a minute to a side is enough. I have seen some Senators cut off in the middle of sentences because the minute ran out. So, if we could say 4 minutes equally divided, would the Senator be agreeable to that?

Mr. ROTH. I would certainly be agreeable at this stage, I would say to the distinguished Senator. Once we utilize the full time, it is something I might want to review from time to time. But I understand what the former majority leader is saying, and I appreciate his reasoning behind it.

So, as far as the morning is concerned, I assure him there will be 4 minutes equally divided on any amendment.

Mr. BYRD. I believe that the rule with regard to reconciliation bills provides for 2 hours on any amendment.

Mr. ROTH. I think that is correct.

Mr. BYRD. And 1 hour on any amendment to an amendment. That being the case, if the Senators so chose, they could use up the 20 hours on several amendments.

Mr. ROTH. That is correct. That is, I guess, part of the basic structure of the reconciliation. I think, to be candid, that was deliberately done at that time.

Mr. BYRD. Circumstances have changed since that measure was written.

Mr. ROTH. And we all learn from experience.

Mr. BYRD. I had a lot to do with writing that in 1974.

Mr. ROTH. You played a critical role.

Mr. BYRD. Things were different then. If I could foresee what I now see, looking backward, I probably would have changed it a little bit. But, in any event, I thank the distinguished Senator. I didn't want to intrude on his time or impose on him, but I am just concerned, as I said today, and frustrated—without complaining about any individual. I don't find fault with any individual.

Mr. ROTH. I fully understand.

Mr. BYRD. Every individual is acting in good faith. With that understanding that we will have 4 minutes equally divided between each amendment and there is no deadline at this point in time drawn with regard to the offering of amendments, I will yield the floor.

Mr. ROTH. I agree that on any amendments considered and stacked today, there will be 4 minutes prior to the votes tomorrow.

Mr. BYRD. I thank the distinguished Senator.

Mr. ROTH. I thank the Senator for the exchange.

Mr. MOYNIHAN. Mr. President, as we begin the debate on the second of two budget reconciliation bills called for under the concurrent resolution on the budget for fiscal year 1998, I again want to commend and thank the chairman of the Finance Committee, Senator ROTH, for the fine bipartisan manner in which he has led us this year. I look forward to that spirit of bipartisanship continuing today as we work toward the adoption of the tax bill by the full Senate.

It is my belief, although it is not much shared just now in Congress or in the White House, that this is no time for tax cuts. Just yesterday, in a report released by Treasury Secretary Rubin, the International Monetary Fund, in its annual review of the U.S. economy, stated that the United States should delay tax cuts ''in order to achieve an earlier reduction in the budget deficit'' and strengthen the credibility of the balanced-budget pact between Congress and President Clinton.

Were it up to this Senator, we would continue on the deficit reduction course begun in the Omnibus Budget Reconciliation Act of 1993, which has had extraordinary results. The economy is in its best shape in 30 years. CBO projects that the deficit will be $67 billion for fiscal year 1997, far below original estimates. Inflation was just two-tenths of 1 percent in May—equivalent to an annual inflation rate of only 2 percent. The unemployment rate stands at 4.8 percent, its lowest in more than a quarter century, and the Wall Street Journal reported today that the measurement of consumer confidence in the economy is at a 28-year high.

Given this success, we may well come to regret having enacted the tax cuts in this bill. Nevertheless, we do not have a majority in the 105th Congress. The congressional leadership and the President have agreed that there will be tax cuts this year. And so given that reality, I joined with other Democratic members of the Finance Committee in working with Chairman ROTH—in a bipartisan mode—to help shape the bill now before us. The resulting legislation is not altogether what some of us would prefer, but even so it does include a number of redeeming provisions.

I would particularly wish to commend and thank the chairman for the inclusion of the following provisions: Making permanent the single most successful tax incentive for education, the exclusion from income of employer-provided educational assistance under section 127. The Roth-Moynihan bill to make 127 permanent now has over 50 cosponsors, including all 20 members of the Finance Committee; repealing the cap on issuance of section 501(c)(3) bonds for universities, colleges, and nonhospital health facilities; providing $2.3 billion in funding for Amtrak by allocating one-half cent per gallon of the Federal gasoline excise tax; and extending the fair-market value deductibility of gifts of appreciated property to private foundations.

Mr. ROTH. Madam President, I say to my friends and colleagues, please come down and present your amendments. The bill is now open to amendment.

Mr. BROWNBACK addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BROWNBACK. Thank you very much, Madam President. I first want to congratulate the Senator from Delaware for an excellent bill he has put forward on an important topic. We are finally talking about tax cuts, something we should have been talking about for a long period of time, but we haven't since 1981. This is a great day. I think it is a great opening that we are finally doing something about the tax burden on the American people, where they are paying over 40 percent of their income in taxes. I congratulate the chairman of the Finance Committee for raising this.

Madam President, 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. BROWNBACK. 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. BROWNBACK. Madam President, as I was stating briefly earlier, I want to recognize the work of the Finance Committee chairman, who is doing an extraordinary job and doing something we haven't done since 1981, and that is cut taxes. We need to do this, we need to do it to stimulate the economy.

Mr. ROTH. Will the Senator yield?

Mr. BROWNBACK. Yes, I will.

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

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

POINT OF ORDER

Mr. BROWNBACK. Madam President, we have had some good discussions here. Looking at the overall tax cut bill that we have, which I think is very important that we do, I am congratulatory toward the chairman.

I chair the District of Columbia Subcommittee. We have really been looking strong at what we need to do in the District of Columbia to make us a shining city. The chairman has done an extraordinary job of including things like zeroing out capital gains on real property in the District of Columbia, something I think we ought to look at nationwide, but let us try it here first.

We also have in there a provision for new homeowners and new home buyers, a $5,000 tax credit provision in there for new home buyers in the District of Columbia to attract people back to Washington, DC, to make it a shining city.

Unfortunately, there is one other provision, section 602, in the bill that creates an economic development corporation—requires the creation of an economic development corporation—in order to access some of the tax credits. I have great difficulty with this entity. It is something that would have to be created by the District of Columbia Committee. It is an entity that would have condemnation authority. It is an entity that would have a broad base of authority, appointed by the President. It is in effect going to be a department of commerce for the District of Columbia with a lot more authority and a lot more power.

I do not think that survives the Byrd rule test, and I raise the point of order on section 602 of Senate bill 949 under the Revenue Reconciliation Act of 1997, the Byrd rule provision, because I believe these are extraneous. I think this is an ill-conceived concept even though I am very supportive of what the chairman has done overall for the District of Columbia. He is stepping up to solve the problem. But I do not think this provision is the way to go. I do raise a point of order under the Byrd rule to that particular provision, section 602.

Mr. ROTH. Madam President, first, let me say that I appreciate the interest and concern expressed by my colleague from Kansas. I will and do hereby, under section 904 of the Budget Act, move to waive the point of order raised by him.

I urge that in the meantime he might work with my staff to see if we can develop some alternative that meets his concern with the present language and see if we cannot develop something that will move this proposition ahead.

Mr. BROWNBACK. Madam President, I will take those suggestions to heart and will see if we can work something out.

Let me again say one more time, this chairman—anybody in Washington, DC, watching this should be thankful for what he has done in stepping up and solving a tough problem of how we do make this a shining city again. I applaud that effort and will work with his staff to see if we can resolve particular concerns that he has before a vote tomorrow.

Mr. ROTH. I thank the Senator from Kansas.

The PRESIDING OFFICER. The motion to waive is pending.

Mr. ROTH. Madam President, I ask unanimous consent that it be set aside.

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

Mr. ROTH. At this time it is my pleasure to call upon my distinguished colleague from the State of North Dakota.

Mr. DORGAN. Madam President, I rise this evening to offer some amendments. I will do so and understand that they will be set aside for other business to be conducted after these amendments. I wanted to have an opportunity to discuss them, some of which I hope the chairman and ranking member will be able to support. Others I expect they will not.

But I do so with great respect. And I say, as I begin this process, that I was very impressed that the chairman of the Finance Committee, the Senator from Delaware, clearly sought bipartisanship and sought a working relationship with all members of the committee as he constructed the piece of legislation that is now on the floor of the Senate. I, for one, applaud him for that.

Some of the proposals in this piece of legislation I think are excellent proposals, I support them. Others, I would have written differently. And that is the purpose of offering some amendments. But generally speaking, I think the Senator from Delaware has done the Senate a service by saying, when the committee writes a bill, he wants to involve all members of the committee. Instead of, as is so often the case here in the Senate, having a political debate ending up with the worst of what each has to offer, reaching out and getting the best of what both sides have to offer on these issues makes a great deal of sense.

So I begin by paying my compliments to the manner in which the Finance Committee wrote this bill. As I said, some parts of the bill I support very strongly. Other parts, I would have written differently and would like to change. That is the purpose for this discussion.

MOTION TO REFER

Mr. DORGAN. Madam President, let me describe a motion to refer I intend to offer that I want to get a vote on as we proceed. It is a motion that would do the following:

We are proposing, and Congress will likely allow to become law, a series of tax cuts. I support some of these proposals. I want to be certain, however, that the direction that we are heading is a direction that will not explode the deficit in the outyears.

We are all familiar with the stories about the 1981 tax cut proposals and the discussion about the fiscal policy in which we then had less revenue but built up our military spending, double, and then entitlements continued to rise, and the result was we blew a real hole in the Federal deficit.

I am going to propose a trigger, in essence. I will do it, however, in a different manner. I will do it with a motion to refer the bill back to the committee with instructions to report back with an amendment providing for a mechanism to temporarily suspend sections of the bill dealing with capital gains and the IRAs in any fiscal year after the year 2002 if two things occur:

One, the Congressional Budget Office reports that the revenues lost due to the bill have exceeded the budget agreement's restrictions on tax cuts, and, two, the Department of the Treasury reports there has been a deficit in the previous fiscal year.

My point is very simple. I would like us to have some safety mechanism in this piece of legislation that says, if where we are headed beyond the first 5 years results in additional Federal budget deficits, that then we could suspend temporarily a part of these tax changes so that we can get the budget back into balance.

I have proposed it the way I have proposed it because I do not want us to discover that we are having budget deficits in the outyears simply because we are spending more money. That is not my purpose. But I do want to be in a circumstance here or have the Senate be in a situation that if the amount of tax cuts exceed the revenues that we had an agreement for in this piece of legislation, and if the Treasury Department reports that we had a deficit the previous year, that four sections of this tax cut would be temporarily suspended in order to get the budget back in balance.

That will be one of my recommendations. I do that simply because I want us to be certain beyond the first 5 years that we maintain the fiscal discipline that I think is commendable and I think is necessary.

We have, I think, achieved some things together in this Congress with a budget agreement, one which I voted for. I do not want to blow that apart in the sixth, seventh or eighth years out believing then, well, we balanced the budget for 5 years and then all of a sudden the budget is out of balance and in a deficit condition once again.

So I send this motion to refer to the desk and ask for its consideration.

The PRESIDING OFFICER. The clerk will report the motion to refer.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] moves to refer the bill, S. 949, to the Committee on the Budget, with instructions to report the bill back to the Senate within 3 calendar days of session with an amendment providing for a mechanism to sunset temporarily Sections 301, 302, 304 and 311 of the bill in any fiscal year after fiscal year 2002, if (1) the Congressional Budget Office reports that the revenues lost due to the bill have exceeded the budget agreement's restrictions on tax cuts and (2) the Department of the Treasury reports that there has been a deficit in the previous fiscal year.

Mr. DORGAN. Next, Madam President and the chairman of the committee, I intend to offer three amendments that are relatively small, targeted amendments that deal with the issue of disasters, natural disasters. Most of us recognize that we have spent a lot of time talking about disaster relief and issues affecting people dealing with flood disasters, earthquake disasters, tornadoes and fires and so on.

We had a circumstance in our region of the country where the Red River had a massive flood, a 500-year flood. We had 90 percent of a community of 50,000 people who were displaced out of their homes, many hundreds of those homes—nearly 1,000 homes—have been totally and permanently destroyed.

In many of those cases, all of their records were destroyed as well. People left with a half hour's notice and only the clothes they were wearing and lost everything. The Internal Revenue Service knowing that this happened the first week or so of April, second week of April, they said, ''We will allow an extension to file income tax returns.'' It is pretty clear people fleeing a flood and who have lost everything, including all of their records, will not be able to file tax returns on April 15.

So the Internal Revenue Service said they would extend the tax filing deadline. I appreciate that. And it made a lot of sense because hundreds of those people, thousands of those people could not have complied, people in South Dakota, Minnesota, and North Dakota. The IRS said, ''We will consider a tax return timely filed if it's filed by the end of May.'' Then as this flood continued, they moved it to August, and that is where it is.

The IRS said to those victims of that disaster, ''If you file by that date, there will be no penalty because we have moved the filing date,'' recognizing you could not possibly comply. But then the IRS said, ''But you are going to have to pay interest because we don't have the authority to waive the interest.'' The disaster victims have asked the question, ''Well, if it is considered timely filed, why are we being charged interest?'' And the Internal Revenue Service said, ''Well, you're being charged interest because we don't have the capability of waiving it.''

The Treasury Secretary said he is sympathetic to my amendment, he will support it. I have talked to the majority on this, and I hope this will be one that—it will have an almost insignificant revenue consequence, but just makes sense. It gives the IRS the authority clearly to do what it wants to do and should do but does not now have the authority to do.

Madam President, I ask unanimous consent to set aside the motion to refer.

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

AMENDMENT NO. 515

(Purpose: To authorize the Secretary of the Treasury to abate the accrual of interest on income tax underpayments by taxpayers located in Presidentially declared disaster areas if the Secretary extends the time for filing returns and payment of tax (and waives any penalties relating to the failure to so file or so pay) for such taxpayers)

Mr. DORGAN. I offer the amendment and send it to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] proposes an amendment numbered 515.

Mr. DORGAN. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 211, between lines 5 and 6, insert the following:

SECTION 724. ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.

(a) IN GENERAL.—Section 6404 (relating to abatements) is amended by adding at the end the following:

''(h) ABATEMENT OF INTEREST ON UNDERPAYMENTS BY TAXPAYERS IN PRESIDENTIALLY DECLARED DISASTER AREAS.—

''(1) IN GENERAL.—If the Secretary extends for any period the time for filing income tax returns under section 6081 and the time for paying income tax with respect to such returns under section 6161 (and waives any penalties relating to the failure to so file or so pay) for any taxpayer located in a Presidentially declared disaster area, the Secretary shall abate for such period the assessment of any interest prescribed under section 6601 on such income tax.

''(2) PRESIDENTIALLY DECLARED DISASTER AREA.—For purposes of paragraph (1), the term 'Presidentially declared disaster area' means, with respect to any taxpayer, any area which the President has determined warrants assistance by the Federal Government under the Disaster Relief and Emergency Assistance Act.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to disasters declared after December 31, 1996.

Mr. DORGAN. Madam President, I will be brief on the next two amendments. They relate to the same issues. As I indicated, the first dealt with the waiver of interest, which I hope we can do. It will have almost insignificant consequence, but will be significant to the disaster's victims.

The others, I have been visiting with the staff of the majority and the minority and other Members.

One deals with the question of the use of IRAs by victims of the disaster who now find themselves with a need to invest in their home to repair it, but they do not have any money except that which is in an IRA, or the need to invest in a business that has been destroyed, and they have no resources except that which is in an IRA. I hope with the chairman that we can find a way to provide that opportunity. I am happy to provide a reasonable limit on it.

I offer the amendment and hope we can visit about it in the ensuing hours prior to this bill's conclusion.

Let me offer that amendment.

AMENDMENT NO. 516

(Purpose: To provide tax relief for taxpayers located in Presidentially declared disaster areas, and for other purposes)

Mr. DORGAN. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the previous amendment will be set aside.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] proposes an amendment numbered 516.

Mr. DORGAN. I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 211, between lines 5 and 6, insert the following:

SEC. 724. DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT ACCOUNTS MAY BE USED WITHOUT PENALTY TO REPLACE OR REPAIR PROPERTY DAMAGED IN PRESIDENTIALLY DECLARED DISASTER AREAS.

(a) IN GENERAL.—Section 72(t)(2) (relating to exceptions to 10-percent additional tax on early distributions), as amended by sections 203 and 303, is amended by adding at the end the following new subparagraph:

''(G) DISTRIBUTIONS FOR DISASTER-RELATED EXPENSES.—Distributions from an individual retirement plan which are qualified disaster-related distributions.''.

(b) QUALIFIED DISASTER-RELATED DISTRIBUTIONS.—Section 72(t), as amended by sections 203 and 303, is amended by adding at the end the following new paragraph:

''(9) QUALIFIED DISASTER-RELATED DISTRIBUTIONS.—For purposes of paragraph (2)(E)—

''(A) IN GENERAL.—The term 'qualified disaster-related distribution' means any payment or distribution received by an individual to the extent that the payment or distribution is used by such individual within 60 days of the payment or distribution to pay for the repair or replacement of tangible property which is disaster-damaged property. Such term shall only include any payment or distribution which is made during the 2-year period beginning on the date of the determination referred to in subparagraph (C).

''(B) DISASTER-DAMAGED PROPERTY.—The term 'disaster-damaged property' means property—

''(i) which was located in a disaster area on the date of the determination referred to in subparagraph (C), and

''(ii) which was destroyed or substantially damaged as a result of the disaster occurring in such area.

''(C) DISASTER AREA.—The term 'disaster area' means an area determined by the President to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments and distributions after December 31, 1996, with respect to disasters occurring after such date.

SEC. 725. ELIMINATION OF 10 PERCENT FLOOR FOR DISASTER LOSSES.

(a) GENERAL RULE.—Section 165(h)(2)(A) (relating to net casualty loss allowed only to the extent it exceeds 10 percent of adjusted gross income) is amended by striking clauses (i) and (ii) and inserting the following new clauses:

''(i) the amount of the personal casualty gains for the taxable year,

''(ii) the amount of the federally declared disaster losses for the taxable year (or, if lesser, the net casualty loss), plus

''(iii) the portion of the net casualty loss which is not deductible under clause (ii) but only to the extent such portion exceeds 10 percent of the adjusted gross income of the individual.

For purposes of the preceding sentence, the term 'net casualty loss' means the excess of personal casualty losses for the taxable year over personal casualty gains.''.

(b) FEDERALLY DECLARED DISASTER LOSS DEFINED.—Section 165(h)(3) (relating to treatment of casualty gains and losses) is amended by adding at the end the following new subparagraph:

''(C) FEDERALLY DECLARED DISASTER LOSS.—The term 'federally declared disaster loss' means any personal casualty loss attributable to a disaster occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.''.

(c) CONFORMING AMENDMENT.—The heading for section 165(h)(2) is amended by striking ''NET CASUALTY LOSS'' and inserting ''NET NONDISASTER CASUALTY LOSS''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to losses attributable to disasters occurring after December 31, 1996, including for purposes of determining the portion of such losses allowable in taxable years ending before such date pursuant to an election under section 165(i) of the Internal Revenue Code of 1986.

Strike section 751 of the bill.

On page 239, strike lines 18 and 19.

On page 239, lines 20, strike ''(5)'' and insert ''(4)''.

On page 240, line 1, strike ''(6)'' and insert ''(5)''.

Mr. DORGAN. Madam President, let me ask unanimous consent that amendment No. 516 be set aside.

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

AMENDMENT NO. 517

(Purpose: To impose a lifetime cap of $1,000,000 on capital gains reduction)

Mr. DORGAN. I offer one additional amendment this evening to be sent to the desk. Let me describe the amendment before I send it to the desk. It is an amendment that I wrote years ago, and I have offered it previously but feel that I want to offer it again on the issue of capital gains. I have long felt when we provide capital gains differential treatment that we should provide a lifetime limit on the amount of capital gains one is able to take at a preferred tax rate.

I have proposed in the past, and will propose with this amendment, a $1 million lifetime limit on capital gains tax treatment per taxpayer. I will describe later, and we will have an opportunity tomorrow to discuss some of these issues, but I really feel that the Congress should address this with respect to capital gains.

Let me make one additional point. There are some—and we can have a philosophical discussion about the tax situation—some that say, let us exempt income from investments which tend to favor those who invest. Why not say, let us exempt income from work and favor those who work, or maybe a balance between those who work and those who invest. But I have great difficulty believing that somehow investment has more merit than work.

Let's index investment. Let's index the income from work. I want to have a discussion in the context of capital gains as to why do we always in Congress, when we talk about giving some break or cuts, why do we always talk about taxing work and exempting investment? It is not that I am opposing trying to provide encouragement to investment, but why not provide similar encouragement to work?

I want to have that discussion on the issue of capital gains, and I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Dakota [Mr. DORGAN] proposes an amendment numbered 517.

Mr. DORGAN. Madam President, I ask unanimous consent reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 96, strike lines 11 through 16, and insert:

''(3) ADJUSTED NET CAPITAL GAIN.—For purposes of this subsection—

''(A) In general.—The term 'adjusted net capital gain' means net capital gain determined without regard to—

''(A) IN GENERAL.—The term 'adjusted net capital gain' means net capital gain determined without regard to—

''(i) collectibles gain, and

''(ii) unrecaptured section 1250 gain.

''(B) $1,000,000 LIFETIME LIMITATION.—

''(i) IN GENERAL.—The adjusted net capital gain for any taxable year shall not exceed $1,000,000, reduced by the aggregate adjusted net capital gain for all prior taxable years.

''(ii) SPECIAL RULE FOR JOINT RETURNS.—The amount of the adjusted net capital gain taken into account under this section on a joint return for any taxable year shall be allocated equally between the spouses for purposes of applying the limitation under clause (i) for any succeeding taxable year.

''(C) CAPITAL GAINS RATE REDUCTION NOT TO APPLY TO CERTAIN TAXPAYERS.—The adjusted net capital gain for any taxable year in the case of any of the following taxpayers shall be zero:

''(i) An individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

''(ii) A married individual (within the meaning of section 7703) filing a separate return for the taxable year.

''(iii) An estate or trust.

Mr. DORGAN. A final comment. I wanted to offer these amendments so we could begin discussing them. I hope a couple of them might be accepted and a couple of them we can have votes on, especially the issue of triggering the tax cuts beyond the first 5 years to make certain we are not once again experiencing a Federal deficit in the long term. I am very interested—and I will be here to talk tomorrow—about other issues with respect to an alternative that I think has great merit.

Let me leave, as I began, to compliment the Senator from Delaware. There are a number of provisions in his piece of legislation I support and think have great merit. I hope some of the amendments that I offer and others offer that will improve the bill might be accepted, as well. If we can get the best of what both sides have to offer in this debate, the Congress will pass a tax bill that is worthy of consideration by the American people.

Madam President, I yield the floor.

AMENDMENT NO. 518

(Purpose: To repeal the depletion allowance available to hardrock mining companies already enjoying substantial subsidies due to the largesse associated with the 1872 mining law)

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. I send an amendment to the desk.

The PRESIDING OFFICER. Without objection, the pending amendment is set aside.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself, Mr. GREGG, and Mr. ROBB, proposes an amendment numbered 518.

Mr. BUMPERS. Madam President, I ask unanimous consent the reading of the amendment be dispensed.

The amendment is as follows:

At the appropriate place in the bill add the following new section:

SEC. . REPEAL OF DEPLETION ALLOWANCE FOR CERTAIN HARDROCK MINES.

(a) IN GENERAL.—The first sentence of section 611(a) of the Internal Revenue Code of

1986, 26 U.S.C. 611(a), is amended by inserting immediately after ''mines'' the following: ''(except for hardrock mines located on land subject to the general mining laws or on land patented under the general mining laws unless such patented land was acquired (subsequent to the date the patent was issued), pursuant to an arms-length transaction prior to June 25, 1997)''.

(b) DEFINITIONS.—Section 611 of the Internal Revenue Code of 1986 is amended by redesignating subsection (c) as subsection (d) and inserting after subsection (b) the following new subsection:

(c) DEFINITIONS.—For purposes of subsection (a), 'general mining laws' means those Acts which comprise chapters 2, 12A, and 16, and sections 161 and 162 of title 30 of the United States Code.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1996.

Mr. BUMPERS. Madam President, this is the 9th consecutive year that I have tried my very best to do justice to the taxpayers of the United States. I have heard an awful lot of talk in the last 60 days by people on both sides of the aisle about the $135 billion in tax cuts for those long-suffering taxpayers. I do not intend to debate the merits of the tax cuts tonight.

What I want to debate is the cynicism, the contradiction, the hypocrisy of talking about doing justice to the taxpayers on one hand by giving them a massive tax cut, and at the same time allow the biggest mining companies in the world to take billions of dollars worth of gold off land that belongs to the taxpayers of the United States and not pay one red cent for the privilege and then turn around and give these same mining companies an enormous tax break which they never did anything to deserve.

In 1872, Ulysses Grant signed the famous mining law of 1872 that encouraged people to go West and stake 20-acre claims. The 1872 mining law is still firmly intact. There are now over 330,000 claims that have been legitimately filed that belong to people who went out and simply drove 4 stakes in the ground every 20 acres and then went down to the courthouse and filed their claim. In addition, there are approximately 650 applications that have been filed with the Bureau of Land Management for patents on some of those claims which would permit the applicants to buy the land for $2.50 or $5 an acre.

The people in the Senate do not pay much attention to this issue. They apparently pay little attention to the people watching C-SPAN because they are the ones who are getting the shaft.

Madam President, can you imagine this scenario. Newmont Mining Co., one of the biggest mining companies in the world, has a gold mine in Nevada. They pay the owners of the land on which that gold mine is situated an 18 percent gross royalty for the gold they take off that land. However, when they mine on public, taxpayer-owned land, they do not pay one red cent to the taxpayers of this country.

And you wonder why the people of this country are cynical. You wonder why the words ''corporate welfare'' were used so generously around here when we were looking for offsets for this massive tax cut, and this bill comes back to us from the Finance Committee with not a word about corporate welfare.

Do you know what else these mining companies do? They find somebody that has a bunch of claims that they think have some potential, and they buy the claims and then they mine it. Then they go to the Bureau of Land Management and say, ''We have commercial gold or silver on this land and we want to buy it, and we will give you the princely sum of either $2.50 an acre or $5 an acre.''

Do you know what Bruce Babbitt, the Secretary of Interior, has to do? He has to, by law, give them a deed to that land. Here is what has happened just in the past several years.

Barrick Gold Co. paid the U.S. taxpayers $9,000. Do you know what they got for that? They got almost 2,000 acres in Nevada with 11 billion dollars worth of gold on it. It belongs to the taxpayers of the United States. Do you know what the taxpayers are going to get for that $11 billion? Zip, zero, nothing. No royalty, no severance tax, no reclamation fee, and then they take a 15 percent depletion allowance on the gold they take out. We not only give it to them for $2.50 an acre or $5 an acre, we give them a depletion allowance for mining what they never paid for.

In 1995, Faxe Kalk, a Danish company, bought land in Idaho containing 1 billion dollars' worth of travertine. Do you know what they paid the taxpayers of the United States for this land containing the $1 billion in minerals? They paid $275.

There is an application pending at the Bureau of Land Management right now by the Stillwater Mining Co. for about 2,000 acres of Forest Service land in Montana. Stillwater will pay a maximum of $10,000 for that land. What do you think lies under that 2,000 acres of land? This is their figure, not mine: 38 billion dollars worth of palladium and platinum—$38 billion. Do you know who that belongs to? It belongs to the taxpayers of the United States. Do you know what the taxpayers of the United States are going to get in exchange for their $38 billion? You guessed it—the shaft. Nothing, not a penny. And people stand up and defend this thing as though it is some kind of a righteous cause.

These mining companies do not mind paying private property owners a royalty. They pay the States a royalty when they mine on State lands. They also pay the states a severance tax. It is only when the land belongs to the taxpayers of the United States that they object.

When you hear people in the coffee shops in your hometown talk about Government being sold off to the highest bidder, you cannot find a better case of it. The Halls of Congress and the Senate office buildings have been so full of lobbyists since I announced I was going to try to do away with the depletion allowance for companies mining on public land, you could not stir them with a stick. I can hardly get down the hall from my office because the Finance Committee office is between my office and the elevator.

So what I am saying, Madam President, let's at least have the courage to tell the taxpayers of this country that we are not going to give the mining companies, after we give them lands for $5 an acre, a 15 percent depletion allowance to mine minerals they never paid for.

When the oil companies buy a lease in the ocean, when the coal companies buy a lease on lands in the West, when the natural gas companies explore for gas on Federal lands, any time they find it, they pay a royalty for the interest in the minerals. They take a depletion allowance and they are entitled to a depletion allowance because, by definition, if you are depleting a capital asset, that is a legitimate thing to do when you paid for it in the first place. The oil and gas companies deplete oil and gas, and they have a right to do it. They paid a handsome price for it, and they are depleting an asset they paid for. These people paid nothing.

What have the taxpayers gotten out of this besides not 1 red cent in royalties? Well, for openers, they have gotten 557,000 abandoned mine sites, 57 of which are on the Superfund list. The Mineral Policy Center says that the estimated cost of cleaning up the mess that these mining companies have left us is between $31 billion and $72 billion.

I hate to be repetitive, but just to emphasize the point, let me go through it again. The mining companies give the taxpayers $5 an acre for gold. They take billions of dollars worth of gold off the land. They pay the taxpayers no royalty at all, they get a 15 percent depletion allowance; and then they leave an unmitigated environmental disaster, which is going to cost the taxpayers of this Nation between $31 billion and $72 billion to clean up.

Madam President, I have announced that I would not seek reelection, and in deliberating on that decision, I got to thinking about debates, what would be debated, what would be said, who would say it, and how would you respond. And I thought, how would you respond to an accusation that you voted for allowing the gold and silver and palladium and platinum mining companies to continue raping and pillaging the taxpayers of this country—all the time you are talking about a big tax cut for the taxpayers because they deserve it? And how are you going to pay for the tax cut? You are going to pay for the lion's share of it by cutting Medicare by $115 billion. You can put any face on it you want. I didn't vote for it. I have no intention of voting for it. Take $115 billion off Medicare and that, in turn, will come off of services for the elderly, part of the most vulnerable in our society, and then you ask

your opponent, did you vote for that? Yes, I voted for that. Well, this $115 billion that you cut in Medicare, what did you do with it? We gave it away in tax cuts to the wealthiest people in America. You didn't put it on the deficit? No, we didn't put it on the deficit. You are going to balance the budget by cutting taxes? Isn't that the same old line you gave us back in 1981 that gave us a $5.3 trillion debt? Then what if somebody said, how about those mining companies? I have heard Senator BUMPERS, and I have read in the paper some of the things he said—for 9 years—about how the mining companies take billions of dollars worth of gold off of what is or was Federal lands, and they pay nothing for it, isn't that true? It is true. Nobody will deny it. And they don't pay 1 red cent. It gives corporate welfare a bad name.

The Western Senators, which have gold mines in their States on Federal lands, ask what if you bought a mining claim from some nester that staked out 500 acres, and the mining companies pay him handsomely for it, aren't they entitled to a depletion? Now, that is a neat way to avoid the issue. It also makes this point. When you buy 500-acre claims, for example, from some old nester that has been sitting on them for 10 years, they not only pay him a handsome price for it, they pay him a royalty, or what we call residual, an override. Now, they are willing to pay State's royalties, they are willing to pay private owner's royalties, and when they buy this land from some old nester that staked it 10 or 20 years ago, they are willing to pay him a royalty. It is only if the words ''U.S.'' are on it anyplace that they don't want to pay a penny in royalty.

The questions I ask every year, and the questions that never get answered, are: Why are you willing to do this to the taxpayers? Why are you willing to pay a royalty of 18 percent on private lands in Nevada? Why are you willing to pay an average of 5 percent on all private lands in the United States? Why are you willing to pay the States a severance tax? Why are you willing to pay the States a royalty on their lands? But when it comes to lands that belong to the taxpayers of the United States, you are not willing to pay 1 red cent? Everybody falls silent when you pose those questions.

(Mr. BROWNBACK assumed the Chair.)

Mr. BUMPERS. Well, Mr. President, all but the freshman who just came in here this year have heard this debate before. A lot of people here have heard this debate in spades over the years. The problem is identical to what it was 9 years ago when I brought it up the first time. It is the most egregious, outrageous scam being perpetrated on the people of this country.

I have only got a year and a half left here, but I promise you, I am going to bring this up until the last day I am in the U.S. Senate. I am immensely offended by it. I cannot believe my colleagues have allowed it to continue. We have made one or two little modest gains—very modest gains. But the mining companies are fighting like saber-toothed tigers—they are standing in the hallways, they are in the committee rooms, they are all over the place—to protect the greatest sweetheart piece of corporate welfare in the history of mankind.

I yield the floor.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. Mr. President, I thank the Chair. I have listened to my good friend from Arkansas embellish one of his favorite subjects, and that, of course, is the American mining industry as we know it today.

I think it is fair to say that we have had, with the minority, a continuing, ongoing effort to try and bring about changes in our mining law—meaningful changes that are supported by the industry, meaningful changes that are supported by the minority. Unfortunately, we haven't been able to generate a resolve of many of these issues. But I think it is fair to say that the attack today proposed by my friend from Arkansas is not just an attack on the percentage depletion allowance, but, in reality, it is an attack on the American mining industry as we know it today.

Now, I don't know about my friend from Arkansas coming over here, but I didn't run into anybody in the Halls. I didn't run into any lobbyists. Nobody has talked to me. I venture to say that if you walk out now, you won't run into any either.

What we are looking at here is a matter of equity for an industry that is very important to our Nation, to our security interests, who must compete in a worldwide marketplace. We are either competitive or we are not.

For the information of my friend from Arkansas, the value, in 1995, of the combined contribution of the mineral industry to Arkansas was $744 million. So when he says ''they don't pay one red cent,'' well, they contributed $744 million to the economy of Arkansas. In Alabama, it is $2 billion; in Arizona, it is $9 billion; in Texas, it is $7 billion; in New York, it is $8.3 billion. So when you say they don't pay anything, let's look at the working men and women in the mining industry today, and let's look a little more closely at reality.

What is proposed by my friend from Arkansas—and he is right, it is a punative proposal, as he has been working at it for 9 years and he is committed until the day he leaves to work on it. I admire that spirit. But he is not telling you the whole story. There was a proposal by the administration earlier this year to do away with percentage depletion for this industry. And the important thing, Mr. President—and I would like my friend from Arkansas to acknowledge the reality of it—it was rejected by both the Finance Committee in the Senate and the House Ways and Means Committee, and it should also be rejected by the full Senate.

When you strip away the rhetoric—and there is lots of it around here—on this matter, the issue boils down to one simple question: whether this body wants to go on record now in support of a nearly $700 million tax increase on the domestic mining industry. We talk about tax bills, we talk about tax breaks, we talk about stimulating how much more earnings the average family member can make and take home and save. But this proposal by my friend from Arkansas would tax America's mining industry an additional $700 million—and this is a domestic industry, mind you. Well, I think it is fair to say—and I think most of you would agree—that the Treasury will never see anywhere near $700 million from this proposal, because this latest assault on the industry will simply speed up one thing—the departure of the mining industry from our shores.

This is a worldwide market. You compete or you don't compete. Now, the continuing decline of this industry is reflected on the chart I have on my left. As my colleagues can see, jobs in this industry have been declining dramatically. Let's look at it. Metals make up the gold, silver, lead, and zinc production. The others are in iron ore and copper. In 1980, we had 98,000 jobs; today, we have 51,000 jobs. This is the gold, silver, lead, and zinc. That is not to assume we are not using as much gold, silver, lead, and zinc. We are. We are importing it from other countries. Why? Because we are not as competitive in the world marketplace.

Iron ore. In 1980, we had 21,000 workers. In 1995, we had 9,000. Where has the industry gone? It has gone to South America, South Africa. That is the reality we live under. Now, does my friend simply want to tax this industry another $700 million and drive it offshore? That is what is going to happen, make no mistake about it.

The copper industry. In 1980, 30,000 jobs; today, 15,000 jobs in the United States It isn't that we don't have the minerals. We are not competitive in an international marketplace. My friend from Arkansas simply ignores that reality. He never mentions it. It is always they are getting a free ride. He doesn't mention the jobs that are created in each State or the contribution associated with what that prosperity means to the families.

I think it is important to point these things out. These are accurate figures. This is the condition of the industry today. It competes worldwide. The jobs, Mr. President, that have disappeared are good-paying jobs. Make no mistake about it, these are not the MacDonalds minimum-wage jobs. The average yearly wage for miners is nearly $46,000, one of the highest wage levels of any segment of America's workers. That doesn't include the benefits provided for these workers.

What does the Senator from Arkansas propose to do with these workers if you tax the industry that much more? Are these people going to be retrained? They are going to be out of a job. They are going to be on welfare. You know where these jobs are going to go. They are going to go to Latin America, Canada, Indonesia, the Philippines, and Central Asia.

For example, gold mining exploration budgets have been dipping in the United States from a high of $149 million in 1992 to $120 million in 1996. But at the same time spending in Central and South America has increased more than five times—from $28 million in 1992 to $145 million last year. These are investments that could have and should have been made in the United States but for the hostile environment that this industry, which is a basic industry in the United States, faces at home.

If this tax increase is approved, we will merely hasten the further decline of this domestic industry, for instead of using capital to invest in exploration and development in new sites in the United States, the mining industry will be forced to abandon new projects at home. It will have to close marginally profitable mines with the loss of hundreds, if not thousands of permanent good-paying jobs.

Mr. President, the underlying predicate of this amendment, I think, is fatally flawed for it assumes that mining operations on Federal lands are cost-free. That is what my friend from Arkansas said. He said ''not one red cent'' did they pay for it. Nothing is further from the truth. Mining operations on Federal lands are not cost-free. It is a myth that patenting of land under the Mining Act of 1872 is somehow an easy event; that it simply is as easy perhaps as going out and writing a check to the Federal Government. That is not reality.

The reality is that the exploration process leading to the discovery of valuable mineral deposits can cost several hundreds of thousands of dollars per claim just for the drilling, the sampling, and the expense associated with proving up that claim.

I also note that in some cases mineral patent applications can contain as many as 500 claims per application, and the cost of processing a single claim can run $35,000 to $40,000 to $45,000. Multiply that by 400 or 500 claims. What do you have? You have $19 million in costs merely for processing claims. So when the Senator from Arkansas says they are not ''paying one red cent,'' that is not reality.

Moreover, the time required to explore land and permit it before mining begins has increased dramatically, with a concomitant increase in the cost of mining. The average time for simply permitting new mines, as my friend from Arkansas is well aware, on Federal land has increased from 1 year to 3 to 5 years. And over the course of the last 4 years it has averaged close to 5 years.

Where is it going to be in another few years? At some point in time you are going to overload this. They are not going to be competitive in the domestic market. Where are they going? They will go where they have to go to survive, and that unfortunately is outside the United States.

Once the companies have passed all of the hurdles, a company then faces the daunting capital costs that are associated with bringing a modern mine on line.

This isn't like the chicken industry. This is an industry that is volatile relative to costs. Costs are not necessarily controllable in the mining industry because you run into different types of production exposure. Some of it is very, very deep. Some of it can have water in the mines. There are many, many unknowns associated with that. And the biggest risk is that you develop a mine and you have no assurance that your price is going to stay stable. The price fluctuates dramatically. But you have made a tremendous capital investment, and you are risking this capital relative to your belief that you can operate an efficient mine, an efficient operation, and control costs. But the unknowns are very, very high.

In my own State, we recently opened a mine called the Fort Knox Mine which began operations outside Fairbanks. The company invested nearly $375 million in capital before a single ounce of gold had been mined, or refined, on that project.

So they don't pay a red cent. They put up $375 million in advance on the supposition that they would be able to generate a reasonable return. Now the price of gold has dropped to a point where their margins are within a couple of dollars. That is the reality associated with that kind of a business.

I think my colleagues will agree that there is no free ride when it comes to the cost of exploration, acquisition, development, and processing in the industry—whether on Federal or private land. Yet, the amendment before us assumes little or no costs to the industry when mining on Federal land.

Mr. President, the rationale for the percentage depletion allowance is it recognizes the unique nature of resource depletion by providing a realistic and practical method for the creation of funding necessary to replace the diminished resource.

Moreover, percentage depletion reflects reality. This is a reality unlike in the chicken business. It is a reality that when the mines are exhausted, the companies must replace the depleted deposits of mineral resources, which are more difficult and in many cases more expensive to develop. These new deposits, because of lower grade ores, could create more difficulty in mining and development. They could be more expensive to operate.

So where do you go after you deplete your mine and when the economics are that you can't generate a recovery? You go find a new one to stay in business, and hopefully it will be of the quality of the last one. But you have no guarantee.

Hence, the justification for the percentage depletion allowance, as it responds to the unique nature of mineral deposits, provides for realistic and practical methods of reflecting the decreasing value of a mine as the mine is depleted. That is what it is all about. It helps companies maintain the capital necessary to make future investments for replacement of mineral resources.

I would also note that minerals are commodities whose prices are set, as I said, by the world marketplace. With an increase in mining costs with the repeal of the percentage depletion allowance, what are you going to do? You can't pass it on to the purchasers in the form of higher selling prices. You either absorb it and take a loss and ultimately if your losses are too high, you go out of business.

Mr. President, I would also point out that mining companies commonly package mining rights from a variety of sources into a single operation. For example, a large open-pit mining operation may include private property acquired through homestead laws, patent and mining claims, unpatented claims, States lands, and so forth.

The repeal of percentage depletion—as proposed by my friend from Arkansas—from those mining rights which originate with the mining law of 1872 would require a complex system, so complex that we would have to track every single shovel of ore on the mining site. In other words, some of it would be from lands that originated through private property, homestead laws, unpatented claims, State lands. How do you sort that out? What will likely be the result is that the depletion allowance would apply to a shovel of ore from one location but not a shovel of ore from an identical ore body 10 feet away.

That is simply absurd. But that is the solution that is suggested in this amendment.

Mr. President, I think there is no doubt that percentage depletion for minerals in mines on Federal lands is clearly appropriate tax policy. But I would suggest to all of my colleagues that this amendment is not about depletion on lands obtained under the Mining Act of 1872. As I indicated in my opening statement, this amendment is about the act itself. This is really just another attempt to gain leverage on the industry by attacking the depletion allowance.

Remember, Mr. President, by adopting the proposal in the amendment of the Senator from Arkansas, we would be going on record as supporting nearly a $700 million tax increase on America's domestic mining industry.

I can categorically state, Mr. President, that the U.S. mining industry agrees, they agree with the Senator from Arkansas, that the mining law of 1872 is substantially due for an overhaul. And we have passed reforms, ultimately to see them vetoed by the

President. But I continue to work to see that this law is reformed. I continue to work with my friend from Arkansas and my colleagues on the other side to accomplish such a result, and we have been doing it for the last several years. The industry has supported the concept of a 5-percent net proceeds royalty, a fair market value for land—a fair market value for land—a permanent maintenance fee, and the earmarking of revenues generated from mineral production on Federal lands to create and fund abandoned mines and cleanup programs.

These are the things that are mentioned by my friend from Arkansas. He is concerned about abandoned claims and the cleanup. We provide for that in our proposed legislation. The Senator from Arkansas makes quite a point of the wide variance in royalties. What he doesn't point out is that the royalty agreements on private lands are just that. They are agreements. Those agreements are made between two parties. The determination of what the costs are to be allocated out is something that the Senator from Arkansas doesn't look into. He just simply says, ''Well, there is a 10-percent royalty here. There is an 11-percent royalty here. And the 5-percent royalty is not applicable.'' You have to go into what the royalty consists of. A 5-percent net proceeds royalty is fair. It is one that I support. A number of my colleagues basically support substantial changes in the 1872 mining law which we are attempting to address and hope to have before this body yet this year.

There are a couple of other interesting things, Mr. President. The administration has never sought to develop compromise legislation that reforms the 1872 law while offering the U.S. mining industry the economic ability to develop Federal mineral assets. That is a fact. This amendment, as with the administration's identical budget proposal, is clearly designed to bring the industry to its knees by putting a $700 million tax on the industry. Remember, as we reflect on the merits, that this matter has been studied and gone into in great detail by both the House and the Senate—the Senate Finance Committee and the House Ways and Means Committee. Both have said, no, this increased tax on the mining industry of $700 million is not justifiable.

So it is acknowledged we want to overhaul the 1872 mining law, but that is not what we are debating today.

What we are debating today in this amendment is an amendment that would simply kill the domestic mining industry in this country, make no mistake about it. As you look at the merits of an adequate royalty, it has to be based on consideration of comparisons that are real. Just what is the negotiated in and out of a higher royalty figure does not necessarily represent the return to the Government agency. This is modeled exactly after the royalty program that is currently operating in one of the most prosperous States for mining, and that is the State of Nevada.

My colleagues from Nevada I see are on the floor. I am sure that they will point that out.

So, in conclusion, let us recognize where we are on this. This is a $700 million tax proposal on our mining industry, our domestic industry.

One final point I would like to bring up is the matter of germaneness. This amendment is not germane. This amendment does not belong on this bill. At the appropriate time a point of order will be made. I urge my colleagues not to support a waiver of the point of order.

Mr. President, I yield the floor.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. Who yields time to the Senator from Nevada?

Mr. BRYAN. I say to the distinguished chairman of the Finance Committee, I would be happy to yield.

Mr. ROTH. Mr. President, I ask unanimous consent that the following list of staff members of the Joint Committee on Taxation be granted full floor access for the duration of S. 949 and that the list be printed in the RECORD.

It should be noted that these staff members will not be in the Chamber all at the same time but will rotate on and off as needed. There is a long list, and I will just submit it.

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

The list is as follows:

JOINT COMMITTEE ON TAXATION

Steven Arwin.
Tom Barthold.
Ben Hartley.
Harold Hirsch.
Ken Kies.
Kent Killelea.
Roberta Mann.
Laurie Mathews.
Alysa McDaniel.
Joe Mikrut.
John Navaratil.
Joe Nega.
Judy Owens.
Cecily Rock.
Bernard Schmitt.
Mary Schmitt.
Carolyn Smith.
Maxine Terry.
Mel Thomas.
Barry Wold.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I wonder if we might possibly get a time agreement here. I have talked to the chief opponents of my amendment. We have two Senators from Nevada here, and as I understand it there are a couple more besides Senator CRAIG of Idaho, and Senator MURKOWSKI has just finished his statement. I was just wondering—we have an hour each, but I was just wondering if we could, since this is in the evening if they could—I don't know of anybody else on my side. Senator GREGG is my chief cosponsor, and he is not going to be here this evening. I wonder if we could allow people to come in and speak as long as they want to tonight with the understanding we will have 20 minutes equally divided in the morning on the vote.

How does that sound?

Mr. MURKOWSKI. I think we have a number of Senators on our side we want to accommodate so why not let them speak as long as they want.

Mr. BUMPERS. Let them speak as long as they want with the understanding we will have a 20-minute time agreement equally divided tomorrow morning. I make that request.

Mr. DURBIN. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. I have an amendment which I would like to offer this evening. I want to accommodate the Members who wish to speak on this issue, but I would like to have some understanding we would have an opportunity. I would need 15 or 20 minutes to offer my amendment this evening.

Mr. REID. Will the Senator yield?

Mr. DURBIN. I would be happy to yield.

Mr. REID. I think the Senator from Nevada would like probably 10 minutes?

Mr. BRYAN. At most, 10 minutes.

Mr. REID. Ten minutes.

Mr. CRAIG. No more than 10 minutes. That could conclude at least for this evening debate on this issue.

Mr. REID. We will visit during Senator BRYAN's statement and we may be able to cut that down a little bit and decide what procedure we are going to follow.

During the time Senator BRYAN is speaking, we will get together and try to accommodate the Senator from Illinois.

Mr. DURBIN. I thank the Senator.

Mr. MURKOWSKI. Mr. President, if I may, I ask unanimous consent to have printed in the RECORD an article from the Wall Street Journal called ''Gold Mining Firms Act to Meet Price-Slump Challenge,'' which I think makes my point to the increasing of difficulty in meeting production costs with the declining price of minerals in the world marketplace today.

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

GOLD-MINING FIRMS ACT TO MEET PRICE-SLUMP CHALLENGE—THEY REDUCE COSTS, SCRATCH NEW MINES, WITH NO QUICK RELIEF IN SIGHT

(By Mark Heinzl and Aaron Lucchetti)

Gold companies are hunkering down, struggling to weather one of the most prolonged slumps in gold prices in years.

Mining companies are slashing costs and tearing up plans for new mines as the price of the precious metal continues to slide to three-year lows. Just since November the price of gold futures traded on the New York Mercantile Exchange's Comex division has plunged to $353.40 an ounce from above $380. The skidding price is enough to turn many high-cost mines into money-losing duds and spoils the economics of many planned projects.

''No question, if prices stay at this range, you will see fewer new gold mines,'' says

Dennis Wheeler, chairman and chief executive officer of Coeur D'Alene Mines Corp. in Coeur D'Alene, Idaho.

Many analysts believe gold prices will linger at current levels or lower for several months. Gold prices have been pushed downward by slumping investment demand and the fear of increasing supplies from central banks. In Europe, central banks have been pressured to sell their gold reserves in an effort to meet debt requirements for European monetary union in 1999.

OUTLOOK FOR INVESTMENT

Unless the stock market experiences a hefty correction or inflation rears its head, gold investment demand probably will remain low as investors turn to financial investments with higher returns.

''It would take a very substantial market correction of about 15% to turn things around for gold,'' says William O'Neill, chief futures strategist for Merrill Lynch & Co. The price could bottom out at between $330 and $350 an ounce, before turning slightly upward, analysts say. The decline in the mineral's price has sent investors in gold-mining stocks running for cover. The Toronto Stock Exchange's gold-stock index has dropped 8.5% since mid-November. Last year investors were focused on gold companies with potential discoveries of new deposits; this year ''we will see the market start to reward companies that have cash flow, production and reserve value,'' says Victor Flores, a gold-fund manager with United Services Advisers Inc., a San Antonio mutual fund company.

WRITE-DOWN ON PROJECT

An early casualty of gold's weakness is the Casa Berardi mine in Quebec. One of its owners, Toronto-based TVX Gold Inc., recently announced plans to shutter the mine, which eats up more than $350 an ounce in cash operating costs. The company said it will take an undetermined write-down on the project.

At five of the 22 largest U.S. mines, cash costs to produce gold are at or above $347.30 an ounce, the 39-month low that gold touched last week. At current prices ''most mines are keeping their head above water, but the others will have to take cost-cutting measures, from stopping low-grade production to shutting the mine down,'' says John L. Dobra, an economist at the University of Nevada-Reno.

''CHALLENGING TIMES'' AHEAD

About 10%–15% of the world's gold mining could be postponed if prices stay at current levels for a sustained period, says Jeffrey M. Christian, managing director of CPM Group, an industry consultant. World-wide, gold is produced at an average cash cost of $257 an ounce, says Gold Fields Mineral Services Ltd., a London industry research consultant. However, the total cost including capital expenditures comes to $315 an ounce, only about $40 an ounce lower than the current commodity price.

''Every company is looking very carefully'' at cutting costs, says Leanne Baker, gold analyst for Salomon Brothers Inc. Companies are expected to reduce spending in exploration, administration and low-grade gold mining, which has a higher cost of production, analysts say.

Coeur D'Alene Mines has recently laid off 4% of its staff, halted all charitable donations and sold the company jet in an effort to make up lost profits. ''We anticipate more challenging times ahead,'' says Mr. Wheeler, its chief executive.

Pegasus Gold Inc., a Spokane, Wash., gold concern that mines about 570,000 ounces a year, has also taken steps to survive in the new lower price range. The company recently announced it would reduce its exploration budget by about 20%, freeze senior-management salaries and delay construction on new gold projects in Montana and Chile until 1998.

''We looked at the current gold market and our cost structure, and we just needed to reduce spending,'' says John Pearson, director of investor relations for Pegasus. Mr. Pearson says the construction delay will shift about $100 million in capital spending to 1998, when the company will reassess the market. ''Right now, the whole gold market is a negative environment; investor sentiment is weak,'' he says.

Lower gold prices have also hurt Echo Bay Mines Ltd., a Denver company struggling to increase its gold reserves and production. The company recently took a charge of $77 million after ripping up plans to develop its big Alaska gold project, Alaska-Juneau, and also canceled common-share dividend payments to conserve cash after a string of quarterly losses. Gold's recent nose-dive ''made the economics that much more difficult'' for the project, says Echo Bay's chief financial officer, Peter Cheesbrough.

While marginal projects and mines fall by the wayside, the price slide is also heating up the competition between mining companies for exceptional, higher-grade gold projects. Lower prices are expected to heighten the gold industry's consolidation. ''We'll continue to see merger mania,'' predicts CPM Group's Mr. Christian.

Placer Dome Inc., a Vancouver, British Columbia, gold miner, is offering $4.5 billion in stock in a battle against Toronto-based Barrick Gold Corp. The price: Bre-X Minerals Ltd. of Calgary, Alberta, and its Indonesian Busang gold deposit. Bre-X says Busang could produce as much as four million ounces of gold a year at cash operating costs below $100 an ounce, compared with Placer Dome's cash costs of about $240 an ounce.

With Busang, Placer Dome could ''rid themselves of their higher-cost, more risky mines,'' says Marc Cohen, a gold mining analyst at PaineWebber Inc. Indeed, if Placer Dome gets the Indonesian mine, the company says smaller projects in Mexico, Costa Rica or Australia could be shelved, especially if prices stay weak.

The deals have been getting bigger. Homestake Mining Co., San Francisco, and Newmount Mining Corp., Denver, both recently offered more than $2 billion in stock to acquire Santa Fe Pacific Gold Corp., which analysts say has a solid production and exploration profile.

Meanwhile, low gold prices are hurting most companies' results, especially relatively unhedged producers such as Echo Bay and Homestake, analysts say. Hedging involves using derivatives such as options and futures to lock in future revenue from gold.

Some companies were blind-sided by gold's fall. Montreal-based Cambior Inc. dropped its overall hedge position in 1996 to roughly one year's worth of production from the company's more traditional level of two years, says Henry Roy, Cambior's chief financial officer. Cambior's remaining hedge position leaves about 50% of the 500,000 ounces in annual output hedged at nearly $440 an ounce.

The PRESIDING OFFICER. The Senator from Nevada.

The Senator from Alaska is yielding to the Senator from Nevada such time as he might consume?

Mr. ROTH. Mr. President, I would be willing to informally agree that tomorrow there be 20 minutes equally divided prior to a vote.

Mr. REID. On this amendment.

Mr. ROTH. On this amendment.

Mr. BUMPERS. The distinguished floor manager is just suggesting to proceed as we were with the understanding there be 20 minutes equally divided tomorrow morning on this amendment.

That is essentially my unanimous consent request.

Mr. REID. Reserving the right to object, I would rather that Senator BRYAN proceed. That would give us an opportunity to speak and take about 10 minutes and then we would be happy to consider the unanimous consent request.

Mr. BUMPERS. Will the Senator repeat that?

Mr. REID. Senator BRYAN is going to speak for approximately 10 minutes. During that time, we have some procedural things we would like to discuss before we enter into a unanimous-consent agreement, because it may not be this amendment we will be debating. It may be a second degree.

Mr. BUMPERS. I understand you may offer a second-degree amendment this evening, and I certainly have no objection to that. I need to be gone from here for about an hour, and that is one of the reasons, I do not mind telling you, I am trying to get an agreement here so I will feel free to leave the floor for an hour. Perhaps we ought to just keep going here.

Mr. REID. Yes. I say to my friend from Arkansas, we will be real quick, and as soon as Senator BRYAN finishes we will work something out with the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. BRYAN. Will the distinguished Senator from Alaska yield the Senator from Nevada 10 minutes? I believe I can do it in a shorter time.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. MURKOWSKI. We are not keeping time, I would advise my friend from Nevada. So I have yielded the floor.

Mr. BRYAN. I thank the Senator.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. I thank the distinguished Senator from Alaska, and I very much appreciate his statement, which I think effectively deals with the amendment that our friend from Arkansas has offered.

Let me preface my comments while the distinguished Senator from Arkansas is in the Chamber that he noted that at the end of this Congress he will not be a candidate for reelection and this will represent his last Congress as a Member of this body. I must say that I regret the decision of the Senator from Arkansas. He has a distinguished record of public service in his own State as Governor and as a Member of this body. I have been pleased to share common cause with him on many, many issues which I believe in his public policy pronouncements are correct for the country, and he, indeed, has been a visionary in some of the things he wishes to do.

I do not quarrel for one moment with his sincerity. I know the depth of his conviction and I know them to be deeply entertained. I believe, however, that

the Senator's zeal for this issue has obscured some of the facts that I think important for us to understand before we follow the course of action that he would suggest to us.

First, I want to point out the importance of this industry to my own State and to correct what is oftentimes, because of an oversimplified presentation, an impression that is given that the industry pays no taxes. We hear this continuously in the course of the debate on the mining law of 1872.

According to the National Mining Association, the industry, coal and hard rock, paid more than $600 million in Federal taxes in 1995. The General Accounting Office issued a report recently —this is not a publication that emanates from the mining industry but a General Accounting Office report—that indicates the average tax rate for the mining industry from 1987 to 1992 was 35 percent. Now, that is compared with 23 percent for the automobile industry, 19 percent for the chemical industry, and 33 percent for the transportation industry. In Nevada alone, the gold mining industry paid more than $141 million in State and local taxes in 1995, including $32.7 million in property taxes.

So let no one who is listening to this argument be misled that the industry pays no taxes, that it is given a free ride. That simply is not true. The industry pays a substantial amount of taxes at the Federal level, at the State level, and at the local level.

This issue really is not about the depletion allowance. This is really the stalking horse for an issue which we have been debating for some years, and that is the mining law of 1872. There is no disagreement among Members that the mining law of 1872 needs to be updated and modernized. The industry recognizes that and is in agreement, and my colleague from Arkansas recognizes that. And there is, indeed, fundamental agreement on the general areas that need to be updated.

Let me just refresh my colleagues' memories and identify the issues. The industry acknowledges that a royalty needs to be paid, and they are prepared to pay a 5 percent net proceeds royalty.

Now, there is a difference as to how much the industry should pay, but there is a recognition on behalf of the industry that a net proceeds royalty tax is appropriate and the industry is prepared to pay that.

Second, there is a recognition that the mining law of 1872 needs to be changed, and those who gain access pursuant to the law of 1872 need to pay a fair market value for the surface estate, in addition to the royalty which I have just indicated. That is a second area of agreement, the fair market value.

Third, there is a fundamental recognition, if entry is gained as it is under the mining law of 1872 and there is no longer utilization of the land for that purpose, of the possibility of revert, allowing the Secretary of the Interior to revoke the authority and to reenter the lands at his discretion.

There is a recognition of the need to pay a permanent maintenance fee for every claim that is held on Federal lands, and that fee needs to be made permanent; that an abandoned mines land fund should be established, and that as part of that a reclamation requirement be imposed as well.

VISIT TO THE SENATE BY MEMBERS OF THE COLOMBIA NATIONAL SENATE

Mr. BRYAN. It is my understanding, Mr. President, that we are honored by the presence of dignitaries. I will yield the floor and simply ask unanimous consent that after their introduction, I might be recognized again for purposes of continuing my comments. If the Senate is agreeable to that, I will yield the floor.

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

Who seeks recognition? The Senator from Florida.

Mr. GRAHAM. Mr. President, first, I thank my good friend and colleague from Nevada for his generosity in allowing us to take a moment at this time to introduce some distinguished guests. I might say that Senator BRYAN visited Colombia in March of this year and I think came away with some of the same positive feelings about the country and the people that I share.

We are honored today to have visitors, members of the Colombia National Senate: First, Senator Luis Londono, the President of the Colombia National Senate; Senator Amilkar Acosta, the President-elect; Senator Luis Velez, Senator Carlos Garcia, Senator German Vargas, and Senator Luis Perez.

I present these members of the Colombia National Senate to the Members of the United States Senate.

I thank the Chair.

The PRESIDING OFFICER. The Chair thanks the Senator from Florida. We welcome our guests. We are delighted to have them here in America.

RECESS

The PRESIDING OFFICER. Without objection, the Senate will stand in recess for 3 minutes in order to greet our guests.

Thereupon, the Senate, at 7:43 p.m., recessed until 7:49 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. BROWNBACK].

REVENUE RECONCILIATION ACT OF 1997

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

AMENDMENT NO. 518

Mr. BRYAN. Mr. President, as I have indicated, there is broad agreement within the industry that the mining law of 1872 needs to be updated. There is agreement in those areas that have been identified as: 5 percent net proceeds royalty; the fair market value of the surface estate; that a reverter provision be provided so that in the event the property is no longer used for mining purposes, the Secretary of the Interior would have the right to reclaim the land for public purposes; that there be a reclamation requirement and a permanent maintenance fee as part of that reclamation. So, there is a broad agreement that the mining law of 1872 needs to be reformed.

In the context of this debate, the issue is not whether the mining law of 1872 should remain inviolate, unchanged and sacrosanct, it is a question of how it needs to be updated to reflect the realities of the latter part of the 20th century. In that respect, the mining industry has been engaged in a dialog, now, for the better part of the last decade. There is obviously disagreement as to the specifics. I am hopeful, before my colleague, the distinguished senior Senator from Arkansas, retires from this body, that we can indeed have an agreement on these issues and produce a piece of legislation that all of us can embrace.

Let me speak specifically to the provisions that are contained in the proposal of the Senator from Arkansas. He would, in effect, repeal the percentage depletion allowance as it has existed in the code, in one form or another, since 1913. A percentage depletion allowance is not, as the senior Senator from Arkansas suggests, a giveaway to the mining industry. Rather, it is a longstanding tax policy that recognizes the unique nature of the mining industry.

Congress has long recognized that the principal capital asset of a mineral producer is its mineral reserves, the ore body itself. These mineral reserves are classified as wasting assets. As the minerals are produced or sold, the mineral deposit from which they are taken is gradually exhausted. Indeed, that is the history of every mining exploration in the history of my own State. These ore bodies are not inexhaustible; they last for a finite period of time, and the tax law reflects the reality of those circumstances.

That was first recognized in 1913, when the Congress allowed a portion of the value of these assets or reserves to be deducted from taxable income to allow producers to replace that ore body, their wasting asset. So depletion is similar to the depreciation allowance for the use of physical properties. It is an allowance that allows an investor in natural resources to recover his capital outlay in the mineral through a depletion allowance to producers to simply level the playing field between those classes of taxpayers. So, although it is unique, its underlying premise, its principle is the same: to recognize that the asset is not inexhaustible, that it has a finite lifespan, and the Tax Code reflects that circumstance.