

Energy and Natural Resources of the Senate not later than 2 years after the date of the enactment of this Act.

SEC. 4. COST SHARES.

(a) *FEDERAL SHARE.*—The Federal share of the costs of the Mokelumne River Regional Water Storage and Conjunctive Use Project Study shall not exceed 50 percent of the total cost of the study.

(b) *IN-KIND CONTRIBUTIONS.*—The Secretary shall accept, as appropriate, such in-kind contributions of goods or services from the Mokelumne River Water and Power Authority as the Secretary determines will contribute to the conduct and completion of the Mokelumne River Regional Water Storage and Conjunctive Use Project Study. Goods and services accepted under this section shall be counted as part of the non-federal cost share for that study.

SEC. 5. WATER RIGHTS.

Nothing in this Act shall be construed to invalidate, preempt, or create any exception to State water law, State water rights, or Federal or State permitted activities or agreements.

SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to the Secretary \$3,000,000 for the Federal cost share of the Mokelumne River Regional Water Storage and Conjunctive Use Project Study.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. NEUGEBAUER) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) each will control 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. NEUGEBAUER).

GENERAL LEAVE

Mr. NEUGEBAUER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4045.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. NEUGEBAUER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this legislation, authored by the distinguished chairman of the Committee on Resources, the gentleman from California (Mr. POMBO), helps resolve a growing water supply problem in San Joaquin County, California. The area's water supplies are being depleted because of rapid population growth, highly significant groundwater overdraft, and saline intrusion. This situation grows worse every day.

This has prompted San Joaquin County officials to seek a more dependable and reliable water supply through extensive water development and planning studies.

H.R. 4045 authorizes limited Federal assistance to complete this effort. The project study authorized in this legislation will examine ways to capture flood flows from an area river in order to develop up to 65,000 new acre feet of water. The study will also determine whether or not the project construction is even feasible, since current water rights on the river, economic factors, and potential environmental impacts will be examined.

As passed by the Committee on Resources, this legislation also expressly protects State water law and current permits and agreements on the river.

Mr. Speaker, this bill will help provide a much needed solution to a growing water problem, and I urge my colleagues to support this legislation.

Mr. Speaker, I reserve the balance of my time.

(Mrs. CHRISTENSEN asked and was given permission to revise and extend her remarks.)

Mrs. CHRISTENSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this bill would authorize the Secretary of the Interior to work with local interests to study possible projects to stabilize groundwater levels in San Joaquin County in California.

I appreciate the efforts made by the chairman of the Committee on Resources and the author of this bill, the gentleman from California (Mr. POMBO), to accommodate the concerns of neighboring water users. Section 2 of the bill was amended in committees to allow the participation of the East Bay Municipal Utility District as this project goes through the planning stages.

We have no objection to passage of this legislation.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. NEUGEBAUER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. NEUGEBAUER) that the House suspend the rules and pass the bill, H.R. 4045, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

CREATING OFFICE OF CHIEF FINANCIAL OFFICER OF THE GOVERNMENT OF THE VIRGIN ISLANDS

Mr. NEUGEBAUER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3589) to create the Office of Chief Financial Officer of the Government of the Virgin Islands, as amended.

The Clerk read as follows:

H.R. 3589

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

SECTION 1. CHIEF FINANCIAL OFFICER OF THE VIRGIN ISLANDS.

(a) *APPOINTMENT OF CHIEF FINANCIAL OFFICER.*—

(1) *IN GENERAL.*—The Governor of the Virgin Islands shall appoint a Chief Financial Officer, with the advice and consent of the Legislature of the Virgin Islands, from the names on the list required under section 2(d). If the Governor has nominated a person for Chief Financial Officer

but the Legislature of the Virgin Islands has not confirmed a nominee within 90 days after receiving the list pursuant to section 2(d), the Governor shall appoint from such list a Chief Financial Officer on an acting basis until the Legislature consents to a Chief Financial Officer.

(2) *ACTING CHIEF FINANCIAL OFFICER.*—If a Chief Financial Officer has not been appointed under paragraph (1) within 180 days after the date of the enactment of this Act, the Virgin Islands Chief Financial Officer Search Commission, by majority vote, shall appoint from the names on the list submitted under section 2(d), an Acting Chief Financial Officer to serve in that capacity until a Chief Financial Officer is appointed under the first sentence of paragraph (1). In either case, if the Acting Chief Financial Officer serves in an acting capacity for 180 consecutive days, without further action the Acting Chief Financial Officer shall become the Chief Financial Officer.

(b) *TRANSFER OF FUNCTIONS.*—

(1) *IN GENERAL.*—Upon the appointment of a Chief Financial Officer under subsection (a), the functions of the Director of the Office of Management and Budget established under the laws of the Virgin Islands shall be transferred to the Chief Financial Officer. All employees of the Office of Management and Budget become employees of the Office of the Chief Financial Officer.

(2) *DOCUMENTS PROVIDED.*—The heads of each department of the Government of the Virgin Islands, in particular the head of the Department of Finance of the Virgin Islands and the head of the Internal Revenue Bureau of the Virgin Islands shall provide all documents and information under the jurisdiction of that head that the Chief Financial Officer considers required to carry out his or her functions to the Chief Financial Officer.

(c) *DUTIES OF CHIEF FINANCIAL OFFICER.*—The duties of the Chief Financial Officer shall include the following:

(1) Assume the functions and authority of the office of the Office of Management and Budget established under the laws of the Virgin Islands as transferred under subsection (b).

(2) Develop a report on the financial status of the Government of the Virgin Islands not later than 6 months after appointment and quarterly thereafter. Such reports shall be available to the public and shall be submitted to the Committee on Resources in the House of Representatives and the Committee on Energy and Natural Resources in the Senate.

(3) Each year certify spending limits of the annual budget and whether or not the annual budget is balanced.

(4) Monitor operations of budget for compliance with spending limits, appropriations, and laws, and direct adjustments where necessary.

(5) Develop standards for financial management, including inventory and contracting, for the government of the Virgin Islands in general and for each agency in conjunction with the agency head.

(6) Oversee all aspects of the implementation of the financial management system provided pursuant to section 3 to ensure the coordination, transparency, and networking of all agencies' financial, personnel, and budget functions.

(7) Provide technical staff to the Governor and legislature of the Virgin Islands for development of a deficit reduction and financial recovery plan.

(d) *DEPUTY CHIEF FINANCIAL OFFICER.*—Until the date that is 5 years after the date of the enactment of this Act, the position of the Director of the Office of Management and Budget of the Virgin Islands shall—

(1) have the duties, salary (as specified in subsection (f)(3)), and other conditions of the Deputy Chief Financial Officer in lieu of the duties, salary, and other conditions of the Director of the Office of Management and Budget of the Virgin Islands as such functions existed before the appointment of the Chief Financial Officer; and

(2) assist the Chief Financial Officer in carrying out the duties of the Chief Financial Officer.

(e) **CONDITIONS RELATED TO CHIEF FINANCIAL OFFICER.**—

(1) **TERM.**—The Chief Financial Officer shall be appointed for a term of 5 years.

(2) **REMOVAL.**—The Chief Financial Officer shall not be removed except for cause. An Acting Chief Financial Officer may be removed for cause or by a Chief Financial Officer appointed with the advice and consent of the Legislature of the Virgin Islands.

(3) **REPLACEMENT.**—If the Chief Financial Officer is unable to continue acting in that capacity due to removal, illness, death, or otherwise, another Chief Financial Officer shall be selected in accordance with subsection (a).

(4) **SALARY.**—The Chief Financial Officer shall be paid at a salary to be determined by the Governor of the Virgin Islands, except such rate may not be less than the highest rate of pay for a cabinet officer of the Government of the Virgin Islands or a Chief Financial Officer serving in any government or semiautonomous agency.

(f) **CONDITIONS RELATED TO DEPUTY CHIEF FINANCIAL OFFICER.**—

(1) **TERM; REMOVAL.**—The Deputy Chief Financial Officer shall serve at the pleasure of the Chief Financial Officer.

(2) **REPLACEMENT.**—If the Deputy Chief Financial Officer is unable to continue acting in that capacity due to removal, illness, death, or otherwise, another person shall be selected by the Governor of the Virgin Islands to serve as Deputy Chief Financial Officer.

(3) **SALARY.**—The Deputy Chief Financial Officer shall be paid at a salary to be determined by the Chief Financial Officer, except such rate may not be less than the rate of pay of the Director of the Office of Management and Budget.

(g) **RESUMPTION OF FUNCTIONS.**—On the date that is 5 years after the date of the enactment of this Act, the functions of the Chief Financial Officer shall be transferred to the Director of the Office of Management and Budget of the Virgin Islands.

(h) **SUNSET.**—This section shall cease to have effect after the date that is 5 years after the date of the enactment of this Act.

SEC. 2. ESTABLISHMENT OF COMMISSION.

(a) **ESTABLISHMENT.**—There is established a commission to be known as the “Virgin Islands Chief Financial Officer Search Commission”.

(b) **DUTY OF COMMISSION.**—The Commission shall recommend to the Governor not less than 3 candidates for nomination as Chief Financial Officer of the Virgin Islands. Each candidate must have demonstrated ability in general management of, knowledge of, and extensive practical experience at the highest levels of financial management in governmental or business entities and must have experience in the development, implementation, and operation of financial management systems. Candidates shall not have served in a policy making or unclassified position of the Government of the Virgin Islands in the 10 years immediately preceding appointment as Chief Financial Officer.

(c) **MEMBERSHIP.**—

(1) **NUMBER AND APPOINTMENT.**—The Commission shall be composed of 9 members appointed not later than 30 days after the date of the enactment of this Act. Persons appointed as members must have recognized business, government, or financial expertise and experience and shall be appointed as follows:

(A) 1 individual appointed by the Governor of the Virgin Islands.

(B) 1 individual appointed by the President of the Legislature of the Virgin Islands.

(C) 1 individual, who is an employee of the Government of the Virgin Islands, appointed by the Central Labor Council of the Virgin Islands.

(D) 1 individual appointed by the Chamber of Commerce of St. Thomas-St. John.

(E) 1 individual appointed by the Chamber of Commerce of St. Croix.

(F) 1 individual appointed by the President of the University of the Virgin Islands.

(G) 1 individual appointed by the Chief Judge of the Virgin Islands Territorial Court.

(H) 1 individual, who is a resident of St. John, appointed by the At-Large Member of the Legislature of the Virgin Islands.

(I) 1 individual appointed by the Advocates for the Preservation of the Retirement System.

(2) **TERMS.**—

(A) **IN GENERAL.**—Each member shall be appointed for the life of the Commission.

(B) **VACANCIES.**—A vacancy in the Commission shall be filled in the manner in which the original appointment was made. Any member appointed to fill a vacancy shall be appointed for the remainder of that term.

(3) **BASIC PAY.**—Members shall serve without pay.

(4) **QUORUM.**—Five members of the Commission shall constitute a quorum.

(5) **CHAIRPERSON.**—The Chairperson of the Commission shall be the Chief Judge of the Territorial Court or her designee and shall serve as an ex officio member of the Commission and shall vote only in the case of a tie.

(6) **MEETINGS.**—The Commission shall meet at the call of the Chairperson. The Commission shall meet for the first time not later than 15 days after all members have been appointed under this subsection.

(7) **GOVERNMENT EMPLOYMENT.**—Members may not be current government employees, except for the member appointed under paragraph (1)(C); and

(d) **REPORT; RECOMMENDATIONS.**—The Commission shall transmit a report to the Governor and the Resources Committee of the House of Representatives and the Committee on Energy and Natural Resources of the Senate not later than 60 days after its first meeting. The report shall name the Commission’s recommendations for candidates for nomination as Chief Financial Officer of the Virgin Islands.

(e) **TERMINATION.**—The Commission shall terminate 210 days after its first meeting.

SEC. 3. FINANCIAL MANAGEMENT SYSTEM.

It is hereby authorized to be appropriated such sums as necessary for the installation of a Financial Management System, including appropriate computer hardware and software, to the Government of the Virgin Islands. Upon becoming available, the financial management system shall be available to the Chief Financial Officer and, after the date that is 5 years after the date of the enactment of this Act, the Director of the Office of Management and Budget of the Virgin Islands, to assist the Chief Financial Officer or the Director of the Office of Management and Budget of the Virgin Islands, as the case may be, to carry out the official duties of that office.

SEC. 4. DEFINITIONS.

For the purposes of this Act, the following definitions apply:

(1) **CHIEF FINANCIAL OFFICER.**—In sections 1 and 2, the term “Chief Financial Officer” means a Chief Financial Officer or Acting Chief Financial Officer, as the case may be, appointed under section 1(a).

(2) **COMMISSION.**—The term “Commission” means the Virgin Islands Chief Financial Officer Search Commission established pursuant to section 2.

(3) **GOVERNOR.**—The term “Governor” means the Governor of the Virgin Islands.

(4) **REMOVAL FOR CAUSE.**—The term “removal for cause” means removal based upon misconduct, failure to meet job requirements, or any grounds that a reasonable person would find grounds for discharge.

SEC. 5. NO ABROGATION OF POWERS.

Nothing in this Act shall be construed to permit the Governor and Legislature of the Virgin Islands to dilute, delegate, or otherwise alter or weaken the powers and authority of the Office of Management and Budget established under the laws of the Virgin Islands.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Texas (Mr. NEUGEBAUER) and the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) each will control 20 minutes.

The Chair recognizes the gentleman from Texas (Mr. NEUGEBAUER).

GENERAL LEAVE

Mr. NEUGEBAUER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 3589.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. NEUGEBAUER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentlewoman from the Virgin Islands (Mrs. CHRISTENSEN) has introduced this legislation to address a potentially serious problem relating to her territory’s financial future. Her legislation, H.R. 3589, will create an Office of the Chief Financial Officer for the United States Virgin Islands.

For over a decade now, multiple factors have lead to a worsening financial outlook in this territory. Natural disasters, a gradually declining tourism industry, and the resulting spending decisions by the local government have left the U.S. Virgin Islands with significant annual deficits. Further, this territory now faces a debt totaling \$1 billion.

Given this economic instability and the worsening conditions, serious actions should be considered. For this reason, the Delegate has introduced 3589. This legislation uses local and Federal input to select an Office of the Chief Financial Officer. The CFO will tackle the difficult fiscal and related political decisions with regard to spending on these islands.

It is important to note that this individual and his or her staff will functionally be independent of the executive and legislative branches of the local government. This position will be temporary and will be empowered to stop wasteful spending and put this territory back on the track to more sound economic footing.

Without this legislation, one must worry that the Federal Government may have to take an even more serious action if this debt continues to increase. I am thus hopeful that the House can support the gentlewoman from the Virgin Islands’ (Mrs. CHRISTENSEN) bill so that we can begin to address the dire financial situation in this territory.

Finally, I would like to point out that H.R. 3589, as amended, was passed by the Committee on Resources by voice vote on July 14, and I appreciate the bipartisan work of the committee in acting quickly on this legislation.

I hope we can act in the same bipartisan fashion. I urge adoption of this bill.

Mr. Speaker, I reserve the balance of my time.

(Mrs. CHRISTENSEN asked and was given permission to revise and extend her remarks.)

Mrs. CHRISTENSEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to begin by thanking the gentleman from California (Mr. POMBO) and the ranking member, the gentleman from West Virginia (Mr. RAHALL), for their support in making it possible for H.R. 3589 to get through the committee and be on the floor of the House today. I am really heartened by the support I received from both sides of the leadership and the members of my committee, the hard work of the staff, as well as from the gentlewoman from the District of Columbia (Ms. NORTON), and members of the Congressional Black Caucus on this issue, which I believe to be important to the short and long term well-being of the Virgin Islands.

I want to thank the ranking member, the gentleman from West Virginia (Mr. RAHALL), for standing shoulder to shoulder with me on this issue in the face of significant opposition and insisting that my bill be a top priority of the Democratic Caucus of our committee.

Mr. Speaker, today is a day of great moment for the people of the Virgin Islands and for me because with passage of this bill we are a significant step closer to achieving a goal to put in place a mechanism to address the fiscal challenges that continue to face our territory. Many Members' districts have been in similar situations, and Members have addressed them in similar ways.

I have introduced this bill before us today, H.R. 3589, because throughout my tenure as the Representative of the people of the Virgin Islands in the House of Representatives, I have seen the territory's fiscal condition come dangerously close to collapse on several occasions.

In the absence of any similar local action being taken, I believe that the only course to reverse this trend is to create an office with the independence and the authority to help us exercise the fiscal restraint and better fiscal management of both Federal and local funds, something all of our local leadership agrees must be done.

Mr. Speaker, it has not been easy for me to watch the fiscal health of the territory steadily decline since I have been in office. Since the middle 1990s, successive administrations and legislatures have, for good reason, not been able to maintain sound fiscal management and financial policies.

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While some of the reasons for this condition have been outside of our control, such as recurrent catastrophic hurricanes and the tax cuts and credits passed by Congress, much of the blame for this condition can be traced to the

unfortunate reality that the territory's managers and lawmakers have not substantively addressed the imbalance between the needs and demands of the community and its revenues.

It was not, and still is not, my intention in introducing H.R. 3589 to cast aspersions on the fiscal policies of the current administration or the legislature or past ones. However, I feel very strongly that I could not sit idly by while we continue to face fiscal crisis after fiscal crisis without offering some solution to temper or soften the difficult decisions that we ourselves, not the Federal Government, have to make to get us out of this roller-coaster approach to managing our fiscal affairs.

Nevertheless, in taking this action, I was opposed by the governor and lieutenant governor, as well as my party leadership back home, who disagreed with this approach. A resolution that went so far as to condemn my action was passed by the Members of the 25th legislature, but the people of the Virgin Islands, who have long called for accountability and transparency in our government, have supported this bill strongly from the outset.

As I reflect on what led me to this point today, I am reminded of a quote by Dr. Martin Luther King, Jr., which was brought to my attention by a local attorney, in which Dr. King said, "The ultimate measure of a man is not where he," or she, I would say, "stands in moments of comfort and convenience, but where they stand in times of challenge and controversy."

Mr. Speaker, we are indeed facing challenging and difficult times in the Virgin Islands. The actions of those of us in leadership today will have profound effects for our future.

While H.R. 3589 will not be a panacea or solve all of our problems, it will help to keep our finances in order and prevent us from sinking further into a fiscal black hole.

I urge my colleagues to support this bill, and I again want to thank the gentleman from California (Chairman POMBO) and the gentleman from West Virginia (Ranking Member RAHALL) and the staff.

Mr. Speaker, I yield back the balance of my time.

Mr. NEUGEBAUER. Mr. Speaker, I yield myself such time as I may consume.

I would just like to commend the gentlewoman for bringing this solution forward and for taking on the responsibility of representing and making sure that the folks in her island are represented correctly.

So I commend her for that and for her great work on this.

Mr. RAHALL. Mr. Speaker, in my capacity as the Ranking Democratic Member of the Resources Committee, I would like to register my strong support of H.R. 3589, to create the office of chief financial officer for the territory of the U.S. Virgin Islands. I commend the gentlewoman from the U.S. Virgin Islands, DONNA CHRISTENSEN, for her tireless work in getting this legislation to the floor for our consideration.

As has been noted this evening, the financial condition of the Virgin Islands is in trouble. Skyrocketing deficits coupled with inadequate fiscal controls have left the local government struggling to provide basic services to the people of the Virgin Islands.

The potential financial insolvency of the territory did not occur overnight. Nevertheless the introduction of this measure, by the distinguished representative of the Virgin Islands, DONNA CHRISTENSEN, was still met with controversy and opposition from many local political leaders.

DONNA CHRISTENSEN has made it clear that this legislation is something that she would rather not have done, but the circumstances of her territory have made the choices for her. She is a brave woman for fighting for what she believes is in the best interest of her constituents and for her island and she should be commended.

Virgin Islands history will show that this legislation was a turning point in the fundamental approach that the territory handles its financial affairs. Indeed, this evening may one day be looked upon by the residents of the Virgin Islands as one of those rare moments when history itself seemed to hold its breath. When the voice of the people, on that beautiful Caribbean island, rose louder and louder and thundered over various political obstacles and was heard, and acted upon, in this hallowed chamber that is the U.S. House of Representatives.

I have said it before, and I will say it again this evening. When the next chapter in Profiles in Courage is written, it will be about the gentlewoman from the Virgin Islands, DONNA CHRISTENSEN.

I urge my colleagues to support favorable passage by this body of H.R. 3589.

Mr. NEUGEBAUER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. TERRY). The question is on the motion offered by the gentleman from Texas (Mr. NEUGEBAUER) that the House suspend the rules and pass the bill, H.R. 3589, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

MOTION TO INSTRUCT CONFEREES ON H.R. 1308, TAX RELIEF, SIMPLIFICATION, AND EQUITY ACT OF 2003

Mr. MOORE. Mr. Speaker, I offer a motion to instruct.

The SPEAKER pro tempore. The Clerk will report the motion.

The Clerk read as follows:

Mr. Moore moves that the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the House amendment to the Senate amendment to the bill H.R. 1308 be instructed to agree, to the maximum extent possible within the scope of conference, to a conference report that—

(1) extends the tax relief provisions which expire at the end of 2004, and

(2) does not increase the federal budget deficit.

The SPEAKER pro tempore. Pursuant to clause 7 of rule XXII, the gentleman from Kansas (Mr. MOORE) and