

Union Calendar No. 224

105<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**H. R. 2621**

[Report No. 105-340, Part I]

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## **A BILL**

To extend trade authorities procedures with respect to reciprocal trade agreements, and for other purposes.

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NOVEMBER 4, 1997

Committee on Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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### IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 1997

Mr. ARCHER (for himself, Mr. CRANE, and Mr. DREIER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

OCTOBER 23, 1997

Reported from the Committee on Ways and Means with an amendment  
[Strike out all after the enacting clause and insert the part printed in *italic*]

OCTOBER 23, 1997

Referral to the Committee on Rules extended for a period ending not later than November 4, 1997

NOVEMBER 4, 1997

Committee on Rules discharged; committed to the Committee of the Whole House on the State of the Union and ordered to be printed  
[For text of introduced bill, see copy of bill as introduced on June 23, 1997]

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## A BILL

To extend trade authorities procedures with respect to reciprocal trade agreements, and for other purposes.

1        *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3        **TITLE I—TRADE AUTHORITIES**  
4                                    **PROCEDURES**

5        **SEC. 101. SHORT TITLE.**

6                *This title may be cited as the “Reciprocal Trade Agree-*  
7 *ment Authorities Act of 1997”.*

8        **SEC. 102. TRADE NEGOTIATING OBJECTIVES.**

9                *(a) OVERALL TRADE NEGOTIATING OBJECTIVES.—The*  
10 *overall trade negotiating objectives of the United States for*  
11 *agreements subject to the provisions of section 103 are—*

12                    *(1) to obtain more open, equitable, and recip-*  
13 *rocal market access;*

14                    *(2) to obtain the reduction or elimination of bar-*  
15 *riers and distortions that are directly related to trade*  
16 *and that decrease market opportunities for United*  
17 *States exports or otherwise distort United States*  
18 *trade;*

19                    *(3) to further strengthen the system of inter-*  
20 *national trading disciplines and procedures, includ-*  
21 *ing dispute settlement; and*

22                    *(4) to foster economic growth, raise living stand-*  
23 *ards, and promote full employment in the United*  
24 *States and to enhance the global economy.*

25                *(b) PRINCIPAL TRADE NEGOTIATING OBJECTIVES.—*

1           (1) *TRADE BARRIERS AND DISTORTIONS.*—*The*  
2           *principal negotiating objectives of the United States*  
3           *regarding trade barriers and other trade distortions*  
4           *are—*

5                     *(A) to expand competitive market opportu-*  
6                     *nities for United States exports and to obtain*  
7                     *fairer and more open conditions of trade by re-*  
8                     *ducing or eliminating tariff and nontariff bar-*  
9                     *riers and policies and practices of foreign gov-*  
10                    *ernments directly related to trade that decrease*  
11                    *market opportunities for United States exports*  
12                    *or otherwise distort United States trade; and*

13                    *(B) to obtain reciprocal tariff and nontariff*  
14                    *barrier elimination agreements, with particular*  
15                    *attention to those tariff categories covered in sec-*  
16                    *tion 111(b) of the Uruguay Round Agreements*  
17                    *Act (19 U.S.C. 3521(b)).*

18           (2) *TRADE IN SERVICES.*—*The principal nego-*  
19           *tiating objective of the United States regarding trade*  
20           *in services is to reduce or eliminate barriers to inter-*  
21           *national trade in services, including regulatory and*  
22           *other barriers that deny national treatment or unrea-*  
23           *sonably restrict the establishment or operations of*  
24           *service suppliers.*

1           (3) *FOREIGN INVESTMENT.*—*The principal nego-*  
2           *tiating objective of the United States regarding for-*  
3           *oreign investment is to reduce or eliminate artificial or*  
4           *trade-distorting barriers to trade related foreign in-*  
5           *vestment by—*

6                   (A) *reducing or eliminating exceptions to*  
7                   *the principle of national treatment;*

8                   (B) *freeing the transfer of funds relating to*  
9                   *investments;*

10                  (C) *reducing or eliminating performance re-*  
11                  *quirements and other unreasonable barriers to*  
12                  *the establishment and operation of investments;*

13                  (D) *seeking to establish standards for expro-*  
14                  *priation and compensation for expropriation,*  
15                  *consistent with United States legal principles*  
16                  *and practice; and*

17                  (E) *providing meaningful procedures for re-*  
18                  *solving investment disputes.*

19           (4) *INTELLECTUAL PROPERTY.*—*The principal*  
20           *negotiating objectives of the United States regarding*  
21           *trade-related intellectual property are—*

22                   (A) *to further promote adequate and effec-*  
23                   *tive protection of intellectual property rights, in-*  
24                   *cluding through—*

1           *(i)(I) ensuring accelerated and full im-*  
2           *plementation of the Agreement on Trade-Related*  
3           *Aspects of Intellectual Property Rights*  
4           *referred to in section 101(d)(15) of the Uru-*  
5           *guay Round Agreements Act (19 U.S.C.*  
6           *3511(d)(15)), particularly with respect to*  
7           *United States industries whose products are*  
8           *subject to the lengthiest transition periods*  
9           *for full compliance by developing countries*  
10          *with that Agreement, and*

11          *(II) ensuring that the provisions of*  
12          *any multilateral or bilateral trade agree-*  
13          *ment entered into by the United States pro-*  
14          *vide protection at least as strong as the pro-*  
15          *tection afforded by chapter 17 of the North*  
16          *American Free Trade Agreement and the*  
17          *annexes thereto;*

18          *(ii) providing strong protection for*  
19          *new and emerging technologies and new*  
20          *methods of transmitting and distributing*  
21          *products embodying intellectual property;*

22          *(iii) preventing or eliminating dis-*  
23          *crimination with respect to matters affect-*  
24          *ing the availability, acquisition, scope,*

1 maintenance, use, and enforcement of intel-  
2 lectual property rights; and

3 (iv) providing strong enforcement of  
4 intellectual property rights, including  
5 through accessible, expeditious, and effective  
6 civil, administrative, and criminal enforce-  
7 ment mechanisms; and

8 (B) to secure fair, equitable, and non-  
9 discriminatory market access opportunities for  
10 United States persons that rely upon intellectual  
11 property protection.

12 (5) *TRANSPARENCY*.—The principal negotiating  
13 objective of the United States with respect to trans-  
14 parency is to obtain broader application of the prin-  
15 ciple of transparency through—

16 (A) increased and more timely public access  
17 to information regarding trade issues and the ac-  
18 tivities of international trade institutions; and

19 (B) increased openness of dispute settlement  
20 proceedings, including under the World Trade  
21 Organization.

22 (6) *RECIPROCAL TRADE IN AGRICULTURE*.—The  
23 principal negotiating objective of the United States  
24 with respect to agriculture is to obtain competitive  
25 opportunities for United States exports in foreign

1 *markets substantially equivalent to the competitive*  
2 *opportunities afforded foreign exports in United*  
3 *States markets and to achieve fairer and more open*  
4 *conditions of trade in bulk and value-added commod-*  
5 *ities by—*

6 *(A) reducing or eliminating, by a date cer-*  
7 *tain, tariffs or other charges that decrease mar-*  
8 *ket opportunities for United States exports—*

9 *(i) giving priority to those products*  
10 *that are subject to significantly higher tar-*  
11 *iffs or subsidy regimes of major producing*  
12 *countries; and*

13 *(ii) providing reasonable adjustment*  
14 *periods for United States import-sensitive*  
15 *products, in close consultation with the*  
16 *Congress on such products before initiating*  
17 *tariff reduction negotiations;*

18 *(B) reducing or eliminating subsidies that*  
19 *decrease market opportunities for United States*  
20 *exports or unfairly distort agriculture markets to*  
21 *the detriment of the United States;*

22 *(C) developing, strengthening, and clarify-*  
23 *ing rules and effective dispute settlement mecha-*  
24 *nisms to eliminate practices that unfairly de-*  
25 *crease United States market access opportunities*

1            *or distort agricultural markets to the detriment*  
2            *of the United States, particularly with respect to*  
3            *import-sensitive products, including—*

4                    *(i) unfair or trade-distorting activities*  
5                    *of state trading enterprises and other ad-*  
6                    *ministrative mechanisms, with emphasis on*  
7                    *requiring price transparency in the oper-*  
8                    *ation of state trading enterprises and such*  
9                    *other mechanisms;*

10                   *(ii) unjustified trade restrictions or*  
11                   *commercial requirements affecting new tech-*  
12                   *nologies, including biotechnology;*

13                   *(iii) unjustified sanitary or*  
14                   *phytosanitary restrictions, including those*  
15                   *not based on scientific principles in con-*  
16                   *travention of the Uruguay Round Agree-*  
17                   *ments;*

18                   *(iv) other unjustified technical barriers*  
19                   *to trade; and*

20                   *(v) restrictive rules in the administra-*  
21                   *tion of tariff rate quotas;*

22                   *(D) improving import relief mechanisms to*  
23                   *recognize the unique characteristics of perishable*  
24                   *agriculture;*

1           (E) taking into account whether a party to  
2           the negotiations has failed to adhere to the provi-  
3           sions of already existing trade agreements with  
4           the United States or has circumvented obliga-  
5           tions under those agreements;

6           (F) taking into account whether a product  
7           is subject to market distortions by reason of a  
8           failure of a major producing country to adhere  
9           to the provisions of already existing trade agree-  
10          ments with the United States or by the cir-  
11          cumvention by that country of its obligations  
12          under those agreements; and

13          (G) otherwise ensuring that countries that  
14          accede to the World Trade Organization have  
15          made meaningful market liberalization commit-  
16          ments in agriculture.

17          (7) *LABOR, THE ENVIRONMENT, AND OTHER*  
18          *MATTERS.*—The principal negotiating objective of the  
19          United States regarding labor, the environment, and  
20          other matters is to address the following aspects of  
21          foreign government policies and practices regarding  
22          labor, the environment, and other matters that are di-  
23          rectly related to trade:

24                 (A) To ensure that foreign labor, environ-  
25                 mental, health, or safety policies and practices

1           *do not arbitrarily or unjustifiably discriminate*  
2           *or serve as disguised barriers to trade.*

3           *(B) To ensure that foreign governments do*  
4           *not derogate from or waive existing domestic en-*  
5           *vironmental, health, safety, or labor measures,*  
6           *including measures that deter exploitative child*  
7           *labor, as an encouragement to gain competitive*  
8           *advantage in international trade or investment.*  
9           *Nothing in this subparagraph is intended to ad-*  
10          *dress changes to a country's laws that are con-*  
11          *sistent with sound macroeconomic development.*

12          *(8) WTO EXTENDED NEGOTIATIONS.—The prin-*  
13          *cipal negotiating objectives of the United States re-*  
14          *garding trade in financial services are those set forth*  
15          *in section 135(a) of the Uruguay Round Agreements*  
16          *Act (19 U.S.C. 3555(a)), regarding trade in civil air-*  
17          *craft are those set forth in section 135(c) of that Act,*  
18          *and regarding rules of origin are the conclusion of an*  
19          *agreement described in section 132 of that Act (19*  
20          *U.S.C. 3552).*

21          *(c) INTERNATIONAL ECONOMIC POLICY OBJECTIVES.—*

22                 *(1) IN GENERAL.—The President should take*  
23                 *into account the relationship between trade agree-*  
24                 *ments and other important priorities of the United*  
25                 *States and seek to ensure that the trade agreements*

1        *entered into by the United States complement and re-*  
2        *inforce other policy goals. The United States prior-*  
3        *ities in this area include—*

4                *(A) seeking to ensure that trade and envi-*  
5                *ronmental policies are mutually supportive;*

6                *(B) seeking to protect and preserve the envi-*  
7                *ronment and enhance the international means*  
8                *for doing so, while optimizing the use of the*  
9                *world's resources;*

10               *(C) promoting respect for worker rights and*  
11               *the rights of children and an understanding of*  
12               *the relationship between trade and worker rights,*  
13               *particularly by working with the International*  
14               *Labor Organization to encourage the observance*  
15               *and enforcement of core labor standards, includ-*  
16               *ing the prohibition on exploitative child labor;*  
17               *and*

18               *(D) supplementing and strengthening*  
19               *standards for protection of intellectual property*  
20               *under conventions administered by international*  
21               *organizations other than the World Trade Orga-*  
22               *nization, expanding these conventions to cover*  
23               *new and emerging technologies, and eliminating*  
24               *discrimination and unreasonable exceptions or*  
25               *preconditions to such protection.*

1           (2) *APPLICABILITY OF TRADE AUTHORITIES PRO-*  
2           *CEDURES.—Nothing in this subsection shall be con-*  
3           *strued to authorize the use of the trade authorities*  
4           *procedures described in section 103 to modify United*  
5           *States law.*

6           (d) *GUIDANCE FOR NEGOTIATORS.—*

7           (1) *DOMESTIC OBJECTIVES.—In pursuing the*  
8           *negotiating objectives described in subsection (b), the*  
9           *negotiators on behalf of the United States shall take*  
10           *into account United States domestic objectives, in-*  
11           *cluding the protection of health and safety, essential*  
12           *security, environmental, consumer, and employment*  
13           *opportunity interests, and the law and regulations re-*  
14           *lated thereto.*

15           (2) *CONSULTATIONS WITH CONGRESSIONAL AD-*  
16           *VISERS AND ENFORCEMENT OF THE TRADE LAWS.—*  
17           *In the course of negotiations conducted under this*  
18           *title, the United States Trade Representative shall—*

19                   (A) *consult closely and on a timely basis*  
20                   *with, and keep fully apprised of the negotiations,*  
21                   *the congressional advisers on trade policy and*  
22                   *negotiations appointed under section 161 of the*  
23                   *Trade Act of 1974; and*

24                   (B) *preserve the ability of the United States*  
25                   *to enforce rigorously its trade laws, including the*

1           *antidumping and countervailing duty laws, and*  
2           *avoid agreements which lessen the effectiveness of*  
3           *domestic and international disciplines on unfair*  
4           *trade, especially dumping and subsidies, in order*  
5           *to ensure that United States workers, agricul-*  
6           *tural producers, and firms can compete fully on*  
7           *fair terms and enjoy the benefits of reciprocal*  
8           *trade concessions.*

9           *(e) ADHERENCE TO OBLIGATIONS UNDER URUGUAY*  
10          *ROUND AGREEMENTS.—In determining whether to enter*  
11          *into negotiations with a particular country, the President*  
12          *shall take into account the extent to which that country has*  
13          *implemented, or has accelerated the implementation of, its*  
14          *obligations under the Uruguay Round Agreements.*

15          **SEC. 103. TRADE AGREEMENTS AUTHORITY.**

16          *(a) AGREEMENTS REGARDING TARIFF BARRIERS.—*  
17                  *(1) IN GENERAL.—Whenever the President deter-*  
18                  *mines that one or more existing duties or other im-*  
19                  *port restrictions of any foreign country or the United*  
20                  *States are unduly burdening and restricting the for-*  
21                  *ign trade of the United States and that the purposes,*  
22                  *policies, and objectives of this title will be promoted*  
23                  *thereby, the President—*

24                          *(A) may enter into trade agreements with*  
25                          *foreign countries before—*

1                   (i) *October 1, 2001, or*

2                   (ii) *October 1, 2005, if trade authori-*  
3                   *ties procedures are extended under sub-*  
4                   *section (c), and*

5                   (B) *may, subject to paragraphs (2) and (3),*  
6                   *proclaim—*

7                   (i) *such modification or continuance of*  
8                   *any existing duty,*

9                   (ii) *such continuance of existing duty-*  
10                  *free or excise treatment, or*

11                  (iii) *such additional duties,*

12                  *as the President determines to be required or ap-*  
13                  *propriate to carry out any such trade agreement.*

14                  *The President shall notify the Congress of the*  
15                  *President's intention to enter into an agreement*  
16                  *under this subsection.*

17                  (2) *LIMITATIONS.—No proclamation may be*  
18                  *made under paragraph (1) that—*

19                         (A) *reduces any rate of duty (other than a*  
20                         *rate of duty that does not exceed 5 percent ad va-*  
21                         *lorem on the date of the enactment of this Act)*  
22                         *to a rate of duty which is less than 50 percent*  
23                         *of the rate of such duty that applies on such date*  
24                         *of enactment;*

1           (B) reduces the rate of duty on an article  
2 to take effect on a date that is more than 10  
3 years after the first reduction that is proclaimed  
4 to carry out a trade agreement with respect to  
5 such article; or

6           (C) increases any rate of duty above the  
7 rate that applied on January 1, 1996.

8           (3) *AGGREGATE REDUCTION; EXEMPTION FROM*  
9 *STAGING.*—

10           (A) *AGGREGATE REDUCTION.*—*Except as*  
11 *provided in subparagraph (B), the aggregate re-*  
12 *duction in the rate of duty on any article which*  
13 *is in effect on any day pursuant to a trade*  
14 *agreement entered into under paragraph (1)*  
15 *shall not exceed the aggregate reduction which*  
16 *would have been in effect on such day if—*

17                   (i) a reduction of 3 percent *ad valorem*  
18                   or a reduction of one-tenth of the total re-  
19                   duction, whichever is greater, had taken ef-  
20                   fect on the effective date of the first reduc-  
21                   tion proclaimed under paragraph (1) to  
22                   carry out such agreement with respect to  
23                   such article; and

24                   (ii) a reduction equal to the amount  
25                   applicable under clause (i) had taken effect

1                   at 1-year intervals after the effective date of  
2                   such first reduction.

3                   (B) *EXEMPTION FROM STAGING.*—No stag-  
4                   ing is required under subparagraph (A) with re-  
5                   spect to a duty reduction that is proclaimed  
6                   under paragraph (1) for an article of a kind  
7                   that is not produced in the United States. The  
8                   United States International Trade Commission  
9                   shall advise the President of the identity of arti-  
10                  cles that may be exempted from staging under  
11                  this subparagraph.

12                  (4) *ROUNDING.*—If the President determines that  
13                  such action will simplify the computation of reduc-  
14                  tions under paragraph (3), the President may round  
15                  an annual reduction by an amount equal to the lesser  
16                  of—

17                         (A) the difference between the reduction  
18                         without regard to this paragraph and the next  
19                         lower whole number; or

20                         (B) one-half of 1 percent *ad valorem*.

21                  (5) *OTHER LIMITATIONS.*—A rate of duty reduc-  
22                  tion that may not be proclaimed by reason of para-  
23                  graph (2) may take effect only if a provision author-  
24                  izing such reduction is included within an imple-

1 *menting bill provided for under section 105 and that*  
2 *bill is enacted into law.*

3 (6) *OTHER TARIFF MODIFICATIONS.—Notwith-*  
4 *standing paragraphs (1)(B) and (2) through (5), and*  
5 *subject to the consultation and layover requirements*  
6 *of section 115 of the Uruguay Round Agreements Act,*  
7 *the President may proclaim the modification of any*  
8 *duty or staged rate reduction of any duty set forth in*  
9 *Schedule XX, as defined in section 2(5) of that Act,*  
10 *if the United States agrees to such modification or*  
11 *staged rate reduction in a negotiation for the recip-*  
12 *rocal elimination or harmonization of duties under*  
13 *the auspices of the World Trade Organization or as*  
14 *part of an interim agreement leading to the forma-*  
15 *tion of a regional free-trade area.*

16 (7) *AUTHORITY UNDER URUGUAY ROUND AGREE-*  
17 *MENTS ACT NOT AFFECTED.—Nothing in this sub-*  
18 *section shall limit the authority provided to the Presi-*  
19 *dent under section 111(b) of the Uruguay Round*  
20 *Agreements Act (19 U.S.C. 3521(b)).*

21 (b) *AGREEMENTS REGARDING TARIFF AND NONTARIFF*  
22 *BARRIERS.—*

23 (1) *IN GENERAL.—(A) Whenever the President*  
24 *determines that—*

1           *(i) one or more existing duties or any other*  
2           *import restriction of any foreign country or the*  
3           *United States or any other barrier to, or other*  
4           *distortion of, international trade unduly burdens*  
5           *or restricts the foreign trade of the United States*  
6           *or adversely affects the United States economy,*  
7           *or*

8           *(ii) the imposition of any such barrier or*  
9           *distortion is likely to result in such a burden, re-*  
10          *striction, or effect,*

11          *and that the purposes, policies, and objectives of this*  
12          *title will be promoted thereby, the President may*  
13          *enter into a trade agreement described in subpara-*  
14          *graph (B) during the period described in subpara-*  
15          *graph (C).*

16          *(B) The President may enter into a trade agree-*  
17          *ment under subparagraph (A) with foreign countries*  
18          *providing for—*

19                 *(i) the reduction or elimination of a duty,*  
20                 *restriction, barrier, or other distortion described*  
21                 *in subparagraph (A), or*

22                 *(ii) the prohibition of, or limitation on the*  
23                 *imposition of, such barrier or other distortion.*

24          *(C) The President may enter into a trade agree-*  
25          *ment under this paragraph before—*

1           (i) *October 1, 2001, or*

2           (ii) *October 1, 2005, if trade authorities*  
3           *procedures are extended under subsection (c).*

4           (2) *CONDITIONS.—A trade agreement may be en-*  
5           *tered into under this subsection only if such agree-*  
6           *ment makes progress in meeting the applicable objec-*  
7           *tives described in section 102 and the President satis-*  
8           *fies the conditions set forth in section 104.*

9           (3) *BILLS QUALIFYING FOR TRADE AUTHORITIES*  
10          *PROCEDURES.—The provisions of section 151 of the*  
11          *Trade Act of 1974 (in this title referred to as “trade*  
12          *authorities procedures”) apply to a bill of either*  
13          *House of Congress consisting only of—*

14                (A) *a provision approving a trade agree-*  
15                *ment entered into under this subsection and ap-*  
16                *proving the statement of administrative action,*  
17                *if any, proposed to implement such trade agree-*  
18                *ment,*

19                (B) *provisions directly related to the prin-*  
20                *cipal trade negotiating objectives set forth in sec-*  
21                *tion 102(b) achieved in such trade agreement, if*  
22                *those provisions are necessary for the operation*  
23                *or implementation of United States rights or ob-*  
24                *ligations under such trade agreement,*

1           (C) provisions that define and clarify, or  
2 provisions that are related to, the operation or  
3 effect of the provisions of the trade agreement,

4           (D) provisions to provide adjustment assist-  
5 ance to workers and firms adversely affected by  
6 trade, and

7           (E) provisions necessary for purposes of  
8 complying with section 252 of the Balanced  
9 Budget and Emergency Deficit Control Act of  
10 1985 in implementing the trade agreement,

11 to the same extent as such section 151 applies to im-  
12 plementing bills under that section. A bill to which  
13 this subparagraph applies shall hereafter in this title  
14 be referred to as an “implementing bill”.

15       (c) *EXTENSION DISAPPROVAL PROCESS FOR CONGRES-*  
16 *SIONAL TRADE AUTHORITIES PROCEDURES.*—

17           (1) *IN GENERAL.*—*Except as provided in section*  
18 *105(b)*—

19           (A) the trade authorities procedures apply  
20 to implementing bills submitted with respect to  
21 trade agreements entered into under subsection  
22 (b) before October 1, 2001; and

23           (B) the trade authorities procedures shall be  
24 extended to implementing bills submitted with  
25 respect to trade agreements entered into under

1            *subsection (b) after September 30, 2001, and be-*  
2            *fore October 1, 2005, if (and only if)—*

3                    *(i) the President requests such exten-*  
4                    *sion under paragraph (2); and*

5                    *(ii) neither House of the Congress*  
6                    *adopts an extension disapproval resolution*  
7                    *under paragraph (5) before October 1, 2001.*

8            *(2) REPORT TO CONGRESS BY THE PRESI-*  
9            *DENT.—If the President is of the opinion that the*  
10           *trade authorities procedures should be extended to im-*  
11           *plementing bills described in paragraph (1)(B), the*  
12           *President shall submit to the Congress, not later than*  
13           *July 1, 2001, a written report that contains a request*  
14           *for such extension, together with—*

15                    *(A) a description of all trade agreements*  
16                    *that have been negotiated under subsection (b)*  
17                    *and the anticipated schedule for submitting such*  
18                    *agreements to the Congress for approval;*

19                    *(B) a description of the progress that has*  
20                    *been made in negotiations to achieve the pur-*  
21                    *poses, policies, and objectives of this title, and a*  
22                    *statement that such progress justifies the con-*  
23                    *tinuation of negotiations; and*

24                    *(C) a statement of the reasons why the ex-*  
25                    *tension is needed to complete the negotiations.*

1           (3) *REPORT TO CONGRESS BY THE ADVISORY*  
2           *COMMITTEE.—The President shall promptly inform*  
3           *the Advisory Committee for Trade Policy and Nego-*  
4           *tiations established under section 135 of the Trade*  
5           *Act of 1974 (19 U.S.C. 2155) of the President’s deci-*  
6           *sion to submit a report to the Congress under para-*  
7           *graph (2). The Advisory Committee shall submit to*  
8           *the Congress as soon as practicable, but not later than*  
9           *August 1, 2001, a written report that contains—*

10                   (A) *its views regarding the progress that*  
11                   *has been made in negotiations to achieve the*  
12                   *purposes, policies, and objectives of this title; and*

13                   (B) *a statement of its views, and the rea-*  
14                   *sons therefor, regarding whether the extension re-*  
15                   *quested under paragraph (2) should be approved*  
16                   *or disapproved.*

17           (4) *REPORTS MAY BE CLASSIFIED.—The reports*  
18           *submitted to the Congress under paragraphs (2) and*  
19           *(3), or any portion of such reports, may be classified*  
20           *to the extent the President determines appropriate.*

21           (5) *EXTENSION DISAPPROVAL RESOLUTIONS.—*

22           (A) *For purposes of paragraph (1), the term “exten-*  
23           *sion disapproval resolution” means a resolution of ei-*  
24           *ther House of the Congress, the sole matter after the*  
25           *resolving clause of which is as follows: “That the \_\_\_\_\_*

1 *disapproves the request of the President for the exten-*  
2 *sion, under section 103(c)(1)(B)(i) of the Reciprocal*  
3 *Trade Agreement Authorities Act of 1997, of the pro-*  
4 *visions of section 151 of the Trade Act of 1974 to any*  
5 *implementing bill submitted with respect to any trade*  
6 *agreement entered into under section 103(b) of the Re-*  
7 *ciprocal Trade Agreement Authorities Act of 1997*  
8 *after September 30, 2001.”, with the blank space*  
9 *being filled with the name of the resolving House of*  
10 *the Congress.*

11 *(B) Extension disapproval resolutions—*

12 *(i) may be introduced in either House of the*  
13 *Congress by any member of such House; and*

14 *(ii) shall be referred, in the House of Rep-*  
15 *resentatives, to the Committee on Ways and*  
16 *Means and, in addition, to the Committee on*  
17 *Rules.*

18 *(C) The provisions of sections 152(d) and (e) of*  
19 *the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))*  
20 *(relating to the floor consideration of certain resolu-*  
21 *tions in the House and Senate) apply to extension*  
22 *disapproval resolutions.*

23 *(D) It is not in order for—*

1           (i) the Senate to consider any extension dis-  
2           approval resolution not reported by the Commit-  
3           tee on Finance;

4           (ii) the House of Representatives to consider  
5           any extension disapproval resolution not re-  
6           ported by the Committee on Ways and Means  
7           and, in addition, by the Committee on Rules; or

8           (iii) either House of the Congress to con-  
9           sider an extension disapproval resolution after  
10          September 30, 2001.

11 **SEC. 104. CONSULTATIONS.**

12          (a) *NOTICE AND CONSULTATION BEFORE NEGOTIA-*  
13 *TION.—*

14           (1) *IN GENERAL.—The President, with respect to*  
15 *any agreement that is subject to the provisions of sec-*  
16 *tion 103(b), shall—*

17           (A) *provide, at least 90 calendar days before*  
18 *initiating negotiations, written notice to the*  
19 *Congress of the President's intention to enter*  
20 *into the negotiations and set forth therein the*  
21 *date the President intends to initiate such nego-*  
22 *tiations, the specific United States objectives for*  
23 *the negotiations, and whether the President in-*  
24 *tends to seek an agreement, or changes to an ex-*  
25 *isting agreement; and*

1           (B) before and after submission of the no-  
2           tice, consult regarding the negotiations with the  
3           Committee on Finance of the Senate and the  
4           Committee on Ways and Means of the House of  
5           Representatives and such other committees of the  
6           House and Senate as the President deems appro-  
7           priate.

8           (2) CONSULTATIONS REGARDING NEGOTIATIONS  
9           ON CERTAIN OBJECTIVES.—

10           (A) CONSULTATION.—In addition to the re-  
11           quirements set forth in paragraph (1), before ini-  
12           tiating negotiations with respect to a trade  
13           agreement subject to section 103(b) where the  
14           subject matter of such negotiations is directly re-  
15           lated to the principal trade negotiating objectives  
16           set forth in section 102(b)(1) or section  
17           102(b)(7), the President shall consult with the  
18           Committee on Ways and Means of the House of  
19           Representatives and the Committee on Finance  
20           of the Senate and with the appropriate advisory  
21           groups established under section 135 of the Trade  
22           Act of 1974 with respect to such negotiations.

23           (B) SCOPE.—The consultations described in  
24           subparagraph (A) shall concern the manner in  
25           which the negotiation will address the objective

1           *of reducing or eliminating a specific tariff or*  
2           *nontariff barrier or foreign government policy or*  
3           *practice directly related to trade that decreases*  
4           *market opportunities for United States exports*  
5           *or otherwise distorts United States trade.*

6           (3) *NEGOTIATIONS REGARDING AGRICULTURE.—*

7           *Before initiating negotiations the subject matter of*  
8           *which is directly related to the subject matter under*  
9           *section 102(b)(6)(A) with any country, the President*  
10          *shall assess whether United States tariffs on agri-*  
11          *culture products that were bound under the Uruguay*  
12          *Round Agreements are lower than the tariffs bound*  
13          *by that country. In addition, the President shall con-*  
14          *sider whether the tariff levels bound and applied*  
15          *throughout the world with respect to imports from the*  
16          *United States are higher than United States tariffs*  
17          *and whether the negotiation provides an opportunity*  
18          *to address any such disparity. The President shall*  
19          *consult with the Committee on Ways and Means and*  
20          *the Committee on Agriculture of the House of Rep-*  
21          *resentatives and the Committee on Finance and the*  
22          *Committee on Agriculture, Nutrition, and Forestry of*  
23          *the Senate concerning the results of the assessment,*  
24          *whether it is appropriate for the United States to*  
25          *agree to further tariff reductions based on the conclu-*

1        *sions reached in the assessment, and how all applica-*  
2        *ble negotiating objectives will be met.*

3        *(b) CONSULTATION WITH CONGRESS BEFORE AGREE-*  
4        *MENTS ENTERED INTO.—*

5            *(1) CONSULTATION.—Before entering into any*  
6        *trade agreement under section 103(b), the President*  
7        *shall consult with—*

8            *(A) the Committee on Ways and Means of*  
9        *the House of Representatives and the Committee*  
10       *on Finance of the Senate; and*

11           *(B) each other committee of the House and*  
12       *the Senate, and each joint committee of the Con-*  
13       *gress, which has jurisdiction over legislation in-*  
14       *volving subject matters which would be affected*  
15       *by the trade agreement.*

16           *(2) SCOPE.—The consultation described in para-*  
17       *graph (1) shall include consultation with respect to—*

18           *(A) the nature of the agreement;*

19           *(B) how and to what extent the agreement*  
20       *will achieve the applicable purposes, policies,*  
21       *and objectives of this title; and*

22           *(C) the implementation of the agreement*  
23       *under section 105, including the general effect of*  
24       *the agreement on existing laws.*

1           (c) *ADVISORY COMMITTEE REPORTS.*—*The report re-*  
2 *quired under section 135(e)(1) of the Trade Act of 1974 re-*  
3 *garding any trade agreement entered into under section*  
4 *103(a) or (b) of this Act shall be provided to the President,*  
5 *the Congress, and the United States Trade Representative*  
6 *not later than 30 days after the date on which the President*  
7 *notifies the Congress under section 103(a)(1) or*  
8 *105(a)(1)(A) of the President’s intention to enter into the*  
9 *agreement.*

10 **SEC. 105. IMPLEMENTATION OF TRADE AGREEMENTS.**

11           (a) *IN GENERAL.*—

12                   (1) *NOTIFICATION AND SUBMISSION.*—*Any agree-*  
13 *ment entered into under section 103(b) shall enter*  
14 *into force with respect to the United States if (and*  
15 *only if)—*

16                           (A) *the President, at least 90 calendar days*  
17 *before the day on which the President enters into*  
18 *the trade agreement, notifies the House of Rep-*  
19 *resentatives and the Senate of the President’s in-*  
20 *tention to enter into the agreement, and prompt-*  
21 *ly thereafter publishes notice of such intention in*  
22 *the Federal Register;*

23                           (B) *within 60 days after entering into the*  
24 *agreement, the President submits to the Congress*  
25 *a description of those changes to existing laws*

1           that the President considers would be required in  
2           order to bring the United States into compliance  
3           with the agreement;

4           (C) after entering into the agreement, the  
5           President submits a copy of the final legal text  
6           of the agreement, together with—

7                   (i) a draft of an implementing bill de-  
8                   scribed in section 103(b)(3);

9                   (ii) a statement of any administrative  
10                  action proposed to implement the trade  
11                  agreement; and

12                  (iii) the supporting information de-  
13                  scribed in paragraph (2); and

14           (D) the implementing bill is enacted into  
15           law.

16           (2) *SUPPORTING INFORMATION.*—The supporting  
17           information required under paragraph (1)(C)(iii)  
18           consists of—

19                   (A) an explanation as to how the imple-  
20                   menting bill and proposed administrative action  
21                   will change or affect existing law; and

22                   (B) a statement—

23                           (i) asserting that the agreement makes  
24                           progress in achieving the applicable pur-  
25                           poses, policies, and objectives of this title;

1                   (ii) setting forth the reasons of the  
2                   President regarding—

3                   (I) how and to what extent the  
4                   agreement makes progress in achieving  
5                   the applicable purposes, policies, and  
6                   objectives referred to in clause (i);

7                   (II) whether and how the agree-  
8                   ment changes provisions of an agree-  
9                   ment previously negotiated;

10                  (III) how the agreement serves the  
11                  interests of United States commerce;  
12                  and

13                  (IV) how the implementing bill  
14                  meets the standards set forth in section  
15                  103(b)(3).

16                  (3) *RECIPROCAL BENEFITS.*—*In order to ensure*  
17                  *that a foreign country that is not a party to a trade*  
18                  *agreement entered into under section 103(b) does not*  
19                  *receive benefits under the agreement unless the coun-*  
20                  *try is also subject to the obligations under the agree-*  
21                  *ment, the implementing bill submitted with respect to*  
22                  *the agreement shall provide that the benefits and obli-*  
23                  *gations under the agreement apply only to the parties*  
24                  *to the agreement, if such application is consistent*  
25                  *with the terms of the agreement. The implementing*

1 *bill may also provide that the benefits and obligations*  
2 *under the agreement do not apply uniformly to all*  
3 *parties to the agreement, if such application is con-*  
4 *sistent with the terms of the agreement.*

5 *(b) LIMITATIONS ON TRADE AUTHORITIES PROCE-*  
6 *DURES.—*

7 *(1) FOR LACK OF CONSULTATIONS.—*

8 *(A) IN GENERAL.—The trade authorities*  
9 *procedures shall not apply to any implementing*  
10 *bill submitted with respect to a trade agreement*  
11 *entered into under section 103(b) if during the*  
12 *60-day period beginning on the date that one*  
13 *House of Congress agrees to a procedural dis-*  
14 *approval resolution for lack of notice or consulta-*  
15 *tions with respect to that trade agreement, the*  
16 *other House separately agrees to a procedural*  
17 *disapproval resolution with respect to that agree-*  
18 *ment.*

19 *(B) PROCEDURAL DISAPPROVAL RESOLU-*  
20 *TION.—For purposes of this paragraph, the term*  
21 *“procedural disapproval resolution” means a*  
22 *resolution of either House of Congress, the sole*  
23 *matter after the resolving clause of which is as*  
24 *follows: “That the President has failed or refused*  
25 *to notify or consult (as the case may be) with*

1           *Congress in accordance with section 104 or 105*  
2           *of the Reciprocal Trade Agreement Authorities*  
3           *Act of 1997 on negotiations with respect to, or*  
4           *entering into, a trade agreement to which section*  
5           *103(b) of that Act applies and, therefore, the pro-*  
6           *visions of section 151 of the Trade Act of 1974*  
7           *shall not apply to any implementing bill submit-*  
8           *ted with respect to that trade agreement.”.*

9           (2) *PROCEDURES FOR CONSIDERING RESOLU-*  
10          *TIONS.—(A) Procedural disapproval resolutions—*

11                   *(i) in the House of Representatives—*

12                           *(I) shall be introduced by the chairman*  
13                           *or ranking minority member of the Com-*  
14                           *mittee on Ways and Means or the chairman*  
15                           *or ranking minority member of the Com-*  
16                           *mittee on Rules;*

17                           *(II) shall be referred to the Committee*  
18                           *on Ways and Means and, in addition, to*  
19                           *the Committee on Rules; and*

20                           *(III) may not be amended by either*  
21                           *Committee; and*

22                           *(ii) in the Senate shall be original resolu-*  
23                           *tions of the Committee on Finance.*

24                   *(B) The provisions of section 152(d) and (e) of*  
25           *the Trade Act of 1974 (19 U.S.C. 2192(d) and (e))*

1       *(relating to the floor consideration of certain resolu-*  
2       *tions in the House and Senate) apply to procedural*  
3       *disapproval resolutions.*

4             *(C) It is not in order for the House of Represent-*  
5       *atives to consider any procedural disapproval resolu-*  
6       *tion not reported by the Committee on Ways and*  
7       *Means and, in addition, by the Committee on Rules.*

8       *(c) RULES OF HOUSE OF REPRESENTATIVES AND SEN-*  
9       *ATE.—Subsection (b) of this section and section 103(c) are*  
10       *enacted by the Congress—*

11             *(1) as an exercise of the rulemaking power of the*  
12       *House of Representatives and the Senate, respectively,*  
13       *and as such are deemed a part of the rules of each*  
14       *House, respectively, and such procedures supersede*  
15       *other rules only to the extent that they are inconsis-*  
16       *ent with such other rules; and*

17             *(2) with the full recognition of the constitutional*  
18       *right of either House to change the rules (so far as re-*  
19       *lating to the procedures of that House) at any time,*  
20       *in the same manner, and to the same extent as any*  
21       *other rule of that House.*

22       **SEC. 106. TREATMENT OF CERTAIN TRADE AGREEMENTS.**

23       *(a) CERTAIN AGREEMENTS.—Notwithstanding section*  
24       *103(b)(2), if an agreement to which section 103(b) ap-*  
25       *plies—*

1           (1) *is entered into under the auspices of the*  
2 *World Trade Organization regarding trade in infor-*  
3 *mation technology products,*

4           (2) *is entered into under the auspices of the*  
5 *World Trade Organization regarding extended nego-*  
6 *tiations on financial services as described in section*  
7 *135(a) of the Uruguay Round Agreements Act (19*  
8 *U.S.C. 3555(a)),*

9           (3) *is entered into under the auspices of the*  
10 *World Trade Organization regarding the rules of ori-*  
11 *gin work program described in Article 9 of the Agree-*  
12 *ment on Rules of Origin referred to in section*  
13 *101(d)(10) of the Uruguay Round Agreements Act (19*  
14 *U.S.C. 3511(d)(10)), or*

15           (4) *is entered into with Chile,*  
16 *and results from negotiations that were commenced before*  
17 *the date of the enactment of this Act, subsection (b) shall*  
18 *apply.*

19           (b) *TREATMENT OF AGREEMENTS.—In the case of any*  
20 *agreement to which subsection (a) applies—*

21           (1) *the applicability of the trade authorities pro-*  
22 *cedures to implementing bills shall be determined*  
23 *without regard to the requirements of section 104(a),*  
24 *and any procedural disapproval resolution under sec-*  
25 *tion 105(b)(1)(B) shall not be in order on the basis*

1       of a failure or refusal to comply with the provisions  
2       of section 104(a); and

3               (2) the President shall consult regarding the ne-  
4       gotiations described in subsection (a) with the com-  
5       mittees described in section 104(a)(1)(B) as soon as  
6       feasible after the enactment of this Act.

7       **SEC. 107. CHIEF AGRICULTURAL NEGOTIATOR.**

8               (a) *ESTABLISHMENT OF POSITION.*—There shall be in  
9       the Office of the United States Trade Representative a Chief  
10       Agricultural Negotiator, who shall be appointed by the  
11       President, by and with the advice and consent of the Senate.  
12       The Chief Agricultural Negotiator shall hold office at the  
13       pleasure of the President and shall have the rank of Amba-  
14       sador.

15              (b) *FUNCTIONS.*—The Chief Agricultural Negotiator  
16       shall have as his or her primary function the conduct of  
17       trade negotiations relating to agricultural commodities and  
18       shall have such other functions as the United States Trade  
19       Representative may direct.

20              (c) *COMPENSATION.*—The Chief Agricultural Nego-  
21       tiator shall be paid at the highest rate of basic pay payable  
22       to a member of the Senior Executive Service.

23       **SEC. 108. CONFORMING AMENDMENTS.**

24              (a) *IN GENERAL.*—Title I of the Trade Act of 1974  
25       (19 U.S.C. 2111 et seq.) is amended as follows:

1           (1) *IMPLEMENTING BILL.*—

2                   (A) Section 151(b)(1) (19 U.S.C.  
3                   2191(b)(1)) is amended by striking “section  
4                   1103(a)(1) of the Omnibus Trade and Competi-  
5                   tiveness Act of 1988, or section 282 of the Uru-  
6                   guay Round Agreements Act” and inserting “sec-  
7                   tion 282 of the Uruguay Round Agreements Act,  
8                   or section 105(a)(1) of the Reciprocal Trade  
9                   Agreement Authorities Act of 1997”.

10                   (B) Section 151(c)(1) (19 U.S.C.  
11                   2191(c)(1)) is amended by striking “or section  
12                   282 of the Uruguay Round Agreements Act” and  
13                   inserting “, section 282 of the Uruguay Round  
14                   Agreements Act, or section 105(a)(1) of the Re-  
15                   ciprocal Trade Agreement Authorities Act of  
16                   1997”.

17           (2) *ADVICE FROM INTERNATIONAL TRADE COM-*  
18           *MISSION.*—Section 131 (19 U.S.C. 2151) is amend-  
19           *ed*—

20                   (A) in subsection (a)—

21                           (i) in paragraph (1), by striking “sec-  
22                           tion 123 of this Act or section 1102 (a) or  
23                           (c) of the Omnibus Trade and Competitive-  
24                           ness Act of 1988,” and inserting “section  
25                           123 of this Act or section 103(a) or (b) of

1           *the Reciprocal Trade Agreement Authorities*  
2           *Act of 1997,”; and*

3                     *(ii) in paragraph (2), by striking “sec-*  
4                     *tion 1102 (b) or (c) of the Omnibus Trade*  
5                     *and Competitiveness Act of 1988” and in-*  
6                     *serting “section 103(b) of the Reciprocal*  
7                     *Trade Agreement Authorities Act of 1997”;*

8                     *(B) in subsection (b), by striking “section*  
9                     *1102(a)(3)(A)” and inserting “section*  
10                    *103(a)(3)(A) of the Reciprocal Trade Agreement*  
11                    *Authorities Act of 1997” before the end period;*  
12                    *and*

13                    *(C) in subsection (c), by striking “section*  
14                    *1102 of the Omnibus Trade and Competitiveness*  
15                    *Act of 1988,” and inserting “section 103 of the*  
16                    *Reciprocal Trade Agreement Authorities Act of*  
17                    *1997,”.*

18                    (3) *HEARINGS AND ADVICE.—Sections 132,*  
19                    *133(a), and 134(a) (19 U.S.C. 2152, 2153(a), and*  
20                    *2154(a)) are each amended by striking “section 1102*  
21                    *of the Omnibus Trade and Competitiveness Act of*  
22                    *1988,” each place it appears and inserting “section*  
23                    *103 of the Reciprocal Trade Agreement Authorities*  
24                    *Act of 1997,”.*

1           (4) *PREREQUISITES FOR OFFERS.*—Section  
2     134(b) (19 U.S.C. 2154(b)) is amended by striking  
3     “section 1102 of the Omnibus Trade and Competitive-  
4     ness Act of 1988” and inserting “section 103 of the  
5     Reciprocal Trade Agreement Authorities Act of 1997”.

6           (5) *ADVICE FROM PRIVATE AND PUBLIC SEC-*  
7     *TORS.*—Section 135 (19 U.S.C. 2155) is amended—

8           (A) in subsection (a)(1)(A), by striking  
9     “section 1102 of the Omnibus Trade and Com-  
10    petitiveness Act of 1988” and inserting “section  
11    103 of the Reciprocal Trade Agreement Authori-  
12    ties Act of 1997”;

13          (B) in subsection (e)(1)—

14           (i) by striking “section 1102 of the  
15     Omnibus Trade and Competitiveness Act of  
16     1988” each place it appears and inserting  
17     “section 103 of the Reciprocal Trade Agree-  
18     ment Authorities Act of 1997”; and

19           (ii) by striking “section 1103(a)(1)(A)  
20     of such Act of 1988” and inserting “section  
21     105(a)(1)(A) of the Reciprocal Trade Agree-  
22     ment Authorities Act of 1997”; and

23          (C) in subsection (e)(2), by striking “section  
24     1101 of the Omnibus Trade and Competitiveness  
25     Act of 1988” and inserting “section 102 of the

1           *Reciprocal Trade Agreement Authorities Act of*  
2           *1997”.*

3           (6) *TRANSMISSION OF AGREEMENTS TO CON-*  
4           *GRESS.—Section 162(a) (19 U.S.C. 2212(a)) is*  
5           *amended by striking “or under section 1102 of the*  
6           *Omnibus Trade and Competitiveness Act of 1988”*  
7           *and inserting “or under section 103 of the Reciprocal*  
8           *Trade Agreement Authorities Act of 1997”.*

9           (b) *APPLICATION OF CERTAIN PROVISIONS.—For pur-*  
10          *poses of applying sections 125, 126, and 127 of the Trade*  
11          *Act of 1974 (19 U.S.C. 2135, 2136(a), and 2137)—*

12                 (1) *any trade agreement entered into under sec-*  
13                 *tion 103 shall be treated as an agreement entered into*  
14                 *under section 101 or 102, as appropriate, of the*  
15                 *Trade Act of 1974 (19 U.S.C. 2111 or 2112); and*

16                 (2) *any proclamation or Executive order issued*  
17                 *pursuant to a trade agreement entered into under sec-*  
18                 *tion 103 shall be treated as a proclamation or Execu-*  
19                 *utive order issued pursuant to a trade agreement en-*  
20                 *tered into under section 102 of the Trade Act of 1974.*

21 **SEC. 109. DEFINITIONS.**

22           *In this title:*

23                 (1) *UNITED STATES PERSON.—The term “United*  
24                 *States person” means—*

25                         (A) *a United States citizen;*



1           (1) in subsection (a) by striking “1993” and all  
2           that follows through “1998” and inserting “1998,  
3           1999, and 2000”; and

4           (2) in subsection (b) by striking “1994” and all  
5           that follows through “1998” and inserting “1998,  
6           1999, and 2000”.

7   **SEC. 202. ADJUSTMENT ASSISTANCE FOR FIRMS.**

8           Section 256(b) of the Trade Act of 1974 (19 U.S.C.  
9           2346(b)) is amended by striking “1993” and all that follows  
10          through “1998” and inserting “1998, 1999, and 2000,”.

11   **SEC. 203. GENERAL ACCOUNTING OFFICE REPORT.**

12          Section 280(a) of the Trade Act of 1974 (19 U.S.C.  
13          2391(a)) is amended—

14               (1) by striking “2, 3, and 4” and inserting “2  
15               and 3”; and

16               (2) by striking “January 31, 1980” and insert-  
17               ing “October 1, 1999”.

18   **SEC. 204. TERMINATION.**

19          Section 285(c) of the Trade Act of 1974 (19 U.S.C.  
20          2271 note) is amended in paragraphs (1) and (2)(A)(i) by  
21          striking “1998” and inserting “2000”.

22   **SEC. 205. EFFECTIVE DATE.**

23          The amendments made by this title take effect on the  
24          date of the enactment of this Act.

1                   **TITLE III—REVENUE**  
2                   **PROVISIONS**

3   **SEC. 301. REPEAL OF SPECIAL RULE FOR RENTAL USE OF**  
4                   **VACATION HOMES, ETC., FOR LESS THAN 15**  
5                   **DAYS.**

6           (a) *IN GENERAL.*—Section 280A of the Internal Reve-  
7 nue Code of 1986 (relating to disallowance of certain ex-  
8 penses in connection with business use of home, rental of  
9 vacation homes, etc.) is amended by striking subsection (g).

10          (b) *NO BASIS REDUCTION UNLESS DEPRECIATION*  
11 *CLAIMED.*—Section 1016 of such Code is amended by redес-  
12 ignating subsection (e) as subsection (f) and by inserting  
13 after subsection (d) the following new subsection:

14           “(e) *SPECIAL RULE WHERE RENTAL USE OF VACA-*  
15 *TION HOME, ETC., FOR LESS THAN 15 DAYS.*—If a dwell-  
16 ing unit is used during the taxable year by the taxpayer  
17 as a residence and such dwelling unit is actually rented  
18 for less than 15 days during the taxable year, the reduction  
19 under subsection (a)(2) by reason of such rental use in any  
20 taxable year beginning after December 31, 1997, shall not  
21 exceed the depreciation deduction allowed for such rental  
22 use.”.

23          (c) *EFFECTIVE DATE.*—The amendments made by this  
24 section shall apply to taxable years beginning after Decem-  
25 ber 31, 1997.