

In the Senate of the United States,

June 18, 1999.

Resolved, That the bill from the House of Representatives (H.R. 1664) entitled “An Act making emergency supplemental appropriations for military operations, refugee relief, and humanitarian assistance relating to the conflict in Kosovo, and for military operations in Southwest Asia for the fiscal year ending September 30, 1999, and for other purposes.”, do pass with the following

AMENDMENTS:

1 **(1)**Page 2, strike out all after line 7 over to and including
2 line 21 on page 3 and insert:

3 *SEC. 101. EMERGENCY STEEL LOAN GUARANTEE PRO-*
4 *GRAM. (a) SHORT TITLE.—This chapter may be cited as*
5 *the “Emergency Steel Loan Guarantee Act of 1999”.*

6 *(b) CONGRESSIONAL FINDINGS.—Congress finds*
7 *that—*

8 *(1) the United States steel industry has been se-*
9 *verely harmed by a record surge of more than*

1 40,000,000 tons of steel imports into the United
2 States in 1998, caused by the world financial crisis;

3 (2) this surge in imports resulted in the loss of
4 more than 10,000 steel worker jobs in 1998, and was
5 the imminent cause of 3 bankruptcies by medium-
6 sized steel companies, Acme Steel, Laclede Steel, and
7 Geneva Steel;

8 (3) the crisis also forced almost all United States
9 steel companies into—

10 (A) reduced volume, lower prices, and fi-
11 nancial losses; and

12 (B) an inability to obtain credit for contin-
13 ued operations and reinvestment in facilities;

14 (4) the crisis also has affected the willingness of
15 private banks and investment institutions to make
16 loans to the United States steel industry for continued
17 operation and reinvestment in facilities;

18 (5) these steel bankruptcies, job losses, and finan-
19 cial losses are also having serious negative effects on
20 the tax base of cities, counties, and States, and on the
21 essential health, education, and municipal services
22 that these government entities provide to their citi-
23 zens; and

24 (6) a strong steel industry is necessary to the
25 adequate defense preparedness of the United States in

1 *order to have sufficient steel available to build the*
2 *ships, tanks, planes, and armaments necessary for the*
3 *national defense.*

4 *(c) DEFINITIONS.—For purposes of this section:*

5 *(1) BOARD.—The term “Board” means the Loan*
6 *Guarantee Board established under subsection (e).*

7 *(2) PROGRAM.—The term “Program” means the*
8 *Emergency Steel Guarantee Loan Program estab-*
9 *lished under subsection (d).*

10 *(3) QUALIFIED STEEL COMPANY.—The term*
11 *“qualified steel company” means any company*
12 *that—*

13 *(A) is incorporated under the laws of any*
14 *State;*

15 *(B) is engaged in the production and man-*
16 *ufacture of a product defined by the American*
17 *Iron and Steel Institute as a basic steel mill*
18 *product, including ingots, slab and billets, plates,*
19 *flat-rolled steel, sections and structural products,*
20 *bars, rail type products, pipe and tube, and wire*
21 *rod; and*

22 *(C) has experienced layoffs, production*
23 *losses, or financial losses since the beginning of*
24 *the steel import crisis, in January 1998 or that*

1 *operates substantial assets of a company that*
2 *meets these qualifications.*

3 (d) *ESTABLISHMENT OF EMERGENCY STEEL GUAR-*
4 *ANTEE LOAN PROGRAM.—There is established the Emer-*
5 *gency Steel Guarantee Loan Program, to be administered*
6 *by the Board, the purpose of which is to provide loan guar-*
7 *antees to qualified steel companies in accordance with this*
8 *section.*

9 (e) *LOAN GUARANTEE BOARD MEMBERSHIP.—There*
10 *is established a Loan Guarantee Board, which shall be com-*
11 *posed of—*

12 (1) *the Secretary of Commerce;*

13 (2) *the Chairman of the Board of Governors of*
14 *the Federal Reserve System, who shall serve as Chair-*
15 *man of the Board; and*

16 (3) *the Chairman of the Securities and Exchange*
17 *Commission.*

18 (f) *LOAN GUARANTEE PROGRAM.—*

19 (1) *AUTHORITY.—The Program may guarantee*
20 *loans provided to qualified steel companies by private*
21 *banking and investment institutions in accordance*
22 *with the procedures, rules, and regulations established*
23 *by the Board.*

24 (2) *TOTAL GUARANTEE LIMIT.—The aggregate*
25 *amount of loans guaranteed and outstanding at any*

1 *one time under this section may not exceed*
2 *\$1,000,000,000.*

3 (3) *INDIVIDUAL GUARANTEE LIMIT.—The aggregate*
4 *amount of loans guaranteed under this section*
5 *with respect to a single qualified steel company may*
6 *not exceed \$250,000,000.*

7 (4) *TIMELINES.—The Board shall approve or*
8 *deny each application for a guarantee under this sec-*
9 *tion as soon as possible after receipt of such applica-*
10 *tion.*

11 (5) *ADDITIONAL COSTS.—For the additional cost*
12 *of the loans guaranteed under this subsection, includ-*
13 *ing the costs of modifying the loans as defined in sec-*
14 *tion 502 of the Congressional Budget Act of 1974 (2*
15 *U.S.C. 661a), there is appropriated \$140,000,000 to*
16 *remain available until expended.*

17 (g) *REQUIREMENTS FOR LOAN GUARANTEES.—A loan*
18 *guarantee may be issued under this section upon applica-*
19 *tion to the Board by a qualified steel company pursuant*
20 *to an agreement to provide a loan to that qualified steel*
21 *company by a private bank or investment company, if the*
22 *Board determines that—*

23 (1) *credit is not otherwise available to that com-*
24 *pany under reasonable terms or conditions sufficient*

1 *to meet its financing needs, as reflected in the finan-*
2 *cial and business plans of that company;*

3 *(2) the prospective earning power of that com-*
4 *pany, together with the character and value of the se-*
5 *curity pledged, furnish reasonable assurance of repay-*
6 *ment of the loan to be guaranteed in accordance with*
7 *its terms;*

8 *(3) the loan to be guaranteed bears interest at a*
9 *rate determined by the Board to be reasonable, taking*
10 *into account the current average yield on outstanding*
11 *obligations of the United States with remaining peri-*
12 *ods of maturity comparable to the maturity of such*
13 *loan;*

14 *(4) the company has agreed to an audit by the*
15 *General Accounting Office prior to the issuance of the*
16 *loan guarantee and annually thereafter while any*
17 *such guaranteed loan is outstanding; and*

18 *(5) In the case of a purchaser of substantial as-*
19 *sets of a qualified steel company, the qualified steel*
20 *company establishes that it is unable to reorganize*
21 *itself.*

22 *(h) TERMS AND CONDITIONS OF LOAN GUARAN-*
23 *TEES.—*

24 *(1) LOAN DURATION.—All loans guaranteed*
25 *under this section shall be payable in full not later*

1 *than December 31, 2005, and the terms and condi-*
2 *tions of each such loan shall provide that the loan*
3 *may not be amended, or any provision thereof*
4 *waived, without the consent of the Board.*

5 (2) *LOAN SECURITY.*—*Any commitment to issue*
6 *a loan guarantee under this section shall contain such*
7 *affirmative and negative covenants and other protec-*
8 *tive provisions that the Board determines are appro-*
9 *priate. The Board shall require security for the loans*
10 *to be guaranteed under this section at the time at*
11 *which the commitment is made.*

12 (3) *FEEES.*—*A qualified steel company receiving*
13 *a guarantee under this section shall pay a fee to the*
14 *Department of the Treasury to cover costs of the pro-*
15 *gram, but in no event shall such fee exceed an amount*
16 *equal to 0.5 percent of the outstanding principal bal-*
17 *ance of the guaranteed loan.*

18 (4) *GUARANTEE LEVEL.*—*No loan guarantee*
19 *may be provided under this section if the guarantee*
20 *exceeds 85 percent of the amount of principal of the*
21 *loan.*

22 (i) *REPORTS TO CONGRESS.*—*The Secretary of Com-*
23 *merce shall submit to Congress a full report of the activities*
24 *of the Board under this section during each of fiscal years*

1 1999 and 2000, and annually thereafter, during such period
2 as any loan guaranteed under this section is outstanding.

3 (j) *SALARIES AND ADMINISTRATIVE EXPENSES.*—For
4 necessary expenses to administer the Program, \$5,000,000
5 is appropriated to the Department of Commerce, to remain
6 available until expended, which may be transferred to the
7 Office of the Assistant Secretary for Trade Development of
8 the International Trade Administration.

9 (k) *TERMINATION OF GUARANTEE AUTHORITY.*—The
10 authority of the Board to make commitments to guarantee
11 any loan under this section shall terminate on December
12 31, 2001.

13 (l) *REGULATORY ACTION.*—The Board shall issue such
14 final procedures, rules, and regulations as may be necessary
15 to carry out this section not later than 60 days after the
16 date of enactment of this Act.

17 (m) *IRON ORE COMPANIES.*—

18 (1) *IN GENERAL.*—Subject to the requirements of
19 this subsection, an iron ore company incorporated
20 under the laws of any State shall be treated as a
21 qualified steel company for purposes of the Program.

22 (2) *TOTAL GUARANTEE LIMIT FOR IRON ORE*
23 *COMPANY.*—Of the aggregate amount of loans author-
24 ized to be guaranteed and outstanding at any one
25 time under subsection (f)(2), an amount not to exceed

1 (1) *consumption of foreign oil in the United*
2 *States is estimated to equal 56 percent of all oil con-*
3 *sumed, and that percentage could reach 68 percent by*
4 *2010 if current prices prevail;*

5 (2) *the number of oil and gas rigs operating in*
6 *the United States is at its lowest since 1944, when*
7 *records of this tally began;*

8 (3) *if prices do not increase soon, the United*
9 *States could lose at least half its marginal wells,*
10 *which in aggregate produce as much oil as the United*
11 *States imports from Saudi Arabia;*

12 (4) *oil and gas prices are unlikely to increase for*
13 *at least several years;*

14 (5) *declining production, well abandonment, and*
15 *greatly reduced exploration and development are*
16 *shrinking the domestic oil and gas industry;*

17 (6) *the world's richest oil producing regions in*
18 *the Middle East are experiencing increasingly greater*
19 *political instability;*

20 (7) *United Nations policy may make Iraq the*
21 *swing oil producing nation, thereby granting Saddam*
22 *Hussein tremendous power;*

23 (8) *reliance on foreign oil for more than 60 per-*
24 *cent of our daily oil and gas consumption is a na-*
25 *tional security threat;*

1 (9) *the level of United States oil security is di-*
2 *rectly related to the level of domestic production of oil,*
3 *natural gas liquids, and natural gas; and*

4 (10) *a national security policy should be devel-*
5 *oped that ensures that adequate supplies of oil are*
6 *available at all times free of the threat of embargo or*
7 *other foreign hostile acts.*

8 (c) *DEFINITIONS.—In this section:*

9 (1) *BOARD.—The term “Board” means the Loan*
10 *Guarantee Board established by subsection (e).*

11 (2) *PROGRAM.—The term “Program” means the*
12 *Emergency Oil and Gas Guaranteed Loan Program*
13 *established by subsection (d).*

14 (3) *QUALIFIED OIL AND GAS COMPANY.—The*
15 *term “qualified oil and gas company” means a com-*
16 *pany that—*

17 (A) *is—*

18 (i) *an independent oil and gas com-*
19 *pany (within the meaning of section*
20 *57(a)(2)(B)(i) of the Internal Revenue Code*
21 *of 1986); or*

22 (ii) *a small business concern under sec-*
23 *tion 3 of the Small Business Act (15 U.S.C.*
24 *632) (or a company based in Alaska, in-*
25 *cluding an Alaska Native Corporation cre-*

1 *ated pursuant to the Alaska Native Claims*
2 *Settlement Act (43 U.S.C. 1601 et seq.)*
3 *that is an oil field service company whose*
4 *main business is providing tools, products,*
5 *personnel, and technical solutions on a con-*
6 *tractual basis to exploration and production*
7 *operators that drill, complete wells, and*
8 *produce, transport, refine, and sell hydro-*
9 *carbons and their byproducts as the main*
10 *commercial business of the concern or com-*
11 *pany; and*

12 *(B) has experienced layoffs, production*
13 *losses, or financial losses since the beginning of*
14 *the oil import crisis, after January 1, 1997.*

15 *(d) EMERGENCY OIL AND GAS GUARANTEED LOAN*
16 *PROGRAM.—*

17 *(1) IN GENERAL.—There is established the Emer-*
18 *gency Oil and Gas Guaranteed Loan Program, the*
19 *purpose of which shall be to provide loan guarantees*
20 *to qualified oil and gas companies in accordance with*
21 *this section.*

22 *(2) LOAN GUARANTEE BOARD.—There is estab-*
23 *lished to administer the Program a Loan Guarantee*
24 *Board, to be composed of—*

25 *(A) the Secretary of Commerce;*

1 (B) *the Chairman of the Board of Gov-*
2 *ernors of the Federal Reserve System, who shall*
3 *serve as Chairman of the Board; and*

4 (C) *the Chairman of the Securities and Ex-*
5 *change Commission.*

6 (e) *AUTHORITY.—*

7 (1) *IN GENERAL.—The Program may guarantee*
8 *loans provided to qualified oil and gas companies by*
9 *private banking and investment institutions in ac-*
10 *cordance with procedures, rules, and regulations es-*
11 *tablished by the Board.*

12 (2) *TOTAL GUARANTEE LIMIT.—The aggregate*
13 *amount of loans guaranteed and outstanding at any*
14 *1 time under this section shall not exceed*
15 *\$500,000,000.*

16 (3) *INDIVIDUAL GUARANTEE LIMIT.—The aggre-*
17 *gate amount of loans guaranteed under this section*
18 *with respect to a single qualified oil and gas company*
19 *shall not exceed \$10,000,000.*

20 (4) *EXPEDITIOUS ACTION ON APPLICATIONS.—*
21 *The Board shall approve or deny an application for*
22 *a guarantee under this section as soon as practicable*
23 *after receipt of an application.*

24 (5) *ADDITIONAL COSTS.—For the additional cost*
25 *of the loans guaranteed under this subsection, includ-*

1 *ing the costs of modifying the loans as defined in sec-*
2 *tion 502 of the Congressional Budget Act of 1974 (2*
3 *U.S.C. 661a), there is appropriated \$122,500,000 to*
4 *remain available until expended.*

5 *(f) REQUIREMENTS FOR LOAN GUARANTEES.—The*
6 *Board may issue a loan guarantee on application by a*
7 *qualified oil and gas company under an agreement by a*
8 *private bank or investment company to provide a loan to*
9 *the qualified oil and gas company, if the Board determines*
10 *that—*

11 *(1) credit is not otherwise available to the com-*
12 *pany under reasonable terms or conditions sufficient*
13 *to meet its financing needs, as reflected in the finan-*
14 *cial and business plans of the company;*

15 *(2) the prospective earning power of the com-*
16 *pany, together with the character and value of the se-*
17 *curity pledged, provide a reasonable assurance of re-*
18 *payment of the loan to be guaranteed in accordance*
19 *with its terms;*

20 *(3) the loan to be guaranteed bears interest at a*
21 *rate determined by the Board to be reasonable, taking*
22 *into account the current average yield on outstanding*
23 *obligations of the United States with remaining peri-*
24 *ods of maturity comparable to the maturity of the*
25 *loan; and*

1 (4) *the company has agreed to an audit by the*
2 *General Accounting Office before issuance of the loan*
3 *guarantee and annually while the guaranteed loan is*
4 *outstanding.*

5 *(g) TERMS AND CONDITIONS OF LOAN GUARANTEES.—*

6 (1) *LOAN DURATION.—All loans guaranteed*
7 *under this section shall be repayable in full not later*
8 *than December 31, 2010, and the terms and condi-*
9 *tions of each such loan shall provide that the loan*
10 *agreement may not be amended, or any provision of*
11 *the loan agreement waived, without the consent of the*
12 *Board.*

13 (2) *LOAN SECURITY.—A commitment to issue a*
14 *loan guarantee under this section shall contain such*
15 *affirmative and negative covenants and other protec-*
16 *tive provisions as the Board determines are appro-*
17 *priate. The Board shall require security for the loans*
18 *to be guaranteed under this section at the time at*
19 *which the commitment is made.*

20 (3) *FEEES.—A qualified oil and gas company re-*
21 *ceiving a loan guarantee under this section shall pay*
22 *a fee to the Department of the Treasury to cover costs*
23 *of the program, but in no event shall such fee exceed*
24 *an amount equal to 0.5 percent of the outstanding*
25 *principal balance of the guaranteed loan.*

1 (4) *GUARANTEE LEVEL.*—No loan guarantee
2 may be provided under this section if the guarantee
3 exceeds 85 percent of the amount of principal of the
4 loan.

5 (h) *REPORTS.*—During fiscal year 1999 and each fis-
6 cal year thereafter until each guaranteed loan has been re-
7 paid in full, the Secretary of Commerce shall submit to
8 Congress a report on the activities of the Board.

9 (i) *SALARIES AND ADMINISTRATIVE EXPENSES.*—For
10 necessary expenses to administer the Program, \$2,500,000
11 is appropriated to the Department of Commerce, to remain
12 available until expended, which may be transferred to the
13 Office of the Assistant Secretary for Trade Development of
14 the International Trade Administration.

15 (j) *TERMINATION OF GUARANTEE AUTHORITY.*—The
16 authority of the Board to make commitments to guarantee
17 any loan under this section shall terminate on December
18 31, 2001.

19 (k) *REGULATORY ACTION.*—Not later than 60 days
20 after the date of enactment of this Act, the Board shall issue
21 such final procedures, rules, and regulations as are nec-
22 essary to carry out this section.

23 *FEDERAL ADMINISTRATIVE AND TRAVEL EXPENSES*

24 *(RESCISSIONS)*

25 *SEC. 202. (a) Of the funds available in the nondefense*
26 *category to the agencies of the Federal Government,*

1 \$125,000,000 are hereby rescinded: *Provided, That rescis-*
 2 *sions pursuant to this subsection shall be taken only from*
 3 *administrative and travel accounts: Provided further, That*
 4 *rescissions shall be taken on a pro rata basis from funds*
 5 *available to every Federal agency, department, and office*
 6 *in the Executive Branch, including the Office of the Presi-*
 7 *dent.*

8 (b) *Within 30 days after the date of enactment of this*
 9 *Act, the Director of the Office of Management and Budget*
 10 *shall submit to the Committees on Appropriations of the*
 11 *House of Representatives and the Senate a listing of the*
 12 *amounts by account of the reductions made pursuant to the*
 13 *provisions of subsection (a) of this section.*

14 **(3)**Page 22, strike out all after line 15 over to and includ-
 15 ing line 4 on page 32 and insert:

16 *GENERAL PROVISIONS*

17 *SEC. 301. No part of any appropriation contained in*
 18 *the Act shall remain available for obligation beyond the cur-*
 19 *rent fiscal year unless expressly so provided herein.*

20 *This Act may be cited as the “Emergency Steel Loan*
 21 *Guarantee and Emergency Oil and Gas Guaranteed Loan*
 22 *Act of 1999”.*

Amend the title so as to read: “An Act providing emergency authority for guarantees of loans to qualified

steel and iron ore companies and to qualified oil and gas companies, and for other purposes.”.

Attest:

Secretary.

106TH CONGRESS
1ST SESSION

H. R. 1664

AMENDMENTS

HR 1664 EAS—2

HR 1664 EAS—3

HR 1664 EAS—4

HR 1664 EAS—5