jointly, pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, to the Committee on Appropriations, Committee on the Budget, Committee on Agriculture, Nutrition and Forestry, Committee on Armed Services, Committee on Banking, Housing and Urban Affairs, Committee on Commerce, Science and Transportation, Committee on Energy and Natural Resources, Committee on Environment and Public Works, Committee on Finance, Committee on Foreign Relations, Committee on Governmental Affairs, Committee on the Judiciary, Committee on Labor and Human Resources, Committee on Rules and Administration, Committee on Small Business, Committee on Veterans' Affairs, Committee on Indian Affairs, Select Committee on Intelligence and the Special Committee on Aging.

REPORTS OF COMMITTEES SUBMITTED DURING RECESS

Pursuant to the order of the Senate of January 4, 1995, the following report was submitted on September 15, 1995, during the recess of the Senate:

By Mr. SPECTER, from the Committee on Appropriations, with amendments:

H.R. 2127: A bill making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes (Rept. No. 104–145).

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on the Judiciary, without amendment:

S. 977. A bill to correct certain references in the Bankruptcy Code.

S. 1111. A bill to amend title 35, United States Code, with respect to patents on biotechnological processes.

S.J. Res. 20. A joint resolution granting the consent of Congress to the compact to provide for joint natural resource management and enforcement of laws and regulations pertaining to natural resources and boating at the Jennings Randolph Lake Project lying in Garrett County, Maryland and Mineral County, West Virginia, entered into between the States of West Virginia and Maryland.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Ms. MIKULSKI (for herself and Mr. SARBANES):

S. 1250. A bill to amend titles 5 and 37, United States Code, to provide for the continuance of pay and the authority to make certain expenditures and obligations during lapses in appropriations; to the Committee on Appropriations.

By Mr. HATFIELD (for himself, Mr. HARKIN, and Mrs. BOXER):

S. 1251. A bill to establish a National Fund for Health Research to expand medical research programs through increased funding provided to the National Institutes of Health, and for other purposes; to the Committee on Finance.

By Mr. ABRAHAM (for himself, Mr. LIEBERMAN, Mr. SANTORUM, Ms. MOSELEY-BRAUN, and Mr. DEWINE):

S. 1252. A bill to amend the Internal Revenue Code of 1986 to provide additional tax incentives to stimulate economic growth in depressed areas, and for other purposes; to the Committee on Finance.

By Mr. ABRAHAM (for himself, Mr. KYL, Mrs. FEINSTEIN, and Mr. SHELBY):

S. 1253. A bill to amend the Controlled Substances Act with respect to penalties for crimes involving cocaine, and for other purposes; to the Committee on the Judiciary.

By Mr. ABRAHAM (for himself, Mr. HATCH, Mr. THURMOND, Mr. GRASSLEY, Mr. KYL, Mrs. FEINSTEIN, Mr. SHELBY, and Mr. COVERDELL):

S. 1254. A bill to disapprove of amendments to the Federal Sentencing Guidelines relating to lowering of crack sentences and sentences for money laundering and transactions in property derived from unlawful activity; read the first time.

By Mr. ROCKEFELLER:

S. 1255. A bill to amend title XVIII of the Social Security Act to provide for medicare contracting reforms, and for other purposes; to the Committee on Finance.

By Mr. DASCHLE (for himself, Mr. LEAHY, Mr. KERREY, Mr. HARKIN, Mr. DORGAN, Mr. CONRAD, Mr. WELLSTONE, Mr. EXON, Mr. BAUCUS, and Mr. FORD):

S. 1256. A bill to provide marketing loans, loan deficiency payments, and a flexible acreage base for the 1996 through 2002 crops of wheat, feed grains, and oilseeds, to establish an environmental quality incentives program, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. WELLSTONE:

S. 1257. A bill to amend the Stewart B. McKinney Homeless Assistance Act to reauthorize programs relating to homeless assistance for veterans; to the Committee on Labor and Human Resources.

By Mr. KYL:

S. 1258. A bill to amend the Internal Revenue Code of 1986 to allow a one-time election of the interest rate to be used to determine present value for purposes of pension cash-out restrictions, and for other purposes; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. MIKULSKI (for herself and Mr. SARBANES):

S. 1250. A bill to amend titles 5 and 37, United States Code, to provide for the continuance of pay and the authority to make certain expenditures and obligations during lapses in appropriations; to the Committee on Appropriations.

THE FEDERAL EMPLOYEE COMPENSATION PROTECTION ACT

● Ms. MIKULSKI. Mr. President, I introduce an important piece of legislation called the Federal Employee Compensation Protection Act.

With a budget stalemate looming ahead, I think it is crucial that we keep our faith with Federal employees. The Mikulski-Sarbanes legislation will keep that faith by protecting Federal employee pay and benefits during a Government shutdown. Our legislation will ensure that Federal employees in Maryland and across the Nation will be able to make their mortgage payments, put food on the table, and provide for their families.

A shutdown of the Federal Government, no matter how short, would disrupt the lives of thousands of Federal employees and their families. In my State of Maryland alone, there are more than 280,000 Federal employees. They are some of the most dedicated and hard-working people in America today. These employees have devoted their careers and lives to public service, and they should not be used as pawns in a game of political brinkmanship.

Federal employees have already endured their fair share of hardship this year. Downsizing, diet COLA's, attacks on pensions and health benefits, and now the threat of unpaid furloughs have damaged morale at nearly every Federal agency. This assault must stop Mr. President. We cannot continue to denigrate and downgrade Federal employees and at the same time expect Government to work better.

I urge my colleagues to support the Mikulski-Sarbanes legislation and work to prevent this train wreck from happening. We have a contract with our Federal employees, and we should encourage their dedication by ensuring that the contract is honored and their pay and benefits are not put in jeopardy.●

● Mr. SARBANES. Mr. President, I am pleased to join my colleague from Maryland, Senator MIKULSKI, in cosponsoring this important legislation to ensure the protection of Federal employee pay and benefits in the event of a furlough.

We have a responsibility to the men and women who have dedicated themselves to public service and I would hope that my colleagues would join Senator MIKULSKI and I in our ongoing effort to maintain the Federal Government's commitment to its dedicated work force.

Over the past several months, Federal employees have been subject to numerous attacks on their pay and earned benefits. Despite my opposition, Congress approved the Republican budget resolution which seeks to change the calculation of retirement benefits for Federal employees from the employee's highest 3-year average to the highest 5-year average. The resolution also contains a reduction in the Federal Government's contribution to employee health care benefits and an increase from 7 to 7.5 percent in Federal employee contribution rates over the next 7 years.

In my view, this is a breach of the contract with Federal employees. In an attempt to restore fairness for Federal workers, I offered, along with Senator MIKULSKI and several of my colleagues, an amendment to the Republican budget resolution which would have stricken the high three/high five provision. Unfortunately, the provision failed by the narrowest of margins.

Mr. President, Federal employees have made a choice to serve their country and we should respect and reward that choice by supporting these hard-working, dedicated individuals.

Through the legislation Senator MIKULSKI and I are introducing today, we have the opportunity to send a message to the Federal work force and to all American citizens that Congress honors and values the commitment those who work for the Government have made.

As I have stated many times before, Federal employees have already made significant sacrifices in past years in the form of downsizing efforts, delayed and reduced cost of living adjustments, and other reductions in Federal employee pay and benefits. They have been called on to sacrifice further in this Congress through the Republican budget resolution and are now facing the very real possibility that, through no fault of their own, they may have to either work without pay or be prohibited from coming to work at all.

In a consistent and committed way, Federal workers give dedicated service to our country and they deserve to have their pay and earned benefits protected. Like Cal Ripken, who was recently honored in Baltimore, Federal employees show up day in and day out and do their jobs. In my view, we should recognize and encourage such dedication by ensuring that the pay and benefits of Federal workers are not placed in jeopardy.●

By Mr. HATFIELD (for himself, Mr. HARKIN, and Mrs. BOXER):

S. 1251. A bill to establish a national fund for health research to expand medical research programs through increased funding provided to the National Institutes of Health, and for other purposes; to the Committee on Finance.

THE NATIONAL FUND FOR HEALTH RESEARCH ACT

Mr. HATFIELD. Mr. President, this week finds us at the height of the appropriations process, as the end of the fiscal year rapidly approaches. It has been a season of difficult fiscal decisions which must be made to conform to the constraints of our balanced budget agreement. Never are the tradeoffs as vivid as when we consider spending levels for health and education programs, as we did this morning when the Senate Appropriations Committee completed action on the fiscal year 1996 Labor, HHS, and Education appropriations bill.

I am pleased to report that the committee provided nearly $1.5 billion more than the House for education programs. In addition, we provided a 2.7=percent increase for health research at the National Institutes of Health. While this level is less than that provided by the House, I believe it represents a fair balance between the vitally important issues of health and education. But clearly, my preference would have been to provide a much larger increase for medical research so that the engine which drives the quality of medical care and reduced health costs could run at full tilt.

The current reality is, however, that available funds for discretionary spending are decreasing. We cannot continue to look solely to the appropriations process for the necessary resources to keep our biomedical research enterprise growing at a rate which takes advantage of the myriad medical breakthroughs on the horizon. We must look for a funding source to supplement annual appropriations to the National Institutes of Health.

Today I am pleased to unite with my friend and colleague, Senator HARKIN, in introducing legislation to establish the national fund for medical research. We joined forces in this effort last year and worked hard to see that medical research was a part of the health care reform debates. At the end of the process, although the issue was ultimately unresolved, we had received the attention and support of many Members in this Chamber. We introduce this bill today, with the support of Senator BOXER of California, with the intention of building on the momentum of last year to gain the support of our many colleagues in this body who are committed to the biomedical research infrastructure.

Our legislation proposes to create a new fund in the U.S. Treasury, financed by an increase in Federal tobacco taxes and income generated through a voluntary Federal income tax checkoff. By raising the Federal tax on cigarettes by 25 cents per package, as well as raising the tax to an equivalent level on smokeless tobacco products, the Joint Committee on Taxation has estimated annual income for the fund of approximately $4.2 billion. These funds will be distributed on a phased-in basis to the National Institutes of Health to supplement, not replace, the funds the organization receives each year in the appropriations process. Funds will be distributed in accordance with the proportion of funds each of the member institutes and centers receive in the appropriations process, after 5 percent has been divided between the Office of the Director, the National Center for Research Resources, and the National Library of Medicine.

Funds raised through this proposal will increase the budget of the NIH by 35 percent over the fiscal year 1995 appropriated level. This will allow many more research grant applications to be funded so that scientific opportunities of merit can be pursued and ultimately translated into cost-effective treatments and cures which will improve our national quality of life. I know of no better investment for the Federal Government than one which strengthens our human capital—be it in education or health research, our greatest strength is a healthy, and thus wealthy, populous.

Mr. President, my good friend, the great philanthropist, Mary Lasker once said, ''If you think research is expensive, try disease.'' Diseases cost this country hundreds of billions of dollars annually. Last year, federally supported research on Alzheimer's disease totalled $300 million, yet it is estimated that $90 billion is expended annually on care. Federally supported research on diabetes totals $290 million, yet it is estimated that $25 billion is expended annually on care. Federally supported research on mental health totals $613 million, yet it is estimated that $130 billion is expended annually on care.

As we struggle in the coming months to achieve a balanced budget, we must embrace policies that enable us to make the most out of our scarce Federal dollars. Federal funding for medical research should be a top priority because without new knowledge to develop new strategies to prevent disease, new treatments to delay the progression of disease and new interventions to cure disease; health care costs will continue to spiral out of control. Disease drives the cost of health care. A concerted Federal assault on disease will not only save precious funds, but it will provide hope to the afflicted.

Watching a medical catastrophe affect a family or individual is one of the greatest tragedies we face in this country. The impacts are accentuated when this misfortune comes in the form of an incurable disease. Loved ones are left with no hope, and feeling powerless as they watch the debilitating effects of disease overcome the individual. I know many of my colleagues in the Senate have experienced this sense of powerlessness. They have watched helplessly while family members deteriorate from the effects of a deadly disease. The vibrant individual that they knew and loved is reduced to a withering shell of a human being. The one thing, and the only thing that provides comfort to the afflicted and to their loved ones, is hope. Hope for an end to the suffering. Hope for a return to a normal life. Hope for a cure. This hope does not have to be great, even the faintest glimmer brings happiness to someone faced with a fatal future.

Medical research is the sole hope we can provide to millions of Americans who will experience disease and disability either in their own lives or in their families. We can care for them in our hospitals and clinics but we cannot alleviate their pain or end their suffering without cures and preventative treatments. Cures are the direct result of our investment in medical research.

This legislation is important because it will help provide a more sustainable funding base for medical research. During the debate on the budget resolution, I offered an amendment to restore $7 billion of the nearly $8 billion cut for the NIH proposed by the Senate budget resolution over the next 7 years. This amendment passed by a vote of 85–14. While this was a short-term victory for the NIH, it demonstrates the need for a stable endowment for medical research. The war against disease can not be fully waged if medical researchers have to engage in yearly squabbles with Congress over funding levels.

As most of my colleagues know, I am a practical man. I do not underestimate the difficulty any tax increase has in the current political climate, but I submit we must listen to the people who put the new Republican majority in power.

A recent Harris Poll has shown that Americans strongly support health research and are willing to put their money behind their words. The poll asked Americans which type of scientific research they favored—66 percent favored medical research and a pitiful 4 percent preferred defense research. This same poll determined that if assured that the funds would be spent for medical research, 74 percent of Americans are willing to spend $1 more in taxes. Other polling data consistently shows that more than two-thirds of Republican and Democratic voters, including voters in tobacco-growing States, favor raising tobacco taxes.

These results make it clear that our constituents desire a strong Federal commitment to medical research, even if it means an increase in taxes. An increase in tobacco taxes is easily the most appropriate source of funding for this bill. The Centers for Disease Control and Prevention reports that the Federal Government spends more than $20 billion per year to pay for the direct health care costs caused by tobacco. Tobacco taxes will help offset and reduce the economic costs of smoking. Taxes on tobacco products are a proven source of revenue around the world. Most major industrialized nations tax tobacco at $2 to $3.60 per package.

The increase in the tobacco tax will provide extensive health benefits. Tobacco use is the greatest cause of preventable death in America. About 1.3 million children and adults will be discouraged from smoking by a 25-cent tobacco tax. Because about half of all long-term smokers die of diseases caused by smoking, a 25-cent tobacco tax will save the lives of more than 300,000 Americans alive today. I hope these heart-wrenching statistics will put an end to the congressional coddling of the almighty tobacco lobby. Tobacco use imposes a great price on our society, and those who profit from tobacco use should contribute their fair share to this devastation.

This legislation has everything to do with providing our Nation with a brighter future. While sustainable resources for medical research are essential for our Nation's prosperity, our young people will ultimately determine the future of our Nation. Zenia Kim, a finalist in the Miss Oregon Pageant, and an aspiring medical researcher, provides me with a personal impetus to progress on this legislation. Like many Zenia had not given disease or medical research much thought until a close relative was stricken with cancer. After seeing her family member experience the terrors of chemotherapy, she dedicated her life to finding a cure to cancer.

Zenia has vigorously pursued this pledge by working during her college summers at Oregon Health Sciences University. It was here, at one of our Nation's top academic medical centers, that she encountered the problems of insufficient funds for medical research. This inspired her to develop a comprehensive proposal to cure cancer. The main component of this proposal is research. Kim writes, ''as a future medical scientist, I would like to know that there will be enough funding available to pursue my research endeavors.''

I would like Zenia to someday realize her goal and find a cure for cancer. I would like to assure Zenia, that when she graduates from medical school, we will have adequate funding for medical research. I urge my colleagues to support the National Fund for Medical Research to help Zenia and others like her to provide hope for those tormented by disease and disabilities.

I ask unanimous consent to include in the RECORD, a copy of the bill, a question and answer summary, a sample of letters of support, and a list of nearly 200 organizations supporting this effort.

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

S. 1251

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''National Fund for Health Research Act''.

SEC. 2. FINDINGS.

Congress finds the following:

(1) Nearly 4 of 5 peer reviewed research projects deemed worthy of funding by the National Institutes of Health are not funded.

(2) Less than 3 percent of the nearly one trillion dollars our Nation spends on health care is devoted to health research, while the defense industry spends 15 percent of its budget on research.

(3) Public opinion surveys have shown that Americans want more Federal resources put into health research and are willing to pay for it. Polling data consistently shows that more than two-thirds of all voters support a major tobacco tax increase if revenues generated are dedicated to health-related programs.

(4) Ample evidence exists to demonstrate that health research has improved the quality of health care in the United States. Advances such as the development of vaccines, the cure of many childhood cancers, drugs that effectively treat a host of diseases and disorders, a process to protect our Nation's blood supply from the HIV virus, progress against cardiovascular disease including heart attack and stroke, and new strategies for the early detection and treatment of diseases such as colon, breast, and prostate cancer clearly demonstrates the benefits of health research.

(5) Health research which holds the promise of prevention of intentional and unintentional injury and cure and prevention of disease and disability, is critical to holding down costs in the long term.

(6) The state of our Nation's research facilities at the National Institutes of Health and at universities is deteriorating significantly. Renovation and repair of these facilities are badly needed to maintain and improve the quality of research.

(7) Because the Concurrent Resolution on the Budget for fiscal year 1996 (H. Con. Res. 67) freezes discretionary spending for the next 5 years, the Nation's investment in health research through the National Institutes of Health is likely to decline in real terms unless corrective legislative action is taken.

(8) A health research fund is needed to maintain our Nation's commitment to health research and to increase the percentage of approved projects which receive funding at the National Institutes of Health.

(9) Each year 419,000 Americans die directly from tobacco use and thousands more die from diseases caused by exposure to environmental tobacco smoke. This year one out of every five Americans who die will die from tobacco use.

(10) A recent study by the Centers for Disease Control and Prevention estimates that the Federal Government expended more than $20,000,000,000 in 1993 alone to treat illnesses associated with tobacco use.

(11) A 25 cent increase in the tobacco tax would discourage 1,300,000 Americans from smoking and prevent more than 300,000 premature deaths.

(12) An estimated 90 percent of all smokers start when they are teenagers or younger.

(13) Voluntary income tax checkoffs for medical research for specific diseases exist in some States and have proven successful in generating funds for such research.

TITLE I—NATIONAL FUND FOR HEALTH RESEARCH

SEC. 101. ESTABLISHMENT.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a fund, to be known as the ''National Fund for Health Research'' (hereafter in this section referred to as the ''Fund''), consisting of such amounts as are transferred to the Fund under subsection (b) and any interest earned on investment of amounts in the Fund.

(b) TRANSFERS TO FUND.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the Fund amounts equivalent to—

(A) taxes received in the Treasury under section 5701 of the Internal Revenue Code of 1986 (relating to taxes on tobacco products) to the extent attributable to the increase in such taxes resulting from the amendments made by title II of the National Fund for Health Research Act; and

(B) the amounts designated under section 6097 (relating to designation of overpayments and contributions to the Fund).

(2) TRANSFERS BASED ON ESTIMATES.—The amounts transferred by paragraph (1) shall annually be transferred to the Fund within 30 days after the President signs an appropriations Act for the Departments of Labor, Health and Human Services, and Education, and related agencies, or by the end of the first quarter of the fiscal year. Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

(c) OBLIGATIONS FROM FUND.—

(1) IN GENERAL.—Subject to the provisions of paragraph (4), with respect to the amounts made available in the Fund in a fiscal year, the Secretary of Health and Human Services shall distribute—

(A) 2 percent of such amounts during any fiscal year to the Office of the Director of the National Institutes of Health to be allocated at the Director's discretion for the following activities:

(i) for carrying out the responsibilities of the Office of the Director, including the Office of Research on Women's Health and the

Office of Research on Minority Health, the Office of Alternative Medicine, the Office of Rare Disease Research, the Office of Behavioral and Social Sciences Research (for use for efforts to reduce tobacco use), the Office of Dietary Supplements, and the Office for Disease Prevention; and

(ii) for construction and acquisition of equipment for or facilities of or used by the National Institutes of Health;

(B) 2 percent of such amounts for transfer to the National Center for Research Resources to carry out section 1502 of the National Institutes of Health Revitalization Act of 1993 concerning Biomedical and Behavioral Research Facilities;

(C) 1 percent of such amounts during any fiscal year for carrying out section 301 and part D of title IV of the Public Health Service Act with respect to health information communications; and

(D) the remainder of such amounts during any fiscal year to member institutes and centers, including the Office of AIDS Research, of the National Institutes of Health in the same proportion to the total amount received under this section, as the amount of annual appropriations under appropriations Acts for each member institute and Centers for the fiscal year bears to the total amount of appropriations under appropriations Acts for all member institutes and Centers of the National Institutes of Health for the fiscal year.

(2) PLANS OF ALLOCATION.—The amounts transferred under paragraph (1)(D) shall be allocated by the Director of the National Institutes of Health or the various directors of the institutes and centers, as the case may be, pursuant to allocation plans developed by the various advisory councils to such directors, after consultation with such directors.

(3) GRANTS AND CONTRACTS FULLY FUNDED IN FIRST YEAR.—With respect to any grant or contract funded by amounts distributed under paragraph (1), the full amount of the total obligation of such grant or contract shall be funded in the first year of such grant or contract, and shall remain available until expended.

(4) TRIGGER AND RELEASE OF MONIES AND PHASE-IN.—

(A) TRIGGER AND RELEASE.—No expenditure shall be made under paragraph (1) during any fiscal year in which the annual amount appropriated for the National Institutes of Health is less than the amount so appropriated for the prior fiscal year.

(B) PHASE-IN.—The Secretary of Health and Human Services shall phase-in the distributions required under paragraph (1) so that—

(i) 25 percent of the amount in the Fund is distributed in fiscal year 1997;

(ii) 50 percent of the amount in the Fund is distributed in fiscal year 1998;

(iii) 75 percent of the amount in the Fund is distributed in fiscal year 1999; and

(iv) 100 percent of the amount in the Fund is distributed in fiscal year 2000 and each succeeding fiscal year.

(5) ADMINISTRATIVE EXPENSES.—Amounts in the Fund shall be available to pay the administrative expenses of the Department of the Treasury directly allocable to—

(A) modifying the individual income tax return forms to carry out section 6097 of the Internal Revenue Code of 1986; and

(B) processing amounts received under such section 6097 and transferring such amounts to such Fund.

(d) BUDGET TREATMENT OF AMOUNTS IN FUND.—The amounts in the Fund shall be excluded from, and shall not be taken into account, for purposes of any budget enforcement procedure under the Congressional Budget Act of 1974 or the Balanced Budget and Emergency Deficit Control Act of 1985.

TITLE II—FINANCING PROVISIONS

SEC. 201. AMENDMENT OF 1986 CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

SEC. 202. INCREASE IN EXCISE TAXES ON TOBACCO PRODUCTS.

(a) CIGARETTES.—Subsection (b) of section 5701 is amended—

(1) by striking "$12 per thousand ($10 per thousand on cigarettes removed during 1991 or 1992)" in paragraph (1) and inserting "$24.5 per thousand", and

(2) by striking "$25.20 per thousand ($21 per thousand on cigarettes removed during 1991 or 1992)" in paragraph (2) and inserting "$51.45 per thousand".

(b) CIGARS.—Subsection (a) of section 5701 is amended—

(1) by striking "$1.125 cents per thousand (93.75 cents per thousand on cigars removed during 1991 or 1992)" in paragraph (1) and inserting "$13.64 per thousand", and

(2) by striking "equal to" and all that follows in paragraph (2) and inserting "equal to 26.03 percent of the price for which sold but not more than $61.25 per thousand."

(c) CIGARETTE PAPERS.—Subsection (c) of section 5701 is amended by striking "0.75 cent (0.625 cent on cigarette papers removed during 1991 or 1992)" and inserting "1.53 cents".

(d) CIGARETTE TUBES.—Subsection (d) of section 5701 is amended by striking "1.5 cents (1.25 cents on cigarette tubes removed during 1991 or 1992)" and inserting "3.06 cents".

(e) SMOKELESS TOBACCO.—Subsection (e) of section 5701 is amended—

(1) by striking "36 cents (30 cents on snuff removed during 1991 or 1992)" in paragraph (1) and inserting "$3.69", and

(2) by striking "12 cents (10 cents on chewing tobacco removed during 1991 or 1992)" in paragraph (2) and inserting "$1.45".

(f) PIPE TOBACCO.—Subsection (f) of section 5701 is amended by striking "67.5 cents (56.25 cents on pipe tobacco removed during 1991 or 1992)" and inserting "$4.85".

(g) APPLICATION OF TAX INCREASE TO PUERTO RICO.—Section 5701 is amended by adding at the end the following new subsection:

"(h) APPLICATION TO TAXES TO PUERTO RICO.—Notwithstanding subsections (b) and (c) of section 7653 and any other provision of law—

"(1) IN GENERAL.—On tobacco products and cigarette papers and tubes, manufactured or imported into the Commonwealth of Puerto Rico, there is hereby imposed a tax at the rate equal to the excess of—

"(A) the rate of tax applicable under this section to like articles manufactured in the United States, over

"(B) the rate referred to in subparagraph (A) as in effect on the day before the date of the enactment of the National Fund for Health Research Act.

"(2) SHIPMENTS TO PUERTO RICO FROM THE UNITED STATES.—Only the rates of tax in effect on the day before the date of the enactment of this subsection shall be taken into account in determining the amount of any exemption from, or credit or drawback of, any tax imposed by this section on any article shipped to the Commonwealth of Puerto Rico from the United States.

"(3) SHIPMENTS FROM PUERTO RICO TO THE UNITED STATES.—The rates of tax taken into account under section 7652(a) with respect to tobacco products and cigarette papers and tubes coming into the United States from the Commonwealth of Puerto Rico shall be the rates of tax in effect on the day before the date of the enactment of the National Fund for Health Research Act.

"(4) DISPOSITION OF REVENUES.—The provisions of section 7652(a)(3) shall not apply to any tax imposed by reason of this subsection."

(h) EFFECTIVE DATE.—The amendments made by this section shall apply to articles removed (as defined in section 5702(k) of the Internal Revenue Code of 1986, as amended by this Act) after December 31, 1995.

(i) FLOOR STOCKS TAXES.—

(1) IMPOSITION OF TAX.—On tobacco products and cigarette papers and tubes manufactured in or imported into the United States or the Commonwealth of Puerto Rico which are removed before January 1, 1996, and held on such date for sale by any person, there is hereby imposed a tax in an amount equal to the excess of—

(A) the tax which would be imposed under section 5701 of the Internal Revenue Code of 1986 on the article if the article had been removed on such date, over

(B) the prior tax (if any) imposed under section 5701 or 7652 of such Code on such article.

(2) AUTHORITY TO EXEMPT CIGARETTES HELD IN VENDING MACHINES.—To the extent provided in regulations prescribed by the Secretary, no tax shall be imposed by paragraph (1) on cigarettes held for retail sale on January 1, 1996, by any person in any vending machine. If the Secretary provides such a benefit with respect to any person, the Secretary may reduce the $500 amount in paragraph (3) with respect to such person.

(3) CREDIT AGAINST TAX.—Each person shall be allowed as a credit against the taxes imposed by paragraph (1) an amount equal to $500. Such credit shall not exceed the amount of taxes imposed by paragraph (1) on January 1, 1996, for which such person is liable.

(4) LIABILITY FOR TAX AND METHOD OF PAYMENT.—

(A) LIABILITY FOR TAX.—A person holding cigarettes on January 1, 1996, to which any tax imposed by paragraph (1) applies shall be liable for such tax.

(B) METHOD OF PAYMENT.—The tax imposed by paragraph (1) shall be paid in such manner as the Secretary shall prescribe by regulations.

(C) TIME FOR PAYMENT.—The tax imposed by paragraph (1) shall be paid on or before April 1, 1996.

(5) ARTICLES IN FOREIGN TRADE ZONES.—Notwithstanding the Act of June 18, 1934 (48 Stat. 998, 19 U.S.C. 81a) and any other provision of law, any article which is located in a foreign trade zone on January 1, 1996, shall be subject to the tax imposed by paragraph (1) if—

(A) internal revenue taxes have been determined, or customs duties liquidated, with respect to such article before such date pursuant to a request made under the 1st proviso of section 3(a) of such Act, or

(B) such article is held on such date under the supervision of a customs officer pursuant to the 2d proviso of such section 3(a).

(6) DEFINITIONS.—For purposes of this subsection—

(A) IN GENERAL.—Terms used in this subsection which are also used in section 5702 of the Internal Revenue Code of 1986 shall have the respective meanings such terms have in such section, as amended by this Act.

(B) SECRETARY.—The term "Secretary" means the Secretary of the Treasury or his delegate.

(7) CONTROLLED GROUPS.—Rules similar to the rules of section 5061(e)(3) of such Code shall apply for purposes of this subsection.

(8) OTHER LAWS APPLICABLE.—All provisions of law, including penalties, applicable

with respect to the taxes imposed by section 5701 of such Code shall, insofar as applicable and not inconsistent with the provisions of this subsection, apply to the floor stocks taxes imposed by paragraph (1), to the same extent as if such taxes were imposed by such section 5701. The Secretary may treat any person who bore the ultimate burden of the tax imposed by paragraph (1) as the person to whom a credit or refund under such provisions may be allowed or made.

SEC. 203. MODIFICATIONS OF CERTAIN TOBACCO TAX PROVISIONS.

(a) EXEMPTION FOR EXPORTED TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES TO APPLY ONLY TO ARTICLES MARKED FOR EXPORT.—

(1) Subsection (b) of section 5704 is amended by adding at the end the following new sentence: ''Tobacco products and cigarette papers and tubes may not be transferred or removed under this subsection unless such products or papers and tubes bear such marks, labels, or notices as the Secretary shall by regulations prescribe.''

(2) Section 5761 is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

''(c) SALE OF TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES FOR EXPORT.—Except as provided in subsections (b) and (d) of section 5704—

''(1) every person who sells, relands, or receives within the jurisdiction of the United States any tobacco products or cigarette papers or tubes which have been labeled or shipped for exportation under this chapter,

''(2) every person who sells or receives such relanded tobacco products or cigarette papers or tubes, and

''(3) every person who aids or abets in such selling, relanding, or receiving,

shall, in addition to the tax and any other penalty provided in this title, be liable for a penalty equal to the greater of $1,000 or 5 times the amount of the tax imposed by this chapter. All tobacco products and cigarette papers and tubes relanded within the jurisdiction of the United States, and all vessels, vehicles, and aircraft used in such relanding or in removing such products, papers, and tubes from the place where relanded, shall be forfeited to the United States.''

(3) Subsection (a) of section 5761 is amended by striking ''subsection (b)'' and inserting ''subsection (b) or (c)''.

(4) Subsection (d) of section 5761, as redesignated by paragraph (2), is amended by striking ''The penalty imposed by subsection (b)'' and inserting ''The penalties imposed by subsections (b) and (c)''.

(5)(A) Subpart F of chapter 52 is amended by adding at the end the following new section:

''SEC. 5754. RESTRICTION ON IMPORTATION OF PREVIOUSLY EXPORTED TOBACCO PRODUCTS.

''(a) IN GENERAL.—Tobacco products and cigarette papers and tubes previously exported from the United States may be imported or brought into the United States only as provided in section 5704(d). For purposes of this section, section 5704(d), section 5761, and such other provisions as the Secretary may specify by regulations, references to exportation shall be treated as including a reference to shipment to the Commonwealth of Puerto Rico.

''(b) CROSS REFERENCE.—

''For penalty for the sale of tobacco products and cigarette papers and tubes in the United States which are labeled for export, see section 5761(c).''

(B) The table of sections for subpart F of chapter 52 is amended by adding at the end the following new item:

''Sec. 5754. Restriction on importation of previously exported tobacco products.''

(b) IMPORTERS REQUIRED TO BE QUALIFIED.—

(1) Sections 5712, 5713(a), 5721, 5722, 5762(a)(1), and 5763 (b) and (c) are each amended by inserting ''or importer'' after ''manufacturer''.

(2) The heading of subsection (b) of section 5763 is amended by inserting ''QUALIFIED IMPORTERS,'' after ''MANUFACTURERS,''.

(3) The heading for subchapter B of chapter 52 is amended by inserting ''**and Importers**'' after ''**Manufacturers**''.

(4) The item relating to subchapter B in the table of subchapters for chapter 52 is amended by inserting ''and importers'' after ''manufacturers''.

(c) REPEAL OF TAX-EXEMPT SALES TO EMPLOYEES OF CIGARETTE MANUFACTURERS.—

(1) Subsection (a) of section 5704 is amended—

(A) by striking ''EMPLOYEE USE OR'' in the heading, and

(B) by striking ''for use or consumption by employees or'' in the text.

(2) Subsection (e) of section 5723 is amended by striking ''for use or consumption by their employees, or for experimental purposes'' and inserting ''for experimental purposes''.

(d) REPEAL OF TAX-EXEMPT SALES TO UNITED STATES.—Subsection (b) of section 5704 is amended by striking ''and manufacturers may similarly remove such articles for use of the United States;''.

(e) BOOKS OF 25 OR FEWER CIGARETTE PAPERS SUBJECT TO TAX.—Subsection (c) of section 5701 is amended by striking ''On each book or set of cigarette papers containing more than 25 papers,'' and inserting ''On cigarette papers,''.

(f) STORAGE OF TOBACCO PRODUCTS.—Subsection (k) of section 5702 is amended by inserting ''under section 5704'' after ''internal revenue bond''.

(g) AUTHORITY TO PRESCRIBE MINIMUM MANUFACTURING ACTIVITY REQUIREMENTS.—Section 5712 is amended by striking ''or'' at the end of paragraph (1), by redesignating paragraph (2) as paragraph (3), and by inserting after paragraph (1) the following new paragraph:

''(2) the activity proposed to be carried out at such premises does not meet such minimum capacity or activity requirements as the Secretary may prescribe, or''.

(h) SPECIAL RULES RELATING TO PUERTO RICO AND THE VIRGIN ISLANDS.—Section 7652 is amended by adding at the end the following new subsection:

''(h) LIMITATION ON COVER OVER OF TAX ON TOBACCO PRODUCTS.—For purposes of this section, with respect to taxes imposed under section 5701 or this section on any tobacco product or cigarette paper or tube, the amount covered into the treasuries of Puerto Rico and the Virgin Islands shall not exceed the rate of tax under section 5701 in effect on the article on the day before the date of the enactment of the Health Partnership Act of 1995.''

(i) EFFECTIVE DATE.—The amendments made by this section shall apply to articles removed (as defined in section 5702(k) of the Internal Revenue Code of 1986, as amended by this Act) after December 31, 1995.

SEC. 204. IMPOSITION OF EXCISE TAX ON MANUFACTURE OR IMPORTATION OF ROLL-YOUR-OWN TOBACCO.

(a) IN GENERAL.—Section 5701 (relating to rate of tax), as amended by section 701, is amended by redesignating subsections (g) and (h) as subsections (h) and (i) and by inserting after subsection (f) the following new subsection:

''(g) ROLL-YOUR-OWN TOBACCO.—On roll-your-own tobacco, manufactured in or imported into the United States, there shall be imposed a tax of $4.85 per pound (and a proportionate tax at the like rate on all fractional parts of a pound).''

(b) ROLL-YOUR-OWN TOBACCO.—Section 5702 (relating to definitions) is amended by adding at the end the following new subsection:

''(p) ROLL-YOUR-OWN TOBACCO.—The term 'roll-your-own tobacco' means any tobacco which, because of its appearance, type, packaging, or labeling, is suitable for use and likely to be offered to, or purchased by, consumers as tobacco for making cigarettes.''

(c) TECHNICAL AMENDMENTS.—

(1) Subsection (c) of section 5702 is amended by striking ''and pipe tobacco'' and inserting ''pipe tobacco, and roll-your-own tobacco''.

(2) Subsection (d) of section 5702 is amended—

(A) in the material preceding paragraph (1), by striking ''or pipe tobacco'' and inserting ''pipe tobacco, or roll-your-own tobacco'', and

(B) by striking paragraph (1) and inserting the following new paragraph:

''(1) a person who produces cigars, cigarettes, smokeless tobacco, pipe tobacco, or roll-your-own tobacco solely for the person's own personal consumption or use, and''.

(3) The chapter heading for chapter 52 is amended to read as follows:

''CHAPTER 52—TOBACCO PRODUCTS AND CIGARETTE PAPERS AND TUBES''.

(4) The table of chapters for subtitle E is amended by striking the item relating to chapter 52 and inserting the following new item:

''CHAPTER 52. Tobacco products and cigarette papers and tubes.''

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to roll-your-own tobacco removed (as defined in section 5702(k) of the Internal Revenue Code of 1986, as amended by this Act) after December 31, 1995.

(2) TRANSITIONAL RULE.—Any person who—

(A) on the date of the enactment of this Act is engaged in business as a manufacturer of roll-your-own tobacco or as an importer of tobacco products or cigarette papers and tubes, and

(B) before January 1, 1996, submits an application under subchapter B of chapter 52 of such Code to engage in such business,

may, notwithstanding such subchapter B, continue to engage in such business pending final action on such application. Pending such final action, all provisions of such chapter 52 shall apply to such applicant in the same manner and to the same extent as if such applicant were a holder of a permit under such chapter 52 to engage in such business.

SEC. 205. DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS FOR THE NATIONAL FUND FOR HEALTH RESEARCH.

(a) IN GENERAL.—Subchapter A of chapter 61 (relating to returns and records) is amended by adding at the end the following new part:

''PART IX—DESIGNATION OF OVERPAYMENTS AND CONTRIBUTIONS FOR THE NATIONAL FUND FOR HEALTH RESEARCH

''Sec. 6097. Amounts for the National Fund for Health Research.

"SEC. 6097. AMOUNTS FOR THE NATIONAL FUND FOR HEALTH RESEARCH.

''(a) IN GENERAL.—Every individual (other than a nonresident alien) may designate that—

''(1) a portion (not less than $1) of any overpayment of the tax imposed by chapter 1 for the taxable year, and

''(2) a cash contribution (not less than $1), be paid over to the National Fund for Health Research. In the case of a joint return of a husband and wife, each spouse may designate one-half of any such overpayment of tax (not less than $2).

''(b) MANNER AND TIME OF DESIGNATION.—Any designation under subsection (a) may be made with respect to any taxable year only at the time of filing the original return of the tax imposed by chapter 1 for such taxable year. Such designation shall be made either on the 1st page of the return or on the page bearing the taxpayer's signature.

''(c) OVERPAYMENTS TREATED AS REFUNDED.—For purposes of this section, any overpayment of tax designated under subsection (a) shall be treated as being refunded to the taxpayer as of the last day prescribed for filing the return of tax imposed by chapter 1 (determined with regard to extensions) or, if later, the date the return is filed.

''(d) DESIGNATED AMOUNTS NOT DEDUCTIBLE.—No amount designated pursuant to subsection (a) shall be allowed as a deduction under section 170 or any other section for any taxable year.

''(e) TERMINATION.—This section shall not apply to taxable years beginning in a calendar year after a determination by the Secretary that the sum of all designations under subsection (a) for taxable years beginning in the second and third calendar years preceding the calendar year is less than $5,000,000.''

(b) CLERICAL AMENDMENT.—The table of parts for subchapter A of chapter 61 is amended by adding at the end the following new item:

''Part IX. Designation of overpayments and contributions for the National Fund for Health Research.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1995.

NATIONAL FUND FOR HEALTH RESEARCH ACT—QUESTIONS AND ANSWERS

What does the proposal call for?

A National Fund For Health Research would be established to provide additional resources for health research over and above those provided to the National Institutes of Health (NIH) in the annual appropriations process. The Fund would greatly enhance the quality of health care by investing more resources in finding preventive measures, cures and cost effective treatments for the major illnesses and conditions that strike Americans.

Financing for the Fund comes from an increase in federal tobacco taxes—25 cents per pack of cigarettes and an equivalent tax on other tobacco products. This tax would raise an estimated $4.2 billion annually. In addition to providing revenue for the Fund, raising tobacco taxes will protect children and save lives. Every day more than 3,000 children become smokers and more than 1,000 of them will eventually die as a result of smoking. Raising tobacco taxes is a highly effective way to reduce tobacco use by children. A 25-cent tax will discourage an estimated 1.3 million children and adults from smoking and will save the lives of more than 300,000 Americans alive today.

Each year amounts within the Fund would automatically be allotted to each of the NIH Institutes and Centers. Five percent of the monies would be directed to extramural construction and renovation of research facilities, the National Library of Medicine, and the Office of the Director. So that an appropriate range of basic and applied research is supported, each Institute and Center would receive the same percentage of the remaining Fund monies as they received of the total NIH appropriation for that fiscal year. In order to insure that the additional funds generated do not simply replace regularly appropriated NIH funds, monies from the Fund would be released only if the total appropriated for the NIH in that year equal or exceed the prior year appropriations.

Additional monies for the Fund would be generated by a voluntary federal income tax check-off. Every year, when filing their Federal income tax returns, Americans would have the opportunity to designate tax overpayments and contributions for health research. Monies from the check-off would be deposited in the Fund.

Why is this proposal necessary?

Health research has brought us the advances in treatment and prevention of disease and disability that define our current high standards of medical practice. Perhaps more than any other component of our health care system, health research holds the promise of both reducing medical costs and improving the quality of life of Americans. Yet, because the federal budget agreement freezes discretionary spending for the next four years, Federal funding for health research will likely not even keep up with inflation unless a separate funding stream is established.

Will the Fund simply replace existing monies appropriated to NIH?

No. Monies generated by the Fund would be in addition to, not in replacement of those provided to each of the NIH Institutes in the normal appropriations process. Monies from the Fund could not be allotted unless total NIH appropriations in that year were equal to or greater than the prior year appropriations. Therefore, the Fund could not be used as a mechanism to replace or reduce regularly appropriated funds.

How would money from the Fund be allocated among research priorities?

The proposal does not pick winners and losers among areas of health research. It does not interfere with the funding decisions made through the normal appropriations process. Funds would be allocated to each of the NIH Institutes and Centers based on the percentage that each of these entities received of the total NIH appropriation for that year. Monies allotted to each NIH entity would be spent according to a plan developed by the entities' advisory council in consultation with the NIH Director. Each Institute would decide the appropriate distribution of Fund monies among various research priorities within the Institute.

In recognition of the poor state of many medical research facilities, 2 percent of the total Fund would be taken off the top for extramural construction and renovation of research building and facilities. In accordance with traditional funding patterns, 1 percent of the total Fund would go to the National Library of Medicine. An additional 2 percent would go to the NIH Director for intramural construction and renovation and other activities supported by the Office of the Director.

Isn't research a major reason why the cost of health care is so high in this country? Won't an increase in research funding lead to an increase in health care costs?

Absolutely not. Funding for research can be an effective means of controlling health costs in the long run. Investment in research pays off in terms of lower medical expenses, reduced worker absenteeism, and improved productivity. For example, according to NIH statistics, an investment of $1.2 million in the development of a mass screening device for neonatal hypothyroidism in newborns has the potential 1-year saving of over $206 million. An investment of slightly over $679,000 for a treatment for preventing the recurrence of kidney stones saves close to $300 million in annual treatment costs and lost days work.

Today, many families are anxiously looking for a treatment and cure of Alzheimer's disease. Federally supported funding for research on Alzheimer's disease totals $300 million annually on caring for people with Alzheimer's. A cure or treatment for Alzheimer's, in addition to relieving suffering, would result in enormous savings.

Won't more research lead to the development and over utilization of new tests and expensive equipment?

There are legitimate concerns about the over utilization and duplication of expensive technologies. These concerns should be addressed by an increased emphasis on outcomes and effectiveness research. We should solve the problem of over utilization of services but not at the expense of improving quality and coming up with more effective treatments and cures.

Do the American people support increases in tobacco taxes to pay for increases in health research?

Polling data consistently show that more than two-thirds of Republican and Democratic voters, including voters in tobacco-growing states, favor raising tobacco taxes if revenues are dedicated to health-related activities.

Does the proposal include prevention research?

Absolutely. Research is our first line of defense. It is the ultimate investment in prevention. Research provides the building blocks for prevention—research has produced immunizations, critical information about the importance of diet and exercise in preventing disease, and a screening test to prevent the transmission of HIV through blood products. Research is the key to prevention.

CANCER UNDERSTANDING AND RESEARCH EFFORTS

(Statement of Zenia Kim)

The CURE program is designed to focus on two areas of cancer treatment: prevention and research.

INTRODUCTION

I remember when I was attending Junior High and High School, I never really learned about cancer or the risk factors involved. When I was a senior in high school, a very close relative of mine became very ill and was diagnosed with cancer. She started chemotherapy treatment but things got worse. I promised myself at that moment that I was going to perform my own research on cancer. What caused this disease and why wasn't my loved one getting better? I began volunteering at our local hospital in the Pathology lab, where I observed doctors examining various forms of cancers. I learned how to spot cancers of all sorts. As I continued my education at Brigham Young University, I continued with my cancer research. I worked with a Chemistry professor by the name of Dr. James Thorne, and he assisted me in understanding the chemical aspect of cancer research. We worked on a treatment called Photodynamic Therapy. This form of cancer treatment became very appealing because it did not have as many negative side effects that chemotherapy had. I became so involved with the research that I wrote my own paper on Photodynamic Therapy. I am still continuing my research with Dr. Thorne for the third year, and hope that this is our real breakthrough in curing cancer. While I

was performing research on Photodynamic Therapy, I really wanted to continue my volunteer work in a hospital setting. I volunteered at Utah Valley Regional Medical Center in the Oncology Department. Here, I got to experience the other side, the patient's side. I remember talking with many cancer patients and listening to their distress, their hopeless feelings. I became so determined . . . that I was going to find a cure for cancer. As my research continued at BYU, I discovered that research funds were very limited. The national funding organizations can hardly support any of the proposals coming in. As a future medical research specialist, I became disheartened. Over the summer, I worked at Oregon Health Sciences University Medical School performing medical cancer research, and there too discovered the limited funding available for research. This is why I became so inspired to develop my own program called the CURE.

CANCER UNDERSTANDING AND RESEARCH EFFORTS

The CURE focuses on two areas of cancer treatment. The first is prevention. I believe that if many students learned about the risks involved with cancer as a junior high or high school student, there would be a significant decrease in the incidents of cancer. I would like to see a unit integrated within the health curriculum that emphasizes the risks of cancer. Furthermore, I would like to invite guest speakers, perhaps one who has fought and recovered from cancer or the loved ones of a cancer victim, to tell about their side of their story. I think that by personalizing a real situation, students feel more sensitive and more in tune with the problem. That is exactly what we need. We need students to feel realistic, sad, or even scared so that they won't associate with any of the risks involved with cancer. The decisions that students in their junior high and high school years make can indefinitely affect the course of their lives. Furthermore, this is the time that they opt to engage in such acts as smoking, using tobacco, sun tanning, etc. So, by integrating a cancer unit within secondary education, the hope is that the future generations will choose to stay risk free and beat the battle against cancer.

The second area of cancer treatment that the CURE focuses on is research. Prevention is great to eliminate cancer but for those already afflicted with cancer, there must be another alternative. I would like to personally declare, to those of all ages, that research is the first and most important step towards cancer cure. By understanding the mechanism of how cancer cells undergo their uncontrolled rate of division, we can come closer to finding the right reagents to stop it. I know that cancer research has been going on for many years, and I believe that we are coming so much closer to the cure. We really need to support the research funding. I have sadly discovered that less than 10 percent of all the proposals that are sent to large funding organizations, such as the National Institute of Health, actually get funded. This to me is a horrifying reality. But the question always seems to be, ''Where are we going to get the money?'' I believe that we can first start with larger corporations. They have elicited a certain percentage of their profits into donations. I would like to encourage those corporations to donate more of their profits into research. Also, I support Senator Hatfield's and Senator Harkin's Trust Fund Proposal in allocating more money towards research from a tobacco tax. By raising the tobacco tax by a small fraction, we will not destroy the tobacco industry and we will be able to fund more scientific discoveries. As a future medical scientist, I would like to know that there will be enough funding available to pursue my research endeavors. I love research and I thrive off making new scientific discoveries. I just hope that I can continue my love for research when I work in my own laboratory someday soon.

As Miss Tri-Valley, I have actually had the opportunity to speak to students in junior high and high schools throughout the Beaverton/Portland area. I always emphasize these two important points that I have established in the CURE Program: Prevention and Research—these are our two means of defeating cancer.

AMERICAN LUNG ASSOCIATION,
September 14, 1995.

Hon. MARK HATFIELD,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR HATFIELD: The American Lung Association strongly endorses the legislation you are introducing today, Research Trust Fund Act. Enactment of the Research Trust Fund Act will be a win-win proposition for the health and well-being of the American people.

The Research Trust Fund Act will save lives through prevention. Each year 419,000 Americans die from causes directly related to tobacco use and thousands more die from diseases caused by exposure to environmental tobacco smoke. These preventable deaths represents a huge human loss to our society. The proposed $0.25 increase in the federal excise tax on tobacco products will help reduce the number of people who smoke. It is estimated that for every $0.25 increased in the federal tobacco tax, about one million people living today will be discouraged from smoking and 200,000 to 300,000 premature deaths will be prevented.

The Research Trust Fund Act will save health care dollars. The cost of treating people who suffer from tobacco related illnesses places a staggering financial burden on the American health care system. Although smokers tend to die younger, over the course of their life, current and former smokers generate an estimated $501 billion in excess health care costs. Treating tobacco related illnesses cost the $21 billion per year, with an additional estimated cost of $47 billion in lost productivity. Reducing the number of people who use tobacco products by increasing the federal tobacco tax will help reduce the economic burden tobacco consumption places on the U.S. health care system.

The Research Trust Fund Act will save lives through improved treatments and cures. The estimated $4 billion to $5 billion generated by the Research Trust Fund will provided needed additional funding for biomedical research sponsored by the National Institutes of Health. Through increased support of basic and clinical biomedical research at the National Institutes of Health, researchers will continue to broaden our understanding of life sciences and develop new approaches to preventing, treating, and curing disease.

The American Lung Association and its volunteers stand ready to work with you and Congress to enact this important legislation. I would also like to take this opportunity to commend you for your leadership and foresight in introducing the Research Trust Fund Act. The Research Trust Fund will go a long way to improving the health of all Americans.

Sincerely,
JACQUELINE D. MCLEOD, MPH, M.Ed,
President.

FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY,
Bethesda, MD, September 11, 1995.

Hon. MARK HATFIELD,
Chair, Senate Appropriations Committee, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Federation of American Societies for Experimental Biology (FASEB) supports with enthusiasm your efforts to provide supplemental resources for NIH and biomedical research.

The Federation concurs that the federal commitment to health research is grossly underfunded. Less than 3 percent of the nearly one trillion dollars our Nation spends on health care is devoted to health research, while the defense industry spends 15 percent of its budget on research. Ample evidence exists to demonstrate that health research has improved the quality of health care in the United States, and is one of the best methods of health care cost containment.

Therefore, FASEB supports the proposal to create an additional source of biomedical funding, such as through the National Fund for Health Research Act. We are confident that these additional funds would not be used to offset regular appropriations.

Sincerely,
RALPH A. BRADSHAW, Ph.D.,
President.

NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE,
Washington, DC, September 14, 1995.

Hon. MARK O. HATFIELD,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR HATFIELD: On behalf of the nearly six million members and supporters of the National Committee to Preserve Social Security and Medicare, I am writing in strong support of your legislation to increase medical research funding to the National Institutes of Health (NIH).

Increased research into the causes and potential cures of many diseases related to aging could have a profound impact on the lives of older Americans and their families. Alzheimer's disease, a degenerative brain disorder, afflicts about 4 million people in the United States, and costs the nation an estimated $80 billion to $100 billion a year. Osteoporosis, which causes fragile bones and painfully crippling fractures, costs an estimated $10 billion a year. When families can no longer meet the care needs of relatives with these illnesses, disabled people often end up in nursing homes, where bills totaled $69.6 billion in 1993.

The Hatfield/Harkin Research Fund legislation to be introduced today is a significant step forward to find cures or better treatments, save lives and dollars. We commend you on your long-time commitment to medical research.

Sincerely,
MARTHA A. MCSTEEN,
President.

ASSOCIATION OF AMERICAN MEDICAL COLLEGES,
Washington, DC, September 15, 1995.

Hon. MARK O. HATFIELD,
U.S. Senate, Hart Senate Office Building, Washington, DC.

Hon. TOM HARKIN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATORS HATFIELD AND HARKIN: The Association of American Medical Colleges (AAMC) strongly endorses your proposal to create a National Fund for Health Research. The debate on this year's budget makes it clear that we must identify additional, sustainable sources of funding to supplement the regular appropriation for the National

Institutes of Health [NIH] if we are to continue to rely upon scientific discovery to improve the health and quality of life for all Americans. In addition, sustained support for the NIH is needed if the United States is to maintain its position as the world's leader in biomedical and behavioral research. The fund you propose is an innovative and necessary complement to NIH funding.

The Federal Government plays a necessary role in the support of this nation's biomedical and behavioral research efforts. The investment that the Federal Government has made in the NIH has produced a comprehensive network of scientists, physicians, and technicians at more than 1,700 institutions across the United States dedicated to the continued pursuit of fundamental knowledge and the application of this information to the prevention, diagnosis, and treatment of disease. NIH-supported scientists have made enormous contributions to the nation's health. In addition, NIH-sponsored research has made significant economic contributions, both locally and nationally. The role that the U.S. biotechnology industry plays globally is just one example of the economic benefits to be derived from NIH research.

Moreover, your proposal addresses a major cause of disease and death in this country: tobacco. As health professionals, we must do everything in our power to reduce the use of tobacco in this country, particularly among children and teenagers. Your bill is an important part of that strategy. We will work with you to urge all health-related organizations and institutions to support this proposal and to encourage other Senators to cosponsor it.

Finally, on behalf of the Association's members, I wish to thank you for your leadership and unfailing commitment to a strong, vital medical research effort in this country. We appreciate the continued support and trust that you have placed in the NIH, and by implication in our institutions and faculty. We look forward to continuing to work with you to sustain this national treasure that is so critically important to the nation's health.

Very sincerely yours,

JORDAN J. COHEN, M.D.
President.

AMERICAN CANCER SOCIETY,
NATIONAL PUBLIC ISSUES OFFICE,
Washington, DC, September 15, 1995.

Hon. MARK HATFIELD,
U.S. Senate,
Washington, DC.

DEAR SENATOR HATFIELD: On behalf of more than two million American Cancer Society volunteers, I am writing to commend you and Senator Harkin for your leadership in introducing the National Fund for Health Research Act. Your proposal combines two critical initiatives: increasing biomedical research funding and protecting children from tobacco addiction by raising tobacco taxes. The American Cancer Society strongly supports this bill.

Increasing funding for biomedical research is a top priority for all health organizations that understand the role such research plays in treating diseases, reducing suffering, improving the efficiency of our health care system and improving the health status of the entire nation. The American Cancer Society is particularly concerned about the rise in cancer rates. Cancer will become the leading cause of death in the United States by the year 2000. Biomedical research performed by the National Institutes of Health is of vital importance in the fight against cancer. The United States currently devotes less than 3 percent of health care spending to research. This amount is unacceptably low as a matter of health and economics.

There is no more appropriate way to finance this bill than through a tobacco tax increase. By itself, this tax will discourage about 1.3 million children and adults from smoking and will ultimately save the lives of more than 300,000 Americans alive today. Raising tobacco taxes is one of the most important measures we can take to reduce the current epidemic of tobacco use by teenagers.

More than two-thirds of Republican and Democratic voters, including voters from tobacco-growing states, supports raising tobacco taxes for health-related purposes such as this.

You have our full support. We look forward to working with you and your staff.

Sincerely,

KERRIE B. WILSON,
National Vice President for Government Relations, American Cancer Society.

MEDICAL RESEARCH AND HEALTH CARE CONCERNS: A SURVEY OF THE AMERICAN PUBLIC

(Conducted by Louis Harris & Associates, June 1995)

A nationwide Harris telephone poll was conducted of 1004 adults in the United States from June 8–11, 1995. Figures for age, sex, race, education, and region were weighted where necessary to bring them into line with their actual proportions in the population. The margin of error for the survey is approximately 3.1 percent.

Research! America, a national not-for-profit organization dedicated to raising public awareness of and support for medical research, commissioned Louis Harris & Associates to ask questions about medical research as a part of a larger survey focusing on a broad range of current issues.

HIGHLIGHTS

1. Americans oppose cuts in medical research dollars.

Respondents were told that one impact of proposed changes in the Federal budget would be less money going to universities and their hospitals which teach medical students and do medical research. When asked whether they favored or opposed these changes in the Federal budget, 65% opposed proposed cuts in Federal support for universities and hospitals.

The younger those surveyed, the higher their response: Among 18–24 year-olds, the opposition to the proposed cuts rises to 75%; among 15–29 year-olds, the opposition to the proposed cuts is 72%.

2. Americans would pay higher taxes to support medical research.

73% would be willing to pay a dollar more perweek in taxes if they knew the money would be spent on medical research to better diagnose, prevent and treat disease.

Results from a November, 1993 Harris Poll were very similar—74% were willing to pay a dollar more per week in taxes if spent on medical research.

3. Americans urge Congress to provide tax incentives for private industry to conduct medical research.

61% of those surveyed want their Senators and Representatives to support legislation that would give tax credits to private industries to conduct more medical research.

4. Americans are willing to designate tax refund dollars for medical research.

45% would probably, and 15% would definitely check off a box on their federal income tax return to designate tax refund money specifically for medical research.

When asked how much money they would be willing to designate to medical research, the median amount reported was $23.

5. Americans overwhelmingly value maintaining the United States' position as a leader in medical research.

94% of those surveyed believe that it is important that the United States maintains its role as a world leader in medical research!

6. Americans heartily endorse having the Federal Government support basic science research.

Those surveyed were asked if they agree or disagree with the following: ''Even if it brings no immediate benefits, basic science research which advances the frontiers of knowledge is necessary and should be supported by the Federal Government.''

69% of respondent agree; 79% of young people ages 18–24 agree with the need to support basic research.

7. Medical research takes second place only to national, defense for tax dollar value.

While 45% gave federal defense spending the highest rating for tax dollar value, second place went to medical research with 37% of the respondents giving it a favorable tax dollar value.

Public education and federal anti-crime efforts ranked the lowest.

8. Americans want more information about medical research in the print and broadcast media.

61% of the Americans surveyed would like to see more medical research information in newspaper, magazines and on television.

77% of young people 18–24 want more medical research information from these sources.

For further information on the survey or other Research! America activities, contact Tracy Turner at (703) 739–2577; Fax (703) 739–2372.

ORGANIZATIONS ENDORSING THE HATFIELD-HARKIN RESEARCH FUND PROPOSAL AS OF SEPTEMBER 14, 1995

Academy of Radiology Research.
Alliance for Aging Research.
Alliance for Eye and Vision Research.
Alzheimer's Association.
American Academy of Allergy, Asthma & Immunology.
American Academy of Child and Adolescent Psychiatry.
American Academy of Dermatology.
American Academy of Medical Acupuncture.
American Academy of Neurology.
American Academy of Ophthalmology.
American Academy of Orthopaedic Surgeons.
American Academy of Otolaryngology—Head and Neck Surgery.
American Academy of Pediatrics.
American Association for Cancer Education.
American Association for Cancer Research.
American Association for Dental Research.
American Association of Anatomists.
American Association of Blood Banks.
American Association of Colleges of Nursing.
American Association of Colleges of Pharmacy.
American Association of Critical-Care Nurses.
American Association of Dental Schools.
American Association of Immunologists.
American Association of Pharmaceutical Scientists.
American Cancer Society.
American College of Cardiology.
American College of Chest Physicians.
American College of Clinical Pharmacology.
American College of Medical Genetics.
American College of Preventive Medicine.
American College of Rheumatology.
American Diabetes Association.
American Federation for Clinical Research.
American Gastroenterological Association.
American Geriatrics Society.

American Heart Association.
American Institute of Nutrition.
American Lung Association.
American Nurses Association.
American Orthopaedic Association.
American Pediatric Society.
American Physiological Society.
American Podiatric Medical Association.
American Porphyria Foundation.
American Psychiatric Association.
American Psychological Society.
American Skin Association, Inc.
American Sleep Disorders Association.
American Society for Bone and Mineral Research.
American Society for Cell Biology.
American Society for Clinical Nutrition.
American Society for Dermatologic Surgery.
American Society for Investigative Pathology.
American Society for Microbiology.
American Society for Pharmacology and Experimental Therapeutics.
American Society for Reproductive Medicine.
American Society for Therapeutic Radiology and Oncology.
American Society for Virology.
American Society of Addiction Medicine.
American Society of Animal Sciences.
American Society of Clinical Oncology.
American Society of Hematology.
American Society of Nephrology.
American Society of Pediatric Hematology/Oncology.
American Society of Tropical Medicine & Hygiene.
American Speech-Language-Hearing Association.
American Thoracic Society.
American Urological Association.
Amputee Coalition of America.
Arizona Disease Prevention Center at the University of Arizona.
Arthritis Foundation.
Association for Behavioral Sciences & Medical Education.
Association for Professionals in Infection Control & Epidemiology, Inc.
Association for Research in Vision and Ophthalmology.
Association of Academic Health Centers.
Association of American Cancer Institutes.
Association of American Medical Colleges.
Association of American Veterinary Medical Colleges.
Association of Medical Graduate Departments of Biochemistry.
Association of Medical School Microbiology and Immunology Chairs.
Association of Medical School Pediatric Department Chairman.
Association of Minority Health Profession Schools.
Association of Pediatric Oncology Nurses.
Association of Population Centers.
Association of Professors of Dermatology.
Association of Professors of Medicine.
Association of Subspecialty Professors.
Association of Teachers of Preventive Medicine.
Association of University Environmental Health Sciences Centers.
Association of University professors of Ophthalmology.
Association of University Programs in Occupational Health and Safety.
Autism Society of America.
Cancer Research Foundation of America.
Citizens for Public Action on Blood Pressure and Cholesterol, Inc.
Coalition for American Trauma Care.
Coalition of Patient Advocates for Skin Disease Research.
College on Problems of Drug Dependence.
Columbia University.
Columbia University, Health Sciences.
Consortium for Skin Research.
Peter C. & Pat Cook Health Sciences Research & Education Institute at Butterworth Hospital.
Cooley's Anemia Foundation.
Cooper Hospital/University Medical Center.
Corporation for the Advancement of Psychiatry.
Council of Community Blood Centers.
Cystic Fibrosis Foundation.
Drew/Meharry/Morehouse Consortium Cancer Center.
Digestive Disease National Coalition.
Dystonia Medical Research Foundation.
Dystrophic Epidermolysis Bullosa Research Association of America.
Ehlers Danlos National Foundation.
The Endocine Society.
Environmental Science Associates, Inc.
Epilepsy Foundation of America.
Families Against Cancer.
Federation of American Societies for Experimental Biology.
Federation of Behavioral, Psychological & Cognitive Sciences.
Foundation for Ichthyosis & Related Skin Types.
Fox Chase Cancer Center.
General Clinical Research Center Programs Directors' Association.
Genome Action Coalition.
Fred Hutchinson Cancer Research Center.
Arthur G. James Cancer Hospital & Research Institute.
Johns Hopkins University.
Johns Hopkins University, School of Medicine.
Joint Council on Allergy, Asthma and Immunology.
Joint Steering Committee for Public Policy.
Louisiana State University Medical Center.
Lupus Foundation of America, Inc.
Lucille P. Markey Cancer Center.
Medical College of Pennsylvania & Hahnemann University.
Medical Center of Wisconsin Cancer Center.
Medical Library Association.
Myasthenia Gravis Foundation of America, Inc.
National Alopecia Areata Foundation.
National Association for Biomedical Research.
National Association for the Advancement of Orthotics and Prosthetics.
National Association of Children's Hospitals.
National Association of Pediatric Nurse Associates and Practitioners.
National Association of State Universities and Land Grant Colleges.
National Breast Cancer Coalition.
National Caucus of Basic Biomedical Science Chairs.
National Coalition for Cancer Research.
National Committee to Preserve Social Security and Medicare.
National Diabetes Research Coalition.
National Easter Seal Society.
National Eczema Association.
National Foundation for Ectodermal Dysplasias.
National Health Council.
National Marfan Foundation.
National Multiple Sclerosis Society.
National Organization for Rare Disorders.
National Osteoporosis Foundation.
National Perinatal Association.
National Psoriasis Foundation.
National Tuberous Sclerosis Association.
National Vitiligo Foundation, Inc.
National Vulvodynia Association.
New England Society of Physical Medicine and Rehabilitation.
New York University Medical Center.
Northwestern Memorial Hospital.
Oncology Nursing Society.
Orton Dyslexia Society, Inc.
Paralyzed Veterans of America.
Penn State Hershey Medical Center.
Population Association of America.
Radiation Research Society.
The Family of Christopher Reeve.
Research! America.
St. Jude Children's Research Hospital.
Scleroderma Federation, Inc.
Scleroderma Research Foundation.
Society for the Advancement of Women's Health Research.
Society for Investigative Dermatology.
Society for Neuroscience.
Society for Pediatric Research.
Society of Critical Care Medicine.
Society of Medical College Directors of Continuing Medical Education.
Society of Toxicology.
Society of University Otolaryngologists—Head and Neck Surgeons.
Society of University Urologists.
Stanford University School of Medicine.
Sturge Weber Foundation.
Sudden Infant Death Syndrome Alliance.
Sylvester Comprehensive Cancer Center.
Teratology Society.
Tourette Syndrome Association, Inc.
Tufts University Dept. of Physical Medicine and Rehabilitation.
United Scleroderma Foundation Inc.
University of Cincinnati Barrett Cancer Center.
University of Miami School of Medicine, Division of Genetics.
University of Minnesota, Duluth, School of Medicine.
University of Nevada, School of Medicine.
University of Rochester Cancer Center.
University of Virginia, School of Medicine.
University of Washington, School of Medicine.
Wake Forest University, Bowman Gray School of Medicine.
Wisconsin Comprehensive Cancer Center.
Yale University, School of Medicine.

Mr. HARKIN. Mr. President, I rise today with Senator HATFIELD to introduce the Fund for Health Research Act. This legislation is similar to legislation that the two of us introduced during the last Congress which gained broad bipartisan support in both the House and Senate.

Our proposal would establish a national fund for health research to provide additional resources for health research over and above those provided to the National Institutes of Health [NIH] in the annual appropriations process. The fund would greatly enhance the quality of health care by investing more in finding preventive measures, cures and more cost effective treatments for the major illnesses and conditions that strike Americans.

The fund would be financed by a 25-cent tax on each pack of cigarettes and an equivalent tax on other tobacco products such as snuff and chewing tobacco. This tax would raise an estimated $4.2 billion annually.

Mr. President, in addition to providing revenue for health research, raising tobacco taxes will protect children and save lives. Every day more than 3,000 children become smokers and more than 1,000 of them will eventually die as a result of smoking. Raising tobacco taxes is a highly effective way to reduce tobacco use by children. A 25-cent tax will discourage an estimated 1.3 million children and adults from smoking and will save the lives of more than 300,000 Americans alive today.

Additional moneys for the fund would be generated by a voluntary Federal income tax check-off. Every year, when filing their Federal income tax returns, Americans would be given the opportunity to designate tax overpayments and contributions for health research. Moneys from the check-off would be deposited in the fund.

Each year under our proposal amounts within the national fund for health research would automatically be allocated to each of the NIH institutes and centers. Each institute and center would receive the same percentage as they received of the total NIH appropriation for that fiscal year.

Last year Senator HATFIELD and I argued that any health care reform plan should include additional funding for health research. Health care reform has been taken off the front burner but the need to increase our Nation's commitment to health research has not diminished.

While health care spending devours nearly $1 trillion annually our medical research budget is dying of starvation. The United States devotes less than 2 percent of its total health care budget to health research. The Defense Department spends 15 percent of its budget on research. Does this make sense? The cold war is over but the war against disease and disability continues.

Increased investment in health research is key to reducing health costs in the long run. If we can find the cure for a disease like Alzheimer's the savings would be enormous. Today, federally supported funding for research on Alzheimer's disease totals $300 million yet it is estimated that nearly $100 billion is expended annually on caring for people with Alzheimer's.

Gene therapy and treatments for cystic fibrosis and Parkinson's could eliminate years of chronic care costs, while saving lives and improving patients' quality of life.

Mr. President, Senator HATFIELD and I do everything we can to increase funding for NIH through the appropriations process. But, given the current budget situation and freeze in discretionary spending what we can do is limited. Without action, our investment in medical research through the NIH is likely to continue to decline in real terms.

The NIH is not able to fund even 25 percent of competing research projects or grant applications deemed worthy of funding. This is compared to rates of 30 percent or more just a decade ago. Science and cutting edge medical research is being put on hold. We may be giving up possible cures for diabetes, Alzheimer's, Parkinson's, and countless other diseases.

Our lack of investment in research may also be discouraging our young people from pursuing careers in medical research. The number of people under the age of 36 even apply for NIH grants dropped by 54 percent between 1985 and 1993. This is due to a host of factors but I'm afraid that the lower success rates among all applicants is making biomedical research less and less attractive to young people. If the perception is that funding for research is impossible to obtain, young people that may have chosen medical research 10 years ago will choose other career paths.

Mr. President, I am pleased that over 130 groups representing patients, hospitals, medical schools, researchers, and millions of Americans have already endorsed our proposal. And, polling data consistently show that more than two-thirds of Republican and Democratic voters, including votes in tobacco-growing States, favor raising tobacco taxes if funds will be devoted to health related programs.

Mr. President, health research is an investment in our future—it is an investment in our children and grandchildren. It holds the promise of cure or treatment for millions of Americans.

By Mr. ABRAHAM (for himself, Mr. LIEBERMAN, Mr. SANTORUM, Ms. MOSELEY-BRAUN, and Mr. DEWINE):

S. 1252. A bill to amend the Internal Revenue Code of 1986 to provide additional tax incentives to stimulate economic growth in depressed areas, and for other purposes; to the Committee on Finance.

THE ENHANCED ENTERPRISE ZONE ACT OF 1995

• Mr. ABRAHAM. Mr. President, today, I am joined by Senators LIEBERMAN, SANTORUM, DEWINE, and MOSELEY-BRAUN in introducing the Enhanced Enterprise Zone Act of 1995, legislation to stimulate job creation and residential growth in America's most distressed rural and urban communities.

In 1980, then-Representative Jack Kemp introduced the first enterprise zone legislation in the United States, the Urban Jobs and Enterprise Zone Act. Twelve years later, the Omnibus Budget Reconciliation Act of 1993 authorized over 100 enterprise and empowerment zones to receive a limited combination of tax benefits and other Federal assistance to support economic revitalization and community development.

For truly distressed communities, however, there is concern that this package of benefits will not be sufficient to spur economic growth and job creation. This concern was reaffirmed by the Senate earlier this week during consideration of S. 4, the Work Opportunity Act of 1995. On Wednesday, September 13, the Senate unanimously adopted an amendment calling on Congress to enact enterprise zone legislation that includes stronger incentives for investment, job creation, and economic growth.

At a time when Congress is debating the merits of the Federal welfare system and looking at reforms to our social safety net, it is imperative that we look for ways to stimulate new opportunities for work and growth in our most distressed neighborhoods.

For that reason, today my colleagues and I are introducing legislation to supercharge existing enterprise communities and empowerment zones. These enhanced enterprise zones would encourage entrepreneurial and residential activity by:

Establishing a capital gains rate of zero for the sale of any qualified investments that are held for at least 5 years;

Permitting limited income deductions for the purchase of qualified stock in businesses located in an enterprise zone;

Doubling the amount small business owners in these zones are allowed to expense;

Providing a limited tax credit for low-income renovations;

Loosening regulatory barriers to home ownership and job creation;

Providing incentives and grants for resident management and home ownership of public housing; and

Creating a pilot school choice program for the existing empowerment zones, supplemental empowerment zones, and Washington, DC.

Mr. President, for economically troubled areas, attracting entrepreneurial businesses is the key to beginning the process of revitalization. The tax benefits of enhanced enterprise zones are targeted at addressing the principal hurdles facing small businesses when they are just getting started—raising capital and maintaining cash flow.

First, we eliminate taxation on capital gains. The United States has some of the highest capital gains taxes in the world. For distressed communities seeking capital investments, these taxes inhibit investment and lockout sources of growth. Our bill establishes a capital gains rate of zero for the sale of any qualified zone stock, business property, or partnership interest that has been held for at least 5 years.

Second, we encourage investment in enterprise zones through the creation of enterprise zone stock. Ask small business entrepreneurs what their biggest hurdle is, and chances are they will reply—raising capital. This legislation allows individuals to deduct the purchase of qualified enterprise zone stock from their income—up to $100,000 in one year and $500,000 in their lifetime.

Third, we provide small enterprise zone businesses with extra expensing. Another obstacle particularly difficult

for small businesses to overcome is maintaining an adequate cash flow. Our legislation would double the maximum allowable expensing for purchases of plant and equipment in the enterprise zones.

Fourth, we encourage the renovation of deteriorated buildings located in the enterprise zones. This proposal is based upon legislation introduced by Senator KAY BAILEY HUTCHISON and it is designed to encourage private investment in economically distressed areas by providing a targeted, limited tax credit to businesses to help defray their cost of construction, expansion, and renovation of buildings located within enhanced enterprise zones.

Another obstacle to growth and jobs in distressed communities is the burden of regulation on small businesses. Our bill would create a process by which local governments could request a waiver or modification of regulations that hinder the job creation, community development, or economic revitalization objectives of the enterprise zone. The relevant Federal agencies would have the discretion to approve or disapprove of any regulatory waiver or modification. Furthermore, they would be prohibited from granting regulatory waivers that would violate the Fair Labor Standards Act or present a significant risk to public health, safety, or the environment.

To help low-income families become homeowners with a stake in their communities, our legislation would establish an Enterprise Zone Home Ownership Program. Based upon Jack Kemp's proposals when he was the Secretary of Housing and Urban Development, this proposal would provide grants for: First, resident management of public housing; and second, home ownership of public housing, vacant and foreclosed properties, and financially distressed properties.

Finally, within the nine empowerment zones, two supplemental empowerment zones, and Washington, DC, our bill would create a pilot school choice project to provide low-income parents and their children with financial assistance to enable them to select the public or private school of their choice. Under this plan, a designated grantee within each empowerment zone will provide parents with educational certificates to be used towards the cost of tuition and transportation for elementary or secondary schools within the empowerment zones.

In conclusion, Mr. President, will enhanced enterprise zones work? The answer, quite simply, is yes. We know they will work because 35 States and the District of Columbia already have enterprise zones that have produced over 663,000 jobs and $40 billion in capital investment. The enterprise zone concept has been endorsed by the National Governor's Association, the Conference of Black Mayors, the Council of Black State Legislators, and the U.S. Conference of Mayors.

This bill represents an affirmative effort to create economic opportunities for the urban and rural poor by recognizing that private enterprise, not government, is the source of economic and social development. Taken as a whole, the incentives included in this legislation for investment, entrepreneurship, home ownership, and skill development will being economies in distressed areas back to life. They will encourage full participation in our market economy and public interest in local neighborhoods—resulting in economic growth and new jobs.●

● Mr. LIEBERMAN. Mr. President, I'm delighted to join in the introduction of this important legislation, the Enhanced Enterprise Zone Act of 1995.

Last week, this body unanimously approved an amendment calling on Congress to enact legislation to supercharge the enterprise communities and empowerment zones we created in 1993. While the 1993 legislation creating these entities was not perfect and the legislation did not go far enough, particularly for the enterprise communities, it represented a fundamental change in urban policy. I believe that legislation was a clear recognition of the fact that government does not have all the answers to the ills of poverty in this country and that American business can and must play a role in revitalizing poor neighborhoods.

The 1993 legislation was a good start but it did not go far enough. The bill we are introducing today takes us further down the road of attacking the problems that plague our cities and economically distressed rural areas.

I should note that I do have concerns with some of the provisions of the regulatory flexibility title of this bill. For example, I think we must work on making changes to provide greater assurance that any modifications or waivers of rules would not in any way compromise the benefits that are achieved through existing environmental protection and public health laws and regulations. I hope that these provisions can be worked on as this bill progresses through the legislative process.

Given that reservation, I believe this is an important bill that will do much to provide an economic boost to the areas of this country that most desperately need that help.

I urge my colleagues to join me in supporting this legislation.●

By Mr. ABRAHAM (for himself, Mr. KYL, Mrs. FEINSTEIN, and Mr. SHELBY):

S. 1253. A bill to amend the Controlled Substances Act with respect to penalties for crimes involving cocaine, and for other purposes; to the Committee on the Judiciary.

By Mr. ABRAHAM (for himself, Mr. HATCH, Mr. THURMOND, Mr. GRASSLEY, Mr. KYL, Mrs. FEINSTEIN, Mr. SHELBY, and Mr. COVERDELL):

S. 1254. A bill to disapprove of amendments to the Federal Sentencing Guidelines relating to lowering of crack sentences and sentences for money laundering and transactions in property derived from unlawful activity; read the first time.

DRUGS LEGISLATION

● Mr. ABRAHAM. Mr. President, I am today introducing two bills, both of which address one of the most serious problems facing this country today: the epidemic of drugs in our Nation.

The purpose of each bill is simple. The first bill would prevent reductions in crack cocaine penalties proposed by the U.S. Sentencing Commission from taking effect. The second would raise the penalties for distributors of powder cocaine by applying existing mandatory minimums to a larger group of cocaine dealers.

No problem has parents more worried than the drugs and violence so prevalent today in schools throughout the Nation. All of us spend a lot of time fretting about how to protect our kids and keep them from getting caught up in drugs and gangs and the terrible dangers they create.

Nevertheless, on April 11, by a 4 to 3 vote, the Sentencing Commission proposed amendments to the sentencing guidelines dealing with crack distribution and possession.

According to the Department of Justice, the effect of these amendments would be to lower base sentences dramatically for criminals who deal in crack cocaine. New sentences for these criminals would be between one-half and one-sixth their present length. Some drug dealers now subject to substantial prison sentences could end up serving no jailtime at all.

In my judgment, this sends entirely the wrong message: that in the war against crack, society has blinked.

That is not what we should be telling the crack dealers.

That is not what we should be telling concerned parents across this Nation.

And that is not what we should be telling the brave law-abiding members of our communities who are fighting back against the crack dealers.

Accordingly, the first bill I am introducing simply says: This shall not happen. It blocks these guideline changes, changes that otherwise would automatically become effective on November 1.

The principal reason the Sentencing Commission gave for lowering sentences for crack dealing was fairness. The Commission was concerned that a powder cocaine dealer has to distribute 100 times more powder cocaine than a crack dealer to receive the same sentence as the crack dealer.

The Commission believes that this disparity creates a perception of unfairness because a substantial majority of convicted crack dealers are African-Americans, whereas a majority of convicted powder dealers are not. It further believes that the solution to this

perception is to drastically lower crack sentences.

I believe the Commission is wrong on two scores. First, the Commission itself has given several strong reasons why it is entirely legitimate for our laws to punish crack distribution more severely than distribution of powder cocaine, and there are some reasons even beyond those the Commission gave.

Second, there is some basis for believing that the differential in the sentences may be too great. But the answer is not to lower the crack sentences. The answer is to toughen the powder sentences. That is what I am proposing in the second bill I am introducing today.

As to the first point: The Commission itself, in a report issued just this February, recognized that there is a strong foundation for Congress' original decision to punish distributors of crack more severely than distributors of powder cocaine.

That is a judgment every U.S. Court of Appeals that has considered the question has shared. As the Commission explained, crack is more addictive, provides a more intense high, is easier to use, does greater harm, and is associated with greater violence than simple powder.

Though powder cocaine and crack contain the same active ingredient, the cocaine alkaloid, crack is far more attractive and addictive. This is primarily because crack is easily smoked while powder is injected or snorted.

Smoking is one of the quickest methods of maximizing the drugs effects. The quicker the cocaine reaches the brain, the greater the effect, the shorter the effects duration and the greater the likelihood cocaine use will lead to dependence and abuse.

Furthermore, somebody who has never used drugs before is much more likely to try a drug by smoking it than by injecting it. It is unpleasant and requires some expertise to inject oneself with a foreign substance. Smoking seems casual and easy. Therefore it is no surprise that three times more people smoke cocaine than inject it.

Crack is also associated with systemic violence to a greater degree than powder cocaine. Use and distribution of crack are also associated more generally with enhanced criminal activity of all types.

Crack is also more dangerous in other ways. It produces more medical emergencies than snorting powder or injecting cocaine. And it is sold in small quantities at affordable, even cheap, prices—making it easier for small kids to get and use.

In short, crack is a very dangerous drug. The response it calls for is surely not to lower penalties for the people who distribute it to one-half to one-sixth their present length.

The second reason the Sentencing Commission's reasoning is unsound is that differential treatment of crack and powder cocaine is far from unique in drug sentencing. To the contrary, in other instances as well we treat source and derivative drugs differently in terms of the quantities an individual must distribute to trigger the same sentence.

For example, a distributor of a given amount of heroin—a derivative of opium just as crack is a derivative of powder cocaine—gets the same sentence as somebody who has distributed 20 times that amount of opium. Similarly, a distributor of smokeable methamphetamine, or ice, gets the same sentence as somebody who has distributed ten times that amount of regular methamphetamine.

Third, the Commission's proposed changes are incompatible with the statutory mandatory minimum sentences that Congress has established for distribution of crack cocaine.

Congress set the trigger amounts based on its view of the seriousness of the crack epidemic and the key role played by retail distributors. Congress deliberately decided that Federal enforcement should focus on both traffickers in high places in the processing or distribution chain and the managers of retail level traffic. Congress thought both were serious traffickers because they keep the street markets going.

The Commission recognized when it forwarded its amendments to the Congress that they are inconsistent with present law. Rather than adjusting its guidelines to conform with congressional directives, however, as has always previously been its practice, the Commission has instead elected to change the guidelines and ask Congress that it adjust the laws to accommodate the Commission's views.

Finally, and most importantly, the Commission's solution to this unfairness is in fact quite unfair to the law abiding citizens everywhere trying to fight back against crack dealers. And many of these antidrug activists themselves are African-Americans.

The Commission's proposals are not fair to the children in schools wracked by drug-induced violence. They are not fair to those children's parents, who want the Government to use every tool it can to protect their kids. And they are not fair to the vast majority of people living in communities, like Detroit, trying as hard as they can to defend their neighborhoods against unceasing attacks by crack dealers. The last thing most of these people want is for the Federal Government to relax its efforts in combatting the scourge of crack.

That is not to say that I have no sympathy with the Sentencing Commission's concern that the higher crack sentences create a perception of unfairness. I am particularly troubled because present law has resulted, at least occasionally, in insufficiently severe punishment of kingpins at the top of crack distribution chains when compared with punishments meted out to retail dealers.

The problem is that some of these kingpins take the precaution of distributing their product in powder rather than in crack form. Because of where the powder triggers are set, some of these individuals have received considerably less than the mandatory 5 year penalty even while the retail distributors, who are distributing the final product, are receiving at least 5 year sentences.

As I said before, though, in my view, however, the answer to these problems is not to lower the crack sentences. Instead we should toughen the powder sentences.

That is why the second bill I am introducing proposes to raise sentences for powder distribution by making the triggers for mandatory minimums 100 grams for 5 years and 1,000 grams for 10 years, rather than 500 and 5,000 as they are now. That would also mean that the quantity ratio for powder and crack would be 20 to 1, the same as the one between opium and its very dangerous and addictive derivative heroin.

I am pleased that I have been joined in the effort to block the crack guideline changes by a number of distinguished colleagues, including my good friend the chairman of the Judiciary Committee Senator HATCH, the former chairman of that committee, Senator THURMOND, and Senators GRASSLEY, Kyl, FEINSTEIN, and SHELBY.

The Department of Justice likewise opposes the Sentencing Commission's proposals and has asked Congress to block them.

It is my firm expectation that the Congress will act promptly on this measure to prevent these changes from taking effect on November 1.

I also will ask the Congress to take up in short order my proposal to toughen the sentences for powder dealers. I look forward to working with my colleagues in promoting tough, fair sentences for all drug dealers.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

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

DETROIT BRANCH—NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE,

Detroit, MI, August 8, 1995.

DETROIT BRANCH—NAACP OFFICIAL STATEMENT

DETROIT, MI.—The current issue of the sentencing policy regarding ''crack'' and powdered cocaine is one that grips at the very heart and soul of our society. The jails are filled with young people, particularly young African American and Hispanic males and females, for the selling of these drugs.

The Detroit Branch of the NAACP, which is the largest branch in the nation with over 51,000 members, has articulated a very specific concern in the gross inequities in the sentencing policies for the sale of ''crack'' cocaine as compared to the sale of powdered cocaine. Drugs are in fact destroying the very spirit of our communities and are usurping the energy and vitality of our youth. It has been our very specific hope that legislation would be implemented to equalize the penalties for identical quantities of powdered cocaine and ''crack.''

Please note for the record that we do not condone, support, encourage or sympathize with any of those who would sell this death and destruction to our community. We believe that this is the scourge of our nation. Yet, at the same time we recognize that young African American and Hispanic individuals do not fly, ship or transport these drugs into the streets of Detroit, Chicago, Washington, D.C. or Los Angeles.

We are very pleased to note the effort to address with a more systematic commitment to equity, punishment that fits the crime. We believe that reducing from 500 grams to 100 grams, the level of powdered cocaine determined in an illegal sale of this drug does begin the process of a more equitable application of crime and punishment. It is our belief that both ''crack'' and powdered cocaine have a detrimental impact on our community. Yet, we do not believe that the current laws governing the illegal sale of ''crack'' cocaine versus powdered cocaine and the subsequent sentencing for such infractions are by any means fair and appropriate.

Therefore, it is our position that the Senate Judiciary Committee has a key opportunity to bridge the gap between these inequities and to make more appropriate the type of sentencing resulting from the sale of powdered cocaine. You must know that the overwhelming sentiment within the African American and Hispanic communities is that our young people are being targeted, exploited and directed toward the jail industrial complex. This is being done in numbers much greater than those who sale more than they, profit more than they and more often than not, are privileged more than they.

We hope that both the Senate and the House will look favorably on the recommendation to lower the level of powered cocaine to maintain a mandatory, minimum, five-year sentence for those guilty of the sale of this illegal drug.

Rev. WENDELL ANTHONY.

By Mr. ROCKEFELLER:

S. 1255. A bill to amend title XVIII of the Social Security Act to provide for Medicare contracting reforms, and for other purposes; to the Committee on Finance.

MEDICARE CONTRACTOR REFORM ACT OF 1995

Mr. ROCKEFELLER. Mr. President, I am pleased to introduce a bill to reform the way Medicare administers its health benefits. Under current law, Medicare is not allowed sufficient flexibility to award contracts to administer Medicare benefits based on performance, skill and expertise, or competition. This bill is long overdue and follows up on an oversight hearing I held as chairman of the Medicare subcommittee a few years ago.

When Medicare was enacted 30 years ago, private health insurance companies were awarded the task of administering the program. GAO recently testified before the Finance Committee that when Medicare was enacted ''legislation essentially delegated many day-to-day administrative decisions to private insurers, to further lessen the risk of undue Federal interference and to better ensure that Medicare would treat its beneficiaries no differently than the private insured.'' Under my legislation, important administrative functions would still be performed by private sector companies but the pool of eligible companies would be broadened. Medicare would also have the opportunity to take advantage of private sector initiatives to improve customer service, lower administrative costs, and improve operational efficiency.

Mr. President, there is bipartisan recognition that funding for Medicare's administrative operations is currently inadequate. Funding for contractors has actually declined over the last several years. When adjusted for inflation, Medicare's contractor budget actually declined by 37 percent over the last 6 years. The Finance Committee, on which I serve, has heard testimony from the General Accounting Office, the HHS Office of Inspector General, and others in support of higher spending for Medicare administrative services. Increased spending on payment safeguard activities can actually save the Medicare Program money. According to the GAO, every dollar spent on Medicare safeguard activities returns at least $11 to the Medicare Program.

But, Mr. President, before we spend additional money on program administration we need to make sure that the Health Care Financing Administration [HCFA] has the ability to spend its contractor funds wisely and to enter into contracts with the most efficient entities.

The legislation I am introducing today replaces outdated Medicare law and gives HCFA the tools to take full advantage of innovations and efficiencies in the private sector when it comes to utilization review, detecting fraud and abuse, and processing claims. No longer would all Medicare contractors be required to perform all Medicare administrative activities. This legislation would permit the Secretary of HHS to selectively contract with any agency or organization that is capable of carrying out specific administrative functions, such as fraud and abuse detection, customer service, or utilization review.

Under current law, Medicare is restricted to contracting with health insurance companies. In the private sector, many large employers selectively contract with companies that specialize in, and have expertise in, utilization review or in adjudicating claims. The Medicare Program should not be prohibited from making similar competitive decisions. This flexibility will not only increase competition but it will enhance contractor performance by allowing Medicare to contract with entities who excel in a specific function.

Under current law, Medicare is forced to pay the costs of terminating a Medicare administrative contract even if the contract is terminated for cause, including poor performance, outright fraud, or even if the contract merely expires. Medicare is the only Federal program required to pay for these extraordinary termination costs. This is inconsistent with the Federal contracting authority and should be changed immediately.

Mr. President, my legislation would change current law that automatically renews Medicare's administrative contracts every year. More important, the decision on the awarding administrative contracts for part A would be given to HCFA while preserving a provider's right to choose its own fiscal intermediary. Because most hospitals have nominated the national Blue Cross-Blue Shield Association as their fiscal intermediary, when a State Blue Cross-Blue Shield plan leaves the Medicare Program the national Blue Cross-Blue Shield Association chooses which State Blue Cross-Blue Shield plan becomes the fiscal intermediary for the hospitals in that State. Under my legislation, new contractors would be awarded contracts using the same competitive requirements that apply throughout the Federal Government.

Hospital and nursing homes would still be able to choose their fiscal intermediary every 5 years from a list of at least 3 approved contractors. This freedom of choice keeps pressure on contractors to continuously improve customer service to beneficiaries and health care providers.

HCFA would also be allowed to monitor and respond to instances when a health insurance company is processing claims or auditing costs reports of health care providers that it owns. As the distinction between providers and insurers becomes blurred, a serious conflict of interest could emerge in these types of situations and HCFA must have the ability to safeguard the Medicare Trust Fund from these types of conflicts of interest.

Just as Medicare has reformed its payments to doctors and hospitals over the past decade, and is considering changes to the way it pays health maintenance organizations, it is time to consider alternative ways to pay contractors. Current Medicare law that requires cost-based reimbursement is inconsistent with payment performance incentives and competitive bidding.

Mr. President, I believe my legislation updates current Medicare law and is long overdue. This bill would equip the Health Care Financing Administration with the tools to move the Medicare Program into the next century. I ask unanimous consent that a copy of the legislative proposal be printed in the RECORD.

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

S. 1255

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

SECTION 1. SHORT TITLE AND REFERENCES IN ACT.

(a) SHORT TITLE.—This Act may he cited as the ''Medicare Contractor Reform Act of 1995''.

(b) REFERENCES IN ACT.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference

shall be considered to be made a section or other provision of the Social Security Act.

SEC. 2. INCREASED FLEXIBILITY IN CONTRACTING FOR MEDICARE CLAIMS PROCESSING.

(a) CARRIERS TO INCLUDE ENTITIES THAT ARE NOT INSURANCE COMPANIES.—

(1) Section 1842(a) (42 U.S.C. 1395u(a)) is amended in the matter preceding paragraph (1) by striking ''with carriers'' and inserting ''with agencies and organizations (hereafter in this section referred to as 'carriers')''.

(2) Section 1842(f) (42 U.S.C. 1395u(f)) is repealed.

(b) CHOICE OF FISCAL INTERMEDIARIES BY PROVIDERS OF SERVICES; SECRETARIAL FLEXIBILITY IN ASSIGNING FUNCTIONS TO INTERMEDIARIES AND CARRIERS.—

(1) Section 1816(a) (42 U.S.C. 1395h(a)) to read as follows:

''(a)(1) The Secretary may enter into contracts with agencies or organizations to perform any or all of the following functions, or parts of those functions (or, to the extent provided in a contract, to secure performance thereof by other organizations):

''(A) Determination (subject to the provisions of section 1878 and to such review by the Secretary as may be provided for by the contracts) the amount of the payments required pursuant to this part to be made to providers of services.

''(B) Making payments described in subparagraph (A).

''(C) Provision of consultative services to institutions or agencies to enable them to establish and maintain fiscal records necessary for purposes of this part and otherwise to qualify as providers of services.

''(D) Serving as a center for, and communicate to individuals entitled to benefits under this part and to providers of services, any information or instructions furnished to the agency or organization by the Secretary, and serve as a channel of communication from individuals entitled to benefits under this part and from providers of services to the Secretary.

''(E) Making such audits of the records of providers of services as may be necessary to ensure that proper payments are made under this part.

''(F) Performance of the functions described under subsection (d).

''(G) Performance of such other functions as are necessary to carry out the purposes of this part.

''(2) As used in this title and title XI, the term 'fiscal intermediary' means an agency or organization with a contract under this section.''.

(2) Subsections (d) and (e) of section 1816 (42 U.S.C. 1395h) are amended to read as follows:

''(d) Each provider of services shall have a fiscal intermediary that—

''(1) acts as a single point of contact for the provider of services under this part,

''(2) makes its services sufficiently available to meet the needs of the provider of services, and

''(3) is responsible and accountable for arranging the resolution of issues raised under this part by the provider of services.

''(e)(1)(A) The Secretary shall, at least every 5 years, permit each provider of services (other than a home health agency or a hospice program) to choose an agency or organization (from at least 3 proposed by the Secretary, of which at least 1 shall have an office in the geographic area of the provider of services, except as provided by subparagraph (B)(ii)(II)) as the fiscal intermediary under subsection (d) for that provider of services. If a contract with that fiscal intermediary is discontinued, the Secretary shall permit the provider of services to choose under the same conditions from 3 other agencies or organizations.

''(B)(i) The Secretary, in carrying out subparagraph (A), shall permit a group of hospitals (or a group of another class of providers other than home health agencies or hospice programs) under common ownership by, or control of, a particular entity to choose one agency or organization (from at least 3 proposed by the Secretary) as the fiscal intermediary under subsection (d) for all the providers in that group if the conditions specified in clause (ii) are met.

''(ii) The conditions specified in this clause are that—

''(I) the group includes all the providers of services of that class that are under common ownership by, or control of, that particular entity, and

''(II) all the providers of services in that group agree that none of the agencies or organizations proposed by the Secretary is required to have an office in any particular geographic area.

''(2) The Secretary, in evaluating the performance of a fiscal intermediary, shall solicit comments from providers of services.''.

(3)(A) Section 1816(b)(1)(A) (42 U.S.C. 1395h(b)(1)(A)) is amended by striking ''after applying the standards, criteria, and procedures'' and inserting ''after evaluating the ability of the agency or organization to fulfill the contract performance requirements''.

(B) The first sentence of section 1816(f)(1) (42 U.S.C. 1395h(f)(1)) is amended—

(i) by striking ''develop standards, criteria, and procedures'' and inserting '', after public notice and opportunity for comment, develop contract performance requirements'', and

(ii) by striking '', and the Secretary shall establish standards and criteria with respect to the efficient and effective administration of this part''.

(C) The second sentence of section 1842(b)(2)(A) (42 U.S.C. 1395u(b)(2)(A)) is amended to read as follows: ''The Secretary shall, after public notice and opportunity for comment, develop contract performance requirements for the efficient and effective performance of contract obligations under this section.''.

(D) Section 1842(b)(2)(A) (42 U.S.C. 1395u(b)(2)(A)) is amended by striking the third sentence.

(E) Section 1842(b)(2)(B) (42 U.S.C. 1395u(b)(2)(B)) is amended in the matter preceding clause (i) by striking ''establish standards'' and inserting ''develop contract performance requirements''.

(F) Section 1842(b)(2)(D) (42 U.S.C. 1395u(b)(2)(D)) is amended by striking ''standards and criteria'' each place it appears and inserting ''contract performance requirements''.

(4)(A) Section 1816(b) (42 U.S.C. 1395h(b)) is amended in the matter preceding paragraph (1) by striking ''an agreement'' and inserting ''a contract''.

(B) Paragraphs (1)(B) and (2)(A) of section 1816(b) (42 U.S.C. 1395h(b)) are each amended by striking ''agreement'' and inserting ''contract''.

(C) The first sentence of section 1816(c)(1) (42 U.S.C. 1395h(c)(1)) is amended by striking ''An agreement'' and inserting ''A contract''.

(D) The last sentence of section 1816(c)(1) (42 U.S.C. 1395h(c)(1)) is amended by striking ''an agreement'' and inserting ''a contract''.

(E) Section 1816(c)(2)(A) (42 U.S.C. 1395h(c)(2)(A)) is amended in the matter preceding clause (i) by striking ''agreement'' and inserting ''contract''.

(F) Section 1816(c)(3)(A) (42 U.S.C. 1395h(c)(3)(A)) is amended by striking ''agreement'' and inserting ''contract''.

(G) The first sentence of section 1816(f)(1) (42 U.S.C. 1395h(f)(1)) is amended by striking ''an agreement'' and inserting ''a contract''.

(H) Section 1816(h) (42 U.S.C. 1395h(h)) is amended—

(i) by striking ''An agreement'' and inserting ''A contract'', and

(ii) by striking ''the agreement'' each place it appears and inserting ''the contract''.

(I) Section 1816(i)(1) (42 U.S.C. 1395h(i)(1)) is amended by striking ''an agreement'' and inserting ''a contract''.

(J) Section 1816(j) (42 U.S.C. 1395h(j)) is amended by striking ''An agreement'' and inserting ''A contract''.

(K) Section 1816(k) (42 U.S.C. 1395h(k)) is amended by striking ''An agreement'' and inserting ''A contract''.

(L) Section 1842(a) (42 U.S.C. 1395u(a)) is amended in the matter preceding paragraph (1) is amended by striking ''agreements'' and inserting ''contracts''.

(M) Section 1842(h)(3)(A) (42 U.S.C. 1395u(h)(3)(A)) is amended by striking ''an agreement'' and inserting ''a contract''.

(5) Section 1816(f)(1) (42 U.S.C. 1395h(f)(1)) is amended by striking the second sentence.

(6)(A) Section 1816(c)(2)(A) (42 U.S.C. 1395h(c)(2)(A)) is amended in the matter preceding clause (i) by inserting ''that provides for making payments under this part'' after ''this section''.

(B) Section 1816(c)(3)(A) (42 U.S.C. 1395h(c)(3)(A)) is amended by inserting ''that provides for making payments under this part'' after ''this section''.

(C) Section 1816(k) (42 U.S.C. 1395h(k)) is amended by inserting ''(as appropriate)'' after ''submit''.

(D) Section 1842(a) (42 U.S.C. 1395u(a)) is amended in the matter preceding paragraph (1) by striking ''some or all of the following functions'' and inserting ''any or all of the following functions, or parts of those functions''.

(E) The first sentence of section 1842(b)(2)(C) (42 U.S.C. 1395u(b)(2)(C)) is amended by inserting ''(as appropriate)'' after ''carriers''.

(F) Section 1842(b)(3) (42 U.S.C. 1395u(b)(3)) is amended in the matter preceding subparagraph (A) by inserting ''(as appropriate)'' after ''contract''.

(G) Section 1842(b)(7)(A) (42 U.S.C. 1395u(b)(7)(A)) is amended in the matter preceding clause (i) by striking ''the carrier'' and inserting ''a carrier''.

(H) Section 1842(b)(11)(A) (42 U.S.C. 1395u(b)(11)(A)) is amended in the matter preceding clause (i) by inserting ''(as appropriate)'' after ''each carrier''.

(I) Section 1842(h)(2) (42 U.S.C. 1395u(h)(2)) is amended in the first sentence by inserting ''(as appropriate)'' after ''shall''.

(J) Section 1842(h)(5)(A) (42 U.S.C. 1395u(h)(5)(A)) is amended by inserting ''(as appropriate)'' after ''carriers''.

(7)(A) Section 1816(c)(2)(C) (42 U.S.C. 1395h(c)(2)(C)) is amended by striking ''hospital, rural primary care hospital, skilled nursing facility, home health agency, hospice program, comprehensive outpatient rehabilitation facility, or rehabilitation agency'' and inserting ''provider of services''.

(B) Section 1816(j) (42 U.S.C. 1395h(j)) is amended in the matter preceding paragraph (1) by striking ''for home health services, extended care services, or post-hospital extended care services''.

(8) Section 1842(a)(3) (42 U.S.C. 1395u(a)(3)) is amended by inserting ''(to and from individuals enrolled under this part and to and from physicians and other entities that furnish items and services)'' after ''communication''.

(c) ELIMINATION OF SPECIAL PROVISIONS FOR TERMINATIONS OF CONTRACTS.—

(1) Section 1816(b) (42 U.S.C. 1395h(b)) is amended in the matter preceding paragraph (1) is amended by striking ''or renew''.

(2) The last sentence of section 1816(c)(1) (42 U.S.C. 1395h(c)(1)) is amended by striking ''or renewing''.

(3) Section 1816(f)(1) (42 U.S.C. 1395h(f)(1)) is amended—

(A) by striking '', renew, or terminate'', and

(B) by striking '', whether the Secretary should assign or reassign a provider of services to an agency or organization,''.

(4) Section 1816(g) (42 U.S.C. 1395h(g)) is repealed.

(5) The last sentence of section 1842(b)(2)(A) (42 U.S.C. 1395u(b)(2)(A)) is amended by striking ''or renewing''.

(6) Section 1842(b) (42 U.S.C. 1395u(b)) is amended by striking paragraph (5).

(d) REPEAL OF FISCAL INTERMEDIARY REQUIREMENTS THAT ARE NOT COST-EFFECTIVE.—Section 1816(f)(2) (42 U.S.C. 1395h(f)(2)) is amended to read as follows:

''(2) The contract performance requirements developed under paragraph (1) shall include, with respect to claims for services furnished under this part by any provider of services other than a hospital, whether such agency or organization is able to process 75 percent of reconsiderations within 60 days and 90 percent of reconsiderations within 90 days.''.

(e) REPEAL OF COST REIMBURSEMENT REQUIREMENTS.—

(1) The first sentence of section 1816(c)(1) (42 U.S.C. 1395h(c)(1)) is amended—

(A) by striking the comma after ''appropriate'' and inserting ''and'', and

(B) by striking ''subsection (a)''and all that follows through the period and inserting ''subsection (a).''.

(2) Section 1816(c)(1) (42 U.S.C. 1395h(c)(1)) is further amended by striking the second and third sentences.

(3) The first sentence of section 1842(c)(1) (42 U.S.C. 1395u(c)(1)) is amended—

(A) by striking ''shall provide'' the first place it appears and inserting ''may provide'', and

(B) by striking ''this part'' and all that follows through the period and inserting ''this part.''.

(4) Section 1842(c)(1) (42 U.S.C. 1395u(c)(1)) is further amended by striking the second and third sentences.

(5) Section 2326(a) of the Deficit Reduction Act of 1984 is repealed.

(f) COMPETITION REQUIRED FOR NEW CONTRACTS AND IN CASES OF POOR PERFORMANCE.—

(1) Section 1816(c) (42 U.S.C. 1395h(c)) is amended by adding at the end the following new paragraph:

''(4)(A) A contract with a fiscal intermediary under this section may be renewed from term to term without regard to any provision of law requiring competition if the fiscal intermediary has met or exceeded the performance requirements established in the current contract.

''(B) Functions may be transferred among fiscal intermediaries without regard to any provision of law requiring competition.''.

(2) Section 1842(b)(1) (42 U.S.C. 1395u(b)(1)) is amended to read as follows:

''(b)(1)(A) A contract with a carrier under subsection (a) may be renewed from term to term without regard to any provision of law requiring competition if the carrier has met or exceeded the performance requirements established in the current contract.

''(B) Functions may be transferred among carriers without regard to any provision of law requiring competition.''.

(g) WAIVER OF COMPETITIVE REQUIREMENTS FOR INITIAL CONTRACTS.—

(1) Contracts that have periods that begin during the 1-year period that begins on the first day of the fourth calendar month that begins after the date of enactment of this Act may be entered into under section 1816(a) of the Social Security Act (42 U.S.C. 1395h(a)) without regard to any provision of law requiring competition.

(2) The amendments made by subsection (f) apply to contracts that have periods beginning after the end of the 1-year period specified in paragraph (1).

(h) EFFECTIVE DATES.—

(1) The amendments made by subsection (c) apply to contracts that have periods ending on, or after, the end of the third calendar month that begins after the date of enactment of this Act.

(2) The amendments made by subsections (a), (b), (d), and (e) apply to contracts that have periods beginning after the third calendar month that begins after the date of enactment of this Act.●

By Mr. WELLSTONE:

S. 1257. A bill to amend the Stewart B. McKinney Homeless Assistance Act to reauthorize programs relating to homeless assistance for veterans; to the Committee on Labor and Human Resources.

THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT AMENDMENT ACT OF 1995

● Mr. WELLSTONE. Mr. President, to save a highly cost effective and vital program that assists homeless veterans to find employment, I am today introducing a bill that would reauthorize the Homeless Veterans Employment Program [HVEP]—formerly called the Homeless Veterans Reintegration Project—for 3 years.

As some of you may recall, during the debate on H.R. 1944, the rescissions bill, I expressed my dismay and strong opposition to the zeroing out of this low-cost national program—funded at just over $5 million annually—that is so important to homeless veterans. In view of the fact that up to one-third of America's homeless are veterans—an estimated 271,000 can be found on the streets any given night—and Minnesota veterans have often told me about the effectiveness of HVEP, I was appalled when I learned that the program had fallen victim to a late-night leadership agreement with the administration on the rescissions package.

Since it is such a small program, many of your may be unaware of HVEP's background and its impressive accomplishments. HVEP, which is administered by the Labor Department's Veterans Employment and Training Service, is a job-placement program begun in fiscal year 1989. HVEP provides grants to community based groups that employ flexible and innovative approaches to assist homeless, unemployed veterans to reenter the work force. Let me repeat—grants to community-based groups, not funding to some large impersonal Federal bureaucracy that some of my colleagues regularly deride.

Permit me to briefly point out some of HVEP's strengths and accomplishments: It is one of the most successful job placement programs in the Federal Government. Since its inception it has placed 11,000 veterans into jobs at approximately $1,000 per placement. HVEP grantees build complimentary relationships with VA, Job Training Partnership Act, and other programs—they do not duplicate any other services. HVEP is critical to the implementation and success of the innovative standdown projects that are held across the country.

I have had the good fortune of attending several Minnesota standdowns, including one recently, and I have been consistently impressed with the effectiveness of this volunteer program of veterans helping homeless veterans. I've been deeply moved by the sight of veterans doing all they can to help their less fortunate buddies—veterans exerting themselves to care for homeless veterans whom the rest of society tends to ignore and, sometimes even scorn. Standdowns are a unique point of light that need to be nourished, not strangled. And the same is true for the HVEP itself.

In conclusion, I want to stress that the $5 million saved annually by terminating HVEP will quickly be offset by the enormous costs of providing public assistance to the veterans who will remain homeless due to the lack of a paying job. Reauthorization of HVEP will permit us to meet our obligation to men and women who fought bravely and unquestioningly for our country, but who are desperately seeking work to escape the misery and indignities of homelessness.

Mr. President, I ask that the text of the bill be printed in the RECORD.

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

S. 1257

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

SECTION 1. JOB PLACEMENT FOR HOMELESS VETERANS.

(a) HOMELESS VETERAN EMPLOYMENT PROGRAM.—Section 738(e)(1) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11448(e)(1)) is amended by striking out subparagraphs (A), (B), and (C) and inserting in lieu thereof the following new subparagraphs:

''(A) $10,000,000 for fiscal year 1996.

''(B) $10,000,000 for fiscal year 1997.

''(C) $10,000,000 for fiscal year 1998.

(b) GENERAL AUTHORIZATION OF APPROPRIATIONS.—Section 739(a) of such Act (42 U.S.C. 11449(a)) is amended by striking out ''fiscal years 1994 and 1995'' and inserting in lieu thereof ''fiscal years 1996, 1997, and 1998''.

(c) EXTENSION OF PROGRAM.—Section 741 of such Act (42 U.S.C. 11450) is amended by striking out ''October 1, 1995'' and inserting in lieu thereof ''October 1, 1998''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1995.●

By Mr. KYL:

S. 1258. A bill to amend the Internal Revenue Code of 1986 to allow a one-time election of the interest rate to be used to determine present value for purposes of pension cash-out restrictions, and for other purposes; to the Committee on Finance.

URUGUAY ROUND AGREEMENTS ACT MODIFICATION LEGISLATION

● Mr. KYL. Mr. President, I introduce legislation to make two modifications

to the pension-related provisions of the 1994 Uruguay Round Agreements Act.

Mr. President, one of the greatest challenges facing Americans today is to save and invest for retirement. It is a challenge that is made difficult by all of the important matters that compete for a share of the American family's limited income day in and day out. Parents routinely ask themselves, for example, if they can afford to make a contribution to an individual retirement account when they still need to save for their child's college education.

Sometimes, the choices people face are even more stark: Whether to set aside money for retirement, repair the family car so a mother or father can get to work, or just put food on the table or clothes on the kids' backs.

Employers, too, must make similar choices. To attract and retain qualified employees, they want to be able to offer good pension benefits. But, they have to decide whether they can put more money into a pension plan for their employees when the business needs new equipment just to stay competitive.

It's easy to relegate retirement to second place behind any of these other pressing needs—especially when retirement is 5, 10, 20, or 30 years away. But, adequate planning for retirement is no less important or urgent. When the time comes, we will all need to draw upon the resources we have been able to set aside during our working years.

Because there are so many competing demands placed on people's incomes—because it is so difficult to save for retirement even under the best of circumstances—the Federal Government should be sure to do what it can to encourage people to save and invest for their retirement years.

One thing Congress could do in that regard is provide new incentives to save. The new chairman of the Finance Committee, Senator BILL ROTH, has a plan to enhance and overhaul the Individual Retirement Account [IRA]. I am pleased to have cosponsored that proposal, S. 12, with him.

Another thing we could do is simplify current law to make it easier for people and their employers to participate in retirement plans. Senator PRYOR has an excellent proposal, S. 1006, the Pension Simplification Act, that I hope the Finance Committee will also consider when it acts on reconciliation in the near future.

The bill that I am introducing today takes two additional steps in the direction of pension simplification, correcting two problems that were created by the Uruguay Round Agreements Act, last year's GATT bill.

The first change in my bill relates to the interest rate used to calculate lump sum distributions from defined benefit pension plans. The GATT bill required use of the interest rate on 30-year Treasury securities, a rate that is proving too volatile for many retirement plans, particularly small plans. As Bruce Tempkin, an actuary and small business pension specialist at Louis Kravitz & Associates, put it recently, ''it is similar to taking out a varible-rate mortgage with no cap.'' You could find yourself getting ready to retire and expecting a lump sum distribution of a given amount, but being told that you will actually get a third less because the interest rate just changed.

My bill would give plans a one-time option to choose a fixed interest rate between 5 and 8 percent instead of the floating 30-year Treasury rate. That will make it easier for employers to plan for the required contributions, and for employers and employees alike to understand what their lump sum benefits will ultimately be.

The second change included in my bill would correct an anomaly that was created under section 415(b)(2)(E) of the code. As a result of the change made in last year's GATT bill, lump-sum distributions are calculated differently from—and thereby bear no relationship to—the actuarial equivalent of a monthly life annuity for early retirees. It is a result that, from all indications was unintended. My bill includes a technical correction to ensure that the two options—the monthly life annuity and the lump sum distribution—are indeed actuarially equivalent for early retirees.

Mr. President, I invite my colleagues to join me as a cosponsor of this important initiative. I also ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1258

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

SECTION 1. INTEREST RATE FOR DETERMINATION OF PRESENT VALUE FOR PURPOSES OF PENSION CASH-OUT RESTRICTIONS.

(a) IN GENERAL.—Subclause (II) of section 417(e)(3)(A)(ii) of the Internal Revenue Code of 1986 (relating to determination of present value) is amended by inserting '', or, at the irrevocable election of the plan, an annual interest rate specified in the plan, which may not be less than 5 percent nor more than 8 percent'' after ''prescribe''.

(b) CONFORMING AMENDMENT.—Subclause (II) of section 205(g)(3)(A)(ii) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(g)(3)(A)(ii)) is amended by inserting '', or, at the irrevocable election of the plan, an annual interest rate specified in the plan, which may not be less than 5 percent nor more than 8 percent'' after ''prescribe''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the amendments made by section 767 of the Uruguay Round Agreements Act.

SEC. 2. MODIFICATION OF CERTAIN ASSUMPTIONS FOR ADJUSTING BENEFITS OF DEFINED BENEFIT PLANS FOR EARLY RETIREES.

(a) IN GENERAL.—Subparagraph (E) of section 415(b)(2) of the Internal Revenue Code of 1968 (relating to limitation on certain assumptions) is amended—

(1) by striking ''Except as provided in clause (ii), for purposes of adjusting any benefit or limitation under subparagraph (B) or (C),'' in clause (i) and inserting ''For purposes of adjusting any limitation under subparagraph (C) and, except as provided in clause (ii), for purposes of adjusting any benefit under subparagraph (B),'', and

(2) by striking ''For purposes of adjusting the benefit or limitation of any form of benefit subject to section 417(e)(3),'' in clause (ii) and inserting ''For purposes of adjusting any benefit under subparagraph (B) for any form of benefit subject to section 417(e)(3),''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the amendments made by section 767 of the Uruguay Round Agreements Act.●

ADDITIONAL COSPONSORS

S. 44

At the request of Mr. REID, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of S. 44, a bill to amend title 4 of the United States Code to limit State taxation of certain pension income.

S. 112

At the request of Mr. DASCHLE, the name of the Senator from Kentucky [Mr. FORD] was added as a cosponsor of S. 112, a bill to amend the Internal Revenue Code of 1986 with respect to the treatment of certain amounts received by a cooperative telephone company.

S. 309

At the request of Mr. BENNETT, the names of the Senator from Arkansas [Mr. PRYOR], the Senator from Rhode Island [Mr. PELL], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from North Dakota [Mr. DORGAN], and the Senator from South Dakota [Mr. DASCHLE] were added as cosponsors of S. 309, a bill to reform the concession policies of the National Park Service, and for other purposes.

S. 490

At the request of Mr. GRASSLEY, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 490, a bill to amend the Clean Air Act to exempt agriculture-related facilities from certain permitting requirements, and for other purposes.

S. 684

At the request of Mr. HATFIELD, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of S. 684, a bill to amend the Public Health Service Act to provide for programs of research regarding Parkinson's disease, and for other purposes.

S. 881

At the request of Mr. PRYOR, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 881, a bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes.