the peacekeeping effort in the Republic of Bosnia and Herzegovina shall be entitled to certain tax benefits in the same manner as if such services were performed in a combat zone; to the Committee on Finance.

By Mr. COCHRAN:

S. 1554. A bill to amend the Fair Labor Standards Act of 1938 to clarify the exemption for houseparents from the minimum wage and maximum hours requirements of that Act, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. DOLE (for himself, Mr. ROTH, Mr. MCCAIN, and Mr. DOMENICI):

S. 1555. A bill to guarantee the timely payment of social security benefits in March 1996; read twice.

By Mr. KOHL (for himself and Mr. SPECTER):

S. 1556. A bill to prohibit economic espionage, to provide for the protection of United States proprietary economic information in interstate and foreign commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. SPECTER (for himself and Mr. KOHL):

S. 1557. A bill to prohibit economic espionage, to provide for the protection of United States vital proprietary economic information, and for other purposes; to the Select Committee on Intelligence.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SPECTER (for himself, Mr. SIMON, Mr. DOLE, Mr. LAUTENBERG, Mrs. BOXER, Mr. COCHRAN, Mr. HEFLIN, Ms. MIKULSKI, Ms. SNOWE, Mr. GRASSLEY, Mr. THURMOND, Mr. GLENN, Mr. BRADLEY, Mr. KENNEDY, Mr. KERRY, Mr. REID, Mr. MACK, Ms. MOSELEY-BRAUN, Mr. SARBANES, Mrs. FEINSTEIN, Mr. COHEN, Mrs. MURRAY, Mr. BIDEN, Mr. PRESSLER, Mr. LEVIN, Mr. THOMAS, Mr. DODD, and Mr. WARNER):

S. Res. 219. A resolution designating March 25, 1996 as ''Greek Independence Day: A National Day of Celebration of Greek and American Democracy''; to the Committee on the Judiciary.

By Mr. DOLE (for himself, Mr. DASCHLE, and Mr. WARNER):

S. Res. 220. A resolution in recognition of Ronald Reagan's 85th birthday; considered and agreed to.

By Mr. DOLE (for himself and Mr. DASCHLE):

S. Res. 221. A resolution to authorize testimony by a former Senate employee; considered and agreed to.

S. Res. 222. A resolution to authorize the production of documents by the Permanent Subcommittee on Investigations; considered and agreed to.

By Mrs. HUTCHISON (for herself and Mr. GRAMM):

S. Res. 223. A resolution to commemorate the sesquicentennial of Texas statehood; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BROWN:

S. 1549. A bill to improve regulation of the purchase and sale of municipal securities, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

THE MUNICIPAL SECURITIES INVESTOR PROTECTION ACT OF 1996

Mr. BROWN. Mr. President, I rise to offer a bill to protect municipal securities investors.

The Securities Act of 1933, and the Exchange Act of 1934 were drafted in response to the stock market crash of 1929. Congress passed the 1933 and 1934 acts to prevent fraud in the securities markets and ensure uniform and reliable information for investors. At that time however, Congress decided to exempt the relatively insignificant municipal securities market from new laws, because unlike corporations, the States, cities, and counties issuing bonds could back their obligations with their power to raise taxes.

Now, with over 52,000 municipal issuers, and $1.2 trillion in outstanding debt obligations, the municipal securities market in one of the largest unregulated markets in the world. Complex financing arrangements are created behind the shelter of the municipal securities exemption. Over 70 percent of all municipal bonds are revenue bonds, backed not by tax revenues, but the isolated revenues of special projects like toll roads, powerplants and airports. Revenue bonds for major projects can exceed $1 billion, and are often bought and sold internationally by individuals, corporations, banks, and governments. These revenue bonds present many of the same investment risks as corporate enterprises, but because they are municipal securities, they are subject only to voluntary market guidelines and the SEC's authority to prevent fraud.

Since its inception, people have questioned whether the Security and Exchange Commission's lack of authority over the municipal securities market was adequate to protect investors. A 1993 staff report of the Securities and Exchange Commission examined that question and commented on the shortcomings of the SEC's authority: ''Because of the voluntary nature of municipal issuers disclosure, there is a marked variance in the quality of disclosure, during both the primary offering stage and in the secondary market.'' Other groups have echoed the SEC's sentiment. The Public Securities Association testified that, ''secondary market information is difficult to come by even for professional municipal credit analysts, to say nothing of retail investors.'' The SEC staff concluded that while the SEC could take steps to improve disclosure, any comprehensive changes to the existing system would require congressional action.

The SEC took an indirect step toward improving municipal securities disclosure when it began enforcing 15c2–12 last summer. That rule requires municipal securities dealers to contract with issuers for the provision of disclosure documents and annual reports. These regulations however, fall short of the protections offered investors in the 1933 and 1934 acts because they do not give the SEC the authority to review municipal disclosures, regulate content, or require continuing disclosure of financial information.

This bill would take additional steps toward full disclosure. Under my proposal, a municipal security issuer who offers more than $1 billion in related securities, but does not pledge its taxing authority toward repayment of the obligations, must conform to the registration and continuous reporting requirements of the Securities Act of 1933 and the Exchange Act of 1934. In other words, when a municipal issuer acts like a corporation by pledging the revenues of a particular project toward repayment of debt, it should be treated like a corporation.

Recent collapses in the municipal securities market underline the need for congressional action:

New York: After issuing record levels of debt from 1974 through 1975, New York City was unable to issue additional debt to cover maturing obligations. As a result, $4 billion of the city's short-term bonds lost over 45 percent of their value by December 1975, and interest rates for municipalities across the Northeast and Mid-Atlantic regions rose 0.05 percent. The subsequent SEC investigation uncovered distorted financial information including a systematic overstatement of revenues.

Washington Public Power Supply System: With an initial cost estimate of $2.25 billion to build nuclear reactors, the Washington Public Power Supply System issued bonds between 1977 and 1981. By the time the final bond sale was issued, the project's estimated cost exceeded $12 billion. Construction was halted, the WPPSS went into default, and the SEC began investigating the WPPSS's disclosure practices.

The SEC found that the WPPSS had mislead investors by not releasing reports about cost overruns, that underwriters failed to critically analyze the information provided by the WPPSS, that bond rating agencies failed to conduct due diligence to confirm WPPSS information, and that attorneys provided unqualified legal opinions as to the validity of the financing agreements. Ultimately no enforcement action was taken because several class action civil suits concluded with the Federal district court approving a $580 million global settlement.

Orange County: In 1994, a lack of disclosure led many investors of Orange County bonds to be surprised when the Orange County investment fund declared bankruptcy. The fund's risky investments in derivatives led to a loss of over $1.7 billion and put every debt obligation of the county at risk.

Denver International Airport: Original plans called for Denver to finance its new $1.3 billion international airport with bonds backed by operation revenues following its October 1993 opening. The actual cost of the Denver International Airport [DIA] exceeded