

required to send money to the federal government, in accordance with the federal funding formula, Michigan sends significantly more money to Washington than it receives back. In 1993, for example, Michigan paid a total of \$733.7 million to the Federal Highway Trust Fund, and only \$520 million was returned; and

"Whereas, in addition, even more money designated for return to Michigan, and several other states, is being withheld by federal transportation authorities. This money is critical to our transportation infrastructure and a vital component of the state's economic well-being.

"Whereas, the current budget debate offers an opportunity to reexamine this critical aspect of public spending. This examination should include immediately correcting the gross inequities in allocating the funds generated by the federal gas tax; now, therefore, be it

"Resolved by the Senate (the House of Representatives concurring), That we respectfully, but urgently, ask the Congress of the United States to release to the states, including Michigan, any federal road funding due under the gas tax formula but currently being held back by the federal government; and be it further

"Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and to each member of the Michigan congressional delegation with the request that each member review this issue, offering a formal response to this body, the Michigan State Senate."

POM-599. A resolution adopted by the Legislature of the State of New Hampshire to the Committee on Environment and Public Works.

"HOUSE CONCURRENT RESOLUTION No. 27

"Whereas, certain aspects of the Safe Drinking Water Act require municipalities to make costly changes to municipal water supply systems; and

"Whereas, the municipalities pass these costs on to the ratepayers through water bills; and

"Whereas, certain requirements under the current Safe Drinking Water Act affect water quality and result in higher costs to citizens and businesses; now, therefore, be it

"Resolved by the House of Representatives, the Senate concurring, That the general court of New Hampshire hereby urges the United States Congress to pass S.1316, reauthorizing only certain aspects of the Safe Drinking Water Act which will attempt to make it less costly for municipalities to implement, while preserving water quality; and That copies of this resolution, signed by the president of the senate and the speaker of the house, be forwarded by the house clerk to the President of the United States, to the President of the United States Senate, to the Speaker of the United States House of Representatives, and to each member of the New Hampshire Congressional delegation."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on Armed Services:

John W. Hechinger, Sr., of the District of Columbia, to be a Member of the National Security Education Board for a term of four years.

(The above nomination was reported with the recommendation that he be

confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

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 Mr. MOYNIHAN:

S. 1879. A bill to amend the Internal Revenue Code of 1986 to provide for 501(c)(3) bonds a tax treatment similar to governmental bonds, and for other purposes; to the Committee on Finance.

S. 1880. A bill to amend the Internal Revenue Code of 1986 to correct the treatment of tax-exempt financing of professional sports facilities; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MOYNIHAN:

S. 1879. A bill to amend the Internal Revenue Code of 1986 to provide for 501(c)(3) bonds a tax treatment similar to governmental bonds, and for other purposes; to the Committee on Finance.

THE SECTION 501(C)(3) NON-PROFIT ORGANIZATIONS TAX-EXEMPT BOND REFORM ACT OF 1996

By Mr. MOYNIHAN:

S. 1880. A bill to amend the Internal Revenue Code of 1986 to correct the treatment of tax-exempt financing of professional sports facilities; to the Committee on Finance.

THE STOP TAX-EXEMPT ARENA DEBT ISSUANCE ACT

Mr. MOYNIHAN. Mr. President, I rise today to introduce two tax bills. The first, the section 501(c)(3) Nonprofit Organizations Tax-Exempt Bond Reform Act of 1996, has been introduced several times previously by this Senator, with several of my distinguished colleagues as cosponsors. It would undo what ought never have been done: the classification of bonds of private nonprofit higher education institutions and other nonprofit organizations as those of a private activity. I reintroduce this legislation today because of its critical importance, and because we have found a particularly appropriate offset: The Stop Tax-Exempt Arena Debt Issuance Act, which I introduce today for the first time.

The Stop Tax-Exempt Arena Debt Issuance Act would close a gaping loophole. Recently, a spate of tax-exempt bonds have been issued to finance professional sports facilities, even though Congress acted to proscribe this practice in 1986. The bill would eliminate this tax-subsidized financing of professional sports facilities.

Taken together, these two bills correct a serious misallocation of our limited resources under present law: a tax subsidy that inures largely to the benefit of wealthy sports franchise owners would be replaced with increased funding for educational and research facilities

at private colleges and universities.

Let me briefly describe the two measures:

THE SECTION 501(C)(3) NONPROFIT ORGANIZATIONS TAX-EXEMPT BOND REFORM ACT OF 1996

The first bill would remove the "private activity" label from the tax-exempt bonds of private, nonprofit higher education institutions and other organizations, and thereby eliminate the arbitrary \$150 million cap on the amount of tax-exempt bonds that such an institution may have outstanding.

The Tax Reform Act of 1986 imposed the "private activity" label on bonds issued on behalf of nonprofit institutions, collectively known as section 501(c)(3) organizations, obscuring the longstanding recognition in the Internal Revenue Code of the public purposes served by these private institutions. Prior to that time, the tax law historically had treated private nonprofit colleges and universities essentially the same as governmental entities. Governmental units and section 501(c)(3) organizations were both classified as "exempt persons," and were afforded the benefits of tax-exempt bonds on the same basis. This was an explicit recognition in the Tax Code of the public purposes served by private nonprofit institutions of higher learning.

The 1986 act's elimination of the "exempt person" category and the classification of section 501(c)(3) organizations' bonds as "private activity" bonds was a serious error. It has relegated private higher education institutions to a diminished, restricted status. Most significant among the restrictions imposed in the 1986 act was the \$150 million limitation on the amount of bonds that any nonprofit institution—other than a hospital—may have outstanding. We were successful in 1986 in keeping other "private activity" bond strictures from being imposed on nonprofits—the minimum tax and statewide volume caps, for example.

Now we must rectify our error, remove the "private activity" label, and restore equal access to tax-exempt financing. If we do not act soon, the vitality of our private institutions in higher education and research will be at risk. A distinguishing feature of American society is the singular degree to which we maintain an independent sector—"private universit[ies] in the public service," to paraphrase the motto of New York University. This is no longer so in most of the democratic world; it never was so in the rest. It is a treasure and a phenomenon that has clearly produced excellence—indeed, the envy of the world. We must insure the strength of the independent sector by restoring parity of treatment for tax-exempt finance. Otherwise, in 20 years, we will look up and find we have lost a unique feature of American democracy of inestimable value.

The sciences are now capital intensive undertakings. The need for capital for university research facilities is