

Mr. President, this draft language floating around the Defense Department at this point needs close scrutiny. It really worries me, and it should worry the taxpayers because there is going to be less accountability of bureaucrats, who are responsible for spending the money, to the taxpayers if we would change existing law.

I ask unanimous consent that the document I referred to earlier be printed in the RECORD.

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

EXCERPT FROM DRAFT BILL

SEC. . ACCOUNTING FOR CONTRACT FINANCING PAYMENTS.

Section 2307 of title 10, United States Code, is amended by adding at the end the following new subsection (i):

“(i) ACCOUNTING FOR PAYMENTS.—Payments under this section based upon a contract that is funded by multiple appropriations or multiple subdivisions within one appropriation may be paid from any one or more of the appropriations or subdivisions thereof funding the contract. However, proper accounting adjustments shall be made to conform to the requirements of subsection (a) of section 1301 of title 31 upon final payment for the items or services delivered and accepted in performance of the contract.”.

SECTIONAL ANALYSIS

This proposal would authorize the Secretary of Defense, when making contract financing payments for a contract funded by multiple appropriations or multiple subdivisions within an appropriation, to charge any one or more of the appropriations or subdivisions thereof. The benefit of this section under 10 U.S.C. §2307, “Contract Financing” is to the temporary spreading of payments for work-in-process costs across appropriations funding the contract. This legislative relief will permit us the flexibility to exercise our stewardship over the public moneys more efficiently and effectively.

This section remedies a long standing and on-going problem in the current contract payment process that attempts to assign contract financing payments to a specific appropriation when the process is not capable of efficiently providing the need information. The Department of Defense (DOD) uses the contract financing authority at 10 U.S.C. §2307, as implemented by Federal Acquisition Regulation Part 32, for many of its contracts. These provisions authorize the disbursement of funds to a contractor prior to the acceptance of goods and services. Contract financing includes advance, partial payments under cost reimbursable contracts and progress payments. Pursuant to this authority, contractors receive progress payments from DOD to finance work performed under DOD contracts. These payments for work-in-process may be for specific work or tasks, or for production line setup and equipment or tooling for the entire contract and in some cases are not tied to specific work or tasks. The contracts are often funded with multiple and different appropriations.

In order to comply with 31 U.S.C. §1301, which requires that appropriations be applied only for the purpose for which they were made, payments based upon the contractor's work-in process costs must be identified to specific work or tasks and the related appropriation funding the effort. However, given that the nature of the cost incurred during the work-in-process period may be funded by multiple appropriations and therefore, cannot be efficiently identified to a specific appropriation, compliance

with 31 U.S.C. §1301 is difficult and time consuming. Furthermore, it is not cost effective or realistic to require additional government or contractor information or effort to determine the specific chargeable appropriations while making payments for work-in-process costs and for costs which are essentially a means of temporary financing for the contractor. In fact, this additional administrative work to develop the information would not significantly improve the precision of the estimate but would further increase the contractor and taxpayer costs. Currently, unless the specific line item and appropriation are identified to the payment office, contract financing payments are spread pro-rata across the appropriations funding the contract. During the work-in-process period, adequate controls exist to ensure that no appropriation is charged more than is available in the appropriation and, furthermore no payment is made without receipt of a proper government approved authorization to make the payment against the proper contract. The problem, however, is that this method is not in compliance with 31 U.S.C. §1301.

The enactment of this bill permit this accounting flexibility when viewed in conjunction with 31 U.S.C. §1301. The effect would be to provide a specific statutory exception to the requirements of 31 U.S.C. §1301 until payment is made.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota is recognized.

FAMILY FARMERS AND THE ALTERNATIVE MINIMUM TAX

Mr. DORGAN. Mr. President, while the Senator from Iowa is here, I wanted to comment on some remarks he made at the start of his presentation.

As the Presiding Officer and other Members may know, Senator GRASSLEY and I have cosponsored and introduced last week a piece of legislation dealing with this current Internal Revenue Service problem on the alternative minimum tax that is going to affect a lot of farmers in our part of the country.

I agree with the Senator from Iowa that the news that came out of the Internal Revenue Service this morning is indeed good news. The Internal Revenue Service, this morning, has indicated that it will, in effect, not enforce in 1996 a provision that it was intending to enforce, which we believe is a misinterpretation of tax law. What IRS was intending to do, in effect, on the alternative minimum tax was to force a number of family farmers to pay taxes on income they have not yet received.

We do not believe Congress ever intended for that kind of enforcement to occur, or for that interpretation of tax law to exist. We think the IRS was wrong.

The Senator from Iowa and I have repeatedly contacted the administration. I have visited with the Secretary of the Treasury and others to make this case. But, in any event, on a bipartisan basis, as the Senator from Iowa and I introduced legislation with 54 cosponsors—the Republican leader the Democratic leader are on the bill—it is clear, or would have been clear, it seems to

me, to the IRS and Treasury that this legislation will pass in this Congress and in effect say to the IRS that your interpretation of the law is wrong.

I think the IRS has, to its credit, understood now that to enforce in this year and put a fair number of farmers at risk—asking them to pay taxes on income they have not yet received—would be really a travesty of justice. The IRS today has taken the position that they will allow farmers to file tax returns in 1996 as they have in the past with respect to deferred contract commodity sales. And I commend them for taking that position.

I appreciate the cooperation of the IRS and the Treasury Secretary on this issue. It is the right thing to do. It is what the Senator from Iowa and I and others have been advocating they do.

So we have made some incremental progress today. That ought to be good news for farmers who have been worried about this issue of how the IRS will enforce and treat and audit the deferred contract commodity sales.

I just wanted to follow the remarks of the Senator from Iowa to say that I am pleased to work with him on it. It is an example of a bipartisan effort to fix a problem, and we have at least gone part of the way to fix this problem.

ORDER OF PROCEDURE

Mr. DORGAN. Mr. President, I would like to use 10 minutes of my time, and then I would like to yield 10 minutes of the time under my control to the Senator from South Carolina, Senator HOLLINGS.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. DORGAN, Mr. HOLLINGS, and Mr. FORD pertaining to the introduction of Senate Joint Resolution 12 are located in today's RECORD under “Statements on Introduced Bills and Joint Resolutions.”)

Mr. REID addressed the Chair.

EXTENSION OF MORNING BUSINESS

Mr. REID. Mr. President, I ask unanimous consent that the morning hour be extended until I am able to speak for 10 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. I thank the Chair.

(The remarks of Mr. REID pertaining to the introduction of S.J. Res. 12 are located in today's RECORD under “Statements on Introduced Bills and Joint Resolutions.”)

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

(The remarks of Mr. REID pertaining to the introduction of S. 206 are located in today's RECORD under “Statements on Introduced Bills and Joint Resolutions.”)

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. LEAHY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. KYL). Without objection, it is so ordered.

THE PRESIDING OFFICER (Mr. BENNETT). The Senator from Vermont is recognized.

Mr. LEAHY. I thank the Chair.

(The remarks of Mr. LEAHY pertaining to the introduction of S. 213 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. LEAHY. Mr. President, I see my good friend from Washington State is on the floor. I yield the floor.

Mr. GORTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

#### ANTITERRORISM AND EFFECTIVE DEATH PENALTY ACT OF 1996

Mr. GORTON. Mr. President, this is to express my deep concern over a decision President Clinton made last year concerning the Anti-Terrorism and Effective Death Penalty Act of 1996, but it has only recently come to light.

When President Clinton signed the antiterrorism bill into law on April 24 of last year he made a promise to the American people—a promise never to give in to terrorism or to terrorist forces. The President vowed to stand firm against nations that support terrorism and use violence and bloodshed for political ends. The President was right in his resolve.

As the world's only superpower, the United States must set an example for all nations. We must not allow the cowards responsibility for such atrocities as the downing of Pan Am Flight 103, the bombing of the World Trade Center, or the bombing of the Oklahoma City Federal building to gain from their actions.

That is why Congress included strict provisions in the Anti-Terrorism and Effective Death Penalty Act of 1996 to isolate terrorist organizations and those who support them. Section 321 of the law prohibits U.S. businesses from engaging in any type of financial transactions with countries known to support international terrorism. This is an important weapon in our arsenal against terrorism that must be rigorously enforced.

Doing business with state sponsors of terrorism provides such rogue nations with links to the outside world and means for financing their ugly agenda. Any such financial transaction may well return in the form of violence against the American people, our allies or other innocent victims.

President Clinton purported to support this policy. In his address to the Nation on signing the antiterrorism bill, the President announced that

America must resolve "to hold fast against the forces of violence and division \* \* \* guard against them, speak against them and fight against them." Unfortunately, the President has not lived up to his own words.

As reported in the Washington Post last week, only 4 months after signing the antiterrorism bill, President Clinton made a special exemption in the law for Sudan, one of the seven nations classified by the Department of State as a state sponsor of terrorism. The exemption was made specifically to allow California-based Occidental Petroleum Corporation to negotiate with the Sudanese Government for a stake in a \$930 million oil deal. The President made this decision despite the State Department's finding that Sudan is second only to Iran in its sponsorship of Islamic extremists engaged in terrorism against United States allies in the Middle East and against the United States itself.

Mr. President, I find these actions on the part of the President unconscionable, and I trust that most of my colleagues agree. This, unfortunately, is only the latest example of the flip-flopping on American foreign policy that marked the first term of President Clinton. Yet this particular change of heart may well be the most dangerous. The United States and our allies have known for decades that if we give terrorists an inch, they will take a mile. The more concessions we make, the more power we give to the forces of evil. It appears to me that our Commander in Chief engaged in the very practice he condemned in April.

The American people should not stand for such deception. President Clinton has an obligation to every American ever hurt by terrorism and every American who may be threatened by terrorism in the future to do what he said he would—stand firm. I truly hope the President will do just that and reverse his exemption of Sudan from the list of nations barred from doing business with American firms.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. KYL). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Missouri is recognized.

Mr. BOND. I thank the Chair.

(The remarks of Mr. BOND pertaining to the introduction of S. 208 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. BOND. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ASHCROFT). Without objection, it is so ordered.

Mr. MURKOWSKI. I thank the Chair.

(The remarks of Mr. MURKOWSKI pertaining to the introduction of S. 210 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. MURKOWSKI. I suggest the absence of a quorum.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### JEFFREY ST. JOHN KNEW THE MEANING OF AMERICA

Mr. HELMS. Mr. President, a week or so ago—it was on January 13, 1997, to be exact—I was among those present at what proved to be a delightful memorial service for a gentleman whose life had demonstrated his understanding of, and his fidelity to, both the miracle and the meaning of America. His name was Jeffrey St. John who had died on January 3.

I attended the memorial service not because I was a close personal friend of Jeffrey St. John—I wish I could claim to have been, but because I admired so very much his remarkable talent and his unyielding courage in defending principles that deserve to survive. So just about everybody else present that afternoon had known Jeffrey St. John, and everybody else was equipped with personal anecdotes that more often than not demonstrated the good humor of their departed friend.

Mrs. St. John, Kathryn is her name, was there, of course—a charming lady who undoubtedly was a great source of strength to her husband during the years that he so unflinchingly stood in defense of conservative principles.

Mr. President, following this occasion, which Mr. St. John would have enormously enjoyed—and, who knows, there's a better than even chance that he was indeed sitting on a cloud up there somewhere—I asked Paul Weyrich, one of America's most effective defenders of conservatism and freedom, to prepare for me a brief personal history of Jeffrey St. John.

Mr. Weyrich readily agreed to do so despite his own hectic schedule as president of the Free Congress Foundation and its myriad of activities.

Mr. President, I ask unanimous consent that Mr. Weyrich's review of Mr. St. John's life be printed in the RECORD.

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