the Senator's zeal for this issue has obscured some of the facts that I think important for us to understand before we follow the course of action that he would suggest to us.

First, I want to point out the importance of this industry to my own State and to correct what is oftentimes, because of an oversimplified presentation, an impression that is given that the industry pays no taxes. We hear this continuously in the course of the debate on the mining law of 1872.

According to the National Mining Association, the industry, coal and hard rock, paid more than $600 million in Federal taxes in 1995. The General Accounting Office issued a report recently—this is not a publication that emanates from the mining industry but a General Accounting Office report—that indicates the average tax rate for the mining industry from 1987 to 1992 was 35 percent. Now, that is compared with 23 percent for the automobile industry, 19 percent for the chemical industry, and 33 percent for the transportation industry. In Nevada alone, the gold mining industry paid more than $141 million in State and local taxes in 1995, including $32.7 million in property taxes.

So let no one who is listening to this argument be misled that the industry pays no taxes, that it is given a free ride. That simply is not true. The industry pays a substantial amount of taxes at the Federal level, at the State level, and at the local level.

This issue really is not about the depletion allowance. This is really the stalking horse for an issue which we have been debating for some years, and that is the mining law of 1872. There is no disagreement among Members that the mining law of 1872 needs to be updated and modernized. The industry recognizes that and is in agreement, and my colleague from Arkansas recognizes that. And there is, indeed, fundamental agreement on the general areas that need to be updated.

Let me just refresh my colleagues' memories and identify the issues. The industry acknowledges that a royalty needs to be paid, and they are prepared to pay a 5 percent net proceeds royalty.

Now, there is a difference as to how much the industry should pay, but there is a recognition on behalf of the industry that a net proceeds royalty tax is appropriate and the industry is prepared to pay that.

Second, there is a recognition that the mining law of 1872 needs to be changed, and those who gain access pursuant to the law of 1872 need to pay a fair market value for the surface estate, in addition to the royalty which I have just indicated. That is a second area of agreement, the fair market value.

Third, there is a fundamental recognition, if entry is gained as it is under the mining law of 1872 and there is no longer utilization of the land for that purpose, of the possibility of revert, allowing the Secretary of the Interior to revoke the authority and to reenter the lands at his discretion.

There is a recognition of the need to pay a permanent maintenance fee for every claim that is held on Federal lands, and that fee needs to be made permanent; that an abandoned mines land fund should be established, and that as part of that a reclamation requirement be imposed as well.

VISIT TO THE SENATE BY MEMBERS OF THE COLOMBIA NATIONAL SENATE

Mr. BRYAN. It is my understanding, Mr. President, that we are honored by the presence of dignitaries. I will yield the floor and simply ask unanimous consent that after their introduction, I might be recognized again for purposes of continuing my comments. If the Senate is agreeable to that, I will yield the floor.

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

Who seeks recognition? The Senator from Florida.

Mr. GRAHAM. Mr. President, first, I thank my good friend and colleague from Nevada for his generosity in allowing us to take a moment at this time to introduce some distinguished guests. I might say that Senator BRYAN visited Colombia in March of this year and I think came away with some of the same positive feelings about the country and the people that I share.

We are honored today to have visitors, members of the Colombia National Senate: First, Senator Luis Londono, the President of the Colombia National Senate; Senator Amilkar Acosta, the President-elect; Senator Luis Velez, Senator Carlos Garcia, Senator German Vargas, and Senator Luis Perez.

I present these members of the Colombia National Senate to the Members of the United States Senate.

I thank the Chair.

The PRESIDING OFFICER. The Chair thanks the Senator from Florida. We welcome our guests. We are delighted to have them here in America.

RECESS

The PRESIDING OFFICER. Without objection, the Senate will stand in recess for 3 minutes in order to greet our guests.

Thereupon, the Senate, at 7:43 p.m., recessed until 7:49 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. BROWNBACK].

REVENUE RECONCILIATION ACT OF 1997

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

AMENDMENT NO. 518

Mr. BRYAN. Mr. President, as I have indicated, there is broad agreement within the industry that the mining law of 1872 needs to be updated. There is agreement in those areas that have been identified as: 5 percent net proceeds royalty; the fair market value of the surface estate; that a reverter provision be provided so that in the event the property is no longer used for mining purposes, the Secretary of the Interior would have the right to reclaim the land for public purposes; that there be a reclamation requirement and a permanent maintenance fee as part of that reclamation. So, there is a broad agreement that the mining law of 1872 needs to be reformed.

In the context of this debate, the issue is not whether the mining law of 1872 should remain inviolate, unchanged and sacrosanct, it is a question of how it needs to be updated to reflect the realities of the latter part of the 20th century. In that respect, the mining industry has been engaged in a dialog, now, for the better part of the last decade. There is obviously disagreement as to the specifics. I am hopeful, before my colleague, the distinguished senior Senator from Arkansas, retires from this body, that we can indeed have an agreement on these issues and produce a piece of legislation that all of us can embrace.

Let me speak specifically to the provisions that are contained in the proposal of the Senator from Arkansas. He would, in effect, repeal the percentage depletion allowance as it has existed in the code, in one form or another, since 1913. A percentage depletion allowance is not, as the senior Senator from Arkansas suggests, a giveaway to the mining industry. Rather, it is a longstanding tax policy that recognizes the unique nature of the mining industry.

Congress has long recognized that the principal capital asset of a mineral producer is its mineral reserves, the ore body itself. These mineral reserves are classified as wasting assets. As the minerals are produced or sold, the mineral deposit from which they are taken is gradually exhausted. Indeed, that is the history of every mining exploration in the history of my own State. These ore bodies are not inexhaustible; they last for a finite period of time, and the tax law reflects the reality of those circumstances.

That was first recognized in 1913, when the Congress allowed a portion of the value of these assets or reserves to be deducted from taxable income to allow producers to replace that ore body, their wasting asset. So depletion is similar to the depreciation allowance for the use of physical properties. It is an allowance that allows an investor in natural resources to recover his capital outlay in the mineral through a depletion allowance to producers to simply level the playing field between those classes of taxpayers. So, although it is unique, its underlying premise, its principle is the same: to recognize that the asset is not inexhaustible, that it has a finite lifespan, and the Tax Code reflects that circumstance.

The capital investment necessary for modern mining is astronomical. It is not unusual to anticipate capital expenditures that will exceed $1 billion when opening a new mine. So the notion that somehow this land is turned over and immediately the next day the entrant is able to extract a large body of ore and make fantastic profits with no outlay, either in terms of ultimate tax liability or expenditures, simply is divorced from reality. Many explorations prove unsuccessful; that is, the quality of the reserves are simply unsustainable in terms of their economic feasibility. And that is a reality.

Many claims turn out to be unsuccessful because the mineral is not identified and cannot be located for purposes other than exploration. So the risks here in a mining operation are enormous. The Bumpers amendment would repeal the percentage depletion allowance for only those minerals obtained from land granted under the 1872 mining law. I think therein lies the true nature of the Bumpers amendment. This has little or nothing to do with tax reform. It seeks to punish the mining industry because Congress has been unable to reach an agreement on reforming the mining law of 1872. And that is patently unfair.

We recognize that reform needs to occur. The dialog continues. As I have indicated, I am hopeful that in this Congress it will be possible for us to achieve an agreement with respect to that reform.

Moreover, as the Senator from Alaska pointed out earlier, this industry is part, as other parts of our economy are, of a global competition. For us to remain competitive in America it will be very important for us not to impose a tax system that is viewed as so punitive as to discourage mineral exploration in its entirety.

I speak with some personal knowledge of the situation because, in my own State, we have gone through a series of mining booms. The origin of Nevada's history—born, as it was, during the Civil War—is a result of the first great mineral discovery in our State, the Comstock Lode, in 1859. That discovery, which brought thousands of people into what is now Nevada, laid the predicate for Nevada's admission to statehood. The mining industry was such an important part of the early economy in Nevada that the first attempt at statehood failed because of the way the State Constitution, as then proposed, contemplated the imposition of the tax on mining. So our heritage is linked to this industry, and the taxable implications are something that all of us in Nevada are very mindful of.

That mining boom lasted for a period of roughly 25 years. By the end of the century, the ore bodies having been depleted in the Comstock Lode, Nevada's mining industry was in a pronounced state of recession. It was resurrected ever so briefly during the period of World War I, and then declined at the end of that war. The modern period really began about 10 or 15 years ago, with the technology that makes it possible to recover microscopic particles of gold, so small, so minute that they are undetected by the human eye.

So this is an industry which has had a series of cyclical ups and downs. The suggestion of recklessly imposing this new tax structure is something that apprehends great fear for all of us in Nevada because of the sensitive nature of the industry and its transitory nature, based upon market circumstances as well as the ability to continue to locate new bodies of ore.

For Nevada and for America, it has been a good industry. It employs about 120,000 people in America. In my own State, it employs 15,000. And, as has been pointed out by the Senator from Alaska, if one looks at the pay scale of major industries in America, the average salary in mining is close to $46,000 a year, and in the context of the debate that we had earlier today about Medicare and Medicaid, and coverage of hospital and physician services, most mining companies provide a full range of insurance coverage for their employees and their dependents. So they have been good citizens with us in Nevada. And they have contributed immeasurably to the prosperity that we enjoy in Nevada.

In point of fact, Nevada produces more in the way of gold than any other State in the country. Indeed, if we were a separate country, we would rank internationally somewhere among fourth, fifth and sixth in terms of production worldwide. So this is a major industry with enormous significance to my State, that pays good money to good people. We are not going to allow that industry to be devastated by an improvident, zealous attack on the industry and the failure to properly consider what the impact of this would be.

Let me, by way of a concluding comment, indicate what kind of an administrative nightmare this provision would be. As I indicated a moment ago, this change would apply only with respect to those minerals that are recovered under public lands, under lands which were entered pursuant to the provision of the mining law of 1872. That suggests that a mining operation is finitely defined and that an operation that derives its origin from entry under the mining law of 1872 is a separate and distinct and discrete operation from that part of the operation in which the mining company may have acquired title to the property through private sale.

Indeed, if you look at the mining operations that currently exist in my own State, and if you look at the source of title or occupancy of those lands, you will find as many as five or six different derivative sources for the occupation and/or title or patent to those claims. So it would be an administrative nightmare in allocating this new system of taxation to a single operator on a single mine who is mining bodies of ore through different areas within a fairly confined area of a few of those acres. So it is totally impractical.

I hope my colleagues recognize that this is not the sort of thing we should do without giving due deliberation to the broader issue which will be discussed during this Congress and I hope will be resolved, and that is to deal with the update of the mining law of 1872. That is what this debate ought to be about, rather than a punitive approach which is taken in the proposed Bumpers amendment.

I hope, at the appropriate time, my colleagues will join us in rejecting this proposal and allow us to continue the debate with respect to reform during the course of this Congress.

I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER (Mr. ENZI). The Senator from Idaho.

Mr. REID. Will my friend from Idaho yield for a minute?

Mr. CRAIG. I yield.

Mr. REID. Senator BUMPERS is off the floor, but he asked if I would propound a unanimous consent request on his behalf. First of all, I suggest that the unanimous consent request will be that at the time debate is completed in the morning, a point of order will be raised against this amendment on the basis of germaneness.

Mr. CRAIG. Will the Senator from Nevada withhold for a moment? Staff has, I believe, comprised that unanimous consent request and will provide it to you.

Mr. REID. The one thing I ask, because he has been so patient here, is that the Senator from Illinois—he has been waiting here for several hours while we worked our situation out—would it be appropriate that he be allowed, as part of the unanimous consent request, to offer the next amendment?

Mr. CRAIG. We have to check with the floor managers.

Mr. President, while that is going on, let me reclaim my time and discuss the Bumpers amendment for a few moments.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Mr. President, I join the Senator from Alaska and the two Senators from Nevada in our commitment and belief that the 1872 mining law deserves to be reformed. These four Senators have worked for the last 4 to 5 years to bring responsible and sensitive reform to this old, but very important, law, a law that has served our country well on public lands that allows an individual to go forth to explore, to discover and to develop the mineral wealth of our country.

It is also important to recognize that this is a public resource, and there needs to be an appropriate balancing act in the effective utilization of a public resource and a return to the taxpayer of the value of that resource.

Because the 1872 mining law was really intended at a very early time in our

country's history to be a development law that allowed growth and development primarily in the public lands of Western States, I, a Western Senator, along with the Senator from Alaska and the two Senators from Nevada as Western Senators, saw a need, along with a good many others of our colleagues, to provide good reform to this old law to allow the mining industry to go forth, to assure there would be a right to discover, a right to develop, but to do all of that in the context of sound environmental policy and, for the first time, to propose a royalty on hard-rock mining; also, to recognize that there was a surface value that is no longer there and an absolute sense of a need to develop western lands. So, therefore, there ought to be a market value placed on the surface rights that one gained as they gained title through the patenting process which allowed that public resource to go to private utilization.

But for 4 years, this administration has literally refused us the right to do that. This Senate passed mining law reform. It was in the budget reconciliation 2 years ago, and the President vetoed it. So for the Senator from Arkansas to stand on the floor this evening and say there has been no meaningful mining law reform isn't quite true. There has been a very aggressive effort on the part of this Senator; the Senator from Alaska, the chairman of the Energy and Natural Resources Committee; the Senator from Louisiana, now retired, Senator Johnston, who was the chairman of that committee; and, of course, the Senators from Nevada who understand the importance of mining, as I do, because it is a critical part of their economic base and the resource development in their State.

The Senator from Arkansas has another vision of mining. It is called no-mining. For some reason, he believes that this is a source of wealth to the Treasury of this country, and when he sees millions of dollars invested, somehow he immediately equates that as millions of dollars returned to the Treasury, when the fact is that while money can be returned to the Treasury, it takes an average of $400 million to develop an operating mine today, to make sure it is in compliance with the Clean Air Act and the Clean Water Act, to make sure it meets the NEPA requirements, to make sure it is operated in a sound environmental way, while returning a profit to the company and to the investors that put up the nearly $400 million for that development.

Unlike other kinds of resources, minerals are not sold in Little Rock at a Little Rock value or Boise, ID, at a Boise value. They are sold in Little Rock or in Boise based on a world value, a world market, because gold and silver and iron, zinc and lead, and all of those kinds of things that make up the fundamental base of the industrial society that we enjoy are traded in a world environment.

When that price slips, so it slips at the mine. A mine that one year can be very profitable, the next year can be very unprofitable and can lose money. That has been and is the history of mining in our country. You talk about striking it rich, that happens in mining, but I also know a lot of miners who struck it poor.

A mining company in our State just a year ago called me and said they wanted me to know that they were shutting down a major mining operation in one of the counties in the State of Idaho. Why? After they had invested millions of dollars, their exploration didn't pan out to be quite what they thought it ought to be. Their drilling didn't determine the projections of the ore body that existed. So they were shutting it down and walking away and writing off millions and millions of dollars of cost in the development of a mill and a plant and a site and all of those necessary tools to bring that mineral out of the ground to the smelter in a refined way.

I say nothing new on the floor of the Senate tonight. I only bring current the 200-plus-year history of the mining industry of our Nation.

But reform is necessary, and this Senator, along with the Senator from Alaska—the two Senators from Nevada have just authored a new mining law reform approach. We sat down with the Senator from Arkansas and his staff to try to see if we could not build a bipartisan compromise. That hasn't happened yet, and we want that to happen. We believe in the reform.

But what the amendment of the Senator from Arkansas proposes tonight is not constructive. It doesn't add to the overall effort to build strong mining law for this country that allows continued development in an environmentally sound way, to build the resource and the wealth base of our Nation and to assure a domestic supply of minerals and metals.

It does quite the opposite. It goes directly at mining industries in this country, and it could very well render them marginal and, in some instances, less than profitable. When that happens, the mining industry doesn't stay around. It very quickly closes its doors and the average job of $46,000 a year goes wanting, and that mining industry goes to Peru or to Chile or to Colombia or to Ecuador or to Mexico to build the wealth base of those countries and to deny us the $100 billion industry that we have here.

I don't think that makes good sense. I never have. And I can't understand the thinking of the Senator from Arkansas in that regard, other than he just appears to have it out for the mining industry.

In my State, it is an important industry. Nationwide, it is tens of thousands of very high-paying jobs, and there is no question that this industry contributes a great deal to our country and hundreds of millions of dollars to the economy on an annualized basis.

The mining industry already pays taxes. Somehow, because they are able to patent public resources and then develop them, the Senator from Arkansas suggests they pay nothing, they ''get a free ride.'' That one example on the bottom line of the chart of the Senator from Arkansas is an Idaho-based operation. There may be a billion dollar's worth of reserves in the ground, but that operation isn't operating today. They are not functioning, and the reason they are not is that they are not current in the economy of the marketplace. They may have invested millions of dollars, and they may have paid the Federal Government through the process of the $2.50 an acre surface value in the patenting process, but they are not returning any money today, and their mine sits idle. That is not unusual. That is the way the mining industry works. That is the way it has always worked. My guess is it won't change.

The mining industry already pays an average in Federal taxes at 32 percent, according to the General Accounting Office. Because of the corporate alternative minimum tax, they currently pay a very high rate. But the Senator from Arkansas says, ''Whoop, that's not good enough, stick them again 8 to 10 percent.'' So we get them up to 42 percent. Why do you want to pay 42 percent on your income flow if you can move across the border and pay less? That is exactly what has happened. The Senator from Alaska and the Senators from Nevada spoke very clearly about that in their past statements. The exodus out of this country of the mining industry and the jobs and the expertise and the engineering that flows with it is a tragedy to which we shouldn't contribute.

So I hope that Senators will recognize that we shouldn't be legislating more in relation to this tax bill that we have before us. This comes outside of the agreement. We have worked very hard, and, I must say, the chairman and the ranking minority member of the Finance Committee have done what I think is an excellent job in working to stay inside an agreement that the leadership of the Senate and the House and the President struck as it related to revenue and tax relief.

Tax relief ought to be creating jobs, it ought to be promoting economic development, it ought to be growing our economy instead of shrinking it, instead of destroying thousands of jobs that I believe this kind of legislation and the Bumpers amendment would accomplish.

I have before me a chart that talks about the combined direct and indirect contribution of the metals mining industry to the economy of the individual States of this Nation. I could go through that, but here is the bottom line, Mr. President.

The bottom line is $134,378,000,000 a year. Is that in the pocket of some mining executive? Absolutely not. It is in the work force of Caterpillar equipment in Illinois. It is spread across the country in the supplies and the direct and indirect services that provide for

the mining industry. It is in the chemical industry of Delaware.

I am amazed, but I look down here and see that in Connecticut alone is $1,792,000,000—Connecticut—directly attributable to the mining industry of the country. I did not know there was a mine in Connecticut. Well, there probably is not, but there are major corporate headquarters and there are suppliers, and those suppliers create jobs.

Of course, when you have a broad-based industry like metals and mining, all States benefit. Literally every State in the Nation has nearly $100 million or more in value of directly associated or related jobs to the metal and the mineral industry of our country.

That is why we should not be stepping forward in some form to destroy it. We ought to be promoting it. Most importantly, the Senator from Arkansas ought to be working with the Senators from Nevada and from Idaho and from Alaska to get reform that we all want so that the mining industry of the country can know the ground on which it operates and the law to which it must comply. That is what we ought to be about.

So I hope that tomorrow when we vote on the Bumpers amendment, we can vote it down, recognizing that when we deal with reform in the mining industry, let us deal with it in a comprehensive way in the appropriate authorizing committee with the hearings that are necessary to make sure that what we do fits so that we do not wound an industry that has provided for us well and that continues to employ tens of thousands of people across our country and provide well over $100 billion annually to the wealth base of this country. That is the issue.

I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. REID. I ask through the Chair to the manager of the bill, is the unanimous-consent request now ready to be propounded?

Mr. ROTH. No. We are still waiting for clearance on the Democratic side.

Mr. REID. Mr. President, the chairman of the Energy and Water Committee entered into the RECORD this evening a news article that was printed earlier this year in the Wall Street Journal. The news article says a great deal about the debate that is taking place here tonight.

We can talk about all the jobs that mining produces—and there are over 100,000 of them in the United States alone—we can talk about all the direct and indirect income that it generates for States, but the most important thing that I think brings this in proper perspective is to look at what is happening to mining today.

''Gold-Mining Firms Act to Meet Price-Slump Challenge.''

The price of gold has dropped precipitously. The price of gold is low. As indicated in this article, ''[Mining Companies] Reduce Costs, Scratch New Mines, With No Quick Relief in Sight.''

The article says, among other things:

> Mining companies are slashing costs and tearing up plans for new mines as the price of the precious metal continues to slide to three-year lows. . .[the prices] plunged to $353.40 an ounce . . . The skidding price is enough to turn many high-cost mines into money-losing duds and spoils the economics of many planned projects.

Dennis Wheeler, chairman and chief executive officer of Coeur D'Alene Mines, which is headquartered in Coeur D'Alene, ID, says, ''No question, * * * you will see fewer new gold mines.''

This is a quote from this article.

> Gold prices have been pushed downward by slumping investment demand and the fear of increasing supplies from central banks.

> At [least] five of the 22 largest U.S. mines, cash costs to produce gold are at or above $347.30 an ounce. . .

What this means, Mr. President, is that the cost of gold is not enough to meet the costs of producing the gold. That is why in Nevada you have seen companies laying off people. That is why you have seen mines going out of business. At this stage they have been the small operations, but the big ones are going to come unless something happens to raise the price of gold or to cut costs, or both.

> Coeur D'Alene Mines has recently laid off 4% of its staff, halted all charitable donations, and [as Mr. Wheeler said] . . . ''We anticipate more challenging times ahead.''

And that, Mr. President, is an understatement.

Pegasus Gold is a substantial company based in Spokane, WA. They have operations in the State of Nevada. They mine over half a million ounces of gold a year. But they have taken steps to survive in the new lower price range, or trying to survive.

> The company recently announced it would reduce its exploration budget by about 20%, freeze senior-management salaries and delay construction on new gold projects in Montana . . .

Echo Bay Mines, a Denver-based company has operations in the State of Nevada, among other places. Lower gold prices have also hurt Echo Bay, causing its gold reserves to go down.

> The company recently took a charge of $77 million after ripping up plans to develop its big Alaska gold project [in] Alaska-Juneau . . .

Now, I say, Mr. President, this is only a little example. So $77 million they spent before they turned a single spade of dirt.

A little operation outside the town of Searchlight, NV, where I was born, still maintain my residence—that operation took about $100 million before they could do any mining. It is a relatively small operation.

Echo Bay:

> . . . also canceled common-share dividend payments to conserve cash after a string of quarterly losses.

Many, many gold companies are suffering the same fate as the few of these that I have referred to out of this article.

Gold mining companies are having real difficulty. As has been indicated already on the floor, the General Accounting Office has indicated that gold companies now—the mining industry now—is paying about a 32 percent effective tax rate. Now, if this goes up, as indicated by my friend from Idaho, they will be out of business in a large scale.

This amendment, Mr. President, would create an administrative nightmare for the Department of the Interior. For example, the origin of the claims and lands currently being mined, they could not be tracked, or if they could it would be extremely difficult. Often these claims have been owned and conveyed at arm's-length transactions.

How do you go back and effectuate this depletion allowance that he wants to dispose of? Many properties are obtained through a variety of ways other than the 1872 mining law. Remember, they have been mining in the State of Nevada since the 1840's. Many claims were filed prior to the 1872 mining law.

Mining companies often put together their operation from private property acquired through laws, both State and Federal.

How would we keep track of ore on a property that has several different property origins? The depletion allowance would apply to a shovel of ore for one location but not to a shovel of ore identical to that just 10 feet away.

In principle, there is little difference between allowing mineral producers a depletion allowance and allowing a manufacturer to depreciate a plant and equipment.

In the process of manufacturing, the manufacture's equipment requires replacement.

Therefore, a depletion allowance for mineral producers a simply levels the playing field between these classes of taxpayers.

Again this amendment unfairly targets the western mining industry.

This amendment is an attempt to do mining law reform, and this is not the place or time for such an effort.

If this Congress wants to rewrite the current mining law then it should begin in the Energy and Natural Resources Committee, not on the Senate floor tonight.

The Bumpers amendment proposes to eliminate the percentage depletion for non-fuel minerals.

This amendment to eliminate Percentage Depletion is an ill-conceived and ill-advised attempt to circumvent congressional efforts to reform current mining law.

The U.S. mining industry has long agreed that the mining law is due for an overhaul.

Serious efforts to accomplish such a result have taken place over the past several years.

Legislation has reached the President's desk that would have, among

other things, imposed significant royalties on minerals produced from new mines developed on Federal lands.

The administration has never sought to develop compromise legislation that reforms the mining law.

This amendment is simply another attempt to attack the industry on yet another front.

The capital investment necessary for modern mining is astronomical.

It is not unusual to anticipate capital expenditures well in excess of $1 billion when opening a new mine.

With the repeal of the investment tax credit, the extension of depreciable lives, and the imposition of the alternative minimum tax, the tax burden on the U.S. mining industry is significant and burdensome.

The most recent GAO report on the subject indicates that the mining industry is currently paying a 32 percent effective tax rate.

It is estimated by the State of Nevada that this proposal would result in the following: 2,300 jobs; $220 million in economic output; and $68 million loss in household earnings.

The PRESIDING OFFICER. The Senator's time and the opposition's time has expired.

Mr. REID. There is no time. There is no time.

The PRESIDING OFFICER. On a reconciliation bill there is an hour.

Mr. REID. Oh, all time is gone? That is fine.

Senator BUMPERS left anticipating that there would be a unanimous-consent request entered. I certainly want to do that before I leave today, if at all possible.

Mr. ROTH. Mr. President, I ask unanimous consent that at 9:30 a.m., on Thursday, there be an additional 20 minutes for debate equally divided between Senator MURKOWSKI and Senator BUMPERS, and immediately following that debate time, Senator MURKOWSKI be recognized to raise a point of order against the Bumpers amendment; and further, immediately following a motion to waive, the Senate proceed to a vote in relation to the Bumpers amendment; to be immediately followed by 20 minutes of debate equally divided in the usual form prior to a vote on or in relation to the Dorgan amendment No. 517; to be followed by 10 minutes of debate equally divided in the usual form on the Dorgan motion to refer, with Senator ROTH being recognized to raise a point of order against the Dorgan motion to refer; and, further, immediately following a motion to waive, the Senate proceed to a vote in relation to the Dorgan amendment.

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

PRIVILEGE OF THE FLOOR

Mr. DURBIN. I ask unanimous consent that Anne Marie Murphy of my staff be accorded floor privileges during the consideration of S. 949.

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

AMENDMENT NO. 519

[Purpose: To increase the deduction for health insurance costs of self-employed individuals, and to increase the excise tax on tobacco products]

Mr. DURBIN. Mr. President, I would like to present an amendment for floor consideration.

The PRESIDING OFFICER. Without objection, the pending amendment is set aside.

The clerk will report.

The bill clerk read as follows:

The Senator from Illinois [Mr. DURBIN], for himself, Mr. DORGAN, Mr. DASCHLE, and Mr. HARKIN, proposes an amendment numbered 519.

Mr. DURBIN. I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 267, between lines 15 and 16, insert the following:

SEC. 780. DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS INCREASED.

(a) IN GENERAL.—Section 162(l)(1) (relating to special rules for health insurance costs of self-employed individuals) is amended to read as follows:

''(1) ALLOWANCE OF DEDUCTION.—In the case of an individual who is an employee within the meaning of section 401(c)(1), there shall be allowed as a deduction under this section an amount equal to the amount paid during the taxable year for insurance which constitutes medical care for the taxpayer, the taxpayer's spouse, and dependents.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 1996.

On page 337, beginning with line 14, strike all through page 339, line 15, and insert the following:

(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 ''$27.50 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 ''$57.75 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 ''$2.531 cents per thousand'', and

(2) by striking ''equal to'' and all that follows in paragraph (2) and inserting ''equal to 28.6875 percent of the price for which sold but not more than $67.50 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 and 1992)'' and inserting ''1.69 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 ''3.38 cents''.

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

(1) by striking ''36 cents (30 cents on snuff removed during 1991 and 1992)'' in paragraph (1) and inserting ''$1.9933 cents'', and

(2) by striking ''12 cents (10 cents on chewing tobacco removed during 1991 or 1992)'' in paragraph (2) and inserting ''75.33 cents''.

(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 ''$1.5188 cents''.

(g) IMPOSITION OF EXCISE TAX ON MANUFACTURE OR IMPORTATION OF ROLL-YOUR-OWN TOBACCO.—

(1) IN GENERAL.—Section 5701 (relating to rate of tax) is amended by redesignating subsection (g) as subsection (h) 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 81 cents per pound (and a proportionate tax at the like rate on all fractional parts of a pound).''

Mr. DURBIN. Mr. President, simply put, this amendment which I have offered asks that we move toward more equitable tax treatment for the self-employed with respect to the deductibility of their health insurance premiums within this budget process. I believe this issue enjoys wide support among my colleagues in the Senate.

I would like to draw my colleagues' attention to a letter which has been sent to the Senate Finance Committee signed by over half of the membership of this body. A total of 53 Senators have urged that there be movement in this legislation toward the equitable treatment for the self-employed with respect to the deductibility of health insurance premiums.

Today, I would like to reaffirm our commitment to helping the self-employed afford health insurance and receive parity with their corporate competitors who can already deduct 100 percent of their health insurance premiums by passing this amendment.

Let me say at the outset, the term ''self-employed'' is a term of art used in the Tax Code but for those who are following the progress of this debate, they may be interested in the people who fall into the category of the self-employed. Those would include, of course, entrepreneurs, small business people, family farmers and the like. It is the fastest growing segment of the American economy.

More and more people are starting businesses. More and more people aspire to own their own businesses. More and more women are getting involved in entrepreneurial endeavors. So this amendment addresses a problem which exists and one which can only become worse as more people get into self-employment categories and still do not enjoy the same positive tax treatment as corporations and their employees.

There are over 23 million self-employed in the United States today. Unfortunately, over 5 million of these people have no health insurance. The rate is higher for self-employed people than the rate for salaried and waged workers. On the average, salaried and waged workers have only 16.8 percent of their membership uninsured, as against 25 percent of the self-employed that are uninsured.

The simple fact of the matter is there is a 50 percent higher likelihood that a person is uninsured—without health insurance—if they are self-employed, as opposed to being a salaried employee.

Not only are the self-employed less likely to have health insurance, but those that do pay on the average 30 percent more for their health insurance premiums. They do not have access to group health insurance. They pay some of the highest rates in the Nation.

For those who follow closely the National Federation of Independent Businesses, which as I understand it is the largest organization of small businesses in America, they might be interested to know that when their membership was surveyed nationwide last year and asked their No. 1 issue for Washington, it was not capital gains; their No. 1 issue was the cost of health insurance. When I traveled across Chicago last year and met many entrepreneurs and small business people, I asked them the challenges they face, and time again they said, it is such a great concern to us and to our families that once having left the protection of a group health insurance plan and having moved into self-employment, into small business, or in many cases to family farms, they found themselves unable to afford health insurance.

I can recall a telephone call to my congressional office, when I served in the House. A woman called when she heard of my interest in this issue and said, ''I want to tell you my family story.'' It is one that is repeated many times on farms across America. She said, ''I was at home as a farm wife raising our children, raising the family. Then I decided I had to go to work in town.'' She said to me, ''Congressman''—I was a Congressman—''Congressman, the reason I work is because the salary I earn pays for two things: Day care for my children, which otherwise I would take care of at home, and the premiums for health insurance for our farm family.'' That story is repeated many times over, across the United States, where people are struggling to come up with the resources to be able to afford health insurance.

Currently, the self-employed in America may only take a tax deduction of 40 percent for the cost of health insurance premiums. However, corporations and their employees enjoy a full 100 percent deductibility. This is not fair.

I once asked some of the older Members of the House who had been around during many, many years of debate on tax bills why this disparity existed, why would we take one group of Americans working for businesses and give them full deductibility of health insurance, and say to self-employed people, you can only deduct 40 percent. I was certain there had to be some rationale behind this dichotomy. I spoke to Sam Gibbons, now retired Congressman from Florida, who served on the House Ways and Means Committee for many years. He said there is no good explanation for it. It came about sometime after World War II when corporations and unions asked for this advantage and it was given to them. The self-employed did not speak out. Health insurance was not a major issue, and as a consequence this dichotomy, this divergence in the deductibility of health insurance became enshrined in law.

Scheduled increases in current law for the deduction of the self-employed will slowly, slowly increase from the current level to 45 percent by 2002. We are talking about waiting 5 years for it to go up 5 percent more for deductibility, and then even by 2006, almost 10 years from now, under current law the deductibility for self-employment will only be 80 percent—never reaching 100 percent deductibility of a corporation or big business. That is a very long time for self-employed people to wait.

We should make progress on this issue on increasing deductibility this year within this budget package. Farmers and many other hard-working, self-employed individuals, including many women who recently started small businesses in record numbers, deserve help in this area, sooner rather than later.

You might take into consideration this fact: Of the 10 million uninsured children in America today, 1.3 million of them live in families where there is at least one parent who is self-employed. These children comprise approximately 13 percent of all uninsured children. So for these families, for the breadwinners who own the small businesses, for the family farmers and for their children, this is a very critical amendment.

Now, the obvious question to be asked of myself and others who come to the floor with changes in the Tax Code is this: How are you going to pay for it? How will you provide the resources to offset the cost of giving this new deduction to the self-employed? I will tell you, upfront, we raise the tobacco tax, the Federal tobacco tax.

The current cigarette tax is 24 cents per package. The current tax on smokeless tobacco is about 2.7 cents, for snuff; and 2.3 cents for a pouch of chewing tobacco. This bill increases the cigarette tax by 20 cents per pack to 44 cents. That is the bill that comes out of the Senate Finance Committee. It increases the tax on smokeless tobacco products by the same 83 percent. That will raise the tax to around 5 cents for snuff, 4.2 cents for chewing tobacco.

The amendment I offer to provide the deductibility, full deductibility for health premiums for the self-employed, is paid for by adding about 10 cents to the tax on cigarettes, about 10 cents, a tax—maybe a fraction higher that might be necessary to make certain that it meets this budgetary requirement. Ten cents, 10 pennies for a person buying a package of tobacco.

What will we buy as a Nation for these 10 pennies? We will buy protection for millions of Americans who today do not have it, health insurance that they can afford, giving them fair treatment under the Tax Code, saying to people who buy tobacco products you will pay a few pennies more for those products. We, as a Nation, will see great benefit coming to many families and many children across America.

We are waiting for a formal revenue estimate from the Joint Tax Committee. We have been in negotiation with them. We are told that the amount of the tax on a package of cigarettes may be slightly over 10 cents, but we are in this range of between 10 and 11 cents.

What happens when you raise the price of a package of cigarettes, as this bill does, by 20 cents already? Fewer children buy them. As you make tobacco products more expensive, kids stay away. Now, isn't that a good idea? Don't we all agree that to have 3,000 children start smoking for the first time every day in the United States is a bad idea? Shouldn't we discourage this addiction of our children? I think we all agree on that. I think even the tobacco companies have come to acknowledge that they are a major part of the problem that we have today in addiction to nicotine and tobacco.

In addition to taking care of a lot of children who are uninsured and a lot of self-employed and their families by increasing the tax on tobacco products slightly, by 10 cents or a few fractions beyond that, we will discourage children from using tobacco products. Is that a critical problem in our country? I think we all know that it is. Teenage smoking in America has risen by nearly 50 percent since 1991.

I will close with just a few brief remarks about the sales tax and just say to my colleagues it would be foolish, foolish, for us to ignore the reality that tobacco taxes are going to increase. We have asked for a survey of State existing tobacco taxes as of today. What are the taxes in each State imposed by those States and their legislatures on tobacco products? I say to my friends and colleagues if you will take a look here, you will see that more and more State legislatures are dramatically increasing tobacco taxes as a source of revenue.

For example, let me give you a few. In the State of Hawaii, the State cigarette tax will go from 60 cents to 80 cents in just a few weeks. In the State of Maine, the cigarette tax is going to double from 37 cents to 74 cents by the end of the year. In the State of Alaska, the tax rate on cigarettes and tobacco products will move from 29 cents to $1 dollar by the end of the year. In the State of Utah, from 26½ cents to 51.5 cents. State legislatures understand this is a good source of revenue. The Senate Finance Committee understood that when it added a 20-cent tobacco tax.

So I ask my colleagues to seriously consider a very minor increase of about 10 cents a pack to tobacco and measure it against what we will win as a Nation. We had this long debate a few years ago about universal health care. I certainly believe in it and subscribe to it. We did not finish that debate with a work product that achieved results. I hope with this amendment,

though, we can move forward on the path toward moving more people into the protection of health insurance. The 5 million uninsured self-employed people deserve that type of protection. Those self-employed and their children will benefit greatly from this amendment.

I know that this may be a tough amendment for the Senate Finance Committee. I have watched the course of this debate over the last couple of days and it is clear that they do not always warm up to suggestions of change. Maybe this time there might be an exception. Maybe with the bipartisan support of some 53 Senators, the members of the Senate Finance Committee, the leadership, might consider this amendment. It is one which would greatly enhance the tax package which they offered.

I yield back the floor and offer my amendment.

AMENDMENT NO. 520

(Purpose: To provide for children's health insurance initiatives)

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I now send to the desk the amendment that was reported out by the Finance Committee regarding the children's health insurance initiative. This amendment provides $8 billion over 5 years for children's health insurance coverage.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 520.

Mr. ROTH. Mr. President, I ask unanimous consent reading of the amendment be dispensed with.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

AMENDMENT NO. 521 TO AMENDMENT NO. 520

(Purpose: To improve the children's health initiative)

Mr. ROTH. I now send to the desk a second-degree amendment pursuant to the order of the Senate agreed to today which incorporates the provisions of the Roth and Chafee amendments on the children's health initiative.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Delaware [Mr. ROTH] proposes an amendment numbered 521 to amendment No. 520.

Mr. ROTH. I ask unanimous consent that the reading of the amendment be dispensed.

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

(The text of the amendment is printed in today's RECORD under ''Amendments Submitted.'')

Mr. ROTH. I ask the Chair this question: Do I understand correctly that the second-degree amendment which I offer is by virtue of today's order of the Senate considered adopted?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROTH. Mr. President, I ask unanimous consent to lay it aside.

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

AMENDMENT NO. 519

Mr. DURBIN. Mr. President, might I inquire of the chairman of the Senate Finance Committee, can we reach some agreement about debate that will be allowed on my amendment tomorrow when it is considered?

Mr. ROTH. I have to tell my good friend, no, we cannot agree at this time.

Mr. DURBIN. So under the rules would the amendment automatically be considered tomorrow or subject to any debate?

Mr. ROTH. It could come up tomorrow but we cannot limit debate at the present time.

Mr. DURBIN. My current understanding, I have 43 minutes left on the debate on this amendment and the opposition has 59 minutes as we have concluded debate this evening?

The PRESIDING OFFICER. The Senator is correct.

Mr. FORD. Would the chairman give me a couple of minutes to make a statement as it relates to the Durbin amendment?

Mr. ROTH. Two minutes?

Mr. FORD. Two minutes.

Mr. President, no one here in the Chamber is opposed to helping children. We have tried our best over the years, and we are trying our best now. It seems like every time you want some money you go to tobacco. We have had Senators from the other side of the aisle that voted against tax on tobacco or any other excise tax because they thought that was the prerogative of the State, and the Senator from Illinois just laid out how much additional tax is going on. So we have a negotiated agreement that people are getting something they never thought they would be able to get. We have to get that through Congress.

Now, if we had 10 cents from this committee, and 20 cents there, and 43 cents tomorrow, we have killed the agreement and there is no way the income can equal the projection because with a dollar additional on a pack of cigarettes we lose 20 percent of production and have a 20 percent reduction.

We are trying to get in this package reduction of teen smoking or underage smoking. We have a criteria there if they do not do it, they pay more money. Yet we are putting it where they cannot do that.

I say to my friends, I am from a tobacco State, absolutely, and I plead guilty to that. I am going to represent them the best I can, but pile on, pile on, pile on—you are not going to have any money left. The States won't be able to get any money and their budgets will be behind, our projections will not reach that total, we will be behind, so everybody piles on tobacco.

I hope you will take a step back with all these crocodile tears I see around here. I understand those. But there is some point where we have to meet reality, and reality is do you want to complete a job that is started or do you want to do something that will unbalance this budget within a very short period of time.

I thank the Chair, and I thank the Senator for allowing me the time.

The PRESIDING OFFICER. The Chair recognizes the Senator from Illinois.

The PRESIDING OFFICER. Who yields time?

Mr. ROTH. How long would the Senator from Illinois like?

Ms. MOSELEY-BRAUN. Five minutes.

Mr. ROTH. I yield 5 minutes to the distinguished Senator from Illinois.

Ms. MOSELEY-BRAUN. Mr. President, I am the first woman in history to serve on the Senate Finance Committee, and I have been just delighted to work with the chairman and his staff and my ranking member, Senator MOYNIHAN. They have been accommodating, they have been supportive and they have listened. And I have to say that this was the third occasion that I have had to work on a tax bill. While the tax bill did not result as I would have written it, at the same time, I can think of no better group with which to work than the members of the Senate Finance Committee and, particularly, its leadership.

Mr. President, I want to share a few preliminary thoughts about the tax bill. I intend to file an expanded statement at a later time. At the outset, I want to say that I intend to vote for this bill. It was worked on by the committee. We worked hard on behalf of the goals of achieving a balanced budget. We worked hard on behalf of achieving an opportunity for the American people to focus their resources in the most productive way for our economy as a whole.

When I came to Congress, my overarching goal was to create a more fiscally responsible environment, a better fiscal environment for our children. We needed to reverse the trend to borrow, to pay for things now, at the cost of having our children pay back our debts and foreclosing their options and opportunities. Even though it caused some consternation, I supported a balanced budget amendment precisely because I believe that we have an obligation to prepare and to make it easier for our children than our parents left it for us. I believed that we had to ensure that we do not leave our children in greater debt than our parents left to us.

So my main focus in coming here to Congress was to focus in on getting some order about our fiscal house, reducing the deficit, and actually beginning to create the framework in which our economy can go forward, and the strength that not having this burden of debt would have given it. For that reason, I also took the position that it was not time yet for us to go into providing

for tax cuts, that we needed to restrain our desire to cut taxes until such time as our fiscal house was in order. Deficit reduction should have been our goal as a matter not only of our fiscal responsibility, but of generational fairness. And so I started off with that proposition from the very beginning.

In 1993, the first year I was here in the Senate, I voted for the budget that President Clinton submitted that began the path toward deficit reduction. Since that bill, which was very controversial at the time—I remember people calling it the ''biggest tax increase in history,'' even though it only increased taxes on the very top wage earners or top income earners in our country. It was very controversial at the time. In fact, in the election that followed, a number of people lost office because people thought they had sent our country on the wrong fiscal path.

However, that bill has proved, I think, over time, to be the jump-start that this economy needed in order to give rise not only to the booming stock market and booming economy that we have seen, but the deficit reduction that we have seen. Since the time of that vote, the deficit has gone from about $290 billion—almost $300 billion—to $65 billion this year. Now, without a tax cut, we could have retired our debt entirely before the year 2002. While it is a fact that some of the economists argue that we don't need to worry about deficits and we don't need to retire our debt, at the same time, I think there is an expectation from the American people that we would do everything we could to get that done in as timely a fashion as possible. Reducing the deficit would have had the effect of lowering interest rates and would enable us to provide even larger tax cuts, once we have paid all our bills. But that is not the case at this time. There is consensus for cutting taxes this year—a budget deal that explicitly tailored the amounts of net tax cut and outlays with some specific parameters.

So since there is consensus on the tax cut that came out of the Budget Committee, and that is the direction we have been ordered to take in the Finance Committee, I believed that the tax cut given should be targeted to provide the maximum benefit to relieve families of the tax burden that they have to carry. Unfortunately, this bill only partially meets that goal.

The problem, as I see it, and my one sadness about what we have seen here, is that this tax bill is not progressive. To make the bill progressive, the distribution of the tax cuts should allow the largest portion of the tax cut to go to the greatest number of families. This is simply community fairness. Unfortunately, this bill still allocates the largest amount of the tax cut to the fewest number of Americans instead of the other way around.

This bill allows some 22 million American families to receive almost $40 billion in tax cuts, while 88 million families receive only about $20 billion from this tax cut. The average tax cut that will be received by families making less than $17,000 a year will be about $12. Families with incomes of less than $33,000 a year will receive an average of $64 from this tax cut. Families with incomes of less than $55,000 will receive an average $274 from this tax cut. Families earning less than $94,000 will receive an average of $583 from this tax cut. However, if you go beyond that, families with incomes above $94,000 will receive an average of $1,789 from this tax cut.

In short, Mr. President, the 22 million Americans making over $100,000 will receive 65 percent of the tax cut here, while the 88 million people earning under $100,000 will receive about 34 percent of the tax cut.

Now, there is no question that tax cuts are always popular. Many of the tax cuts which give rise to this result are popular, particularly the estate tax, capital gains reduction, and IRA expansion. But it seems to me that just based on sheer numbers, working class people should have fared better. Even though we tried to remedy some of these issues, we were not successful. Senator ROCKEFELLER and I, for example, tried to remedy the effect of the $500-per-child tax credit; nonetheless, a majority of the working poor will be excluded from the largest part of this bill.

Well, Mr. President, I have taken up my 2 minutes. I thank the chairman for his indulgence. I want to point out that, as we direct these issues of tax policy, we should be mindful that, if we really care about family values, about our total community, we need to have tax fairness as a guiding principle in our deliberations, with the greatest benefit going to the greatest number. It seems to me that what ought not to guide our deliberation is just what sounds good or what is politically popular or easy to do. We could have done a better job with this tax bill. I know the chairman tried and the ranking member tried; we all tried. This bill is a better bill than the House bill by a long shot. But, at the same time, I hope as we go into conference, we will be mindful that there are an awful lot of working people and families out there who need our help, and we have an opportunity and an obligation to give it to them.

Thank you, Mr. President. I thank the chairman for his indulgence.

I yield the floor.

Mr. JEFFORDS addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside.

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

AMENDMENT NO. 522

(Purpose: To provide for a trust fund for District of Columbia school renovations)

Mr. JEFFORDS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Vermont [Mr. JEFFORDS] proposes an amendment numbered 522.

Mr. JEFFORDS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

Beginning on page 168, line 8, strike all through page 174, line 19, and insert the following:

''SEC. 1400B. TRUST FUND FOR DC SCHOOLS.

''(a) CREATION OF FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Trust Fund for DC Schools', consisting of such amounts as may be appropriated or credited to the Fund as provided in this section.

''(b) TRANSFER TO TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—

''(1) IN GENERAL.—There are hereby appropriated to the Trust Fund for DC Schools amounts equivalent to the revenues received in the Treasury from the applicable percentage of the income taxes imposed by this chapter after December 31, 1997, and before January 1, 2003, on individual taxpayers during their residency in the District of Columbia.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means the percentage necessary, as determined by the Secretary, to result in revenues equal to the net losses in revenues to the Treasury that would have occurred during the period beginning after December 31, 1997, and before January 1, 2003, if the section identified as section 1400B of the Internal Revenue Code of 1986 as added by section 601 of S. 949, 105th Congress, as reported by the Committee on Finance of the Senate, had been enacted.

''(3) TRANSFER OF AMOUNTS.—The amounts appropriated by paragraph (1) shall be transferred at least monthly from the general fund of the Treasury to the Trust Fund for DC Schools on the basis of estimates made by the Secretary of the amounts referred to in such paragraph. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

''(c) EXPENDITURES FROM FUND.—

''(1) IN GENERAL.—Amounts in the Trust Fund for DC Schools shall be available, without fiscal year limitation, in an amount not to exceed $70,000,000 for the period beginning after December 31, 1997, and ending before January 1, 2008, for qualified service expenses with respect to State or local bonds issued by the District of Columbia to finance the construction, rehabilitation, and repair of schools under the jurisdiction of the government of the District of Columbia.

''(2) QUALIFIED SERVICE EXPENSES.—The term 'qualified service expenses' means expenses incurred after December 31, 1997, and certified by the District of Columbia Control Board as meeting the requirements of paragraph (1) after giving 60-day notice of any proposed certification to the Subcommittees on the District of Columbia of the Committees on Appropriations of the House of Representatives and the Senate.

''(d) REPORT.—It shall be the duty of the Secretary to hold the Trust Fund for DC Schools and to report to the Congress each year on the financial condition and the results of the operations of such Fund during the preceding fiscal year and on its expected condition and operations during the next fiscal year. Such report shall be printed as a

House document of the session of the Congress to which the report is made.

''(e) INVESTMENT.—

''(1) IN GENERAL.—It shall be the duty of the Secretary to invest such portion of the Trust Fund for DC Schools as is not, in the Secretary's judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States. For such purpose, such obligations may be acquired—

''(A) on original issue at the issue price, or

''(B) by purchase of outstanding obligations at the market price.

''(2) SALE OF OBLIGATIONS.—Any obligation acquired by the Trust Fund for DC Schools may be sold by the Secretary at the market price.

''(3) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the Trust Fund for DC Schools shall be credited to and form a part of the Trust Fund for DC Schools.''

Mr. JEFFORDS. Mr. President, this is a scaled-down, in fact, a way scaled-down version of an amendment that I offered in the Finance Committee markup. It failed on a very close vote, with the full amount of close to $900 million. This is an attempt to ensure that this next winter we do not have the kinds of emergencies we have faced with the inability to finance the school repairs necessary to keep the DC schools open.

This amendment is to the provisions in the bill dealing with the District of Columbia. What this will do—hopefully, if accepted—is also place in the hands of those at the conference an amendment to help in the most critical area this city faces, and that is the decreasing capacity of its schools to even stand up, to keep the kids out of rain, and to protect the boilers from blowing up, and everything else.

It is a modest start of only $70 million, but it will open a path, hopefully, that may be utilized in case these emergencies continue to increase. What it strikes is a provision in the bill that is only a $75 million provision.

The provision that is in the bill attempts to set up some sort of tax credit system for businesses and people in the District of Columbia interested in having assistance in developing businesses. That is all very fine. I point out and emphasize again and again that that provision is in the House bill. So if mine does pass, it still will be in the committee of conference, and the members, then, will have a choice of whether they desire to try and protect the city schools from shutting down, or whether they prefer to use this provision with respect to tax credits.

Let me give you the dimensions of the school problems in this city. First, very briefly, we have, for better or worse, one of the worst school systems in this country—and this is the Nation's Capital. I remind all of my colleagues that we have accepted responsibility for those schools. We have basically replaced the city council with the control board. We have replaced the school board with the board of trustees. We have given authority to the control board to basically run the city. Yet, the capacity of the city to do anything about its schools is greatly limited. Although they have substantial revenues, those revenues are critical and important to just keeping the schools open. They have $2 billion in necessary code repairs in order to make these schools up to code.

Each year, we have had emergency appropriations to try and handle this situation. Those emergency appropriations have been in the terms of $20 million, $30 million, $40 million, $50 million a year. This is in an attempt to find a way to take care of those problems through the appropriations process in its normal form.

I point out that these tax breaks that are included, which I will strike, really do nothing to bring middle-class families back to the District. The only thing that will bring families back to the District is a school system that will provide them with schools in which their children will learn something. We have one of the worst records, as far as our students go, of any city in the country. Without that, all the other things we try to do here will not bring back the middle-class families, unless we take care of the school system.

I point out that Andrew Brimmer, chairman of the DC Control Board, says that the impact of the tax break provisions in this bill will do little or nothing. We must improve the schools and public safety. Let's get real in the efforts to help the city. Every week I travel the DC schools I see leaky faucets and roofs, broken boilers, and I could go on. The boilers are going to be the critical problem this next year. They are likely to shut the schools down in the middle of winter unless we do something. The students are suffering every day.

All my amendment will do is allow the committee of conference to have another option, along with the one I am striking, in order to be able to take care of some of the emergency repairs for the schools. So, Mr. President, I also point out what has been lost and how we have hamstrung this city to do anything about it. The District has lost more than 200,000 residents since 1970; 200,000 people have moved out. And 50,000 have moved out in this decade alone. The only way to stem this tide is to improve the District services.

There is a time and a place for tax breaks. Again, this is just putting another option on the table. But you don't offer tax breaks to attract residents back to a city where the schools are collapsing around them. That is like giving free popcorn to keep people in the seats in a burning theater.

This isn't going to work. It is important that we do something about it.

So, Mr. President, I want to make sure that we have an opportunity to give a seat to that conference committee for the kids in this city so that they may have a chance to see their schools restored to the point where this city can be proud of them and proud of their school system.

Mr. President, I reserve the remainder of my time.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. ROTH. Mr. President, the pending amendment is not germane to the provisions of the reconciliation measure. I therefore raise a point of order against the amendment under section 305(b)(2) of the Budget Act.

The PRESIDING OFFICER. Until the time has been used or yielded back, the point of order is not in order.

Mr. JEFFORDS. Mr. President, I am not clear on the situation. The point of order does not lie at this time?

The PRESIDING OFFICER. The point of order is not in order until all time has been used or yielded back.

Mr. ROTH. Mr. President, I withdraw the point of order and ask that the matter be laid aside.

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

Mr. ROTH. I now yield 5 minutes to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, I thank the chairman for the time.

AMENDMENT NO. 518

Mr. THOMAS. Mr. President, I wanted to talk very briefly about an issue that is before the body with regard to an amendment on mining law reform.

First, let me just say very briefly that I am delighted that this debate is going on. I am delighted that we are talking about tax relief for the first time really seriously in 10 years. We are going to hear a lot about different kinds of details. We will hear a lot of different views, and that is healthy. That is the way it ought to be.

There are many here who do not support tax relief. I understand that. It is a legitimate point of view—not one I share—of those who do not want tax relief but would rather have more Government spending. We have not had tax relief since the early 1980's. It is time we do that.

I certainly want to congratulate the chairman of the Finance Committee for bringing this package forward. It is time that we gave some relief to working families, and relieve people who are paying taxes and allow families to keep more of their own money. That is what it is all about.

We hear people say, ''Well, there shouldn't be tax relief because we need to balance the budget.'' Their notion is that you have to balance the budget and continue to spend more. But what we ought to be doing is controlling

spending. And that is part of what this package does.

We heard earlier in the evening debate about mining. I wanted to talk just a bit about two aspects of that. One is there is an amendment, of course, which would eliminate the depletion allowance for hard-rock mining. However, in the presentation we heard more about the mining law of 1872 than we did about the depletion.

Let me tell you that we would have a revised mining law of 1872 if we could get some of those who constantly complain about it to agree to something. I have been here in the House, and now in the Senate for 2 years. We have had this every year. We have been very close to having a decision. But the very folks who complain the most about not revising it are the ones who never find anything to agree to.

I can tell you that there has been agreement on the idea of having royalties from the users, from the producers, and from nearly everyone here. There has been agreement on the idea of paying marketplace price for the land, or in fact not taking title to the land. That could well be done. And I would suggest that those who complain the most about change are the ones that cause it not to happen.

I simply want to say that when you want to start talking about depletion allowance and talking about the fact that the minerals are there and free, I want to tell you that they are not free. They are not doing you much good unless there is a substantial kind of investment to extract those minerals—probably as much as $400,000 or $500,000 to be able to do it at all.

The value of the resource is not there unless someone has an incentive to invest the money to do the mining. And then, of course, the idea is to create jobs. The idea is to create jobs. Some 2,300 jobs in Nevada—high-paying jobs in the neighborhood of $50,000 a year as compared to $25,000 as a national average. These are the kind of jobs that are there. With tremendous investment in these kinds of jobs there is revenue. There are taxes, and there is payment. We ought to encourage that rather than discourage it.

The suggestion was made that somehow mining goes on and there is no reclamation of land. That is not true. There were in earlier years a lack of reclamation laws but there are not now. There are tons of laws that cause reclamation.

So, Mr. President, I do not want to go on forever. But I do want to tell you that mining is one of the basic industries in this country—that minerals are relatively valueless unless there is someone willing to make the investment to extract them. They create some of the highest-paying jobs in this country. They generate local taxes. They generate taxes through wages. And they are very much part of our economy—an economy that tends to be forced out of this country by continuing to raise taxes.

I suspect this issue is not a proper one to have there. But it is one we are talking about, and voting on in the morning.

I urge my associates here in the Senate to vote against the Bumpers proposal.

Mr. President, I yield the floor.

Mr. ALLARD addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, first of all, are we in a quorum call?

The PRESIDING OFFICER. We are not in a quorum call. But we are in controlled time. The Senator from Delaware controls time.

Mr. ALLARD. Mr. President, I ask the Senator from Delaware for permission to go ahead and make some comments, a general floor statement, and then I would like to introduce an amendment.

Mr. ROTH. I yield the Senator 10 minutes.

Mr. ALLARD. I thank the Senator. I would like to, Mr. President, compliment the chairman for his hard work on this particular piece of legislation.

Mr. President, this week I am confident that the Senate will approve the largest tax cut since the Reagan tax cuts of 1981. And it is about time.

In the 16 years since the last tax cut, Congress has enacted two major tax increases—one in 1990, and the other in 1993.

Mr. President, it is time for a change. It is time to put American families ahead of Washington, DC's insatiable appetite for more Government spending.

Taxes are now higher than they have ever been. Taxes constitute one-third of the economy. And Tax Freedom Day—the day to which the average American works to pay the combined Federal, State, and local tax burden—and that date is May 9. It is the latest it has ever been.

Mr. President, I view this tax cut as a downpayment. My long-term objective is to ensure that no American family pays more than 25 percent of its income in taxes.

A balanced Federal budget, and a reasonable level of taxation should be the twin objectives of Congress as we enter the next century.

I invite all of my colleagues to support this tax cut and to help ensure that the bridge to the 21st century does not become a giant toll bridge.

Today I would like to focus on what I call the growth tax. This is typically referred to as the capital gains tax, a term which liberals often use derisively to help create the impression that only the rich pay the growth tax.

In fact, as you may know, Mr. President, nearly all Americans own capital, and they experience a tax on that capital when they sell a house or when they sell stocks or a small business or a farm or a ranch.

Under our current Tax Code, gains on capital investment are taxed at a 28-percent Federal rate, and often an additional 5 percent or more in State taxes comes in on top of that. This is the growth tax, and this is among the highest growth tax of any major industrial nation.

The real growth tax is often much higher than 28 percent. This is because our Tax Code does not protect Americans from taxation on capital gains that result only from inflation. This means, for example, that an investment held for 10 years where up to one-third of the gain can be due to inflation, taxes are due even on this.

This is clearly one of the most unfair aspects of this tax. Government policies contribute to inflation, and Government then turns around and taxes its citizens on that inflation.

For this reason, Mr. President, I intend to fight very hard to see that indexing is included in our growth tax cut. The House bill wisely includes this provision—and I commend Chairman BILL ARCHER for this. The Senate bill, unfortunately, does not yet have indexing. Hopefully, by the end of the week, it will.

Some have dismissed indexing as too costly for this tax bill. But for me this is an issue of fundamental fairness. It is wrong for the Federal Government to tax its citizens on inflation.

It is not too costly not to include indexing. Indexing simply means that Americans would be permitted to disregard any gains due solely to inflation, and then pay taxes only on real gains.

Mr. President, let's take a look at how this capital gains growth tax hits ordinary working Americans beginning with their home.

The Tax Code generally allows gains on a personal residence to be deferred as long as the proceeds are used to purchase another larger home. However, many Americans eventually pay capital gains on their home, particularly as they get older and find that their residence has appreciated substantially in value.

Our tax bill deals with this issue by exempting all but the very rich from any taxation on gains from their principal residence. This is a long overdue reform.

Next, let's look at financial investments. Stocks are a frequent source of capital gains taxes, and stock ownership today is more widespread than ever before. Stock ownership has doubled in the last 7 years to the point where 43 percent of all adult Americans own stocks.

Obviously, with those numbers, Mr. President, it is spread throughout society. Today, half of the investors are women and half are noncollege graduates.

Stocks are typically held for retirement, education expenses, and other long-term goals. This is precisely the type of savings and investment that we need in our economy. Investments foster business expansion, and job creation. Capital is the lifeblood of a free

market economy. Clearly you cannot have capitalism without capital. And our Tax Code should encourage capital investment.

Mr. President, I cannot leave this topic without talking about small business owners and farmers.

There is no clearer area where the growth tax makes no sense. Millions of American families put their lives into building small businesses and farms. Often those businesses or farms are sold to finance a decent retirement. But this can occur only after Uncle Sam gets his cut of 28 percent of all the gains. Often, over half of these gains are due only to inflation. It is no wonder that millions of our most ambitious citizens have lost faith in our tax system.

Fortunately, Mr. President, tax relief is on the way. This bill lowers the growth tax from 28 to 20 percent for most families, and those in the lowest tax bracket would pay only 10 percent. This tax cut would help make life easier for millions of Americans, and it will help our economy to grow and create new jobs.

To those Americans who own a home, who save for retirement or who own a small business or farm, I say that next time a liberal says that capital gains are only for the rich, remember, he is thinking of you.

AMENDMENT NO. 523

[Purpose: To strike the extension of the Temporary Federal Unemployment Surtax]

Mr. ALLARD. Mr. President, I now would like to send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows.

The Senator from Colorado [Mr. ALLARD] proposes an amendment numbered 523.

Mr. ALLARD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 397, strike section 881.

Mr. ALLARD. This amendment would strike section 881 of the tax bill.

This section extends the so-called temporary unemployment surtax on small business and other employers through the year 2007. The House tax bill does not include this provision. The Senate bill, unfortunately, does. I rise to support the House position on this matter.

The description of this provision put out by the committee notes that in 1976 Congress passed a temporary surtax of .2 percent of taxable wages to be added to the unemployment tax rate.

I would suggest that at a minimum, if we are going to keep extending this tax, we ought to be honest with the American worker and small business owners and stop calling this a temporary tax. Enough is enough.

Between 1970 and 1990, there have been three unemployment tax rate increases and three wage base increases. These have resulted in a dramatic increase in the unemployment tax burden. There is no reason to continue this temporary surtax when we have the lowest unemployment in a quarter century and a full trust fund. This is no more than an additional and unfair general revenue raising.

The reason for the unemployment surtax no longer exists. The temporary surtax was put in place in 1976 in order to repay borrowing of the Federal unemployment trust fund from the general fund of the Treasury. Even though the borrowings were repaid in May 1987, Congress has continued to extend the surtax in tax bill after tax bill. As of today, all the States' reservoirs now have surpluses.

Since 1987, the surtax has been used solely to raise revenue to pay for tax packages. The tax takes money out of the private economy for no valid reason.

I have two concerns with this surtax. First, the Federal Government is breaking its commitment to employers and to workers that this added tax would be temporary. Clearly, it is not temporary, and if this provision remains in the bill and is enacted, the tax will have been in place for 30 years. This is not the way Government should do business.

The second problem I have is that we should not be imposing unnecessary payroll taxes. Payroll taxes cost jobs. Because small businesses are generally labor intensive, payroll taxes, which are a tax on labor, strike small businesses particularly hard. Payroll taxes are paid whether there is a profit or a loss.

I would note that high payroll taxes in Europe, particularly in Germany, is one of the principal reasons that unemployment is so high. This should be a warning to us to work steadily to limit the payroll tax on U.S. businesses.

Mr. President, I understand that there is some concern about my amendment, so I will withdraw this amendment and urge the Senate to agree to the House position on this issue.

There are a number of Senators, and I can assure you there are many thousands of small businesses, that would like to see this provision out of the bill, but before I withdraw my amendment, I would like to make an inquiry to the distinguished chairman of the Finance Committee, Senator ROTH. In light of the fact that this tax was to be a temporary tax, would the chairman consider either removing the provision in conference or modifying it to at least terminate the tax more quickly than proposed in the bill?

Mr. ROTH. I am happy to answer the question raised by the distinguished Senator. I understand the concerns he has expressed. I understand the impact it has on small business. I say to him that this is an aspect of our proposal that was recommended by the administration, but I will certainly, in going into conference with the House Members, keep in mind the concern the Senator has expressed and look at this matter very carefully.

Mr. ALLARD. I thank the chairman for his sincerity and real concern about the surtax, and I would just, in conclusion, reflect on some of my own experiences with the surtax. When it was first applied in 1976, I was just basically starting out in my small business. I had just been in business 4 or 5 years. I had not been in business long enough to have to pay any unemployment compensation, never had to have any turnover in my business, but every dime counted in that new business. And when that surtax was imposed on that small business that I was starting at the time, it did have an impact.

I do not believe we can continue to disregard the impact that these unemployment taxes have on small businesses, particularly the small businesses that are just starting out. We need to encourage people to go in business for themselves. We need to encourage people to someday think in terms of being their own boss and being self-sufficient. These types of tax provisions do have a disproportionate impact on small businesses, particularly those just starting out.

With that, I yield back the remainder of my time.

I thank the Senator.

The PRESIDING OFFICER. The amendment is withdrawn.

The amendment (No. 523) was withdrawn.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. ROTH. Mr. President, I yield the distinguished Senator from Montana 10 minutes.

The PRESIDING OFFICER. The Senator from Montana.

AMENDMENT NO. 518

Mr. BURNS. I thank the Senator. I thank the Chair.

Earlier this evening an amendment was offered to do away with the depletion allowance on mining. It seems every year we have to go through this process really explaining what the National Mining Act is all about.

Yes, we have been awfully close to coming up with some kind of agreement for reform of the act. We have been so close that everybody agreed, but one would get the feeling—although it seemed like it fell apart, I get the distinct feeling that those who would reform the act or be the reformers want the issue rather than the results. I am always reminded of John Adams when he come back to the Congress and was asked about an issue. He said duty is ours; results are reserved to God.

Let us look at the intent of the Mining Act. It is as true today as it was in the days it was written. This act has been around about 120 or 125 years. I would say to anybody who lives in this country and owns property, even though it may be his private home in an urban area, the ownership of his

own home, which means land ownership or property ownership, which has been one of the cornerstones of America, the building of America and the freedom of us as a people, has been the result of a land tenure act. It was a way that we moved all the lands in this United States of America into private ownership.

That is what the Mining Act was all about. We have had only two, I think, maybe three, major land tenure acts. One of them was the Homestead Act, and that was a result of the Louisiana Purchase, where you were deeded 160 acres of land, and if you proved it up to be viable, then they gave you ownership of that land. And ever since then, it has changed hands many times, but it has allowed us to own property, land, and real estate. It has been the cornerstone of our economy.

In mining, it was a little bit different, but yet it was a land tenure act. It was a deal struck by this Government that owned millions of acres of land telling a miner that if you go out and you find a mineral, whether it be precious metals or trace minerals or whatever, and it has value and you prove it up to be a viable enterprise, we will guarantee you the surface of that land and access to that deposit. You invest your money, and if there is nothing there, we do not as a government owe you anything and you can go merrily on the way, and the land belongs and stays in the ownership of the Government of the United States of America.

I think I would be laughed out of this building if I went down to appropriations and said I have a government agency that wants to explore for silver or gold or platinum or palladium or anything else and asked for an appropriation of $20 million to explore and to prove up a claim. That is risking a lot of taxpayers' money. I would be told, why, this is the craziest thing we have ever heard. Taxpayers didn't give us the money for such a cockamamy idea of going out and exploring for that mineral.

So what did we do? We struck a deal. You invest, Mr. Miner, your money, your time, your equipment. If you find it, that's good. If you do not, then the Government is not out anything. But we guaranteed access and we guaranteed surface rights if a mineral or precious metal was found.

The National Mining Act was never an environmental act. It does not exempt mining companies from the environmental laws that are in place both by the State and the Federal Government. They are not exempt of that—clean air, clean water. They are required to reclaim it after the mine has been mined out. All it was, was to guarantee Americans access to a precious metal or mineral. Yet, those who would want to change it say that is no longer important.

We could have settled on royalties, could have settled on land price, could have settled on all of that. But the reformers refused to accept it. So I say, before we do too much changing, let's really understand what the law is all about, because it works today as it did whenever the law was made the law of the land. It seems like there are a lot of folks who do not understand that. They did not understand the Homestead Act either. This country eats, provides food for its families, cheaper than any other society in the world as a percentage of your paycheck going solely for food for your family. That was done because American agriculture owns the land. It is their farm. They make it produce. It is as competitive as selling shoes or watermelons. It does not make any difference. But all of that was the result of a land tenure act called the Homestead Act.

Why do we have to turn around and explain this every time this issue comes up? Yet, there are those who would like to twist and turn and not really represent the act for what it really is and why it was designed that way. They say gold miners get rich on gold. Where is it used, for jewelry? No, not really. We wouldn't even have a space program if we didn't have gold and silver, because there is as much of it used in electronics as there is in jewelry.

The only platinum or palladium mine is found in Montana. It is the only one in this country. It is one of three in the whole world. If you didn't have palladium, you wouldn't have catalytic converters to protect our air. Yet, there would be those who would say maybe it is not a necessity—until we look at the manufacturing and our science and our technologies, of what these trace minerals and these other minerals are really worth to this country.

Do we want to get as dependent on our precious metals and minerals as we are on oil? We are almost 51 percent dependent on oil from offshore. Is that energy policy? Does that give us energy security? I don't think so.

So we have to be very, very cautious whenever we start talking about a subject and a law that a lot of people say, ''Well, they're ripping off the Government.'' What's just the opposite is true. Because that mine provides jobs; it provides a tax base in many counties. In the West, that is the only thing they have. It provides public safety and roads and schools. It is the backbone of that county's economy. Yet, there are those who say tourism is growing and it is taking over and we don't need mining anymore. I don't know of anybody who wants to stand around and flip hamburgers for $4.25 an hour, or whatever it is, when you could probably get a better job producing something, producing wealth for this country. It just doesn't make a lot of sense.

Those of us who come out of, let's say, natural resources or agriculture, I guess we look at it a little bit different. But you look at it different when you come up through those ranks, as some of us in this room have done, including the Presiding Officer who is in the chair tonight. It doesn't hurt to have a little dirt under your fingernails so you understand what makes things go in this country. All new wealth, all new wealth produced in this country comes from either the renewable resource of the Earth and, sometimes, some of it from the finite resources that are found in this Earth. That is where new wealth is produced. It is produced nowhere else. Every one of us chase the dollar around. But, especially in the renewables, that is the real worth of a nation. And those renewables were produced on private land ownership where people took care of it, managed their resources and made a community and a State and a nation grow.

So, when we start talking about the national mining act and how it should be changed, let's be very cautious and remember why it was passed in the first place. Why it was passed in the first place—mining is very, very risky. I can't go to Appropriations and appropriate money just to go out and scratch around the hills and try to find a gold nugget, because it just will not happen.

So I will oppose the Bumpers amendment tomorrow. I think there will be a point of order raised on it anyway. But, nonetheless, let's not forget just exactly the reason the mining act was passed and why it works today, just like it did when it was passed 120 years ago.

Mr. President, I yield the floor.

ELECTRIC UTILITY INDUSTRY

Mr. MURKOWSKI. Mr. President, the utility industry is undergoing drastic change as a result of deregulation.

I know that municipal utilities are concerned about the tax-exempt status of their outstanding debt if they enter the competitive market. I also know that investor-owned utilities are concerned about municipal utilities using their tax-exempt debt and their tax-exempt status to gain an unfair competitive advantage. In addition, there are a host of issues relating to how electric cooperatives will fare in the emerging competitive marketplace.

I believe that we need to re-examine the Tax Code to determine how best to ensure a level playing field in the era of electricity deregulation and competition.

Because of the importance of this issue to consumers, investors, the electric power industry, and to our economy, as I told Treasury Secretary Rubin in an April 22 letter, I believe this is a matter for Congress, not the IRS, to decide.

Mr. ROTH. How does the chairman of the Energy Committee suggest we proceed?

Mr. MURKOWSKI. Mr. President, I have asked the Joint Committee on Taxation to prepare a complete analysis of tax provisions relevant to the electric utility industry. Once this report has been prepared, I believe our committees should hold hearings and make recommendations once we have

had a chance to thoroughly examine these issues.

Mr. ROTH. Mr. President, I agree with the suggestion of the chairman of the Energy Committee.

Mr. MURKOWSKI. Mr. President, I thank the chairman of the Finance Committee and I look forward to working with him.

MORNING BUSINESS

Mr. GRASSLEY. Mr. President, on behalf of the majority leader, I have the task of asking unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak for up to 5 minutes.

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

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, June 24, 1997, the Federal debt stood at $5,336,557,573,448.51. (Five trillion, three hundred thirty-six billion, five hundred fifty-seven million, five hundred seventy-three thousand, four hundred forty-eight dollars and fifty-one cents)

One year ago, June 24, 1996, the Federal debt stood at $5,110,927,000,000. (Five trillion, one hundred ten billion, nine hundred twenty-seven million)

Five years ago, June 24, 1992, the Federal debt stood at $3,941,032,000,000. (Three trillion, nine hundred forty-one billion, thirty-two million)

Ten years ago, June 24, 1987, the Federal debt stood at $2,293,521,000,000. (Two trillion, two hundred ninety-three billion, five hundred twenty-one million)

Fifteen years ago, June 24, 1982, the Federal debt stood at $1,070,688,000,000 (One trillion, seventy billion, six hundred eighty-eight million) which reflects a debt increase of more than $4 trillion—$4,265,869,573,448.51 (Four trillion, two hundred sixty-five billion, eight hundred sixty-nine million, five hundred seventy-three thousand, four hundred forty-eight dollars and fifty-one cents) during the past 15 years.

U.S. FOREIGN OIL CONSUMPTION FOR WEEK ENDING JUNE 20

Mr. HELMS. Mr. President, the American Petroleum Institute reports that for the week ending June 20, the U.S. imported 7,630,000 barrels of oil each day, 301,000 barrels fewer than the 7,931,000 imported each day during the same week a year ago.

While this is one of the very few weeks that Americans imported less oil than the same week a year ago, Americans relied on foreign oil for 54.4 percent of their needs last week, and there are no signs that the upward spiral will abate. Before the Persian Gulf war, the United States obtained approximately 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970's, foreign oil accounted for only 35 percent of America's oil supply.

Anybody else interested in restoring domestic production of oil? By U.S. producers using American workers?

Politicians had better ponder the economic calamity sure to occur in America if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the U.S.—now 7,630,000 barrels a day.

THE CIVIL RIGHTS ACT OF 1997

Mr. HATCH. Mr. President, last year, I stated on the Senate floor that ''our country stands at a crossroads on the path it travels in relations among the different races and ethnic groups that make up the American people. Down one path is the way of mutual understanding and goodwill; the way of equal opportunity for individuals; the way of seriously and persistently addressing our various social problems as America's problems. * * * Down the other path is the way of mutual suspicion, fear, ill will, and indifference; the way of group rights and group preferences.''

I am proud to stand today with my colleagues in the House and the Senate, and others who have worked so hard for the cause of opportunity, to announce the introduction of the Civil Rights Act of 1997. The act represents our best efforts to recommit the nation to the ideal of equal opportunity for every American—to emphasize that we must resist the temptation to define the nation's problems in narrow racial terms, and rather must roll up our sleeves and begin the hard work of dealing with our problems as Americans, and as fellow human beings.

Of course, our critics will imply that those of us who today reject divisive racial preferences and distinctions do so because we underestimate the social, economic, and discriminatory obstacles some Americans face. President Clinton, for example, told his audience in San Diego last week that ''[t]he vast majority of [Californians who supported that state's Proposition 209] did it with a conviction that discrimination and isolation are no longer barriers to achievement.'' But that is just plain wrong.

To the contrary, last week in the Senate Judiciary Committee we heard from a panel of ordinary citizens who movingly told us of their experiences with discrimination in America. Among them was a Chinese-American mother from San Francisco, Charlene Loen, who told us how her young son Patrick was denied admission to an elite public magnet school, Lowell High School, because he is Chinese. The school district's efforts to ensure diversity among its students led it to employ a system of racial preference that had the effect of capping Chinese enrollment in many of its schools, forcing Chinese children to score much higher on entrance exams than children of other races. At virtually every public school Ms. Loen approached, she was first asked whether Patrick was Chinese, and when learning that he was, would inform Ms. Loen that Patrick need not apply. The Chinese quota was in effect full. Ladies and gentlemen, that is not the promise of America.

There should be no question that discrimination indeed continues to deny opportunities to too many Americans. At the Judiciary Committee's recent hearing we heard from black Americans, white Americans, Asian Americans, and even a victim of an outrageous hate crime. But the question that we all must answer is whether one American's racial suffering should be valued above another's. It is a question that will only become more complicated and more urgent as our population grows ever more diverse.

As we in the Judiciary Committee now know, when we prefer individuals of one race, we must by definition discriminate against individuals of another. But America's great social divide can never be crossed until we begin the work of building a bridge of racial reconciliation. By saying today, with the introduction of this act, that the Federal Government stands for the principle that racial discrimination in all its forms is wrong, we hope to take a small step forward on the path to healing the nation's racial wounds by recognizing that every American is equal before the law.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:44 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the House:

H.R. 1316. An act to amend chapter 87 of title 5, United States Code, with respect to the order of precedence to be applied in the payment of life insurance benefits.

The message also announced that pursuant to the provisions of section 3 of Public Law 94–304, the Speaker appoints the following Members of the House to the Commission on Security and Cooperation in Europe: Mr. HOYER, Mr. MARKEY, Mr. CARDIN, and Ms. SLAUGHTER.